

**Honourable Karen Nunez-Tesheira**

**Key Note Address at the TTIFC Reception**

**November 26, 2009 at 6:30 PM**

Honoured Guests:

I am delighted to welcome you all to this reception hosted by the Trinidad and Tobago International Financial Centre amidst all of the excitement that is part and parcel of the twenty first (21<sup>st</sup>) Commonwealth Heads of Government Meeting here in Trinidad and Tobago.

The theme of my short address this evening is "Navigating the possibilities Ahead", no pun intended. It is perhaps all too easy, particularly in times of uncertainty to view the world through grey rather than rose tinted spectacles.

I dare say that one year ago few among us would have placed bets that recovery would be a part of the discussion so soon in the aftermath of the deepest recession in over sixty years.

Notwithstanding concerns in some quarters regarding whether the recovery will be what is being referred to as a double -dip recovery, there is growing confidence that the global economy has turned the "corner".

Certainly, the immediate outlook for the global financial system has improved markedly since the darkest days of the crisis in the earlier part of 2009. Financial markets have rebounded, emerging market risks have subsided, and wholesale funding markets have reopened according to the October 2009 Global Financial Stability Report issued by the International Monetary Fund.

Indeed, there is adequate reason to be expectant that the unprecedented and wide ranging policy initiatives being implemented across developed and emerging countries alike would sustain the recovery.

It is abundantly clear, however, that the global financial landscape is in an unprecedented state of flux. This is reflected in the on-going realignment of currency markets and in the still evolving reform initiatives that promise to radically alter the supervision and regulation of financial sectors across the globe.

As the global financial landscape is reshaped, a whole new world of possibilities will emerge. It will be left up to the most innovative and creative to exploit these emerging opportunities – possibilities are everywhere waiting to be recognized.

For example, emerging markets can reasonably be expected to play a far more important role in the post-crisis world particularly given the imperative to rebalance the global economy. Already, with risk appetite intensifying, investors are taking advantage of historically low interest rates and literally gobbling assets in emerging markets.

It was only last week that the Managing Director of the IMF pointed out that *“the world’s attention will be very much focused*

*on Asia – with high expectations for the region to lead the global economy into a new period of sustained and strong growth”*

It is perhaps too soon to assess with confidence the longer term results of the myriad policy initiatives that are being pursued to push back the risk of reversal and pre-empt a repeat of the circumstances that resulted in the crisis.

Notwithstanding the uncertainties surrounding the future evolution of the financial landscape, we are convinced the core vision for the Trinidad and Tobago International Financial Centre remains valid as financial intermediation albeit within redefined parameters will continue to be the engine for economic development.

In this context, we are putting in place the ingredients that will support the emergence of the TTIFC onto the global stage even as the new environment takes shape. We are pursuing a holistic approach informed by immutable principles.

Firstly, the way forward will reflect a commitment to focus on the sustainability of the business model around which the TTIFC will be built so that changing realities will be internalized as opportunities for adding real value to the vision.

Secondly, we continue to strengthen the supervisory and regulatory infrastructure in a manner that promotes confidence in the financial system for which Trinidad and Tobago is already well renowned.

Thirdly, we recognize that cross-border relationships between institutions and markets can provide significant impetus to financial sector expansion and growth prospects. At the regional level, therefore, we are committed to strengthening policy cooperation and co-ordination including bringing clarity to the respective roles of home and host authorities.

For the **Trinidad and Tobago International Financial Centre**, the changes in the global financial landscape bring tremendous

possibilities and we are confident that we can rise to the challenge. Indeed, Government is doing its part to ensure the stability and growth of Trinidad and Tobago's financial sector which will serve to buttress brand TTIFC.

We are well on our way towards achieving our shared aspirations for a financial sector capable of matching strides with the best in the world.

The key institutions in our domestic financial system are stable in that there is a high degree of confidence that they can readily meet their contractual obligations and the key markets are also quite stable in that participants can confidently transact in them at prices that reflect fundamental market forces.

It is generally well known that there had been a rapid expansion of the operations of the banking system. It is perhaps less well known that this was accompanied by a noteworthy improvement in the major prudential indicators. The period witnessed a reduction in banks' non-performing loans from 3.5% to 1% in the space of one decade, an increase in banks' statutory capital to

levels in excess of 18% compared to the minimum regulatory requirement of 8%. Add to this the fact that bank profitability reflected by the rate of return on capital averaged 26 % over the period 2006 – 2008.

Across all sectors of performance, the scorecard is one of success upon success.

Clearly the platform for achieving the goal of a modern, robust, and efficient financial system as laid out in Vision 2020 is already in place and can only grow from strength to strength.

The TTIFC Board, through its Regulatory Authority, will ensure the integrity of all transactions performed by its members, consonant with its commitment to the highest level of business ethics and governance. Yet, we shall ensure that these regulations remain investor friendly and do not add unnecessary costs of doing business in the Financial Centre.

I wish to take this opportunity to share with you our thematic approach to the TTIFC. To support the global environmental concerns and to contribute effectively to finding their solutions, the government envisions this institution to be the Green Gateway for investments in industry and we expect that the planned Port of Spain waterfront development will be truly green and become a show piece in the region.

In this context, we are actively considering a plan to set up a green trading platform within TTIFC which shall undertake carbon credit and other clean energy trading activities. This will be supported with an academic and technical **Centre of Excellence** for research and training in carbon credit assessments, energy audits and alternate energy technologies.

We feel that there is a convincing body of evidence that points towards the likelihood of the Green Commerce becoming the next global economic driver creating jobs, investment opportunities and bringing affordable renewable energy solutions.



Finally, I wish to assure the business leaders gathered here that the Government of Trinidad and Tobago will spare no effort to create and maintain an enabling business environment where sound business transactions can be achieved. We look forward to seeing you and other business leaders here in these facilities.

Ladies and Gentlemen I thank you for your support.