

## **Governor Veerathai's Statement**

Your Excellency, Fellow Governors,

Ladies and Gentlemen,

Members of the press,

A very good afternoon to you all,

It is my great pleasure to welcome our distinguished guests to this special event before the year ends. Let me extend a very warm welcome to Governor Agus and Governor Muhammad Ibrahim who have both travelled to Bangkok specifically for this occasion.

The year of 2016, which is coming to the end soon will be remembered by economists and financial professionals as a year of the unexpected, beginning from China's circuit breaker in the very first week of the year, to negative policy rates, to Brexit and the US elections. Greater uncertainties now hang over the global economy. Fortunately, our ASEAN region, with its high potential, is a bright spot in the world. This is therefore

time for us to navigate today's uncertainties through our concerted efforts to bring out the potentials of our ASEAN region.

What we are witnessing here today is a renewal of the spirit of regional integration by relying more on collaboration to serve as a key driver for sustainable growth to benefit all of us.

The MoUs that we are about to sign will provide flexibilities on foreign exchange regulations for the settlement of trade and investment in local currencies, resulting in greater efficiency and convenience for businesses. Another key merit of this framework is that businesses will be able to better manage exchange rate risks. This is because our local currencies are generally correlated with each other. Also, there will be less reliance on currencies of advanced countries which last year account for over 85 percent of Thailand's trade with Indonesia and Malaysia.

You may recall that earlier this year, Bank Negara Malaysia and the Bank of Thailand implemented a ringgit-baht arrangement in March as a pilot project. Since then, we have seen a noticeably narrower spread between the ringgit and the baht. Moreover, we have noted an increasing number of businesses applying this local currency scheme in their day-to-day business conduct.

Today, I am very delighted that Bank Indonesia is carrying on this initiative by signing the MoUs with both Bank Negara Malaysia and the Bank of Thailand. I really hope that this scheme will continue to expand to other countries in the region. Ultimately, this would be one important step closer to having greater regional financial integration in ASEAN.

On this note, may I invite Governor Agus to say a few words, and followed by Governor Muhammad Ibrahim.

Thank you.