

# T&T: Playing a pivotal role

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**CHOGM is not exclusively about energy matters, although climate change and sustainability will be high on the agenda**

Trinidad and Tobago is one of the smaller countries of the 53-nation Commonwealth but it is confidently taking on the large challenge of hosting the 20th meeting of the group's heads of government (CHOGM) in its capital city of Port of Spain, currently in the midst of an urban renewal drive.

It was only seven months ago that the same twin-island Caribbean nation successfully organised the 34-country Summit of the Americas, made more difficult by the presence of new US President Barack Obama, so it is by now adept at dealing with the challenge of running major international gatherings.

But Trinidad and Tobago is, in many ways, a unique small nation, being, for one thing, the home of one of the oldest petroleum industries in the world.

Oil was first produced commercially in 1908 and natural gas started becoming commercialised in 1953. For decades after commercial oil production commenced, Trinidad (no hydrocarbons have ever been found in Tobago) was the largest single source of what could be described as 'British oil'.

Indeed, the fact that the British Navy could so effortlessly move from coal-fired to oil-fired ships in time for World War 1 and then had a source of aviation fuel for the RAF in World War 2, was attributable in large measure to the Caribbean territory's oil producing and refining resources.

When gas became more predominant from the mid-Fifties onwards, and once Trinidad and Tobago had taken the far-reaching decision to establish a liquefied natural gas (LNG) industry, it quickly became the main supplier of that product to the world's major consumer market, the United States.

But CHOGM is not exclusively about energy matters, although climate change, to which oil and gas emissions are substantial contributors, will be high on the agenda.

As Trinidad and Tobago's National Coordinator for CHOGM, Ambassador Luis Alberto Rodriguez, has pointed out, the "development agenda" for the conference, which the host country played a key role in drafting, includes such issues as "rising food prices and the high levels of poverty still prevailing in many Commonwealth states."

Intense discussion on such pressing subjects is expected to lead to a final communiqué that reflects the ideals of 'equity' and 'sustainability' which form the core of the theme for CHOGM 2009.

Similar issues found their way into the agenda of the Summit of the Americas meeting earlier mentioned and the Trinidad and Tobago government has astutely used its hosting of two major world groupings to create the first link of its kind between the Commonwealth and the Americas – a region in which many of the small Commonwealth countries are geographically located – by ensuring that many of the business leaders from the Americas who attended the Private Sector Forum at the April summit return to Port of Spain to participate in the Commonwealth Business Forum which precedes CHOGM on November 23-26.

This 'bridging role' can be considered a unique aspect of the 21st meeting and is probably only possible because of Trinidad and Tobago's location and the influence it has in both camps.

As Mariano Browne, Trinidad and Tobago's Minister of Trade and Industry, says, with a smile: "With regard to Latin America, Trinidad and Tobago does share a certain similarity of history, if not of language. You

With a diameter of 56 inches, NGC's Cross-Island Gas Pipeline is the largest in the Western Hemisphere, with a total capacity of 3.6 billion cubic feet per day



Photograph courtesy of NGC

could say we are Latinos who speak English, which stands us out from the rest of the Caribbean.”

CHOGM host, Trinidad and Tobago’s Prime Minister Patrick Manning, stresses that the heads of government themselves will be examining such matters as “the need for a new financial order, the debt burdens faced especially by small countries and climate change,” all subjects that have a direct bearing on the summit theme, ‘Partnering For A More Equitable And Sustainable Future.’

The Commonwealth Business Forum, meanwhile, will have a more immediate and direct purpose – encouraging investment, particularly in the smaller Commonwealth states, Trinidad and Tobago very much included.

Mr Manning is especially keen on this aspect of the CHOGM package. “Together with the Summit of the Americas earlier in the year, CHOGM will give us a much bigger profile in the international community that can cause people who have never focused on us before to do so, especially investors. That, for us, is what its all about.”

As the only Caribbean country – and, probably, one of the few in the entire Commonwealth – to be self-sufficient in oil and gas, Trinidad and Tobago clearly has a keen interest in attracting more investment in its energy sector.

Business Forum attendees will undoubtedly be told about the forthcoming exploration block offerings of acreage in both the shallow and deep waters surrounding both islands. The host country’s Energy Minister, Senator Conrad Enill, says he expects “discussions on gas in particular” to be a feature of the conference and, certainly, of the Business Forum.

“The challenge we see,” he elaborates, “is unconventional gas coming into the market. We have a situation where, in many jurisdictions, the era of cheap gas or gas that is easy to find, is over. The areas where gas is now likely are going to be a bit more costly to develop but that requires technology and we need to sit down as a group and come up with a common agenda within the context of a very competitive environment. That’s really the big challenge.”

Trinidad and Tobago’s ambitious industrial programme downstream of the basic gas-using plants currently producing methanol, ammonia and steel, is a major area for investors, as the Ministry of Energy and Energy Industries (MEEI) sees it.

“There’s the plastics industry, which we are in the course of creating,” Mr Enill points out “we are going into aluminium smelting, which will create its own manufacturing possibilities.”

For his part, Kenneth Allum, new president of state-owned energy company, Petrotrin, sees the Business Forum as a ‘networking’ opportunity.

“We are looking forward to it from that perspective,” he says. “We import 100,000 barrels a day (b/d) of crude for our refinery, mainly from West Africa. So, we are hoping to meet not only officials from the countries but the companies that may be attending so we can network with them and also meet new people. We are looking at it as an opportunity to expand our business.”

