

## Fact sheet on the current situation in Thailand (as of 13 Dec 2006)

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### Background:

#### - Political change of 19 September 2006

- Political change in Thailand was undertaken by the "Council for Democratic Reform" (CDR) without any violence or resistance. The incident has caused minimal disruption of normal life. There has been general public acceptance to the change, as evidenced in polls conducted by independent agencies, such as the Suan Dusit Poll (83.98 % of respondents agreed with the change and 75.04% felt that its effects will positively impact Thai politics).
- The CDR clearly stated their intention not to take up governmental power, and affirmed their determination to undertake only brief intervention in order to restore peace, unity, and justice in the country.
- From the beginning, the CDR had firmly declared that an *interim constitution* would be in place within 2 weeks, and that a civilian government would be formed. Timeline for political transition has been set, leading to the holding of free and fair general elections.
- Under the Interim Constitution promulgated on 1 October 2006, the CDR has been transformed into the "Council for National Security" (CNS), to provide advice for the government while retaining only certain security functions. After the new Cabinet was appointed on 8 October and sworn in on 9 October, the CNS has handed over administrative power to the government.

#### - Rationale

- The CDR said that it undertook this mission for the following reasons :
  - Lack of political confidence in Thailand and impasse of political differences
  - Drastic increase in disunity among Thai people
  - Signs of rampant corruption, malfeasance and widespread nepotism
  - Inability to proceed with the reform process as intended by the Constitution
  - Interference into national independent agencies, crippling their ability to function properly and to effectively solve the nation's problems
  - Certain substantive democratic elements in the Constitution have been undermined
  - Deterioration of social justice.

- Given the aforementioned reasons and the possibility of the deterioration of the situation, and further damage, which could not be resolved by the previously existing mechanisms, the CDR was compelled to take action.
- The CDR's intervention has no other aim than to strengthen democracy through democratic reforms, above all, the holding of free and fair elections. Leaving the country under protracted political uncertainty and in prolonged state of division, on the other hand, would eventually erode people's trust and confidence in the very foundations of democracy.
- The CNS, formerly CDR, has issued a White Paper, in Thai and English, to clarify its rationale for the political change.

### **Some key economic confidence indicators**

- Minimal economic impact has been detected since the political change. Contrary to conventional expectation, the Thai Baht has gained in its value since 19 September due to increasing capital inflow, including foreign direct investment (FDI). Currently, the Baht is at its strongest in the past 8 years' period.
- The National Economic and Social Development Board (NESCB) announced on 4 December its economic forecasts that the Thai economy would grow by 5% in 2006 and projects similar growth rate for 2007. Meanwhile, leading rating agencies, including Standard & Poors, Fitch Rating and Japan Credit Rating Agency (JCR), have all removed Thailand from their respective negative credit watch lists, in which they placed the country following the 19 September political change. These agencies now describe the Thai credit rating outlook as being stable.
- Trade balance figures for October, announced by the Ministry of Commerce, indicated the 16.8% increase in exports during the first 10 months of 2006 as compared to the same period of last year. Thailand thus had overall trade surplus of 447.2 million US dollars, while it experienced the deficit of 7,136.6 million US dollars during the same period in 2005.

### **International commitment**

- Thailand reaffirms adherence to the UN Charter and remains committed to obligations under international treaties and agreements, under the basis of the equality of states.
- Thailand's foreign policy remains unchanged. The existing relationship between Thailand and other countries shall continue to be fostered and enhanced.
- Thailand's international economic policy, including multilateral trade negotiations and free trade agreements, are continued.

## Recent developments

- Following the political change on 19 September 2006, continual progress has been made in accordance with the timeline for political transition announced by the CDR.
- The Interim Constitution was promulgated on 1 October 2006. Later that same day, General Surayud Chulanont was appointed the 24<sup>th</sup> Prime Minister of Thailand. The CDR has been transformed into the CNS.
- The Cabinet, comprising 24 Ministers, was appointed on 8 October 2006 and sworn in on 9 October 2006. The administrative power has thus been handed over to the new Government.
- In accordance with the Interim Constitution, the National Legislative Assembly was established to be responsible for legislation. 242 members from the public, private, social and academic sectors, from various regions, were appointed to the Assembly on 12 October 2006. The National Legislative Assembly convened its inaugural session on 20 October 2006 and elected its President (Mr. Meechai Ruchupan) and its Vice Presidents on 24 October 2006.
- In carrying forward with the democratic reform, the Constitution Drafting Assembly, together with the Constitution Drafting Committee, is in the process of being established. To this end, the National People's Assembly (NPA) has been established. Its 1,982 members, comprising representatives from all sectors of the society and regions of the country, were appointed on 10 December 2006. The NPA is expected to convene its first session on 17 December 2006.
- The NPA will select from among themselves 200 representatives, from which 100 persons will be selected to form the Constitution Drafting Assembly. This process is expected to be completed by the end of December 2006.
- The constitution drafting process, which includes consultations with various organizations and persons as well as dissemination to and referendum by the public, should be completed within approximately 9 months after the first meeting of the Constitution Drafting Assembly, leading to the holding of general elections within the timeframe specified by the new Constitution.
- In the meantime, all but a few of the main mechanisms have already been revived or reaffirmed to ensure checks and balances and the speedy reestablishment of the workings of the democratic system. Moreover, fundamental rights and freedoms are guaranteed under the Interim Constitution.
- In line with the policy to advance political reform, the Government has recently set up two committees, comprising academicians, officials and NGO members, to promote people's participation in the constitution drafting process by providing forums to listen to public inputs, and to promote political education for the public.

**Key facts on Government's policy**

- The priority issues on the national agenda for the Government are strengthening national unity and resilience and addressing the situation in the South through peaceful means and the rule of law.
- The administration of the Government will be guided by four main principles: transparency, justice, economy of resources and efficiency.
- The Government will maintain the economic momentum and pursue development through market-based economic policy. The philosophy of "Sufficiency Economy" will be applied to complement the pursuit of a balanced and sustainable economic growth, facilitate smooth integration into the global economy, and prevent recurrence of a crisis similar to that in 1997.
- The Government will continue to enhance relations and cooperation with other countries and adhere to Thailand's international obligations and commitments, including those under the United Nations.
- The Government presented its policy to the National Legislative Assembly on 3 November 2006, in keeping with Thailand's administrative tradition of democratic government. The policy statement addresses 5 major aspects of the present administration, namely, political, economic, social, foreign affairs and national security.

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