

The establishment of the Point Lisas Industrial Estate

By Dr Thackwray Driver



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Point Lisas is a world-class petrochemical and heavy industrial estate clustered around a series of port facilities on Trinidad's sheltered western coastline. The Point Lisas industrial estate has been a major success story in Trinidad and Tobago's recent economic history and the development of natural gas-based industry on the estate has been a major impetus for the transformation of Trinidad and Tobago into a gas-based economy.

While the facts and statistics about current production from the Point Lisas industrial estate are well known to the national and international community, the early history of the estate is less well known.

While the actual construction of major plants in the estate did not begin until the 1970s, the genesis of the project goes back over fifty years to the ideas and inspiration of a small group of businessmen in Trinidad's second city of San Fernando. It was these businessmen who had the original idea of founding an industrial estate in south Trinidad dedicated to heavy industry and linked to a deep-water harbour. This concept, which seems so obvious today, was not well accepted by the national community in the 1950s and only begun to be fully embraced by the government in the mid-1960s.

These businessmen from San Fernando were the founders of the South Trinidad Chamber of Industry and Commerce (STCIC) and of the Point Lisas Industrial Port Development Corporation (PLIPDECO). After fifty-four years of history, the South Trinidad Chamber recently changed its name to the Energy Chamber of Trinidad & Tobago, reflecting the fact that the Chamber has membership from across the country and is the representative association for the energy sector. Membership of the Energy Chamber is drawn from across Trinidad & Tobago and represents the majority of the major companies in the energy sector, including both local companies and the multi-nationals with operations in the country, in addition to the many companies servicing the energy sector.

The early days of the STCIC were, however, very different and the original membership of the Chamber was deeply rooted in the small business and commercial sector of the city of San Fernando.

The early history of San Fernando

San Fernando has a history dating back to the 1780s, when the Spanish Governor of Trinidad, José Maria Chacón, granted the area to a settler to establish a sugar estate, on the condition that a portion of the parcel was set aside to establish a town. The general area in which the estate was established was named after the impressive outcrop hill that still dominates the area, known as Anaparima or Naparima, which meant 'single hill' in one of the Amerindian dialects.

The town of San Fernando grew rapidly along with the rest of the Naparima region, on the back of a very productive sugar, cotton and coffee industry. By 1846 San Fernando was officially recognised as a town, with the introduction of a Town Council, and only seven years later had its status raised to a Borough. Economically, San Fernando continued to develop as the hub of the region's agricultural economy, spurred on by the development of a tramline to Princes Town in 1859 and eventually in 1882 with a railway line connecting the south with Port of Spain.

In the early decades of the twentieth century, the town of San Fernando was given a further economic boost by the growth of a new industry – oil production – that would eventually replace agriculture as the dominant sector of the economy. The first wells drilled in Trinidad with the objective of finding oil were drilled in San Fernando as far back as 1866, but these did not find commercial quantities and were abandoned. Further efforts shifted to the south and west of San Fernando to the Point Fortin, Guapo, Parrylands and Brighton region and to the Mayaro-Guyaguayare area, on the east coast, with the first commercial production dating from early 1908.

Despite the fact that the early commercial oil fields were all well to the south and west, San Fernando quickly developed a strong association

with the industry. As the administrative centre for south Trinidad, and because of its position as a transport hub, most of the companies servicing the oil fields set up operations in and around the city of San Fernando. In addition to the growth of service and supply companies, the Pointe-a-Pierre refinery was developed just to the north of the city and other activities such as crude oil storage and local distribution of refined petroleum-based products (gasoline, diesoline and kerosene) were also based in the city.

In addition to being the home of the oil industry, San Fernando was also a commercial centre with a busy port facility and a vibrant retail sector. This commercial sector gave birth to the STCIC in 1956, but surprisingly, the major issue that the members of the Chamber chose to address eventually resulted in the development of a major petrochemical and heavy industrial estate.

