

The emergence of the gas economy of Trinidad and Tobago
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Abstract

The globalization of the natural gas industry and the emergence of a global LNG trade, in part led by the commissioning of Atlantic LNG in Trinidad and Tobago in 1999, is leading to a shift in the profile of the energy sector of oil based economies with significant natural gas reserves. Abundant natural gas reserves, environmental concerns, natural gas de-regulation in the developed nations, technological advance and energy security issues have converged to give rise to an increase in the global demand for natural gas. .

This increasing demand for natural gas has changed the fundamentals of the global energy commodity markets and will as a consequence lead to the emergence of the gas based economy, which though related, is quite different from the oil based economy that emerged in the 20th century.

In the mid to late 1990's, Trinidad and Tobago's economy shifted from an oil based economy to one based on natural gas. Although other oil and gas producing countries produce natural gas in greater volumes than Trinidad and Tobago, those economies are still classified as oil based. The emergence of the gas based economy in the first decade of the 21st century will present different challenges for economic planners and new international relationships.

Trinidad and Tobago has developed a world class downstream natural gas industry that includes an LNG complex, iron and steel, and very many large methanol and ammonia production units. In 2004 the Government of Trinidad and Tobago signaled its intention to expand the scope of the country's natural gas portfolio by involvement in the aluminum business, gas to liquids and ethylene. The Government of Trinidad and Tobago also intends to pursue a policy of vertical integration in the LNG business by becoming involved in shipping and re-gasification.

This paper analyzes the factors that led to this transition and the role of government policy in the strategic positioning of the Trinidad and Tobago energy sector to effect this change. The paper will analyze financial and economic data as it relates to natural gas as well as industry data as it relates to natural gas reserves and exploration for natural gas. The paper is intended to serve as a reference point for countries that will make the transition from oil based to gas based economies in the future.