



ADDRESS BY

THE HONOURABLE PATRICK MANNING

PRIME MINISTER OF TRINIDAD AND
TOBAGO

AT

THE OPENING CEREMONY OF THE
THIRD BIENNIAL INTERNATIONAL
CONFERENCE ON BUSINESS, BANKING
AND FINANCE

UNIVERSITY OF THE WEST INDIES,
St.AUGUSTINE

MAY 27th. 2009

Professor Patrick Watson, Chairman of the proceedings and Director of SALISES;

Professor Clement Sankat, Principal of the St. Augustine Campus of the University of the West Indies;

Mr. Ram Ramesh, C.E.O. of C.M.M.B;

Dr. Delisle Warrell, Executive Director of C.C.M.F.

Ms. Angela Persad, President of the T & T Chamber of Industry and Commerce;

Ministers of Government;

Members of the Diplomatic Corps;

Corporate Sponsors;

Specially invited guests;

Members of the Media;

Distinguished Ladies and Gentlemen

I welcome the opportunity to address this opening ceremony of the Third Biennial International Conference on Business, Banking and Finance organized by the St. Augustine Campus of the University of the West Indies. I extend a warm welcome to all visitors to Trinidad and Tobago for this meeting and wish you a most pleasant stay in the midst of the very critical discussions on which you will be engaged.

We must congratulate the University for its focus at this conference on this pivotal matter of financial services which

experienced unprecedented development in recent years. It has been both boon and bane of the modern globalised economy. The phenomenal economic growth that the industrialized and emerging economies experienced over the last two decades has been fuelled, not only through the liberalisation of global productive capacity but also by the removal of trade restrictions. An indispensable element in this historic level of economic activity has been the ready availability of financing at all levels also. This produced tremendous energy in all

areas of commerce, from individual acquisitions and consumption to corporate endeavours, including those that transcended national borders.

The problem, unseen by most, was that the financial sector was developing an almost separate existence, virtually disengaged from the real economy. It was creating its own levels of paper wealth which created a mirage of prosperity for financial institutions, shareholders and global stock markets. With its lucrative compensation levels, it attracted the best minds who exercised

their talents to produce the most complex and almost incomprehensible derivatives and instruments that led so many to believe that the bubble was indeed real. There was 'irrational exuberance' in the air. We witnessed wild global spending, enormous greed and fabricated short cuts to prosperity and security on an almost cosmic scale. We had to come back down to earth. And here we are today, some having landed with a loud bang, a few still managing to stay afloat, but all sobered by reality. Hopefully there is no secret longing for that time, not long gone, of

stratospheric excesses. Some assert that it will hardly ever come again.

The global economy is now at the point of adjustments and cures, and therefore this international conference that we open today is most timely. But we have got to be very careful. Policy makers should be wary lest, in desperation, they make the kind of revisions that could entrench the stagnation and stymie human creativity for decades before we realize we have again made the wrong turning. The pendulum must not now shift to the ideological left. There is that

threat as advocates of state control have surfaced out of the woodwork to rail, with justification, against the excesses of unbridled capitalism. But the hoary debates concerning the roles of the government and the private sector in economic development must not now be restarted to make a case of rejection of either. The answer was always somewhere in the middle. All countries must, in their own way, find the centre.

Let us therefore see the opportunity. Notwithstanding the trauma, we are at a point of great new but balanced

possibility. We must seize the moment. Now we have the advantage of looking back at the devastation wrought by two kinds of economic fundamentalism. Neither the command economy, nor untrammelled freedom is the way forward. We must, in the interest of the people all over the world, avoid repeating the horrible mistakes of the past which have produced real threats to global stability through various kinds of extremism, excesses and injustices.

We must make the changes, but these should be more institutional than

fundamental. The supervisory role of the state must be stronger than it has been in many leading economies. Without the effective regulatory framework that ensures transparency and accountability, we will certainly repeat the excesses and irresponsible adventure that contributed to the almost total collapse of the international financial system. Excessive freedom, masquerading as inspired creativity, is licence to ‘mash up de place’, destroy lives and economies and place the future in extreme jeopardy. No government must allow that to take

place. There must be clear rules to ensure that, without suffocating individual enterprise and entrepreneurship, we protect, as far as possible, investors in the marketplace which by its very nature, carries inherent risks.

This is essentially the position of Trinidad and Tobago as we proceed to establish the international financial centre in our country. We are fortunate to have a very strong financial sector in this country on which we will build as we go forward with this important new

project. It is one of great strategic importance as we diversify our economy for greater endurance in this new century.

We are once again in the position to learn from the mistakes of others. And we will. We are very aware that the present global experience demands that

- financial institutions return to their original mandate of secure savings and conservative investments;
- of conditionalities to credit that are neither burdensome nor lax; and

- of building the trust of populations so that they could place their investments and life savings in a system that provides them with the level of security they need.

