

Welcome Remarks: Mr. Gregory N. Hill – SDATT President
ANNUAL AWARDS CEREMONY 2012

Mr. Ewart Williams, Former Governor of the Central Bank of Trinidad & Tobago and our Feature Speaker tonight, Board of Directors of the Securities Dealers Association of Trinidad and Tobago, Mr. Dennis Evans – Cluster Head of Citibank Trinidad & Tobago, Mr. Anthony Wilson – Chief Editor, Business – Trinidad Guardian News Papers, Event Sponsors, Distinguished Ladies and Gentlemen, Members of the Media, Good Evening.

As President of SDATT, the hosts for this evening's event, it is indeed my honour and privilege to extend a warm welcome to each of you to our 4th Annual SDATT Capital Markets Pioneer Awards!

I would like to extend a special welcome to our sponsors, as without your generosity, this evening's affair would not have been possible. They are as follows; Ansa Merchant Bank, Citibank, Central Bank of Trinidad & Tobago, First Citizens Investment Services, Guardian Asset Management, Republic Bank, Royal Bank of Canada, Scotia Investments,

Trinidad & Tobago Securities & Exchange Commission and
The Trinidad & Tobago Stock Exchange.

This is one of our largest and most prestigious group of sponsors for the SDATT Awards, so we thank you for your growing endorsement.

I am very pleased to see such a fantastic turn out to our Awards Ceremony and I can sense the strengthening support for SDATT and I am very, optimistic at the prospects for the future of our Association and our work in the capital market.

As we keep our eyes on this horizon, it is also important to remember our past and examine the pillars of our financial architecture that have supported us thus far. This premise lies at the heart of the SDATT Pioneer Awards; as it was created to honour those that have made a tangible, pioneering and elevated impact on the Capital Market.

While we take this moment to remember the past, we can also acknowledge that this is a watershed year, as we celebrate the 50th Anniversary of Independence of our twin-

islands in the sun. As such, let us pause for a moment, to reflect on how our economy and our market have progressed over the last 50 years.

In the early years of our Independence, our economy could easily be described as one based simply on elementary Primary Production. An economy that was focused on extracting natural resources for export to developed markets, where all the value was later created and enjoyed. First it was with sugar, then with oil. Clearly we were trapped in the Comparative Advantage bubble, based on the teachings of the famous Economist, Michael Porter. In his model, the capital and skill (technology) came from the Developed World and the profits or rents, left with the suppliers of same.

The resulting environment from these early years was that the Country caught a bad case of the Dutch Disease, had very low levels of technology, reflected limited economic diversification, suffered from a lack of entrepreneurship and had an undeveloped Capital Market. The situation can be far better characterized by the late Lloyd Best in his works on the Plantation Economy.

However, today we can see that our economy has gone through significant changes, with some visible level of preliminary economic development. However, we are still heavily reliant on foreign capital and technology, and naturally the lion's share of the returns is still escaping our Country, from the export of our natural resources.

Staying on the Porter Model to examine where we should be today from an economic strategy stand-point, it is fairly evident that we must be exploring our Competitive Advantage (not Comparative Advantage). This is where we, as a Country need to be positioned at this point in time. Simply put, this philosophy focuses on the macro-level, where the Government must set a clear focus to implement national policies to create, high-quality goods which will then be sold for high prices in World markets. This will ensure that the highest value is created (and majority owned) locally and the profits of same will be retained locally. To achieve this, clearly we need to diversify into areas where we can create more value locally and encourage ownership and local capital.

Today, the Energy Sector still accounts for over 45% of our GDP (and employs just 4% of the population) and the only way out of this economic dependency is via economic diversification. As such, if we look at combining the teachings of Best and Sir Arthur Lewis, with that of Michael Porter, a road map emerges in my mind that we clearly need to focus on developing Clusters of Related Growth Sectors, in industries where we already have some expertise (technology or skill).

This approach will foster an environment for breeding new entrepreneurs or corporate investment into new (but still related) growth areas, where there will be a perception of less risk, given the similarities of the business lines and the history of expertise in related fields, within a common cluster. Growth in and around these clusters, will ignite new lines of business and hence create new sources of GDP for our Country.

