

PERMANENT MISSION OF THAILAND  
TO THE UNITED NATIONS

351 EAST 52ND STREET • NEW YORK, NY 10022

TEL (212) 754-2230 • FAX (212) 688-3029

---

---

Statement

by

H.E. Dr. Thaksin Shinawatra

Prime Minister of Thailand

at the High-Level Meeting on

Financing for Development

United Nations General Assembly Hall

New York, 14 September 2005

*Please check against delivery*

Mr. Chairman,  
Excellencies,  
Ladies and Gentlemen,

Since Monterrey, we have made some achievements in the on-going quest to eradicate poverty, but much more remains to be done. We applaud the greater pledges for increased aid. The world's poorest countries have their debts cancelled while many more proposals are awaiting implementation.

But allow me to offer some brief thought as someone who comes from the business sector and understands the nature of business with first hand experiences in its ups and downs. In business, in order to turn around a corporate that has collapsed, dealing with outstanding debt is only part of the problem because that is only one side of the balance sheet. The other side requires the source of revenue to bail itself out of the financial difficulties.

The same principle applies to a country. Once debts are removed and the country is tun without balancing the balance sheet, debt could easily re-consume a vulnerable country. Without sound economic findamentals and efforts to seek additional earnings, developing countries can easily relapse into the vicious circle of poverty, debt, and borrowing once aid dries up. For a firm footing in the sustainable path of growth and prosperity, a strong economic foundation is equally as essential as short-term flows of aid and debt cancellation.

Thailand's experience taught us that, ultimately, developing nations can and should become an equal and assertive partner in our own development. We can promote new ideas and alternatives. We know the depth of our problems and the limits of our capabilities. At the same time, we also know what our strengths are. Therefore, we must make every effort to fully utilise our potential in order to create greater value for our products, based on our indigenous skills and wisdom.

In the current climate, however, developing countries are facing two pressing challenges that constantly erode their economic foundation: rising global oil prices and the lack of investment funds. There is an outflow of capital from developing regions, either to meet those raising costs, or to be invested in the developed world, leaving the region woefully short of capital for investment.

The sustained hike in global oil prices is a loud and clear alarming call for us to consider the unsustainability of the global dependence on fossil fuels. Alternative energy sources must be one solution. Thailand and countries such as Brazil are now actively promoting biofuels. Such a strategy gives agriculturally based economies such as ours the option of sourcing our own energy and raising

the incomes of farmers at the same time. Best practises for energy conservation and strategies for energy security must be shared. At the same time, oil hedging does not only raise the oil prices but results in huge reserves of cash in oil producing countries. There must be a way where these extra profits can contribute in a more productive manner to the global economy.

Since the financial crisis in 1997, Asia has learned of the need to strengthen the international financial architecture. Thailand, in particular is leading the charge to ensure against the vulnerabilities of the contagion that broke out in Southeast Asia and spread to other parts of the world.

We see an ever-growing support to develop an Asian bond market that I put forth in 2001. Asians are some of the most prudent savers in the world. If these savings stay in the region, they can provide a financial resource for further development, which will be beneficial not only to Asia but also the rest of the world. Since 2003, key Asian central banks have established two Asian Bond Funds with capital of 3 billion US dollars in total. Asian countries are now pursuing the next step of this strategy to issue regional currency denominated bonds. This enhancing of Asia's financial infrastructure will facilitate greater trade for the region *as well as attract* greater investment. The Asian bond market and Asian bonds are thus mechanisms for Financing for Development that also promote greater regional economic stability.

Mr. Chairman,

We, developing countries, share the common goal to eradicate poverty and alleviate human suffering. Inspired leadership, new ideas for cooperating, unwavering commitment to steer that destiny will insure we achieve that goal. We can all work harder to ensure that help can come from within the developing nations *as much as* from outside. The South-South is good as the North-South cooperation.

Thank you.