

Address
Minister of Finance-The Honourable Winston Dookeran
Ceremonial Handover of 2011-2012 Investment Guide
Monday 16th January, 2012

- Suresh Maharaj, Chairman of Citibank (Trinidad & Tobago) Limited
- Dennis Evans, Country Corporate Officer Citibank (Trinidad & Tobago) Limited
- Distinguished Guests
- Members of the Media
- Ladies and Gentlemen

As I listened to Suresh tell us these very precise comments about what is currently happening in the world, I remember my days as a lecturer in International Finance and telling my students that “Money has its own sovereignty and it moves in the safest place that is where it gets the best returns.” That was long before international flows in the world became as pronounced as it is today. Now we see a change, as there is an expectation of a new dimension of global finance – the implications of that are the things we must carefully consider in our own trajectory as we look beyond our own borders to bring development and stability to our country in this sea of change.

In looking at the world in the last few years, we ourselves felt the price of it. We recognise that in the first instance that the so-called financial crisis was largely a result of a challenge in the climate, then we saw the issues of the subprime crisis and then it boiled down to the regulations that were in place or more so not in place. That crisis soon turned into a crisis beyond the private sector, it became a crisis in the public zone and the best evidence of that is what was happening in Europe within recent times- where sovereign debts are becoming the driver of a genesis of a new crisis.

Even before this, we got a sense that the crisis was moving beyond the private sector, beyond the public sector and into what I refer to as the national sector. In other words, the issue has now emerged as to the sustainability of the financial solutions that were put in place. The continuing issues in Europe are in fact, issues of sustainability. This means that we as a country must find new ways to search for that sustainability. International financial institutions and those in the world of finance tend to define sustainability in terms of debt ratios, balanced budgets and credit ratings. These are indeed very important issues and are perhaps absolutely necessary if we are to establish the sustainability of our own efforts in such a turbulent world.

What are the real issues of sustainability? In my view, it is the capacity to adjust, it is the ability to cope and it is the existence of buffers. Those are the three broad areas that will define the sustainability of many emerging markets and especially small emerging markets like ours. We

have therefore begun to focus on the larger issues of sustainability which are the three issues I identified.

The Capacity to Adjust

The capacity to adjust is important and in so doing it is necessary to find the right confidence - one of the fundamental pillars that our economic strategy has been based on within recent times here in Trinidad and Tobago.

The Ability to Cope

Our ability to cope is as equally important especially in terms of the political nature of such changes and the economics of same. Therefore, the meshing of political logic and economic logic is absolutely essential in the search for that capacity to sustain itself in this turbulent world.

The Existence of Buffers

Lastly, the existence of buffers is crucial. Buffers can be either internal or external. In our case, we were fortunate, as some ten or fifteen years ago we established the Heritage and Stabilisation Fund. Today, the HSF remains an important pillar for which our ability to have a buffer exists. Perhaps it is not as large as we would like it to be, but it is certainly an important 'confidence-builder' in today's measure of sustainability. Buffers are beyond the public sector. Buffers are also linked to the international sector. As international financial institutions begin to search for new ways of protecting small economies, we have taken an initiative here in Trinidad and Tobago to encourage the International Monetary Fund to relook the concept of buffers in small economies so that its inadequacies can be addressed. In so doing we could have a better response with regard to international buffers. In the final analysis, the buffers I speak of has to do with investment. The investment in a country: both in terms of the local generation of investment and the external investment. It is within this context, that I believe this initiative that the government has taken, in association with Citibank, is one that will address this issue of investment.

I want to take this opportunity to say a special word of appreciation to Citibank and indeed to Dennis Evans. Some months ago, it was a conversation with Dennis that made me aware of Citibank's contribution to investment in the 1990s and the need to reignite that. Why are we doing this? It is not that we are trying to redo what has been done in the past because

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investment and foreign investment have taken on different dimensions today and they are so much different than they were in the 1990s.

The Investment Relations Office

Investment promotion agencies are now being supplemented by what are sometimes referred to as investment relation offices. There are two unique functions that are performed. They are not substitutes for each other but they do complement each other. Investment promotion agencies are about promoting private investment whereas the investment relations office is about building confidence in the macro environment of the country and they also disseminate information to the investment base of the country. The investment base of the country is not only made up of existing global companies but also made up small and medium-sized institutions of the world as well. Keeping all our investors- large and small- confident in Trinidad and Tobago is equally important to our multi-national companies that exist here. I no longer see the investment base as purely the multinational companies who are now referred to as global companies.

The investment base must be nourished and to so nourish we must establish the investment relations office as a unique institution. To that end, I have had discussions with the International Financial Centre which has begun to establish itself once more as an important institution required to promote the investment relations office of Trinidad and Tobago. This office will provide the data dissemination practice that would be widely accepted based on openness, transparency and the provision of all the necessary information needed.

In the small world in which we live, it is important for us to provide all the information so that we reduce the risk of uncertainty which has been the source of problems in the past. Also important is to define that role in such a way that people would be able to understand the changes that are taking place and the adjustments and sustainability measures that have been put into place. So today, when we talk about financial sustainability, we cannot rely on the arithmetical ratios as important as they may be. We have been able to put our financial equation in such a state that our balance sheet is described elsewhere as perhaps one that is both sustainable and political. However, I am not one to rely on the balance sheet. I will now focus on the “new” balance sheet which is the *sustainability balance sheet*; it is the *growth balance sheet* and in the final analysis; it is the *income balance sheet*. These are the balance sheets to which I would like to engage your attention.

Recently, I indicated as Minister of Finance that we would begin a review of the tax system. There is the need to link the tax system with the challenges of inequality in Trinidad and

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Tobago. Sustainability relies much more in a supportive income distribution than having captured accumulation in the growth process. It is indeed complex but it is a challenge we are up to and willing to take on. A very minimal start is to provide that information and this is why we are here today. To provide information to the investment base locally and internationally, the facilities available to them through Citi's Investment Guide. I agree, that the decoupling of emerging markets in advanced economies have posed special problems for many of us and the traditional relationship and sources of finance have to be redesigned. As I said earlier, money has its own sovereignty and we also must respond accordingly and quickly.

It is in that context that I welcome this initiative on the part of Citi and for their continued efforts in partnering with Trinidad and Tobago's development. In my previous Ministerial role as Minister of Planning, I was fortunate to be present when Citibank made the decision to reenter Trinidad and Tobago. Since then, I believe Citibank has played an important role in seeking support as a partner in financing economic development in Trinidad and Tobago. This is but a renewal of that effort on the part of Citi. I congratulate them for offering our country an opportunity to further bridge the gap between the investment base and the development means of Trinidad and Tobago. Thank you for this opportunity to share with you this morning and I hope that this could be the beginning of a year of investment; the beginning of a year of creating jobs; the beginning of a year of providing equity to the people of Trinidad and Tobago.

Thank you.