



GOVERNMENT OF THE REPUBLIC OF TRINIDAD & TOBAGO
MINISTRY OF FINANCE

Address by

Senator the Honourable Mariano Browne
Minister in the Ministry of Finance

Greater Chaguanas Chamber of Industry and Commerce

at the
Christmas Dinner and Awards Ceremony

7:30 a.m. – 9:30 a.m.

On

Friday 21 November 2008

At the

Gaston Court

- Mr President, Garvin Seemungal
- Members of the Executive
- Distinguished Ladies and Gentlemen
- Members of the Media

Good Evening

Introduction

First, let me begin by thanking you on your decision to have an early Christmas dinner and awards ceremony to have invited me for what I would consider an early Christmas present. I congratulate you on your decision to celebrate the Christmas season and to recognise awardees early so that you can get on with the business of commerce in what is increasingly becoming the commercial hub of Trinidad and Tobago.

It is no small task to keep an organisation going in today's demanding times. It is a testament to your professionalism drive and the dedication of both the general membership and the executive. I want also to recognise the spirit of volunteerism which is the bedrock of your institution's strength. It is also reflective of the spirit of enterprise which is so strong and well rooted in the community of Greater Chaguanas.

Ladies and Gentlemen

I also wish to thank you for the opportunity to share a few thoughts with you today as you both celebrate the past and look forward to the future.

Ladies and gentlemen we live in turbulent times. And as we speak established economic theory is being questioned in a manner that is different from before. For the last year we have witnessed changes in the world economic pattern and the emergence of new trends in the business cycle. We know that economies move in cycles and that booms are followed by declines. What goes up must come down.

What is new is the direction from which the changes are coming. (Note that I have used the present continuous tense, as the changes are still coming). Previous business cycles have all been led by from the demand side or the lack thereof leading to declines in the real productive sectors.

It is important to plan but to do so we must often look back if only to identify the mistakes that we have made and to resolve to do things differently as we move forward. It is a paradox but to approach the future we must honestly assess the past.

What is different this time is the fact that the changes, indeed much of the impact is coming from the financial sector. This has been exacerbated, exaggerated entwined with the loss of confidence which has affected all financial markets in the developed and in the emerging markets. What is also so different is that the epicentre of this crisis originated in one sector in one economy and has affected all of us. That sector in the American mortgage market and that economy is the US economy.

And the transition mechanism has been the world financial markets in particular the banks.

As we speak the world order is changing. Financial crises were viewed up until this last episode as a troublesome event to deal with by the group of seven large industrial economies that have dominated the world for the last 50 years.

That era ended last Friday when President Bush presided over the meeting of the Group of 20 which group will include China Brazil and India and Saudi Arabia. Ladies this represents a change of monumental proportions and a change that will be with us for some time until a new consensus is arrived at.

What does the financial crisis and recession in the major economies of the world mean for us in Trinidad and Tobago?

The Prime Minister addressed the nation last night and updated the country on the implications of the changes in world economic situation. I will not repeat what the Prime Minister said last night. His speech is published in the press.

You will note also that the Government's response came after the Article IV consultation with the IMF. This is a routine event and takes places annually after the Budget speech or thereabouts. Whilst not an audit, it is a form of economic review whereby the health of the economy is assessed by external professionals on an arm's length basis. This was entirely co incidental but allowed another view of changes already made.

We have experienced troubled times before. This is part of the reason for the panicked calls for the revision of the budget and the calls to reduce spending whilst at the same time raising doubts about the sufficiency of the Heritage and Stabilisation Fund.

Ladies and Gentlemen, the report of the fund was clear and endorsed the position that Trinidad and Tobago is well placed to withstand the effects of the global economic turbulence. It confirmed the view that the financial system is robust well capitalised and untouched by the direct effects of the global financial crisis.

The report affirmed the view that that economic growth will be positive for 2008 in the region of 3.5% and that growth in 2009 is projected at 2% in line with world economic growth projections. This slow down in economic growth is as result of the lower prices for energy products. Further, inflation last reported at 14.8%, is expected to slow 7.5% in 2009 as a result of falling food prices and slower domestic growth.

These are troubling times and the Government has clearly signalled its commitment to economic prudence and fiscal sustainability. Gas and gas related products are the key drivers of the tax base. Notwithstanding the sharp falls in oil prices, the price of natural gas has by comparison fallen by 11%. Prudence therefore dictates a review of our situation in the light of the observable facts.

