

**Address by the Acting Prime Minister and Minister of Finance
the Honourable Winston Dookeran**

Thank you very much, Deborah, and for those who have come to our shores, to Trinidad and Tobago, I say a special word of welcome to all of you and for our Caribbean participants, welcome home. I am delighted to have the opportunity to just share a few words with you on this very important international conference which has brought together a number of different perspectives on a problem that the world, the region and us here in Trinidad and Tobago have been facing for some time.

From what I understand, there are professionals in the field of finance, there are practitioners in the area of corporate governance, there are participants who are actively involved in market conduct and there are persons who are engaged in the operations and practices of stock markets here and in the region. Such an assembly of professionals, thinkers and practitioners is something that we should be happy to have here in our country, Trinidad and Tobago, and it has come at a time when I had just delivered a budget statement to the Parliament of Trinidad and Tobago attempting from where I stand to respond to some of the issues from a policy perspective that you will obviously be discussing during the course of today's conference.

In a sense, the global framework sets the conversation and we are well aware of the continuing search in the Eurozone for a sustainable solution to the sovereign debt bank capitalization and growth challenges of the entire European region. Coming on the heels of the recent dilemma with respect to debt and credit ratings in the United States, clearly, the world has to take note for its major economies, both in North America and in Europe, expect to some extent to be

saved partially, if not fully, by the new emerging economies in Asia, China in particular.

Recent comments from even that part of the world have suggested that there might be a slowing down of the economic growth in China, and indeed in India, and certainly the BRIC countries so far have left the Latin American region somewhat in an area of safety. But in today's interconnected world in which we now live there is no such place as a safe nation.

The second area of concern has to do with the expectation that global growth may, in fact, fall and in some cases the expectations are that it will fall dramatically. This obviously affects us all, for our interrelated relationship with the global economy does not allow us to be innocent bystanders in this particular time.

The third question that is before the minds of many, and I'm sure before your own minds, is whether the financial architecture which has erupted as a challenge since the 2008 to 2009 bubbles in the housing market and subsequently in the financial market, could be fixed and how do we go about fixing that financial architecture? And coming nearer to home, we are concerned here in the region, as indeed are many countries in different parts of the globe, about the levels of buffers that now do exist, particularly in response to the demands of small and fragile economies and whether those buffers need to be reinforced by the international financial system and re-energized in terms of domestic policies.

And finally in terms of the questions that I believe are before your minds and before this conference is a question of regulatory effectiveness and, more specifically, what at one time used to be called the adoption of best practices, sometimes international best practices, and whether this is still a relevant

question, when we redefine the development context in which regulatory effectiveness must now be addressed.

There have been two groups that I have had the opportunity to address from time to time. One group is what I refer to as the information technologists group and the other group is a group of this nature, the regulators. I must admit sometimes in my deliberations with people and professionals in these two groups, I sense a feeling of untouchability in the sense that they believe information technology and regulators must exist in their own right. My suggestion to you, as I reflect on some of these challenges, is that perhaps we may be best reminded that even as information technologists and as regulators in whatever way, the real goal is development. And therefore, locating what you do in a development context must never be lost in the determination of your road maps.

I say that specifically because sometimes we believe that information technologists and regulators pursue the goals of information technology and the heights to which it can take the society and regulators with a sense of fervent desire, forgetting at times that the real goal is development, and they too must subserve their own efforts towards that goal.

It is in that context that at the recent budget statement I made in Parliament, as Minister of Finance, there are five broad areas of concern that I had identified as areas for us here in Trinidad and Tobago and indeed in the region to address and I have attempted to make certain specific recommendations to address them.

The first has to do with the regional capital market and indeed that that has been to some extent an elusive goal for us in the region. The ability to integrate

the regional capital market and to create an important platform for the financing of new investment and incremental investment in areas in which there are strong capital bases is one of our goals that we have set ourselves during the course of this year. But that was not done only in the context of developing a capital market of a regional nature, as much as it was done with the expectation that we are at a point where the Caribbean integration movement has reached its limits. And now the time has come for us to develop a new architecture for Caribbean integration.

