

THAILAND UPDATE

Political situation in Thailand and the way forward

- On April 24, 2009, PM Abhisit revoked the state of emergency in Bangkok and surrounding vicinities that had been in effect for 2 weeks, noting that the situation has returned to normal and routine legal measures are sufficient to address the situation without requiring additional measures under the Emergency Decree. The Government will remain vigilant and ensure peace and order as well as safety of the public, while security officials maybe deployed, if necessary to assist law enforcement officials.

- Legal actions will be taken against those who broke the law in accordance with due process and on the basis of non-discrimination and justice for all concerned. Arrest warrants have been issued by the Courts in Bangkok and Pattaya against those who committed illegal acts, particularly in inciting violence and chaos. At the same time, pending cases against those involved with the demonstrations led by the PAD in 2008 will continue to proceed on the same basis.

- To address the political problems, PM Abhisit has reiterated his readiness to listen to people's views regarding democracy as well as his intention to invite all interested parties to discuss political problems to find appropriate ways out of the current crisis for the benefits of all Thais. He has asked all political parties to make known their views and concerns in the certain provisions of the Constitution, so they can be discussed and further actions taken to find social consensus on how to amend those provisions. In this way, problems can be addressed through peaceful means in accordance with the law. The PM also reiterated this call to the Parliament at the joint session last week.

- In response to the PM's call, the National Assembly is setting up a committee comprising government and opposition MPs, senators, and eminent persons, to find a resolution of political problems for reconciliation and amendment to the Constitution. The committee is to submit its report to the President of the National Assembly within 15 days. *(For more info, see www.mfa.go.th)*

Thailand's economic policy and measures

- Urgent policies to be implemented in the first year include (1) to stimulate and boost confidence in Thai economy in order to promote investment and consumption among the people and private sectors, (2) to maintain and increase people's income, (3) to reduce the cost-of-living burden for the people, and (4) to establish a committee of Economic Ministers and a Joint Public-Private Sector Committee to resolve economic problems.

- In the long term, the Government aims to promote stable economic growth through coordination of fiscal and monetary policies, create stability and security for domestic financial institutions, strengthen the capital markets, maintain fiscal discipline, improve the tax structure system to enhance transparency, develop a medium- and long-term public sector investment framework and increase the operational efficiency of state enterprises.

- The Government also seeks to expand regional financial cooperation under the ASEAN Summit framework to provide mutual assistance in the event of financial crisis in the region.

Thailand's Economic Stimulus Package

- The Government has introduced another short-term economic stimulus package worth 116 billion Baht (US\$ 3.3 billion) in a bid to reinvigorate the Thai economy with the most effective and direct impact as well as quick results.

- The stimulus package is a set of measures to lessen the impact of global financial crisis, at least until the 3rd quarter of 2009, by bringing money directly into the hands of the people to stimulate consumption which will in turn help boost the manufacturing, agriculture and other businesses.

- Benchmark interest rate, in harmony with the Government's fiscal policy, has also been recently reduced to 1.25% to complement the government's effort in boosting domestic consumption and investment.

- In medium and long term, the Government will review laws and regulations that presently serve as impediments to business operations, starting with the Foreign Business Act. Thailand will ensure fair competition, based on competition law and predictability, and foster an environment that is conducive to foreign investment. The Government will make sure that investors know exactly what the rules are to ensure transparency and fair play.

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