



INTERNATIONAL FINANCIAL CENTRE SYMPOSIUM 2ND APRIL 2008

Speech by Ian Collier, President

The Honourable Karen Nunez-Tesheira, Minister of Finance

Dr. The Honourable Keith Rowley Minister of Trade and Industry

Senator The Honorable Mariano Brown Minister in the Ministry of Finance

Members of the Diplomatic Corps

Permanent Secretaries, Other members of Government,

Members of The Private Sector, Representatives of Labour,

Members of the Media

Distinguished Ladies and Gentlemen.

Good morning to you all.

April 1st and 2nd 2008 are two days that in my opinion represent the real beginning of a dynamic new journey that has the potential to dramatically change this country forever.

I am totally encouraged by the fact that I am standing here before you at the Hyatt Regency Trinidad within the brand new Port of Spain Waterfront Project as a participant at a function entitled The Trinidad & Tobago International Financial Centre Symposium. And I am even more

encouraged by the announcements by the Honorable Minister of Finance that much of the relevant legislation necessary for the implementation of the TTIFC is either in train, or before or about to go before Cabinet. This ladies and gentlemen is indeed good news, very good news for our country.

For as many of you know the Trinidad & Tobago Chamber of Industry and Commerce has been constantly and consistently calling for the expansion of our national economy by parlaying our globally acclaimed hydrocarbon sector together with our financial services expertise and proclaimed regional financial hub status, into an International Financial Centre right here in the capital city of Trinidad & Tobago. The Chamber has been repeatedly advocating for the maximized development of our hydrocarbon sector in tandem with the development of the designated seven sectors, but with a strategic focus on ICT, the IFC and TOURISM. Because unless we strategically focus we may become a jack of many trades but master of none. And because we know that strategic focus works so well because its exactly what we did when we focused on the development of our natural gas business in which we have excelled.

And while each of the three selected sectors of focus can be classified as specific entities among themselves, there is a hugely powerful inter connective synergy between the three of them. For an economy with an IFC automatically embraces ICT, and once both are in place, Tourism, on a major scale, is defined and assured. Even moreso with

our unique twin island geography and rich, diverse culture and festivals.

In context then the Chamber is extremely pleased and honoured to be a participant in this symposium and strongly commends the Government for the vision and the Minister of Finance and her team for driving it forward to reality.

The Chamber views the symposium as a serious opportunity for constructive dialogue and long term strategic planning. And we laud this effort as a basis to further expand the all important services economy in Trinidad & Tobago, since the range of commercial and professional services that will be required to support and facilitate an IFC is not only broad and complex, but must also, of necessity, be world class and available in full force.

Of course, although we are excited about the tremendous opportunities for the country in developing an IFC, we clearly recognize that significant challenges lie ahead. Success in the International Financial Services space will be dependent upon Trinidad & Tobago's ability to attract foreign investment based upon its legal, regulatory and taxation environment, its information communications technology or ICT capacity, the quality of its overall infra-structure, the skill set of its people and most importantly its ability to differentiate itself as a niche player in this highly competitive environment. Whilst none of the above challenges are insurmountable, it is certain that close collaboration

between the Government, and the business community, as exemplified by our collective presence here today, will be required for the country to succeed with this ambitious and what must be clearly understood to be a medium to long term initiative.

Niche market

The Chamber is in full agreement with previous speakers who contend that the Value Proposition or the positioning thereof for the TTIFC is paramount to achieving commercial success. It is perhaps the very essence of the challenge.

Because of our unique position as an English speaking democracy in the middle of two continents in the western hemisphere, the north of which is English speaking and includes the largest economy in the world, CARICOM, and the Central and South of which are Spanish and Portuguese, the Chamber believes that there are unique though different opportunities to be derived from both. For it contends that there are immediate or short term options to be derived from the English speaking countries and more medium to long term options from those whose heritage, language and culture are Spanish **AND Portuguese**! In addition to dynamically growing economies in Spanish speaking Central and South America, let us never lose site of the emergence of Portuguese Brazil a giant of an economy of over one hundred and fifty million consumers located but a stones throw from our southern border, that while already huge and growing, is in effect only now getting started. And lest we get carried away with advocating Spanish as our second language may I provoke us all here today to clearly understand that

Portuguese is at the very least as important as Spanish in context of a TTIFC.

For it is one thing to solicit the business of a Brazilian in English. Another to solicit the business of the same Brazilian in Spanish. But it is a whole different ball game if it is done in Portuguese. In context then ladies and gentlemen let us resolve here today, that in this very competitive arena we must be consistently razor sharp with our competitive advantages and differentials.