Some elements of this strategy can be found in the National Budget for 2013 delivered by our Honourable Minister of Finance, Mr. Larry Howai, as he articulated strategies, including the International Finance Centre “IFC”, to re-

distribute some of the revenue dependencies in the economy. And might I just add that we are glad to see a former Bank-Head at the helm of our Economy. We are now hopeful for tangible results that we can really Bank on.

Naturally, SDATT views the development of the Financial and Securities Market, as playing a pivotal role in this economic diversification paradigm (to jump from 12% of GDP to at least 1/3rd of GDP). As such, if we overlay this Cluster Development Model with our accepted expertise in energy (100 years) and our advancements in the financial services sector, a natural growth cluster appears in the form of the linking of the financial and securities market with the energy sector. Based on this growth cluster, we can see natural opportunities for GDP growth in oil & gas capital IPOs on the local stock exchange, growth of locally registered Venture Capital Funds for energy & chemical processing plants start-ups and Private Equity Funds for new down-stream oil & gas businesses.

This is where the future lies for our financial and securities markets and our Country; a global nexus of excellence, for the raising of capital for these new growth Cluster Sectors,

right here in our twin-islands in the sun, where we can offer, sun, sea and securities.

If I may share a germane experience, I had the privilege of meeting with the Prime Minister of Singapore last year, the Honourable Lee Hsien Loong and during our discussions in Singapore, when I asked him, what led to the rapid economic development of Singapore? He simply stated that they work very hard at doing things better than others, so that they can compete on the global stage. I rebutted with saying that beside our global energy business, we have the best Carnival in the World, as we do it better than everyone else globally. So we had no competition in that department and as such, he should visit to experience it.

For those of you that may not be aware, the World Economic Forum in the Global Competitiveness Report in 2012 placed Singapore in 2nd place (behind Sweden) and ahead of the rest of the World. Lack of corruption and efficiency is the hall-mark of their high ranking, along with their financial and securities market development. Just to give a comparison; Singapore's GDP in 2011 was USD 240 Billion versus Trinidad & Tobago's GDP at USD 26 Billion. Their economy

is almost 10 times larger and they are one-fifth (1/5) of our size. While there are some social and political differences, let us focus on what we can learn from their economic drivers of competition and development.

So, where should we narrow our focus, to enable our economy to become more developed like Singapore? Based on the Index and Singapore as an example, it is clear that our mantra should be to; 1. Fix the corruption, 2. Become more efficient and 3. Develop our financial and securities markets.

Did I mention that this is where SDATT has been most active?

SDATT has been a key contributor towards the new Securities Bill (which is long overdue) to aid in the development of our Financial and Securities Markets. This Bill must be passed as soon as possible.

SDATT has also been working closely with the SEC and the Financial Intelligence Unit of T&T on Anti-Money Laundering and Counter Financing of Terrorism Compliance. This will aid in stamping out corruption.

Clearly, SDATT is working on two (2) of the three (3) critical lessons from Singapore identified above and as these areas are corrected, we need to concurrently become more efficient. We must encourage a culture of excellence, which is output driven, not handout driven.

Of course, we will need to quickly put on the legislative agenda, the appropriate legal, taxation and regulatory frameworks to encourage our new economic growth clusters in the energy-securities business. Coupled with this, we need new investment rules for pension plans, insurance companies and credit unions. These measures will aid in the development of our financial and securities market and allow us to build a world class securities architecture, where we can; specialize in new growth sectors, do them well, create higher value, compete globally and retain the profits locally.

Ladies and gentlemen, from a strategic and economic review of our humble economic beginnings, to charting the development steps for the next 50 years of our Country via cluster development and using Singapore as a benchmark, the nexus is our financial and securities markets and at the centre of this paradigm shift is SDATT.

Ladies and Gentlemen, tonight you will get a peek into the cylinder block of the engine that will drive the future of Trinidad and Tobago forward. So sit back, strap in and enjoy our SDATT Capital Markets Pioneer Awards Ceremony.

Once again, on behalf of the SDATT Board of Directors, I extend a warm welcome to you. Thank you.