



# Towards our energy bicentennial

As a pioneer of the energy sector, we must be mindful of our duty to others



GOVERNMENT OF  
THE REPUBLIC OF  
TRINIDAD AND TOBAGO

Trinidad and Tobago's enviable story of success in an industry capable of dramatically changing the fortunes of world economies is one which has been over a century in the making.

History will record 1908 as the year in which the first commercial barrel of oil was tapped from the "black gold" beneath the surface of lands in the south western sector of Trinidad.

But true to the form of any captivating and compelling narrative, the story's genesis resides in the pioneering efforts of a few determined men with the foresight to recognise that Trinidad's fortuitous natural resource of asphalt or "pitch", foretold a much more lucrative tale than the kerosene which was already changing the social landscape in Trinidad and further afield in the US and Europe.

Chronicled in vivid detail within the pages of this publication – itself a collectors' item – are the historic exploits of Randolph Rust, John Lee Lum, and Walter Darwent; men who "broke ground" on the fledgling oil industry in Trinidad and the world events which thrust Trinidad's oil industry into the international marketplace.

Far-reaching social changes would sweep across the island as the economy shifted from an agricultural base of sugar, cocoa and coffee estates to a more industry-based economy. Attracting the working classes, adventurers and professionals from throughout the Caribbean, Asia and Europe; Trinidad and Tobago by the 1920s already presented a diverse, multi-ethnic, but segregated, population.

Not everyone came to "work in Trinidad oil" but the island's increasing wealth and prominence within the British Empire offered opportunities not available in the home countries of those who would arrive on her shores, full of hope and expectation.

Of particular significance in this developing story of a burgeoning oil economy in 1930s Trinidad, were the social and economic complexities which would trigger rising demands for equity and equality. Fuelled by the same black gold bringing prosperity to a privileged few, demands, predominantly by

oil field workers, for better wages and conditions laid the foundation for heightened social and political consciousness.

Men such as Tubal Uriah "Buzz" Butler, Captain Arthur Andrew Cipriani and Adrian Cola Rienzi, among others, became the protagonists in the narrative now taking a turn towards nationalist sentiments which some three decades later would lead to our country to independence and full sovereignty.

Post-independence Trinidad and Tobago, led by the country's first Prime Minister, Dr Eric Williams, would witness the birth of a national identity for the industry which was the economic driver of our country.

From fully foreign-owned oil production companies and refineries, to cautious State partnership and eventually State ownership in an industry of not only local but global importance; changes in legislation and taxation of the local oil industry, and the discovery of larger reserves of natural gas off Trinidad's East and North Coasts brought a new dimension to Trinidad and Tobago's energy sector.

After more than half-a-century of commercial oil production, the Government of Trinidad and Tobago executed, with significant success, a plan to monetise our natural gas reserves. This led to the development of a robust petrochemical sector. Such foresight has earned our country a respected position in the global energy market.

Today, one hundred and six years after that first barrel of commercial oil, Trinidad and Tobago, notwithstanding our small geographic size, is world renowned as a highly successful energy-based economy with enviable experience in energy and energy-related activities.

However, our journey towards our bicentennial in the international energy industry will not be without significant trials. In spite of our hydrocarbon resources, the profitability and stability of Trinidad and Tobago's energy sector is now being challenged by external forces. ▶

**The Honourable  
Kamla Persad-  
Bissessar**

SC, MP,  
Prime Minister  
of the Republic  
of Trinidad and  
Tobago

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► The discovery of vast Shale Gas reserves in the United States, formerly Trinidad and Tobago's primary Liquefied Natural Gas (LNG) export destination, has changed the dynamic of the regional gas trade.

If Trinidad and Tobago is to continue to be the Energy Capital of the Caribbean, new strategies must be considered. To this end, Government will target new markets outside of the United States. In 2012 and 2013, over 80 per cent of Trinidad and Tobago's LNG was sold to markets in South America, Europe and Asia; the US now accounts for eighteen per cent of our LNG exports. The shale gas experience has confirmed unequivocally that nothing is for certain in the global energy market.

What we have learnt over the past four years is that what we lack in size, we must make up for with flexibility and prudence.

As emerging economies move into the global marketplace, their demand for energy will increase dramatically. Trinidad and Tobago is positioning itself to meet some of that demand. Recent Official visits to India and China provided opportunities to sell our country's energy potential to the new global economic players.

