

## **Prasarn Trairatvorakul: Policy Forum marking the Bank of Thailand's 70th anniversary**

Welcome remarks by Dr Prasarn Trairatvorakul, Governor of the Bank of Thailand, to the Bank of Thailand's 70th Anniversary and 3rd Policy Forum, Bangkok, 12 December 2012.

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Governor Glenn Stevens, Distinguished Guests, Ladies and Gentlemen,

1. It gives me great pleasure to extend a warm welcome to all of you, our distinguished guests, to the Bank of Thailand's Policy Forum. Today's gathering marks the third such event organized by the Bank of Thailand. The policy forum serves as a platform for prominent academics, policy-makers and market participants to learn from the visions and insights of outstanding international leaders. More importantly, the discussion and knowledge-sharing arisen from this forum will further equip the Bank of Thailand with a broader and deeper pool of knowledge to pursue its mandate. On that note, let me add that this year marks the 70th anniversary of the Bank of Thailand, an institution that has always been committed to preserving economic and financial stability. This commitment would not be possible without continual upgrading of our knowledge base through forums such as the one today.

2. Today, the Bank of Thailand is truly honored to have Governor Glenn Stevens of the Reserve Bank of Australia with us to share his thoughts on "Challenges for Central Banking". This talk is especially timely because the effects of the global crisis are spreading to our region. Asia is clearly slowing amid the weak US economic recovery and the euro crisis. At the last policy forum, Dr. Wolfgang Schäuble, Federal Minister of Finance of Germany, spoke at this forum and shared with us his views from the eye of the storm. Now, as the storm moves east to Asia, Governor Glenn Stevens will be able to share with us his views from the perspective of our region with respect to the external challenges we are facing.

3. Apart from common external challenges, Australia and Thailand also share many internal characteristics as well as a similar monetary policy framework. For example, both are open economies. Both export commodities and import oil. The Reserve Bank of Australia (RBA) practices inflation-targeting with a flexible exchange rate. In fact, it is considered a pioneer among central banks as it adopted inflation-targeting in 1994. As you all know, the Bank of Thailand also practices inflation-targeting with a flexible exchange rate. Both Australia and Thailand recently experienced substantial exchange rate swings amid the euro crisis. A flexible exchange rate regime allows flexibility in responding to exchange rate movements. However, in a world where global liquidity is especially fluid due to loose monetary policies in the US and the euro zone, can exchange rates move out of line with fundamentals for prolonged period of time? This is an issue that faces not only Australia and Thailand but also the region as a whole. As a life-long central banker, I'm sure Governor Glenn Stevens can give us the broader perspective on this issue.

4. I sincerely hope that the common lessons learned from our experiences within the region will help us, and indeed other central banks, better manage the complexities of the global economy.

5. Before we hear from Governor Stevens, I wish to take this opportunity to thank all guests for joining us at this Policy Forum to mark the 70th anniversary of the Bank of Thailand. Many of you here have been an integral part of our policy progress over the past many years. On this note, may I propose a toast of appreciation to all of you and of hope that many of you will continue to support a common vision toward building further policy progress for the well-being of all Thais in years to come.

6. Thank you.