



THE UNIVERSITY OF THE WEST INDIES

ST. AUGUSTINE, TRINIDAD & TOBAGO, WEST INDIES

OFFICE OF THE CAMPUS PRINCIPAL

Pro Vice-Chancellor Professor Clement Sankat, BSc (UWI), MSc (UWI), PhD (Guelph), FIAgrE, CEng, FAPETT

Welcome Remarks by the Campus Principal

4th Biennial Conference on International Business, Banking and Finance

“Restoring Business Confidence and Investments in the Caribbean”

Hilton Trinidad and Conference Centre

Wednesday 22nd June, 2011 6:30pm

Salutations

- Thank you Chair- Dr. David Rampersad
- Mr. Ewart Williams, Governor, Central Bank of Trinidad & Tobago
- Mr. Ian Narine, General Manager, Guardian Asset Management Limited
- Senior Management and members of staff of the UWI St. Augustine Campus
- Distinguished Presenters
- Specially Invited Guests
- Members of the Media
- Ladies and Gentlemen

- It is with great pleasure that I welcome you all this evening to formally launch the 4th Biennial Conference on International Business, Banking and Finance. This year's theme "Restoring Business Confidence and Investments in the Caribbean" is indeed significant to our region. The numerous challenges faced by our Caribbean economies in the current global environment are evident. This year's theme is thus fitting, as it encourages the necessary collaboration and exchange of ideas that would assist our countries, and thus our policy makers, business leaders and scholars to make crucial decisions that would allow us to move toward greater financial stability.
- I would therefore like to warmly welcome all presenters and distinguished guests, not only from the academic community, but also from the wider society, as well as all those who have demonstrated support for this very relevant conference. A very pleasant welcome to you all!

The Current Environment

- Distinguished guests, as we are all aware, the financial crisis has had a domino effect which in turn has led to difficulties in each country within the region and of course globally. In the recent past, we have seen negative economic growth,

high unemployment rates, a decline in remittances, a contraction in investment, and even environmental disasters that have highlighted the vulnerability of our region to externalities that are beyond our control. The interdependency and interconnectedness that characterize the global economy has its concomitant positive and adverse effects. This, coupled with the issues of economic growth, small size and viability, is part of the ‘problematique’ facing Caribbean states.

- The impact of the economic slowdown has been far reaching; developing countries such as those within the region, have also experienced a decline in capital flows including foreign direct investment (FDI) and donor assistance. Further as a result of plans undertaken for recovery in the trade and commercial arena, there has been a decrease in aggregate demand which the United Nations Economic Commission for Latin America and the Caribbean (UNECLAC) noted in 2010 would “undercut near-term prospects for global growth and the demand for exports to Europe from Latin America and the Caribbean.”¹ In addition, as has been noted by many scholars across the region, the failure of large companies such as the CL Financial Group have highlighted the need for an adequate regulatory framework of the financial sector.

¹ United Nations Economic Commission on Latin America and the Caribbean (UNECLAC), 2010. *Preliminary Overview of the Economies of Latin America and the Caribbean*. Washington: UNECLAC.

- More recently however, in April of this year, the IMF noted that “the outlook for the Caribbean countries has improved in line with the global recovery”², despite various risks. In the most recent edition of the World Economic Outlook, it was noted that “growth in 2011 is now forecast to be 4¼ percent”³. It was stated that “the main reason for this revision is greater confidence in the strength of the global recovery and improved prospects for commodity prices.”⁴ It is therefore opportune, that we build on this trend of greater global confidence, and pursue regional strategies to foster regional investment by restoring business confidence. Notwithstanding, we must also be mindful of “the constraints on policy stemming from high public debt levels” which mean that “the outlook for these countries remains closely tied to external developments.”⁵

- It is fitting therefore that I mention the critical point raised in the June edition of the Caribbean Centre for Money and Finance regarding growth in CARICOM. It noted that “the region showed contrasting growth cycles between South American members of CARICOM and the rest. Regional growth was led by the

² World Economic Outlook, April 2011: *Tensions from the Two-Speed Recovery Unemployment, Commodities, and Capital Flows* <http://elibrary.imf.org/view/IMF081/11381-9781616350598/11381-9781616350598/ch02.xml#ch02fig12>

³ Ibid

⁴ Ibid

⁵ Ibid

South American countries within CARICOM, as these economies, Belize, Guyana and Suriname, were able to maintain positive growth at 2.9, 3.6 and 3.8 per cent respectively in 2010. They showed greater robustness as they managed to grow between 0.7 to 3.1 per cent in the previous year, in spite of the economic recession in the US.”⁶ It is pertinent that we examine the possible reasons for such performance. Why these countries in particular? What can we learn from them? Perhaps upon closer examination, we would find solutions for the rest of the Caribbean as to how we can follow this pattern and experience positive growth.

