



TRINIDAD AND TOBAGO

STATEMENT

BY

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PERMANENT REPRESENTATIVE OF
TRINIDAD AND TOBAGO THE UNITED NATIONS**

AT THE

**UNITED NATIONS CONFERENCE ON THE WORLD
FINANCIAL AND ECONOMIC CRISIS AND ITS
IMPACT ON DEVELOPMENT**

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Mr. President

I convey to you greetings from the Honourable Patrick Manning, Prime Minister of the Republic of Trinidad and Tobago for the success of this Conference and, at the same time, his profound regrets over his inability to participate in its discourse because of pressing national commitments.

Trinidad and Tobago is of the view that the hosting of this Conference not only comes at a very opportune moment, but it is also further testimony of the importance of the United Nations as the premier multilateral institution charged with responsibility to respond and offer solutions to the many problems which confront the international community.

But before we proceed any further with our remarks Mr. President, the delegation of Trinidad and Tobago wishes to identify with the statement delivered on the opening day of this Conference by the Honourable Dean Barrow, Prime Minister and Minister of Finance of Belize on behalf of the Caribbean Community. We wish as well to express our deep appreciation and admiration for the instrumental role played by both of our Co-facilitators, Ambassador Frank Majoor, Permanent Representative of the Netherlands and Ambassador Camillo Gonzales, Permanent Representative of St. Vincent and the Grenadines, for their untiring and exemplary efforts which were central to our notable achievements as they relate to the Conference's outcome document.

Mr. President

There is no denying the fact that the global economy is currently in the throes of an economic crisis, the epicentre of which began in the developed countries and which has shaken the financial and economic system of the world. This is widely acknowledged. While there are early indications of a slowing of the global economic contraction, there is still uncertainty with respect to the timing and rate of economic recovery. As a consequence, many developing

countries will continue to experience the negative effects of this crisis for an indeterminate period.

Trinidad and Tobago has not been exempt from the impact of the crisis. Our economy is largely-driven by the energy and petrochemical sectors, which represent a significant share of our Gross Domestic Product and an even larger share of exports. It has been buffeted by reduced external demand and extremely volatile prices. A fall in demand and energy prices have had a negative effect not only on the large energy companies and by extension government revenues, but also on the small companies that service these companies. The energy sector accounts for a significant portion of our domestic construction sector as well as Foreign Direct Investment. Indeed, many planned large industrial projects have been postponed following the fall in international demand and commodity prices.

Notwithstanding these drawbacks, the Trinidad and Tobago economy is expected to register positive growth for 2009, albeit at a significantly reduced level compared to previous years. This is primarily due to the large fiscal space available to the government as a consequence of our low debt to GDP ratio and high level of reserves which were accumulated during the period of high energy and petrochemical prices which predated this crisis.

Because of the crisis and the resultant fall-off in global aggregate demand for most goods and services, Trinidad and Tobago and likewise, the wider Caribbean region, has experienced significant declines in the export price for their main export products. Whereas economic growth is not equal to development, economic growth is necessary for development. Rising unemployment is decidedly the most significant consequence of shrinking economies and falling output. This situation poses a significant challenge not only to the attainment of the Millennium Development Goals but also to avoiding a reversal of the gains already made. In response to the financial and economic crisis, governments must increase expenditure on social safety nets. While fiscal responses have varied across CARICOM countries, regional governments for the

most part have attempted to maintain and put in place new social safety nets to protect the vulnerable members of their societies from the economic downturn.

Mr. President

The global financial crisis has already resulted in considerable fiscal deterioration across the region and while fiscal balances are expected to improve over the medium term, they will, more than likely, remain weaker than before the crisis. Like many of the commodity exporters, Trinidad and Tobago has, in recent years, built up its international reserves and enjoyed robust fiscal positions. We have also made tangible progress in developing credible policy frameworks and improving our public debt structure. These are the fundamentals that have been at the heart of our ability to cope with the crisis thus far. It must be recognized, however, that the room for discretionary fiscal action over prolonged periods of time is limited even in countries where the initial fiscal position appeared to be strong. Trinidad and Tobago started the crisis with relatively low debt and fiscal deficits and as a result has been resilient to date with the Government remaining vigilant in ensuring that the fiscal situation remains sustainable.

For many countries in the CARICOM region the fiscal outlook is a lot more sombre and, therefore requires multilateral institutions as well as their development partners to exercise patience and careful deliberation in their engagements. In this regard, the United Nations must embrace the suggestions and recommendations derived from this meeting in order to address the myriad financial and economic problems facing Member States.