We are still fortunate to have that kind of banking tradition in Trinidad and Tobago. It used to be said that banking is a boring business. That was before the intoxication of derivative-driven excesses. I suspect that the world would like the financial sector once again to be described as somewhat dull. Dull but powerful and indispensable. Boring but stable;

capable of accommodating those two sometimes dichotomous needs of the human being, for both security and development.

As we establish the IFC, we will ensure that the adequate regulatory regime is in place which will allow us to take advantage of the global opportunities in this sector whilst at the same time preserving the stability that is absolutely essential in this area of development. Indeed the legal, regulatory and administrative steps have already been taken towards this end.

We pursue this goal based on a realistic assessment of our country's present position. The financial sector already contributes approximately 13.5 percent to the Gross Domestic Product of Trinidad and Tobago. Indeed our country is now the main capital market for the region. We have the dominant regional stock exchange with a number of regional listings. We are also home to the Regional Credit Rating Agency, CariCris from ^{which} ~~where~~ we received a triple A rating. Our ideal location makes the country attractive for international banks

and investment firms interested in fostering business in the wider Caribbean and Latin America. Governments and State Corporations in the CARICOM region have been accessing our domestic financial market for bond and bank financing.

At the same time, domestic corporate borrowers have also accessed the market to undertake portfolio and other types of investment in CARICOM countries. In fact, the domestic financial system is becoming increasingly regionalized and internationalized.

Supportive of our goal to establish an international financial center is our Heritage and Stabilization Fund which at the end of February 2009 stood at US 2.9 billion dollars; the establishment of the Caribbean Single Market and Economy (CSME) which will integrate regional financial markets; and the coming Trinidad and Tobago Revenue Authority. This Authority will increase efficiency and transparency in revenue collection and tax administration as well as improve customer service.

We therefore think it is an opportune time for Trinidad and Tobago to consolidate its position as the financial capital of the Caribbean. I am sure we will be able to attract the return of much of our financial expertise which has migrated to other capitals of the world where, not too long ago, the industry appeared more dynamic and rewarding.

I must also underscore the fact that the coming Trinidad and Tobago International Financial centre is an integral part of the economic vision as we transform

our country into a developed nation. With the development of strategic industries in aluminum, plastics, preservatives, and iron and steel, we will be building a new and dynamic industrial platform in Trinidad and Tobago. This will produce a tremendous variety of products for use in industry, construction, agriculture and agri-business, transportation, health care, and in the household, among others. Manufacturing and service industries will have a field day for entrepreneurship and

generation of new wealth. In addition, we also have in the novel developmental activity agriculture and tourism. We are also pursuing growth in the information sector and several targeted areas, about all of which we have already spoken to the national community.

Very significantly, our Caribbean and regional neighbours will also benefit greatly from our new economic path. The new strengthened and diversified

platform of production of Trinidad and Tobago will spread the opportunity to countries in the region. They would be able, for example, to source products for developing their own manufacturing sector. We are clearly on the path to increased economic integration with our hemisphere. The coming Single Market and stronger political ties among countries of the Southern Caribbean will further galvanize economic opportunity in the region.

It must also be remembered that with economic growth comes the need and the opportunity for infrastructural development. New roads and highways, better water and electricity systems are indispensable for sustainable growth.

We in Trinidad and Tobago are embarked on the process of upgrading our infrastructure to meet our modern domestic and industrial needs. As other economies in the region grow as a result of the new individual and collective initiatives, they too will embark on the modernization of their infrastructure.

I am sure you can see, Ladies and Gentlemen, with the plans we have in place, the need for financial services is going to grow by leaps and bounds in our country and the region. The Trinidad and Tobago international Financial Centre will be there, very well positioned to play its part in fuelling national and regional development.

It is the way, in our view, to overcome the present challenges to our economies. Whilst we make adjustments to deal with the universal

drop in revenue, we must never lose sight of the continuous need to strengthen our resilience and improve our competitiveness. It is being predicted that the recessionary trends will end sooner than originally expected. This is the forecast of international experts, including the present winner of the Nobel Prize for economics who, only ~~yesterday~~ ^{this week} forecasted either flat or positive growth in Europe and the United States in the second half of this year. Increasingly there is talk of 'green shoots' almost everywhere. Indeed the assessment for Latin America and the

Caribbean is quite positive. The International Monetary Fund has predicted that the region will emerge from the global financial crisis earlier than the advanced economies. The prognosis is that we will start enjoying economic growth in the second half of this year, which, let me remind you, starts only a few days from now. So when I say 'blip', it is not a slip of the lip. I make my own assessments. I am always looking ahead, trying to see what is on the horizon. That is but one of my major responsibilities, to steer Trinidad

and Tobago towards developed country status by the year 2020.

I therefore look forward with great expectation to the deliberations and conclusions of this International Conference on Business, Banking and Finance. I know you have many luminaries amongst the local and regional business leaders, policy makers, scholars and researchers who will participate in the discussions that are ahead. I encourage you to do your best, so that the people of our region, in whose interest you meet, would benefit

from the profound analysis and creativity
of which you are so clearly capable. I
wish you very successful deliberations.

Thank you very much. Best wishes to
all. and may Almighty lead Bless You All.