We are well aware of the efforts that have been made earlier on to develop more production type integration and there are possibilities that that can be revisited, especially when we look at the possibilities of integration of the mineral rich economies in the region coming all the way from Belize and Jamaica into Suriname and Guyana and indeed Trinidad and Tobago and Barbados.

We intend to start a new conversation, as the Government of Trinidad and Tobago, in developing that new integration architecture, and it is within that context that I had proposed that we do some further deepening of the Caribbean regional capital market. Here at home, I felt also that our own stock market is in need of further stimulus for its activities and although it has performed quite well, particularly during the last year, there is need to add additional scope for activities in this area, and to that end I announced in the budget two specific measures.

One is the development of what I call a small and medium enterprise tier to allow the financing of small- and medium-sized businesses and the listing of such companies in the stock market with incentives through the taxation system. It is a new area of discovery. It has been used in other parts of the Caribbean and we hope that this will be taken up with a certain amount of encouragement by

small- and medium-sized enterprises.

It is based on the premise that we cannot continue business as usual and that what we may have achieved in the past would not provide the basis for the expectations of the new society ahead of us. And the second area in which we have developed some proposals has to do with what we call public offerings of some state controlled enterprises. And we have listed the continuation of that programme and that during the course of this fiscal year we will embark on a series of public offerings so that the capital markets activity would be increased, but equally important, that would be done in the context of having a more equitable sharing of the opportunities and wealth of the country.

Those two measures are aimed at giving a new boost and a new stimulus to the capital market and the stock market in Trinidad and Tobago. We also are very much concerned as to protecting ourselves against some of the pitfalls that afflicted our own economy over the last few years when our major institutions in the world of finance underwent some major challenges which I had to cope with.

But now we are putting ourselves into forward gear. Having felt a sense of comfort that we have got hold of a credible and sustainable solution to what has been described as the "Clico Fiasco" that afflicted its impact, both in the region and in Trinidad and Tobago, we can now move into forward gear with a greater sense of confidence. This is not to say that work still needs to be done to complete the solutions that we have put forward. But the forward gear requires us now to move into new legislative proposals for the strengthening of the insurance sector and the Insurance Act that will come to Parliament shortly is to do just that.

In addition, we have recognized the need as a Government that we must become a signatory to the International Organization of Securities Commission of which this conference is but part of that forum and that dialogue. And to do so we have taken two very specific steps, one of which is to introduce standards and codes by adopting the World Bank initiative in this regard. As recently as last week, I met with the scoping mission of the World Bank who came on the invitation of the accounting professionals in Trinidad and Tobago to strengthen accounting, auditing and financial reporting capabilities. We had taken immediate steps to provide the level of support required to be able to deal with the challenges of a financial sector operating in a way to mitigate against the risks of the future.

And secondly, and I am very pleased to have met the officials from the United States Securities and Exchange Commission briefly, for we are developing a partnership between the Trinidad and Tobago Securities and Exchange Commission and the United States Securities and Exchange Commission so that we can learn, so that we can exchange, so that we can work together in the context of the international financial challenges to ensure that our own country is well protected.

But we know in this world in which we live, our institutions will never always be the ultimate basis for such protection. We must ensure that in the conduct of our market matters, that there is a new sense of integrity and a new sense of accountability and a new embracing of the values that are right, for in the final analysis, institutions will not cover us against risk abroad, and we do have to face up to those risks, but one of the buffers that we must put into place is the buffers of our own system.

I look forward to the Securities and Exchange Commission playing an important

role here in Trinidad and Tobago and in the wider Caribbean to providing that buffer on a sustained basis and to ultimately, in the conduct of its own affairs, ensure that their conduct is consistent with the conduct which they promote for the rest of the market.

In that regard, we have also looked at other buffers that we must put into place and we are fortunate in Trinidad and Tobago to have had a very healthy financial position, both in terms of our foreign reserves and also in terms of the funds that we have put aside for what we refer to as heritage and stabilization. These are measures that have long been in the making and while they remain areas in which there must be further development, we consider these to be important buffers for us in today's world of turbulence.

