

Opening Speech of the 2002 Year-end Conference on “Meeting the Challenges from Globalization”

By

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This is a translation of the speech given at the Opening Session of the 2002 Year-end Conference on “Meeting the Challenges from Globalization,” co-organized by the Chai Pattana Foundation, the Office of the National Economic and Social Development Board, the Ministry of Commerce, the Community Organizations Development Institute, and the Thailand Development Research Institute, at the Ambassador City, Jomtien, Chon Buri, December 14-15, 2002.

Distinguished Guests

I would like to welcome all of you to the 2002 Year-end Conference on “Meeting the Challenges from Globalization.”

The theme of this year’s conference may seem to be different from those in recent years which dealt with:

- “Poverty Reduction Strategies” in the year 2001;
- “Transparency and Uncorrupt Society” in the year 2000; and
- “Sufficiency Economy” in the year 1999.

The themes of the conference in the past three years seemed to place emphasis on national affairs. This year, we look at the outside, at globalization, both in terms of the opportunities to harness the forces of globalization for national development, as well as the risks and challenges that accompany globalization, where we need to strengthen ourselves in order to cope with volatilities and severe competition inherent in globalization.

However, if we think it over carefully we will realize that national and international affairs cannot normally be clearly separated since our country is also a part of the global society, and has faced and coped with the challenges from globalization for many centuries. And we should be proud that we have been more

successful than most of the other countries in successfully coping with the past challenges from globalization and benefiting from it. This ranges from the ability to maintain our independence through the era of Western colonization to the development of the economy to become one of the world’s biggest exporter of many agricultural products. A decade ago, Thailand was also an important part of the so-called “East Asian Miracle.”

If we look back a decade or so, we find that in 1989 the Thailand Development Research Institute held the Year-end Conference on “Thailand in the International Economic Community,” which is a theme similar to that for this year. The reason for choosing that theme at the time was because that period was the beginning of the “Golden Age of the Thai Economy.” Industrial exports were growing extremely rapidly and the Thai economy was growing at double digit rates.

The success from that period gave us a lot of self confidence. We believed that whatever we do would be successful. In fact, we became overconfident; whether in the private sector that borrowed and invested excessively, or the household sector that consumed excessively, and the public sector that used almost all of the country’s foreign reserves to try to prop up an overvalued exchange rate, leading eventually to the crisis in 1997.

The King’s philosophy on “Sufficiency Economy” reminded us that the excesses and irrationalities that were prevalent in all parts of Thai society before the economic crisis will bring disaster to us. If we don’t improve ourselves and develop sufficient protection against the risks and volatilities, whether from factors internal to the country or from globalization, then crises could easily reoccur, with severe socio-economic consequences. Today, five years after the start of the economic crisis in 1997, we are still unable to repair all the damages that arose as a result of the crisis.

This year is a good opportunity for all of us, from various sectors and groups, to come together to focus on

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globalization, and share ideas on how to meet its challenges.

The new round of the WTO negotiations has already started, and next year Thailand will be hosting the APEC meeting. At the same time, there are many new economic cooperation initiatives, such as between ASEAN and China, ASEAN and Japan, or various bilateral initiatives, such as between Thailand and Australia. Even within ASEAN, a lot more efforts are needed to make AFTA fully effective. The AFTA project was initiated when I was Prime Minister. I still remember that Minister Suthee, Minister Amaret and Dr. Narongchai helped me work on this issue. Today Dr. Narongchai is attending this seminar here. He knows about AFTA very well. Currently I have heard that the implementation of AFTA still does not cover the whole system. For example, the main principle on tariff reduction should be carefully followed. Tariffs should be reduced for every product. It is not right to reduce it for this item and not to reduce it for that item. There is currently also a problem with tariffs on raw materials, which have not been treated equally with finished products. Both the Federation of Thai Industries and producers are anxious about this matter, so I hope that Dr. Narongchai, who is now an adviser to the Minister of Finance as well as holding many other official positions, can take action on this matter.

In addition, there are currently many different perspectives within Thai society on globalization and how to meet its challenges. I consider this to be normal since each person or group has very different experiences in coping with the economic crisis. Some groups came through the crisis without too much difficulties, and have become even more prosperous than before the crisis. Some groups have just recovered to the condition they were at prior to the start of the crisis, while some groups were very severely affected and may not be able to survive.

It is normal for there to be differences of opinions. For some topic, particularly the theme of this conference, the differences may be wider than for other topics. The important thing, and this is what I hope to

see in this conference, is to share and exchange ideas with reason and understanding, and with respect for other people's opinions. No one knows everything. To listen and have respect for other people's points of view lead to mutual understanding and learning. It is the way to wisdom and unity, and is one important component of how Thai society will be able to successfully meet the challenges from globalization.

My personal observation is that globalization will remain with us and we cannot just turn our back on globalization. In fact, we should not do so as we can create benefits from globalization. However, we have to prepare ourselves to actively "create" benefits from globalization, rather than simply to wait passively for benefits or adverse consequences. At the same time, we must not forget that there are risks associated with globalization. We, therefore, must strengthen ourselves, and build up sufficient economic and social protections, especially for the vulnerable groups that need special attention and assistances from the government.

Finally, I would like to thank all the co-organizers of this conference, the Chai Pattana Foundation; the Office of the National Economic and Social Development Board; the Ministry of Commerce; and the Community Organizations Development Institute. I would like to observe that all the co-organizers, including the Thailand Development Research Institute, symbolize a successful approach to deal with the challenges from globalization. That is, we need broad cooperation and understanding among diverse parties within our society; from the public sector as planners and implementers, from academic institutions, as well as non-government organizations and the people sector. At the same time, participation of the private sector is crucial, and there are many representatives from private sector organizations at this conference. From the diverse groups of participants, I hope that this conference will be able to clarify the effective ways that we can meet the challenges from globalization to the overall benefit of our country.

Thank you.