The issue that the early members of the Chamber decided to champion was the development of a deepwater port in south Trinidad.

Prior to the late 1930s, both ports in San Fernando and Port of Spain had both been serviced by cargo ships mooring off-shore and loading and unloading cargo from 'lighters' that delivered goods to and from the wharf. In the late 1930s the harbour in Port of Spain was dredged and a deep-water harbour was developed: cargo ships now tied up alongside the wharf to load and unload cargo directly. This obviously greatly improved efficiency and San Fernando was henceforth to be serviced via the port in Port of Spain, with cargo delivered by rail. This new arrangement led to a significant loss of revenue for the Borough Council in San Fernando, for which they were compensated with a \$10,000 annual subvention from the Colonial Government. It led to traders based in San Fernando losing out to their Port of Spain rivals, and was widely resented.

The fact that the inauguration of the new deep-water port in Port of Spain coincided with the outbreak of World War II meant that opposition to the new arrangements from the Borough Council

or business community in south Trinidad was muted. However, after the War and with the general movement of the colony to self-rule and eventual independence, the issue of a deep water port in south Trinidad became the major rally point for the creation of the South Trinidad Chamber and eventually the catalyst for the development of Point Lisas.

The genesis of the STCIC:

On 20th March 1956, a group of thirty-five businessmen met at the offices of Industrial Agencies Ltd (IAL), High Street, San Fernando. The meeting had been convened by Robert "Bobby" Montano, the 34-year-old manager of Imperial Stores on High Street, in order to discuss the possibility of the establishment of an independent Chamber of Commerce, serving the needs of south Trinidad. After a fairly brief discussion, a unanimous decision was taken by the meeting to establish the South Trinidad Chamber of Commerce. The only slight reservation about the decision was expressed by Ray Diffenthaler, the owner of a successful hardware and oilfield supply company, and one of the ►

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Robert C. Montano (centre), founder and past President, STCIC

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► older members of the group, who reported that he had come to the meeting with the idea that they should form a southern committee of the Trinidad Chamber of Commerce rather than a separate organisation. However, after hearing the arguments presented at the meeting he had changed his mind and fully supported the proposal.

A Steering Committee comprising Bobby Montano (Chairman), Ray Diffenthaler, Roderick Fahey, Albert Farah, Austin Fridal, Ivan Herrera, Leonard Jaggernaut, C. Jackson-Lewis, Phillip E.T. O'Connor, D. Slatford and Lenny Sumadh was established to take forward the proposal and formerly establish the South Trinidad Chamber of Commerce. The Chamber was formerly registered as the South Trinidad Chamber of Commerce on 12th December 1956; the word "industry" was added to the company name under revised Articles of Association on 24th June 1964. By the time the Chamber as formally incorporated in December 1956, the South Trinidad Chamber had already embarked on an ambitious programme of activities, with the basic programme having been laid out at the meeting on 20th March 1956.

The South Trinidad Chamber and the development of a deep-water harbour

The major issue that the first meeting of the Chamber discussed was the issue of a deep-water harbour in south Trinidad. The Chamber immediately established a Committee to investigate the issue and make proposals. It was felt that the lack of a deep-water harbour was hindering the ability of businesses in south to establish new manufacturing capacity for export, in addition to causing problems for merchants in San Fernando accessing imports. The meeting believed that they would receive good support from the Borough Council for the establishment of the port and that they should start to collect information and lobby on this issue as a priority.

The founders of the South Trinidad Chamber explicitly saw the role of the Chamber as being an organisation promoting economic and social

development, not merely protecting the status quo. At the first meeting of the Chamber, Bobby Montano explicitly laid out his agenda:

"The emphasis of any southern group...must necessarily be on the promotion...of the prosperity of the south. By that I mean it should fill not a passive role, merely seeing that things work smoothly in the south, but an active role, in the improvement of the economy of the south and incidentally of the whole island.