Outside of energy, Trinidad and Tobago wants to attract investment into other defined areas and the Business Forum is regarded as useful in bringing them to the attention of potential investors.

“It’s not just oil and gas alone,” as Prime Minister Manning asserts. “We are looking for investment in other sectors, such as printing and packaging, entertainment, fish processing, food and beverage, even a major shipyard.”

Trinidad and Tobago is also establishing an International Financial Centre (ICF), to be housed in one of its gleaming new waterfront towers, a stone’s throw from where CHOGM is taking place. This is clearly one of the investment opportunities open to those attending the Business Forum, moreso since Commonwealth finance ministers themselves have endorsed the creation of such Centres.

At the Commonwealth finance ministers meeting in Limassol, Cyprus in early October, it was agreed that IFCs could play “an important role, especially in the development of small Commonwealth states.”

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Trinidad and Tobago’s Minister of Energy and Energy Industries, Senator Conrad Enill welcomes a delegation of African energy officials to Port of Spain as part of the country’s technical assistance programme to African countries





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The ministers did stress that IFCs needed to be transparent and “cooperate with other countries in sharing tax information in accordance with the internationally agreed standard on the exchange of such information.”

According to Trinidad and Tobago’s Finance Minister, Karen Nunez-Tesheira, in her budget statement to parliament in September, “prudence in the wake of the effects of the sub-prime mortgage problems that began in the US” has dictated that Trinidad and Tobago proceed with ‘caution’ in the setting-up of its own IFC.

The IFC will still go ahead but at a later date than originally envisaged. In the meantime, the TTIFC Management Company, which the government has established as a special purpose vehicle, is “engaged in active discussion with firms interested in asset management, commodities trading, international loans syndication, wealth management, etc.” Marketing initiatives for the TTIFC have recently been renewed in Washington, New York and London against the background of what the minister says are signs that “confidence in international markets is growing, which has encouraged several institutions to once again express interest in the value proposition that the TTIFC represents.”

With about 500 businessmen expected to attend the Forum, which is being held on board the Royal Caribbean cruise liner, *Serenade Of The Seas*, docked near the Hyatt Regency hotel on the Port of Spain waterfront for the occasion, investor interest is clearly considerable.

As minister Browne observes: “To put that many people in the same room to talk about the same sort of things, will be the first time we’ve done that since the Summit of the Americas. Before a businessman invests, he must have an idea and he needs to be able to look at us first, generate some discussion and dialogue and see how we can go from there.”

The Business Forum had, at the time of writing, attracted some pretty formidable speakers, including Dr Tony Hayward, Chief Executive of BP, already the major investor in the Trinidad and Tobago energy industry, and Professor Joseph Stiglitz, winner of the Nobel Prize for economics in 2001 and author of such books as *Globalisation and its Discontents*, *Re-thinking the East Asian Miracle* and *The Economics of the Public Sector*. A plethora of mainly Caribbean Prime Ministers will also be in attendance.

The presence of Tony Hayward illustrates Trinidad and Tobago’s importance to oil and gas companies from other parts of the Commonwealth. The two largest local producers of natural gas are both British – Hayward’s company, BP and British Gas (BG). Australia is now represented on the local scene by BHPBilliton Petroleum and there is a growing number of Canadian

companies, in particular Suncor, formerly Petro Canada, Voyager Energy and Niko Resources.

Indeed, Canadian companies were among the early believers in Trinidad’s potential as a hydrocarbon province and the first successful discovery of oil (though it was not commercialised), in the Guayaguayare area in south east Trinidad, was funded by Canadian capital.

When gas reserves began to be monetised as an input into petrochemicals like ammonia and methanol and a generator of heat for metals production, the Mittal group from India was among the first to be involved in the output of steel.

This commercialisation process has been so successful that Trinidad and Tobago has for some time been the biggest trader of ammonia and methanol in the world.

With the gas industrialisation policy now switched to second and third derivatives from the basic petrochemicals, as well as using steel and aluminium as the building blocks for further manufacturing, as earlier mentioned, investment opportunities for Commonwealth Business Forum attendees are substantial. This process will be largely presided over by the National Energy Corporation (NEC), a subsidiary of the state-owned gas transporter and trader, the National Gas Company (NGC).

NGC’s new president, S. Andrew McIntosh, notes that, even in the current economic downturn, which has affected Commonwealth countries to some degree, as well as everyone else, Trinidad and Tobago’s gas-using plants are still using gas efficiently and “managing to turn a margin at reduced prices.”

While Trinidad and Tobago and other smaller Commonwealth states expect to benefit from increased investor interest as a result of the Business Forum, there is already a flow of business activity in the other direction via growing links between the Trinidad and Tobago and West African energy sectors.

Based on its 100 years of involvement in oil and gas production and development, the CHOGM host nation is in a strong position to offer expertise to other developing countries wishing to gain maximum advantage from nascent petroleum sectors, particularly those in Africa.

This commenced in 2008 with some West African states, most of whom are Commonwealth members, and, as Prime Minister Manning, whose idea it was, now says: “has spread to other countries, such as Tanzania and Uganda in East Africa.”

He points out that “most of these countries are new in the field of oil and gas and you’d be surprised to know how many things Trinidad and Tobago takes for granted in the oil and gas industry are new to them. There’s much that we can give them by way of guidance as to how they should proceed and we’re very pleased to be able to assist them in that way.”

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