

Remarks
for

THE HONOURABLE KAREN NUNEZ-
TESHEIRA
MINISTER OF FINANCE

TTIFC UPDATE

Breakfast Forum
July 22, 2008

Dear Friends,

Good Morning and welcome

It is indeed a pleasure to see so many familiar faces here today.

Thank you for taking time out of your schedule to join us this morning.

Before we begin with this morning activities, I would like to introduce some members of my team: Ms. Alison Lewis, Mr. Vishnu Dhanpaul, Mr. Sam Martin and Mr. Ewart Williams.

As you are all aware, I had the opportunity to do an official visit with: Vishnu Dhanpaul, Ewart Williams, Sam Martin, Ernest Littles, and Ms. Hazel Marcelle to Dubai and NY in June to promote Trinidad and Tobago as a premium destination to establish an IFC and to garner interest and commitments from the industry in our own IFC. We were able to capture the trip on film

and we would like to share with a short video that highlights the visit.

To the video.....

As you have just seen in the video, there is considerable interest from our friends in the Middle East and New York in our effort to establish a state-of-the-art, modern, full-service International Finance Center in Trinidad and Tobago.

It was just six weeks ago that Trinidad and Tobago hosted the 2008 Caribbean Investment Forum. The event was appropriately titled, “Where Global Markets Meet Regional Opportunity.” It might actually have served well as the title of our trip last month to Dubai and New York.

Our visits to Dubai and New York reassured us that the timing is just right for us to operationalize our vision of establishing the

TTIFC. There is no doubt that we have the capacity to attract global players who are eager to establish their presence here to serve not only our internal needs but the investment and wealth management needs of this entire region (CARICOM – Western Hemisphere).

I will not dwell on the obvious economic benefits of developing the TTIFC. You understand these as well as I do. These benefits were wonderfully articulated in Volume 8, No. 2 of the April – June 2008 Contact Magazine done by the TT Chamber of Commerce. I would rather focus on some key questions that we all need to be thinking of.

We know from history that there have been a number of countries in our region - as well as around the world - that tried to establish IFCs but failed. We also know that establishing an IFC is a challenge of enormous dimensions. However, our team of experts has done tremendous amounts of research and analysis to

understand why some have failed why and others have succeed.

We will learn from both to ensure our success.

On that note, then, what is it that makes the Government so confident that we shall succeed?

First - all the key ingredients needed for success are already in place:

- The Dubai International Financial Center (DIFC), one of the most relevant and powerful IFCs today has formalized its interest in partnering with us to develop our own IFC. They have reviewed other potential IFCs in the Caribbean and Latin America and decided that we have the best value proposition in the region. They have agreed to provide us with the roadmap and necessary technical assistance to ensure success. They also believe the TTIFC is the gateway by which they can transact business with Latin and South America (North – South relationship). They have indicated

that there is potentially 1 trillion dollars available in the Middle East for investment into the region. We believe that this relationship will attract many of the world's largest and best-known financial institutions.

- The government has a strong resolve to quickly put in place appropriate legislation establishing financial and commercial policy and tax regime through the vehicle of a Special Purpose Economic Zone (SPEZ).
- A set of transparent yet very stringent criteria is being developed through which national as well as international financial institutions can be qualified to participate in the SPEZ. The details of this SPEZ will be outlined in the next national budget to be incorporated in the next finance bill.
- TT already has a services- driven economy. Tourism, trade and energy are our main GDP generators. Expansion of the financial services sector is a natural fit.
- We are building upon our existing strength; according to an Index of Economic Freedom (2008) compiled by the

Heritage Foundation, Trinidad and Tobago rates a respectable 29th in a global list of 162 countries and 6th within the Americas.

- We are poised to provide 1.45 million square feet of world class office facilities ready to be customized to the needs of potential clients. One of the two office towers is 90% ready for occupancy and the other is 60% complete.
- We have an educated, trained and English speaking work force readily available to meet the staffing needs of our potential partners and we are prepared to augment the necessary workforce through outside resources as needed.
- We have positioned ourselves, socially and politically, as a friendly neighbor between South and North America.
- We have already secured letters of interest from one anchor tenant, Lehman Brothers, and negotiations with a second are underway.
- The strength of our energy sector in the region has clearly captured the interest of parties outside the region.

