

## Ewart S Williams: Financial stability, crisis preparedness and risk management in the Caribbean

Welcoming remarks by Mr Ewart S Williams, Governor of the Central Bank of Trinidad and Tobago, at the opening session of the 42nd Annual Monetary Studies Conference of the Caribbean Centre for Money and Finance (CCMF), Port-of-Spain, 9 November 2010.

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Salutations:

Conference Honoree Professor CY Thomas

Sir Courtney Blackman

Dr. DeLisle Worrell – Governor, Central Bank of Barbados and Chairman of the CCMF Executive Committee

Dr. Anselm London – Secretary of Finance and Enterprise Development, Tobago House of Assembly

Senior Management of the Central Bank

Conference participants

Distinguished Ladies and Gentlemen

It is my pleasure to welcome you to the Central Bank of Trinidad and Tobago for the 42nd Annual Monetary Studies Conference of the Caribbean Centre for Money and Finance. Let me take this opportunity to express condolences to my Barbadian colleagues on the recent passing of their beloved Prime Minister David Thompson, a true Caribbean patriot. Our sympathies and solidarity are also with our regional neighbours, who have been hard hit by hurricane “Tomas”.

I am really delighted to see so many of you here coming from the region and further afield. A special welcome to the IMF contingent, (who we now consider friends in the region – **how times have changed**).

This conference has become a flagship event in the region’s economic conference agenda. Over the forty-two years it has provided a unique opportunity for researchers from within and outside the Caribbean to examine economic and financial issues of critical importance to the region.

Amidst concerns that the University of the West Indies is becoming more national and less regional; and with the passion for the West Indies cricket team on the wane, the **Annual Monetary Conference may be one of the few surviving legacies of regional co-operation** and I congratulate the CCMF for its success in keeping this regional institution alive.

This year’s conference finds the Caribbean in somewhat of a quandary. Even as the region struggles to emerge from the worst international financial crisis in a century, several neighbouring economies find themselves further buffeted by a range of natural disasters – the latest being hurricane Tomas.

And while, in principle, these development challenges should be pulling us closer together, **the reality is that the move towards deeper regional integration appears** to have lost momentum. In fact, many of the regional gains of the past several years seem to be under threat.

As Europe, Asia and more recently Latin America are demonstrating, the economic challenges of the day require more and even deeper regional cooperation. For us here in the

Caribbean, regional cooperation *may not merely be a desirable policy option*, it may be vital for our very survival.

The theme of this year's conference – *Financial Stability, Crisis Preparedness and Risk Management in the Caribbean* – is both appropriate and timely. Just when we thought we had survived the worst of the international financial crisis, we were blindsided by the collapse of the Stanford bank and the demise of CL Financial, the largest conglomerate in the Caribbean. The later crisis has involved not only Trinidad and Tobago (with Clico, British American and the Clico Investment Bank), but it has also touched Barbados, Guyana and Suriname (that have Clico subsidiaries) as well as the OECS and the Bahamas, where the BAICO insurance companies operated.

While the impact is still unfolding, there is no doubt that, when the numbers are in, *the crisis of CL Financial* would have had an enormous human and fiscal cost. If there is any positive, it is that the crisis should finally constitute a long awaited wake-up call; one that we cannot ignore and one that carries powerful lessons that we need to address immediately.

In passing, I would like to identify three main lessons:

- The first is the urgent need for all regional jurisdictions to strengthen national financial legislation and regulatory practices;
- The second imperative is the establishment of a framework to facilitate closer collaboration among regional regulators in the regulation of cross-border institutions; and
- The third imperative is the establishment of a national crisis management plan which details how regulatory authorities would react in the event of a systemic financial crisis.

An examination of the conference agenda indicates that these issues will be fully covered in the next three days. One couldn't help but notice also the impressive list of presenters and participants. This should provide for stimulating discussion such that, at the end of this conference we should be able to benefit from new insights for assuring regional financial stability.

It is indeed fitting that this year's conference will honor the work of a great Caribbean economist and intellectual – Professor C.Y. Thomas. Let me congratulate C.Y. for his sterling contribution to the region, in a career spanning more than four decades. Your early work in the area of monetary and financial economics has helped shape the minds of generations of students and policy-makers in the Caribbean and in other parts of the world.

I do look forward to hearing from both yourself and your celebrant, Sir Courtney later this morning.

Once again, we are delighted to have you here in Port of Spain to participate in the 42nd Annual Monetary Studies Conference. I sincerely hope that, in addition to your fruitful conference deliberations, you find some time to enjoy the country. [Please spend freely, domestic demand is sluggish and we need the money].

Thank you.