In light of this, the cabinet has reconsidered its budgetary position and has re affirmed the following policy objectives:

1. balanced budgeting or small surpluses
2. minimising the adverse impact on employment levels
3. achieving greater efficiency
4. containment of inflationary pressures
5. minimising the impact on growth
6. maintaining international ratings grade

It has also recognised the necessity to make the necessary consequential adjustments. These adjustments will be made both on the recurrent expenditure side as well as in the development programme. The basis of the adjustment process is as follows:

1. New projects which have not yet commenced. Some new projects of an urgent and critical will be continued. Examples of this are national Security and drainage.
2. Projects for which there were no firm contractual obligations.
3. Ongoing projects which can be rephrased with no legal penalties will be re-phased or rescheduled
4. Components that can be deferred in ongoing projects will be deferred.

I will therefore like to re-echo the Prime Ministers call for belt tightening and austerity. It is clear there is a changed mood that has suggested deterioration in the competitive bargaining process. It is clear also that wage demands must be paralleled by productivity gains. If we do not ensure that our productivity is improved we run the risk of losing the competitive edge on which our international trade advantage has been built.

Whilst there will be the need for sacrifice and personal discipline, and some projects will be delayed or rescheduled, the budgetary

adjustments will be made with due regard to the need to develop the people and their skills.

A country's strength is measured by the ability, both technical and social, of its people. We have great faith in the ingenuity, resilience and strength of the people of Trinidad.

Ladies and gentlemen the Chinese character for opportunity is same as that for chaos. And there are lessons to be learnt out of every adversity. It depends on what the viewer sees. Too often in the recent past we have been bedevilled by negativity and panic.

We have been challenged before and we have emerged better on each occasion, at higher levels of prosperity. There is every reason to expect that we will do so again. Remember the only place where success comes before work is in the dictionary.

There is a vision for Trinidad and Tobago.

The other ingredients are simple; an ambitious people who understand the virtues of hard work drive and initiative and the importance of productivity savings and thrift. And that must be backed by decision making. Then comes education training and all the hard work and a ruthless dedication to "enhancing performance management" in all respects.

Ladies and Gentlemen, it has often been said that opportunities come dressed in working clothes. Perhaps the changes in the international market represent an opportunity to be bold and to look at the world stage and our place in it in a different way, to look at ourselves differently, to determine to work differently.

But that change must start at the level of our conscious and unconscious mind.

In this regard I turn my thought to the single largest event that will take place in the next 5 months. Fifth summit of the Americas.

Hosting these events will catapult Trinidad and Tobago to the forefront of both the Inter-American and Commonwealth Systems and provide a strategic opportunity for us to play a leadership role in the geopolitics of both our Hemisphere and the Commonwealth. Taking such a leadership role means that we can shape the development agenda of both regions and in so doing ensure that the interests of the people of Trinidad and Tobago and the CARICOM Region are best served.

The Fifth Summit will focus on human prosperity, energy security and environmental sustainability issues – all of which are pertinent to the further growth and development of Trinidad and Tobago.

This new strategic positioning for Trinidad and Tobago will serve to influence the design of regional policies and programmes as well as the mobilisation of support, both technical and financial, from multilateral institutions and other Member States (expanding North-South and South-South

Cooperation) for achieving our own national development objectives.

Trinidad and Tobago's influence on the geo-politics of the Hemisphere will extend past the Summits and ensure that national interests continue to be addressed within the various multilateral initiatives and regional integration efforts.

The Summits will also strengthen and expand bilateral relations with major global economies to the benefit of the public and private sectors as well as civil society.

Ladies and gentlemen I want to end with a quotation.

My very favourite quotation, which is often attributed to Johann Wolfgang von Goethe, but which I notice some scholars are disputing. In any event, it is an inspiring passage:

"Until one is committed, there is hesitancy, the chance to draw back-- Concerning all acts of initiative (and creation), there is one elementary truth that ignorance of which kills countless ideas and splendid plans: that the moment one definitely commits oneself, then Providence moves too. All sorts of things occur to help one that would never otherwise have occurred. A whole stream of events issues follow from the decision, raising in one's favor all manner of unforeseen incidents and meetings and material assistance, which no man could have dreamed would have come his way. Whatever you can do, or dream you can do, begin it. Boldness has genius, power, and magic in it. Begin it now."

I think this should serve your purpose well.

Do these things and the country will be well served.

I Thank You.