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## NEWS BRIEF NO. 97/12

### News Brief: IMF Welcomes Thailand's Exchange Rate Action

July 2, 1997

#### IMF Welcomes Thailand's Exchange Rate Action

Following recent actions by the Thai authorities, Acting Managing Director of the International Monetary Fund, Stanley Fischer, said:

"In response to recent developments, Thailand's exchange rate system has been changed, effective July 2, 1997, to a managed float, with the value of the baht being determined by market forces in line with economic fundamentals. To support the new exchange rate policy, the Bank of Thailand has raised the Bank Rate from 10.5 percent to 12.5 percent. The Thai authorities are also considering supplementary measures to alleviate potential negative effects on debt servicing and prices that may result from adjustments in the value of the baht.

"In conjunction with the recent measures in the financial sector, and the previously announced strengthening of fiscal policy, the IMF welcomes today's important steps aimed at addressing Thailand's present economic difficulties and adopting a comprehensive strategy to ensure macroeconomic adjustment and financial stability. The Thai authorities have requested technical assistance from the IMF for the effective implementation of these measures, and the IMF will be responding rapidly to these requests."

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