

UWI Department of Economics  
COTE 2010 Business Forum

# Meeting the Diversification Challenge: Lessons from Point Lisas

Presentation By  
**Gregory McGuire**

Senior Manager  
Office of Strategy Management  
National Gas Company of Trinidad and Tobago Limited



# Presentation Outline

- Point Lisas Concept Revisited
- Point Lisas Today
- Lessons Learnt
- Current Strategy-Features and Gaps
- Medium Term Strategic Initiatives



# Point Lisas Origins

- Initial Idea of South Trinidad Chamber in late 1950s to build a deep water harbour in south
- Pt Lisas identified for estate and harbour
- Lands leased from Caroni Limited. Plipdeco formed.
- Government became involved in the mid 1970's
- **NOTE: PT LISAS WAS AN ORIGINAL PRIVATE SECTOR INITIATIVE.**



# Philosophy

- Blessed as we are with Hydrocarbon resources, we had a choice to make. There have been attempts to persuade us that the simplest and easiest thing to do would be to sit back, export our oil, export our gas, do nothing else and just receive the revenues derived from such exports, and as it were, lead a life of luxury at least for a limited period.



# Philosophy

- This the Government completely rejected. For it amounts to putting the entire nation on the dole.
- Instead we have taken what may be the more difficult road and that is- accepting the challenge of entering the world of steel, aluminum, methanol, fertilizer, and petrochemicals, in spite of our smallness and our existing level of technology.



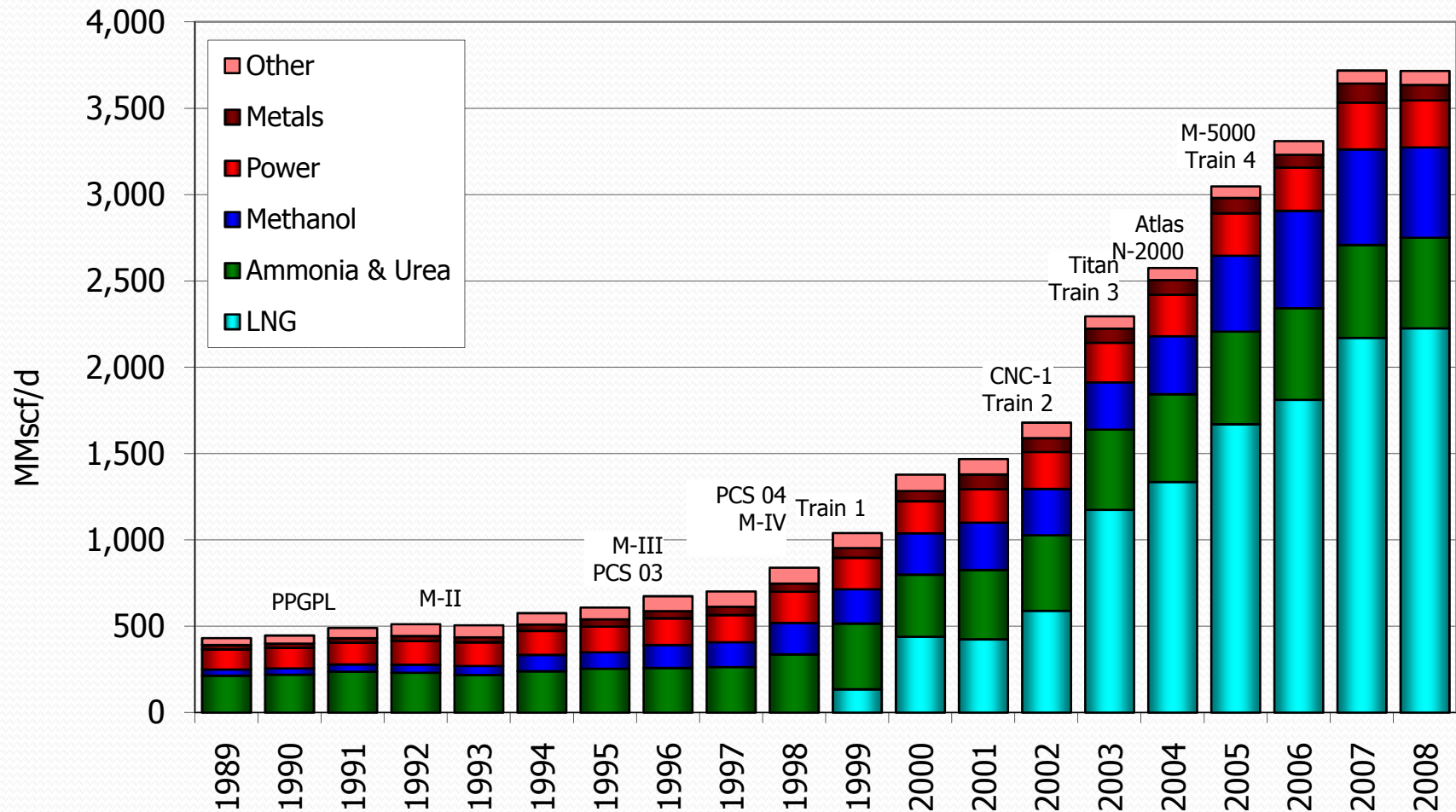
# Philosophy

- We have accepted the challenge to utilize our hydrocarbon resources in a very definite industrialization process: i.e. Resource Based Industrialization