He went on to identify the deep-water harbour and the establishment of a heavy industrial estate as being the two key projects for the Chamber. This "developmentalist" stance of the Chamber was explicitly outlined in the revised Memorandum of Association of the Chamber, the objectives of which include:

"To promote, stimulate and influence industrial development in South Trinidad, such development being calculated to benefit the country as a whole."

The members of the Committee began to examine the establishment of a deep-water harbour and quickly realised that the original idea of developing and expanding the San Fernando wharf was not feasible. If the new deep-water harbour was to be constructed it would need to attract significant new freight, and this would require promoting new economic development.

The Committee therefore began to explore the possibility of establishing an industrial estate linked to the proposed port facilities in south Trinidad. Given the availability of oil and gas, the Committee members came to the conclusion that heavy industry needing plentiful supplies of energy would be the most natural type of industry to attract. At first they thought mainly about the metals sector, but with the development of the Federation Chemicals (FedChem) plant they began to see the possibilities of using natural gas as a feedstock.

The calls for the establishment of a heavy industrial estate were not in keeping with the economic development thrust of the new People's National Movement Government that took over the internal

administration of Trinidad and Tobago in 1956. In their early years, the PNM Government had based the economic development policies on the work of the celebrated St Lucian economist Dr Arthur Lewis (later to win a Nobel Prize in Economics). In the 1940s and early 1950s Lewis advocated that the British West Indian territories should follow the “Puerto Rican model” and concentrate on the development of light industry for the export market. His arguments were outlined in a summary article entitled *The Industrialisation of the British West Indies* published in 1950 in the Caribbean Economic Review, the journal of the Caribbean Commission, for whom Dr Eric Williams, who would become Trinidad and Tobago’s first Prime Minister, worked between 1949 and 1955.

In the second of his famous lecture series that launched the PNM, Dr Williams paraphrased Lewis’s conclusions and stated that:

“It will be much more profitable for West Indian governments, if they are able to raise money for industrialisation, to develop light industries using imported raw materials than to put it into some of the heavy industries which use up much capital and little labour.”

Williams identified hosiery, leather, the garment industries, footwear, china, the paper trade, glass, building materials, canning and the textile industries as the most favourable industries “that hold out prospects of bigger opportunities than are at present exploited.”

Bobby Montano recalls that his calls for the development of heavy industry in the late 1950s and early 1960s were met with derision by other members of the national community and that they were frequently ridiculed by their colleagues in other business groupings.

The establishment of Point Lisas

Despite this general consensus in favour of light industry, the STCIC group led by Bobby Montano persisted in their project to develop a heavy industrial estate and assessed the feasibility of various locations. The eventual location chosen

by the STCIC was Point Lisas, due to the nature of the coastline and, crucially, the availability of large tracts of flat undeveloped land next to the coast. This landholding belonged to Caroni Ltd, at that time a private company owned by Tate and Lyle in London.

The STCIC engaged in a long series of negotiations with Caroni Ltd and the Government in order to put together the necessary combination of approvals, financial capital and land to develop the port and the industrial estate. These discussions were led by a team from the STCIC comprising Bobby Montano, Max Marshall of Texaco (and President of the STCIC, 1967-69), Sidney Knox, at that time working for Neal & Massy Motors in San Fernando and later to be one of the country’s foremost business leaders, and a young lawyer, Khrishna Narinesingh.

The STCIC lobbied the government repeatedly over the issue of a heavy industrial estate, including in their recommendations for projects to be included in the country’s Second Five Year Development Plan (1964 – 1968). In response to this recommendation the Government agreed to fund a feasibility study for the industrial estate. This feasibility study for ▶

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The docks and associated infrastructure at Point Lisas begin to take shape



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► the establishment of PLIPDECO was conducted by the highly regarded US-based consulting firm, Arthur D. Little., who came to the conclusion that:

“A deep water port and industrial estate at Point Lisas appears economically viable and technically feasible and would offer potential investors a return on investment wholly commensurate with the risk involved.”