- It is evident that all three countries are parties to other regional arrangements, be it the Union of South American Nations (UNASUR) in the case of Guyana and Suriname or the Central American Integration System (SICA) in the case of Belize. What effects are these extra regional arrangements having upon the economic performance of these states; one can even look at the effects of policies implemented as a result of membership.

⁶ Caribbean Centre for Money and Finance, *Two speed growth in CARICOM for 2010*. Newsletter: Volume 4, No. 6. June 2011. <http://ccmfuwi.org/files/publications/newsletter/Vol4No6.pdf>

- Of importance therefore, and has been stated time and time again, is the need for diversification of not only our extra regional markets but also our exports. These South American CARICOM countries are gradually increasing relations with our southern counterparts; For instance, in December 2010, “Cooperation agreements were signed between Brazil and Suriname in the field of trade, bio-energy, agriculture, fishery, defense, education, scientific and technical field and the gold sector”⁷.
- Traditionally these countries have been seen as some of the less affluent countries in CARICOM. There are however noticeable similarities that stand out upon closer examination of these states. Of significance here is investment in agriculture; these states are prime examples of how having a robust agriculture sector and ‘growing your own food’ could reduce dependency on imported goods. We ought to therefore analyze their consumption and production patterns. This could thus aid in reducing debt and deficits, a perennial problem in our region.

⁷ Van Genderen-Naar, Joyce. 2011. Caribbean-Latin American Cooperation: Recent Developments Bring Stronger Ties. Available at <http://www.devsur.com/caribbean-latin-american-cooperation-recent-developments-bring-stronger-ties/2011/01/27/>.

- We should also examine the quality and price of our output and the cost of doing business; in doing so it is possible that we create more competitive and productive systems which will naturally attract the type of investors the region needs, in addition to restoring business confidence.
- Even when observing intra-regional trade in CARICOM, there are predominant exporters and importers. The Office of Trade Negotiations noted that in 2008, the generally dominant regional exporter and importer was Trinidad & Tobago. “Trinidad & Tobago accounted for circa 70% of total export sales and over a quarter of import spending in 2008. Trinidad & Tobago, along with Jamaica, Suriname and Guyana accounted for almost 90% of total merchandise exports in 2008.”⁸ Again, there is not much dynamism in the exports as most exports are concentrated “in the resource based sectors of energy and mining.”⁹ (OTN, 2009, 2)
- In diversification, we may give signals and incentives to regional investors and the business community to improve capacity in order to meet the perceived or possible increased demand for goods. It is critical that we assess our trade and

⁸ The Office of Trade Negotiations Information Unit of the CARICOM Secretariat. 2009a. *Private Sector Trade Note – CARICOM’s MERCOSUR Trade Performance*. CARICOM Secretariat, 1

⁹ Ibid, 2

investment policies as we seek to encourage our private sector and aim to attract new investors.

- As a region, we must continue to adjust our thinking and not limit ourselves to always being on the ‘receiving’ end; we must take control of what we can and aim towards having a firmer grip and understanding of what is needed to ensure progress and sustainable development. As such, I would like to reiterate that finding ways to restore business confidence and promote investment in the region is a priority for critical thought.

The Role of the UWI

- I am therefore pleased that The University of the West Indies, St. Augustine Campus through our various Departments, Institutes and Centres, including - the Department of Management Studies, the Sir Arthur Lewis Institute of Social & Economic Studies (SALISES) and the Caribbean Centre for Money & Finance (CCMF), continues to act as a conduit between the academic community and the wider society.

- The University has an essential role to play in promoting analysis and debate and to act as an engine of regional development. Business confidence in the Caribbean would be enhanced if there is a strong human resource development and research capacity, and in this regard, the UWI stands out. We have to work steadily to ensure that the quality of our graduates and the impact of our Research and development on government, business and industry resonates. As such, UWI remains committed to ensuring the success of events such as this biennial conference. These events not only ‘build new alliances and deepen existing ones’ but also aid in the dissemination of knowledge that the University has helped to shape and that is pertinent to the progress of our region. This is indeed in keeping with the strategic aims of our University.

Conclusion

- Distinguished guests, it is my hope that at the end of this conference, stronger links would have been forged among those present and key strategies identified to curtail the challenges facing our region. I encourage you all therefore to fully engage in meaningful discussion and debate as it is through these forums substantial solutions are developed.

- In closing, I would like to thank everyone involved for their dedication and efforts extended which I know would make for yet another successful conference.

- Ladies and gentlemen, I thank you.