To minimize the inherent risks of developing the TTIFC it is imperative that we truly get to know and fully understand the needs, wants, cultures, languages, customs and expectations of the entire marketplace and its components parts thereof. And at the same time to fully recognize that **the HOW** is many times as important as **the WHAT**. Because it is only by doing our homework and so really **Knowing** (with a K) the market and its consumers that the value proposition becomes fully known. And in the Chamber's view it is not until that value proposition or proposition options are clearly identified and agreed upon that the development of the all important investment equation, the costs, the revenues, the break even points and potential profits can be successfully ascertained and developed. And of course ascertained and developed they must be. (Not to mention of course the opportunity costs of not proceeding with the IFC).

Additionally and perhaps of equal importance in context is that the value proposition or positioning will and must specifically guide the creation and development of the all important marketing and communications

messages as well as the appropriate media mix. Get that right and all else will follow.

In context I would like to cite as an example a few observations made, a few lessons learned during our recently concluded first ever Services Trade Mission to Central America which Team TTIFC might well choose to consider. In Costa Rica the President decreed that that country would develop a dynamically successful ICT Sector. To jump start the project the country wooed ICT giant INTEL to its shores. That single move changed everything. For it not only engendered the development of a knowledge based economy from early childhood centres right through to tertiary levels and R&D, but it also served as a catalyst to attract and continues to attract a variety of blue chip multi nationals as well as local ICT professionals and entrepreneurs.

The President also decreed that Costa Rica would develop a dynamically successful Tourism Sector. And after completing their homework, what they did to their enormous credit and benefit was to focus on or position themselves as the Eco Tourism Destination of the World. The marketing line or message they created? COSTA RICA. NO ARTIFICIAL PRESERVATIVES. By focusing and getting their positioning right it is probably true to say that there is hardly a country on earth today, certainly not in this hemisphere which doesn't know or recognize Costa Rica as the penultimate eco tourism destination of the world. Once again Team TTIFC take note!

The business of International financial services is global in scale and highly competitive in nature. As such Trinidad & Tobago would be

competing for business with the likes of New York, London, Dublin, Hong Kong, Dubai and Singapore. Even within the Caribbean region there would be strong competition from well known offshore centers such as Bermuda, and the Cayman Islands and experienced and mature, albeit less well known locations such as Curacao and Barbados. Not to mention Panama's emergence as a booming International Banking Centre within its stated positioning as the hub of the America's.

In this respect we are encouraged by the Government's stated support for the listing of foreign stocks on the Trinidad & Tobago stock exchange through the depository receipt ("DR") mechanism. This initiative which is intended to be launched with the listing of the shares of the Royal Bank of Canada ("RBC") would provide residents of Trinidad & Tobago and indeed the wider Caribbean with a readily available opportunity to invest in the shares of a widely held multinational corporation with significant business interest in the region. As such its listing should help to create additional trading volume and excitement in the local stock market and give Trinidad & Tobago an edge over the exchanges of Jamaica and Barbados in this regard. It is our hope that the listing of RBC's DRs are not a "one off" exercise and that the Government continues to encourage additional multinationals operating in the hydrocarbon and other important sectors of the country's economy, to follow suit.

Another unique opportunity, would be for the country to parlay its investment ratings to lure investment banks to commit to investing in our IFC. Various prestigious investment banks have either participated via syndication, arrangement or otherwise in the financing of large projects

in the country's world class energy sector, on behalf of multinational companies or state enterprises, from the construction or refurbishment of multimillion dollar petrochemical plants, the aluminum smelter and steel mills, to the funding of oil and gas exploration activities. These same players would be ideal targets to become early participants in the IFC. This opportunity based upon mutual benefit and shared interest can and should be pursued by the Government in collaboration with some of these large institutions as a matter of priority. Investors in turn should be aware that their ability to influence the direction of the IFC would be strongest during its embryonic stages and therefore seize the moment to help shape the direction of the sector.

Regulatory Environment

We have already heard from previous speakers that suitable and stringent regulatory framework of the highest international standards would have to be developed to manage the sector and as importantly the institutions of Government interfacing with the sector would have to be able to speak the language of this dynamic industry and act both as facilitator and regulator on an ongoing basis.

From a regulatory perspective it is important that the regulatory authorities are properly equipped to deal with the monitoring and enforcing of our laws. We have seen other countries fall out of favor by their lax enforcement of weak regulations in this sector – the damage done in such instances is often not possible to repair or leaves a tainted reputation that is very difficult to shake. This being stated, the need for careful regulation must be balanced with the need to attract and promote

business within the sector, which will require innovation and some flexibility.

Various regulatory models exist. In Barbados, the Central Bank oversees activity in both the domestic and international sector. In Ireland a hybrid model was developed with the establishment of a separate division of the Central Bank, with its own Chairman, Chief Executive, and Board, as a compromise between those who favored a fully independent regulator and those who believed the Central Bank should maintain full control of regulation of the financial services industry.