➤ Our IFC concept has a couple of unique features not common to most other IFCs. Firstly, we intend to combine a commodity trade facility with the financial services. Secondly as you perhaps noticed, we intend to establish a Special Purpose Economic Zone (SPEZ) and not a Special Economic Zone (SEZ). The difference between the two is the additional flexibility of the SPEZ which is based on a set of criteria and not the location of the business. Normally, SEZs are set up in an enclave defined with physical borders. SPEZ will be based on the nature of the business or the project that an International Financial Institution (IFI) undertakes.

I believe that all these factors I have mentioned, collectively, give us the optimism to say: Yes, We Can!

The next question, I need to focus your attention on is: **Why now is the most opportune time for us to go ahead?**

A number of factors are telling us to go ahead:

- The bearish global stock markets have generated a latent demand for good investment projects.
- As the world adjusts to record-setting prices for oil, our positioning as the fifth largest exporter of LNG takes on a new significance. Our existing prominence as a global energy player is of special interest to our potential partners in the Middle East. Our overall economic growth continues to defy international trends:
 - The economy has been growing at an average of 8.3 percent since 2001.
 - Over the last six years, more than six billion US dollars in direct foreign investment came into our country
 - Our unemployment rate stood at a low of 4.5 % in 2007

The convergence of all these positive factors has opened a window of opportunity for us.

But we must now move expeditiously - and with firm resolve
- to capitalize on the momentum generated thus far.

This brings me to my third question:

- **Will the establishment of TTIFC, in any way, be detrimental to the existing businesses in the domestic financial sector?**
- Experience of other countries where IFCs have been successfully established makes it abundantly clear that the additional business benefits all. IFCs generate direct and indirect benefits for the entire business sector.
- A few examples of these possibilities are: Larger financial institutions can become eligible for all the special benefits normally given to International Financial Institutions (IFIs) within the context of the SPEZ.
- Smaller institutions will find it easier to form consortiums with IFIs and take advantage of their business acumen,

resources, and opportunities that would not otherwise be available to them.

- The establishment of the TTIFC will assist in improving the overall credibility and reputation of the entire financial sector in TT.
- There will be a skills transfer from the experienced IFIs to their local counterparts.

The indirect benefits of the TTIFC will be as important as the direct benefits. Again, experience from other places shows us that IFCs.

- Create additional jobs, both in the financial and the hospitality industry
- Improve the quality of services
- Helps upgrade the medical and educational institutions

We believe firmly that the TTIFC will be the centerpiece of this expansion and diversification. We can see no greater contribution that we could make to the future prosperity of our nation and to the economic well-being of the people of Trinidad and Tobago than to implement this project and see it through to completion.

With your help, we will deliver on our commitment to make Trinidad and Tobago a major international financial market for financial products and services.

As I have said, it is our intention to outline the details of the SPEZ for the TTIFC in the next national budget and to incorporate these provisions into the next finance bill. In order to meet this objective, the TTIFC Steering Committee will recommend the adoption of specific legislation in the next 60 to 90 days.

We will work closely with the Central Bank, the SEC, you, the local business community, and other stakeholders to develop and finalize the regulatory and legal framework.

I do not have to convince you of the singular importance of this history-making initiative.

Diversification of our economy is the key to Vision 2020 and surely the expansion of our financial services sector is the single most essential element of diversification.

With your help, Trinidad and Tobago will soon be the financial centre of the Pan-Caribbean region. And, in time, we will take our place alongside the major international financial centers of the world.

We have moved this project much farther along than many people thought possible. But there is still much to do.

The time for debate has passed. It is now time for action and execution.

The government needs your help to make the TTIFC a reality!

Now I would like to draw to your attention a summary of the accomplishments to date and our next steps.

To the PPT....