The crisis has also highlighted the inadequacy of the current international financial architecture and brought forward the urgent need for reform of the International Financial Institutions (IFIs) as well as greater cooperation among these and key international organizations, such as the United Nations and the World Trade Organisation. In this regard, the Prime Minister of Trinidad and Tobago, the Honourable Patrick Manning participated in the Mini-Summit of Commonwealth Heads of Government in June 2008 in London, which

addressed the issue of reform of the IFIs. A significant outcome of this Mini-Summit was the agreement that the policies and instruments of the IFIs should be redefined to serve the needs of all Members and the broader global community. This is also in line with the agreed G-20 framework for repairing the financial system and for building strong financial institutions which will support global growth, and ultimately satisfy our shared aspirations of improved prosperity for today and for future generations.

Mr. President

For more than half a century, world trade which has underpinned increasing global prosperity threatens to recede due to growing protectionist pressures and the overall tightening of credit. Trinidad and Tobago submits that protectionism in any form will only worsen our situation collectively and widen the gap between our aspirations and our present circumstance. Whilst open markets are a necessary condition for growth they are not themselves adequately appropriate to secure the benefits they promise.

But there are some positives Mr. President. We note that the International Monetary Fund has moved swiftly to strengthen the global financial safety net by boosting its resources and its concessional lending capacity to include the Flexible Credit Line for countries with strong economic policies and a proven track record. In addition, it has adapted its lending tools for low-income countries for greater flexibility and effectiveness.

Trinidad and Tobago also looks forward to progress on governance reform of the Fund. Clearly, there is recognition by the Fund that reforming its governance arrangements is critical if the institution is to be both a legitimate and an effective leader in responding to the current financial crisis. Additionally, Trinidad and Tobago welcomes the early steps taken by the World Bank in response to the global crisis, in particular the establishment of the Vulnerability Framework including the Infrastructure Crisis Facility and the Rapid Social Response Fund. These initiatives recognize that the crisis is having a disproportionate impact on the vulnerable in the poorest countries.

Mr. President

It is my Government's view that regional initiatives must also be embraced to address the worsening financial and economic situation. In this regard, towards the end of May 2009, a Group of Heads of Government of the Organization of the Eastern Caribbean States met in Trinidad and Tobago to elaborate mechanisms for stronger, more effective and better co-ordinated responses to the global crisis. The consensus view was that the situation required immediate action, particularly for those countries which were already in fiscal difficulty and that such action must be taken within a context of a long-term strategy to reverse the debilitating economic trends which appear to be endemic to CARICOM economies.

It was also recognized that there is need for greater economic integration in the Caribbean to create the critical mass of consumers needed to sustain manufacturing activities intra-regionally. The establishment of the Caribbean Single Market and Economy (CSME) is integral to achieving this developmental goal as it would give Caribbean manufacturers a potential market of over 15 million persons.

At the regional level, there have also been efforts aimed at regulatory reforms in the financial sector to build a stronger, more globally consistent and supervisory framework for the future. Countries of the region are currently moving with despatch to harmonise responses among regional regulators and ultimately the legislative frameworks for financial and insurance sector regulation throughout the region.

Mr. President

This crisis will be remembered not only for the unprecedented challenges it has posed for the global economy but similarly and more so, for the unprecedented concerted and coordinated response it has engendered from the global community. The solution to the current financial and

macroeconomic crisis requires bold initiatives aimed at rescuing the financial sector and increasing demand.

Against the backdrop of rapidly dwindling fiscal space, the imperative is for an early, strong and carefully thought out fiscal response. Notwithstanding, the strenuous efforts that have been implemented in many affected markets, additional efforts will be needed to achieve a sustained recovery and to fulfil the potential interrupted by the global crisis.

Looking beyond the challenge of resurrecting the global economy from its current moribund condition, and armed with the knowledge that unparalleled policy actions pursued by many countries is having a positive result, we can derive some comfort in knowing that by acting together, we will be able to prevent a crisis like this from taking root in the future.

Trinidad and Tobago continues to have faith in the multilateral process as providing the enabling environment to confront all global issues. Consequently, we must utilize our membership of regional and sub-regional economic and political institutions to assist us in achieving our objectives for the benefit of current and future generations. With this in mind, Trinidad and Tobago looks forward to the Commonwealth Heads of Government Conference to be held in November 2009 in Port of Spain, at which time, the global financial crisis and its related issues will feature prominently on the agenda. It is expected that this Meeting will provide fertile opportunity for building consensus on strategies for consolidating the progress towards a durable recovery.

Thank you Mr. President.