In addition, a century of experience in the oil and gas business enables us to share our expertise with new entrants into the energy industry, such as the countries of East Africa. Several energy-focused high-level reciprocal visits and on-going discussions have already facilitated increased education and training opportunities for African nationals. New channels of business and technical co-operation for the Trinidad and Tobago private and public sectors have been opened and the Government of Trinidad and Tobago looks forward to deepening the relations that have been established in this area.

Yet even as we look beyond our Region and hemisphere, we cannot forget the challenges now faced by our Caribbean neighbours and their immediate impact on our own economy.

Trinidad contributes 88 per cent of crude oil,

and more than ninety per cent of natural gas to regional energy production. It therefore falls to us to assist our closest neighbours with the provision of clean, reliable energy. This is the thinking behind our continued support of the CARICOM Petroleum Fund, to which we have contributed almost TT\$2 billion since 2005.

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The Gasfin Caribbean LNG project, a mid-scale LNG project, was initiated in 2010 when the National Energy Corporation of Trinidad and Tobago entered into a Memorandum of Understanding with the project developer Gasfin Development S.A. to assess the feasibility of the venture. The experts have since concluded that Caribbean LNG carries potential opportunities and impacts for sustainable energy supply and development in the Caribbean.

The project proposes initially a single-train facility project, to be constructed with a capacity of 500,000 tpa and an estimated capital expenditure of US\$400 million. The base-load markets for the first train would be Martinique and Guadeloupe, with two to three trains for smaller markets, with St Lucia and Grenada being targeted to meet expected growth. Subsequent trains would look at St Vincent and the Grenadines, the Dominican Republic and Barbados markets for their volumes. This project will significantly reduce electricity cost by delivering clean-burning natural gas at landed costs.

Even as Trinidad and Tobago strives to increase oil production and set up regional energy infrastructure, we accept that renewable energy will have to play an increasingly important role in our development strategy. Sustainability must be our ultimate goal as we acknowledge the impact of our energy consumption on the planet.

Recognising that we must diversify our energy mix

to incorporate renewable energy, all opportunities to make definitive steps toward a more reliable and efficient energy programme will be grasped. To this end, we will explore the feasibility of, and the opportunities to be derived from, the whole range of renewable energy sources; be it solar, wind, wave, geothermal, biomass and hydroelectric power. It is imperative that these must be as much a focus for development as petroleum and LNG.

However, our reality is that our energy sector will remain the mainstay of our economy for some time to come.

It currently accounts for (2012 data):

- 44 per cent of GDP;
- 80-90 per cent of Foreign Direct Investment;
- 81.4 per cent of visible exports; and
- 54.3 per cent of Government revenue, inclusive of monies collected under the Petroleum Taxes Act and monies paid as Corporation Tax by the National Gas Company, Atlantic and firms at the Point Lisas Industrial Estate.

As such, we will continue to proceed along the parameters which have produced several successes over the past four years such as:

- Improved fiscal incentives which have led to increased upstream investment; and
- Onshore bid rounds which lay the foundation for land-based gas and oil discoveries.

It is the intention of the Government of Trinidad and Tobago to ensure that this country remains globally competitive as we enter our second century as an energy producer.

We are also committed to compliance with the highest standards of the energy sector. As such, the Government of Trinidad and Tobago acceded to the principles of the Extractive Industries Transparency Initiative (EITI) in December 2010 and was accepted as a Candidate Country of the EITI in March 2011.

On September 30, 2013 Minister of Energy and Energy Affairs, Senator the Honourable Kevin Ramnarine, received Trinidad and Tobago's first Extractive Industries Transparency Initiative (EITI) Report, which is this country's first reconciliation of its oil and gas revenues.

The report was prepared by an independent "EITI Administrator", comprised of a local-foreign accounting firm partnership, BDO Trinity Limited and the Hart-Nurse Group of the UK.

It reconciled revenues reported to have been paid to the Government by the major oil and gas companies operating in the country, with the revenue reported to have been received by the Government.

The publication of this report underscores my overnment's commitment to transparency, accountability and good governance in all aspects of national life.

Specifically in relation to the energy sector, EITI reporting will bring about a greater level of public engagement and discussion about the management of our country's natural resources which will ultimately ensure that our energy sector, and indeed our economy and our country, remains a force to be reckoned with internationally for many years to come. ■

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