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4. **Discuss the following news with reference to Thailand**

Venezuela's foreign reserves tank to $10.5 billion

A new report by the Central Bank of Venezuela shows the country's foreign reserves have hit a new low It is down to $10.5 billion, $7.2 billion of which it owes in outstanding debt payments. Amid a humanitarian, economic and political crisis, the oil-rich nation went from $30 billion in reserves in 2011 to $20 billion in 2015. Venezuela's inflation is among the worst in record. According to the International Monetary Fund it will rise to 1,660 percent by the end of 2017 and will double that next year. Venezuela is suffering from a severe recession, triple-digit inflation and chronic product shortages. The government's currency control system has slashed approval of dollars for product imports, leading to empty store shelves and snaking supermarket lines.

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International reserves are reserves assets held by central banks in foreign currencies. Its traditional role is to use as the back up the domestic currency. However, nowsday due to globalization, international reserves are used as a tool to implement monetary policies. Thailand during the currency and Venezuela share similar characteristic and trend of international reserve. Venezuela is now experiencing the plunge of the country's international reserves with very high level of debt that required to pay back as well as the tremendous figure of inflation rate. Similarly to Thailand we had faced the less severe situation before during the Asian Financial Crisis or Tom Yum Koong (AFC) due to the fact that ~~that~~ Thailand had the "hope" to be the financial hub in the future like Hongkong and Singapore, but "dream on". For Venezuela, the government's currency control system has slashed approval of dollars for product import meaning that it used to pegged with the USD, with the stagnated oil price and Venezuela is a big exporters, the economy dumps into the recession.

The root cause for Thailand in the currency crisis is the unrealistic exchange rate. resulting a significant decline in level of Thai international reserves from 320 millions to 260 million dollars.

→ PTO

To conclude, I agee with the statement above that, The capital inflow can be harmful to the country. "Less is more", the quality matters more than quantity. Otherwise the flow can lead to the vulnerability of the country, make sure you know whether the flow is Hot or Cold money. Unrealistic exchange rate will not last long, BOT should allow certain degree of Appreciation to prevent massive speculation. Laws and Regulation must be imposed prior to capital liberization not after. We should have sacrificed some rapid growth to grow steadily and sustain rather than facing the crisis