

Dinner Talk
by
H.E. Mr. Abhisit Vejjajiva
Prime Minister of the Kingdom of Thailand
To the Singaporean Business Community
At the Ritz-Carlton Hotel, Singapore
Monday 22 June 2009

Mr. Tony Chew, Chairman of the Singapore Business Federation,
Mr. Hsieh Fu Hua, Chief Executive Officer of the Singapore Exchange,
Excellencies,
Distinguished Guests,
Ladies and Gentlemen,

1. Thank you, Mr. Chew, for your warm words of welcome. It was a pleasure and an honour to accept Professor Simon Tay's kind invitation to speak at tonight's dinner and meet with some of Singapore's leading businesspeople. Professor Tay and I have known each other for a number of years. It's a pity he cannot be here tonight, for he is a true friend of Thailand. I would like to thank Mr. Tony Chew and Mr. Hsieh Fu Hua for co-hosting tonight's event on behalf of Professor Tay and the Singapore Institute of International Affairs. I also thank the Pontiac Land Group, especially Mr. Kwee Liong Seen, without whose generous support this dinner would not be possible.
2. I am encouraged by the turnout this evening and believe that this augurs well for the continuing close and productive trade and investment relationship between Singapore and Thailand. Seeing as time is short, I will make my remarks brief and hope to be able to continue the conversation with you in person over dinner.
3. I would like to propose "Singapore and Thailand: A Win-Win Partnership" as the theme of my remarks this evening. My focus will be on our trade and investment relationship. So, let's "talk business."
4. We have enjoyed strong trade and investment flows between our countries. Last year, Singapore was Thailand's fifth largest trading partner; Thailand was Singapore's ninth largest trading partner and trade volume came to over \$17 billion US Dollars. In terms of investment, Singapore is

Thailand's sixth largest foreign investor, mostly in areas such as chemicals, electronics, financial services, and real estate.

5. But now the global economic crisis has put us in the same boat of economic contraction (-10.1 per cent in Q1 for Singapore and -7.1 per cent in the same period for Thailand). This has been a very difficult period for our governments, our businesses and our people. And the numbers around the region look no different, which explains why governments have been coming out with economic stimulus measures to keep their people spending, trading and investing. At the regional level, ASEAN has also promptly responded to the crisis. ASEAN and its East Asian Partners, China, Japan and Korea, have agreed to multilateralise the Chiang Mai Initiative, which is a reserve pooling or swap arrangement of \$120 billion US Dollars. ASEAN has also come out firmly against protectionism.

6. So, because of the crisis, Singapore and Thailand have even more reason to make stronger efforts to maintain and expand their trade and investment relationship. Here, let me reaffirm that Thailand remains open for business. For one, the Thai Government has made it a top priority to put its economic house in order as well as to create conditions conducive to foreign participation in our economy. First, we implemented an economic stimulus package of \$3 billion US Dollars that could be quickly disbursed so as to be able to help the most vulnerable in society cope with the crisis.

7. Next, we approved a second stimulus package worth \$45 billion US Dollars, which is to be used for infrastructure investment over a period of three years (2009-2012). The second stimulus package is known as "SP2" but also has another name, which is "Thailand: Invest for Strength 2012." It is expected to generate 1.5 to 2 million jobs and boost GDP by 2 per cent for the three years covered by the programme.

8. "SP2" will create many investment opportunities for the private sector. For example, we plan to make substantial investments in irrigation to help increase productivity in the agricultural sector. Here, Thailand could benefit from Singapore's expertise in making sustainable use of water resources. We also plan to invest in road, rail and air transport and communications so that our people and their communities are better connected and have better access to markets. I hear that the construction sector is doing well in Singapore. You have a lot of projects underway involving roads, trains and the subway. Perhaps there is room for our two countries to work together in this area. We also plan to invest in people, our

most valuable resource, by improving the educational system. Prime Minister Lee Hsien Loong and I see eye-to-eye on the importance of human resource development. Better educated people are key to developing a more creative economy, in which value is added to goods and services. I urge the Singaporean private sector to consider the opportunities I have just mentioned. Now is a good time to do business in Thailand because the costs are low and the medium-to-long term fundamentals of the economy remain sound. Together, we can help each other out of this crisis and lay the foundations for our sustainable growth and development.

9. The investment outlook in Thailand at the moment is also quite good, perhaps better than you would expect during this time of crisis. Major investors are still going in to Thailand in spite of the crisis. Just a few days ago, German-based international automotive supplier Continental AG opened its first manufacturing plant in Thailand and its second production base in Asia (i.e., Malaysia). The plant will produce fuel pumps and fuel injectors for export to China, India and Europe. This year is also “Thailand Investment Year.” You can therefore be sure that investors will get maximum privileges and tax incentives, especially in areas such as energy, mega projects and tourism. And it is my intention to make adjustments, where they are needed, to our investment laws and regulations to make them more business-friendly.

10. Of course, you may be thinking what good all of this would be if Thai politics remains unstable. First of all, I would have to say that we have a stable government that is working hard on getting the country out of the economic crisis and is determined to achieve reconciliation. A political reform process is on-going through Parliamentary mechanisms. Second, Thailand is a democracy and, as such, differences of opinion are only natural and can be expressed so long as they remain within the confines of the Constitution and the law. There may be ups and downs, but these should be considered a part of the continuing maturation of Thai democracy.

11. I am confident that Thailand is resilient and getting stronger. Indeed, the Government is determined to see through its duties to the Thai people, the region and the international community with boundless energy and complete dedication. Thank you.