The Point Lisas Industrial Port Development Company (PLIPDECO) was eventually established exactly ten years after the founding of the STCIC, to be the main vehicle behind the establishment and promotion of the project. The new company had four categories of shareholders; a group of STCIC Council members who held shares as trustees for the Chamber; Caroni Ltd. who were granted shares in exchange for the land that they made available, the Government of Trinidad & Tobago who were granted shares in equal value to the funds expended on a feasibility study; and members of the general public who subscribed to the offer.

Dr Eric Williams, Prime Minister of Trinidad and Tobago, acknowledged and recognised the leading role played by the STCIC in the establishment of PLIPDECO:

“The South Trinidad Chamber of Industry and Commerce has always impressed me as being a vigorous body dedicated to the economic development not only of South, but the entire country. No better evidence your vigour and boldness of vision is to be had than the Point Lisas Industrial Port Development Corporation.”

Obstacles to the project and the Government steps in

Over the next few years Bobby Montano and other representatives of PLIPDECO went on a series of road trips, mainly to the United States, to try to attract large heavy industrial plants to the estate. During the late 1960s, PLIPDECO reported some initial successes in attracting investors, including a US-funded iron and steel plant. Successful negotiations were reported to have been

concluded with three major investors and were far advanced with a fourth. However, the company encountered difficulty in actually completing and signing the agreements, mainly because of legal issues over the license to reclaim land.

Given a lack of capital, the strategy of PLIPDECO had been to attract a couple of anchor tenants and use cash flow and future earnings from those leases to raise the capital to complete infrastructural works. The license from the State for the reclaimed land stated, however, that they had to complete all reclamation before they could lease out land. Given this situation they were unable to carry through the agreements and the project stalled.

While the government had originally intended to play a minority role in PLIPDECO, by the early 1970s the prevailing economic ideas were shifting and with increased revenue available, due to high international oil prices, the government offered to take-over PLIPDECO. Furthermore, the discovery of significant new gas fields off Trinidad's East Coast and the Prime Minister's objection of the concept of exporting Liquefied Natural Gas highlighted the need to create demand for natural gas within Trinidad and Tobago. The focus of the new industrial estate increasingly came to be on projects using natural gas as a feedstock, in particular on methanol and fertilisers.

Henceforth the government would play the role of facilitator and in many cases major investor into new heavy industrial plants. The STCIC accepted the government's offer and control of PLIPDECO was handed over to the State, though with the Chamber retaining a seat on the Board. By 1976, government investment into infrastructure at Point Lisas began to take off and the industrial estate and associated port facilities have never looked back. The role of the pioneers from the STCIC, in particular Bobby Montano, has however continued to be recognised and celebrated. In the words of Errol Mahabir:

“I wish to pay deserving tribute to...the members of the South Chamber who, many years ago, had the foresight to recognise the potential of [Point Lisas] and this thrust at industrial development in the South.”

From STCIC to the Energy Chamber

From its humble beginnings in 1956, the Chamber has grown and significantly transformed itself. In recent years the Chamber has implemented a strategy of concentrating on the energy sector as a vehicle for the wider economic development of the country, and indeed, the wider Caribbean region. The Chamber's membership is now national in scope and includes the major companies in the energy sector, both local and multi-national.

Reflecting this reality, the Chamber recently agreed to change its name from the South Trinidad Chamber to the Energy Chamber of Trinidad and Tobago. Fittingly,

the decision to change the name of the Chamber took place at a General Meeting in the PLIPDECO meeting room. The Chamber has also recently moved offices from San Fernando to Point Lisas, re-confirming its unique connection with the industrial estate and Trinidad and Tobago's heavy industrial sector.

Despite the change in name and the new office location, the Energy Chamber continues to acknowledge and celebrate the achievements of a remarkable cadre of businessmen from the city of San Fernando who had the vision to create Point Lisas and to transform the economy of Trinidad and Tobago. ■

The Chamber has implemented a strategy of concentrating on the energy sector as a vehicle for wider economic development



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