The Dubai Financial Services Authority or the DFSA, the independent regulator for the Dubai International Financial Centre whose stated guiding principles are integrity, transparency and efficiency, was created to ensure that the DIFC is one of the best regulated financial centres in the world. The Authority has set uncompromisingly high standards in creating a regulatory and legal framework built on the best practices of leading jurisdictions in Europe, North America, and the Far East. But unlike other regulators, it started from scratch and as such did not have to make changes and amendments within existing legal frameworks, which can sometimes lead to complex and less relevant rules and regulations.

Leading the development of the DFSA's robust regulatory framework is a team of experienced regulators drawn from internationally recognized regulatory bodies and major financial institutions. They have the responsibility to ensure that the DFSA promotes transparent and orderly markets which are not prone to market abuse and systemic risk on a

crucially sustained and on going basis.

I draw specific reference to the Dubai International Financial Centre and the DFSA, not because we should necessarily copy it and apply it as a model in our own TTIFC. But rather to demonstrate and so highlight the intensity of will, commitment and commitment to minute detail in that model from the very outset. That we certainly can emulate.

Whatever model is developed however, the critical issue is that the authority must be able to balance carefully the need for regulatory control with business facilitation, **and at the same time** be ever vigilant, sensitive and responsive to constant evolution.

Incentive Legislation

The implementation of appropriate incentive legislation would also be a critical success factor to attract major financial institutions. Within the region itself, though off shore in nature, one has to consider the tax neutral environments of both Bermuda and the Cayman Islands and the low tax environments of both Barbados and St. Lucia. Whilst one might understand why Trinidad & Tobago may not wish to position itself as a no or low tax haven or centre in the same fashion as these territories, cognizance ought to be taken of the competitive disadvantage the country could face because of its higher corporation tax rate, its withholding tax regime, and its ad valorem stamp duty taxes. The country's income tax regime may also prove to be an impediment to our ability to attract the foreign talent necessary to drive the sector at least in

its embryonic stages and should be carefully analyzed and modified as and if deemed necessary.

All of the above may not be possible in short order, so in terms of priority the Government would need to address the high rate of withholding taxes on interest payment to non-residents and the ad valorem nature of stamp duties on financial instruments. It would, in our view, be difficult for an IFC to flourish with these tax impediments, which generally do not exist to such an extent in many of the established IFC's around the world.

Infrastructure & Environment

It is understood that the Government's intention is that the TTIFC will be located within the newly constructed Waterfront Complex in Port of Spain. There can be no doubt that these facilities when completed will be world class and conducive in every respect. And with the existing Port of Port of Spain earmarked for relocation, additional first class office, support services, hotel, entertainment, and residential space becomes automatically available for expansion purposes in the most conducive and prestigious location in the capital.

Other important features that would provide an immediate strategic advantage to the TTIFC is of course the country's already well developed domestic and regional banking, credit union and insurance industries, the presence of the international accounting firms as well as a number of experienced and well organized law firms with financial services experience. It would be expected that the TTIFC would require substantially increased capacity in these support services in the longer

term. And while the Chamber would clearly welcome such expansion, it cautions that in order to accommodate same, our educational system must be immediately adapted at the very same time, meaning right now, as with all other infrastructure and legislation requirements. As we well know, education and specifically specialized education, is not an overnight event.

Also, as stated by previous speakers and repeated here once again for added impact and emphasis, the Chamber contends that the country's unacceptably high crime rate is a distinctly negative and inhibiting social feature that must be corrected and corrected fast. And that of course regardless of an IFC or not.

There is clearly much to be done. Notwithstanding the tremendous challenges, however, the country has significant qualifications and specific advantages. And to maximize our unique advantages the Chamber strongly recommends continued and continuous partnership with and collaboration between the Government and the business community. For the success of this initiative will depend to a large extent on the confidence investors have in our country. As such, we have to fully commit all available resources to earn this confidence and achieve the success.

Ladies and Gentlemen, colleagues, fellow citizens, Trinidad & Tobago is **our** country. We can be, and can do virtually anything we set our collective minds, our collective wills to be or do.

From what we've heard and what we've learned so far, the most crucial aspect to the successful implementation of the International Financial

Centre here in Port of Spain is that the political will for the development and implementation of the TTIFC is squarely in place. That the Minister of Finance has clearly demonstrated her intention to convert and so transform concept into reality post haste. And that the Business Community through the Trinidad & Tobago Chamber of Industry and Commerce is itself squarely committed, on board and ready to participate and activate.

Together, we have a unique opportunity to create a substantial and dynamically futuristic and wealth producing new layer in our economic strata in tandem with our globally respected hydrocarbon sector. An opportunity to significantly diversify and so expand our economy beyond anything we have ever imagined. And an opportunity to economically and infrastructurally transform our country for the long term betterment and benefit of us all.

Thank you.