Recently, Trinidad and Tobago raised this issue of international buffers for international financial institutions for small economies. We forcefully raised at every particular forum in the World Bank IMF meeting the need to look more closely at the adequacy of international buffers. We recognize that there are some windows that are open with respect to provision of precautionary credit and there are some windows that are open that are much more flexible in today's world than they were in yesterday's world. But we recognize also that that was not sufficient and particularly with respect to our sister countries in the Caribbean who are facing the onslaught of major disruptions in their economic life, particularly in light of the fact of the global recessionary trends and not being able to recover fully from the last dip these countries have now had to face an even greater challenge with their ongoing situation. And therefore, we have placed on the agenda the need to establish new and enhanced forms of international buffers for small economies.

I am pleased to indicate to you that after much persuasion and support we

have received, from countries in Latin America and Brazil, in particular, this matter has been agreed upon as a matter for consideration, and through the efforts that have been made on our part and on the part of others, we expect very shortly an international committee will be established to re-look at this matter with the view of providing more international buffers for small and medium-sized economies.

It is therefore in the context of these measures which I have outlined, and in the context of our times of uncertainty, our problems arising out of financial turbulence of the past, threatening at times to return, in the new challenges of contagion with respect to sovereign debt management and even with the issue of recession becoming part of our immediate future, that this conference is taking place. Perhaps you may wish to think as regulators that you are indeed the light in this shining armour that we must bring together in the arsenal of responses to deal with these challenges and indeed you are, for the value you bring to this discussion and conversation is immeasurable and high in its content.

But I hasten to add that the best practice paradigm which has one time been used as the standard against which countries must respond perhaps is in need of review. Perhaps it is not the correct frame any more, for best practices have been challenged and now we are in search of new practices that are not imprisoned by the "best practice orthodoxy" of the past but by the new practices of a different world. A world fully integrated in the financial sense, a world in which the practices must also be integrated in an execution sense, for indeed what we are faced with today are credit rating agencies which are trying, and with some success, to regain their credibility after the last episodes.

We are facing the requirement for public managers to carefully calibrate the problems of debt deficits and GDP. We too have been attempting to do just

that and it has made public managers far more cautious and circumspect in their projections for the future.

On the issue of governance, especially with respect to corporate management, it has come to the fore with a new zeal. It has replaced perhaps what were then, the strategic plans as the solution for corporate development, and now there is no question that governance is indeed the major way to handle this problem.

And finally, in terms of what is before us, is the Wall Street protest that we see on our television screens which do reflect a sense of anger, perhaps reflected in other parts of the world on the greed and manipulation that have been exposed as a result of the financial crisis we are facing and has brought to the fore the question of accountability in our stock markets and in our market conduct. This is the setting in which this conference, I believe, from where I sit, is taking place, and I would expect that the best practices to which we have adhered, may now wish to give way to new practices.

Perhaps investor protection and investor confidence will require not only a new sense of integrity of security markets, a strengthened information exchange programme, strict enforcement against market misconduct, and finally, a development context into which the regulatory challenges must be located. I look forward to your conference coming at this time in Trinidad and Tobago. I look forward to the new thinking that will obviously emerge in this exercise, but more so, I look forward to the measures by which we can convert that new thinking into concrete proposals and proposals for which we will have the responsibility to make it all happen.

It is in that context that I am pleased to be here and to share these thoughts

with you, to look forward to your deliberations and your articulations and for you to add your value and your input, to the trying challenges that we are all facing. And may I end by saying that we have attempted in Trinidad and Tobago to build on the foundation of the past and to ensure that that foundation becomes even steadier.

We have taken those challenges head-on. We were never afraid as a government to deal with them quietly at times but purposefully all the time so that we believe we can now move, as I said in my budget statement, from a steady foundation to the bigger and larger challenge of economic transformation.

Your contribution is a critical and important part in that puzzle that we must collectively address in the years ahead of us. I thank you for this opportunity.