# Point Lisas Today



# Growth in Natural Gas Utilization 1989-2008





# Energy Based Plants 2009



- 1 Natural Gas Liquids Processing Facility
- 4 LNG Trains
- 10 Ammonia Plants
- 1 AUM-( Ammonia, Urea Melamine)
- 7 Methanol Plants
- 1 Urea Plant
- 4 DRI Modules
- 4 Power Generation Plants
- Over 120 Light Industrial and Commercial Customers**

# Players in the Sector



**PETROBRAS**



# Economic Impact

	2005	2006	2007	2008	2009
% of GDP	45	47	43	48	36
% of Gov't Rev	52	61	55.5	57.1	47.9
% of Exports	88.9	91.1	86.9	88.2	87.1
% Employment	3.4	3.5	3.7	3.8	3.7

# Reflections

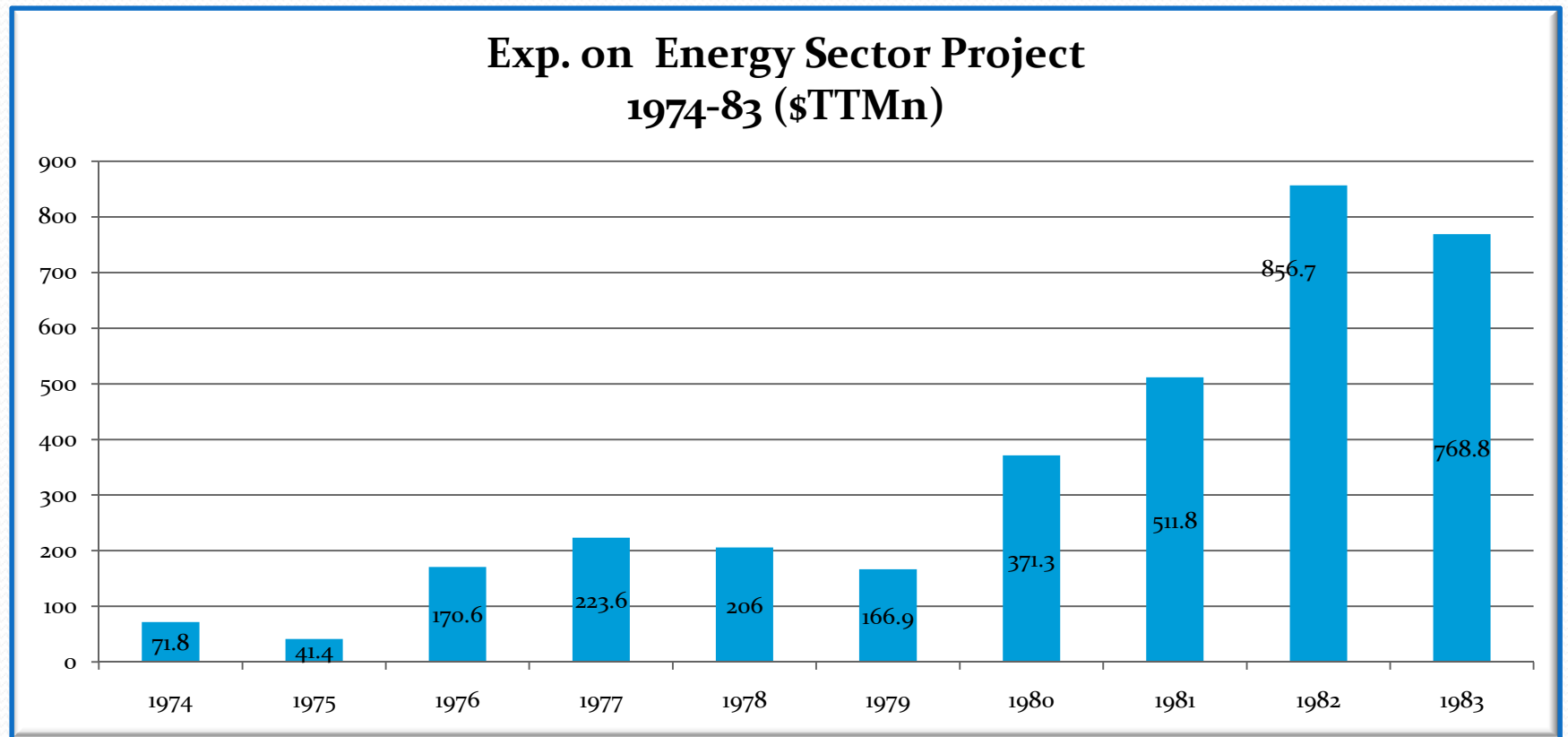
Is there any doubt that the Point Lisas strategy was successful ?

Has this strategy run its course?

What can we learn from the 35 years Pt Lisas Experience

# Lessons #1: Active State

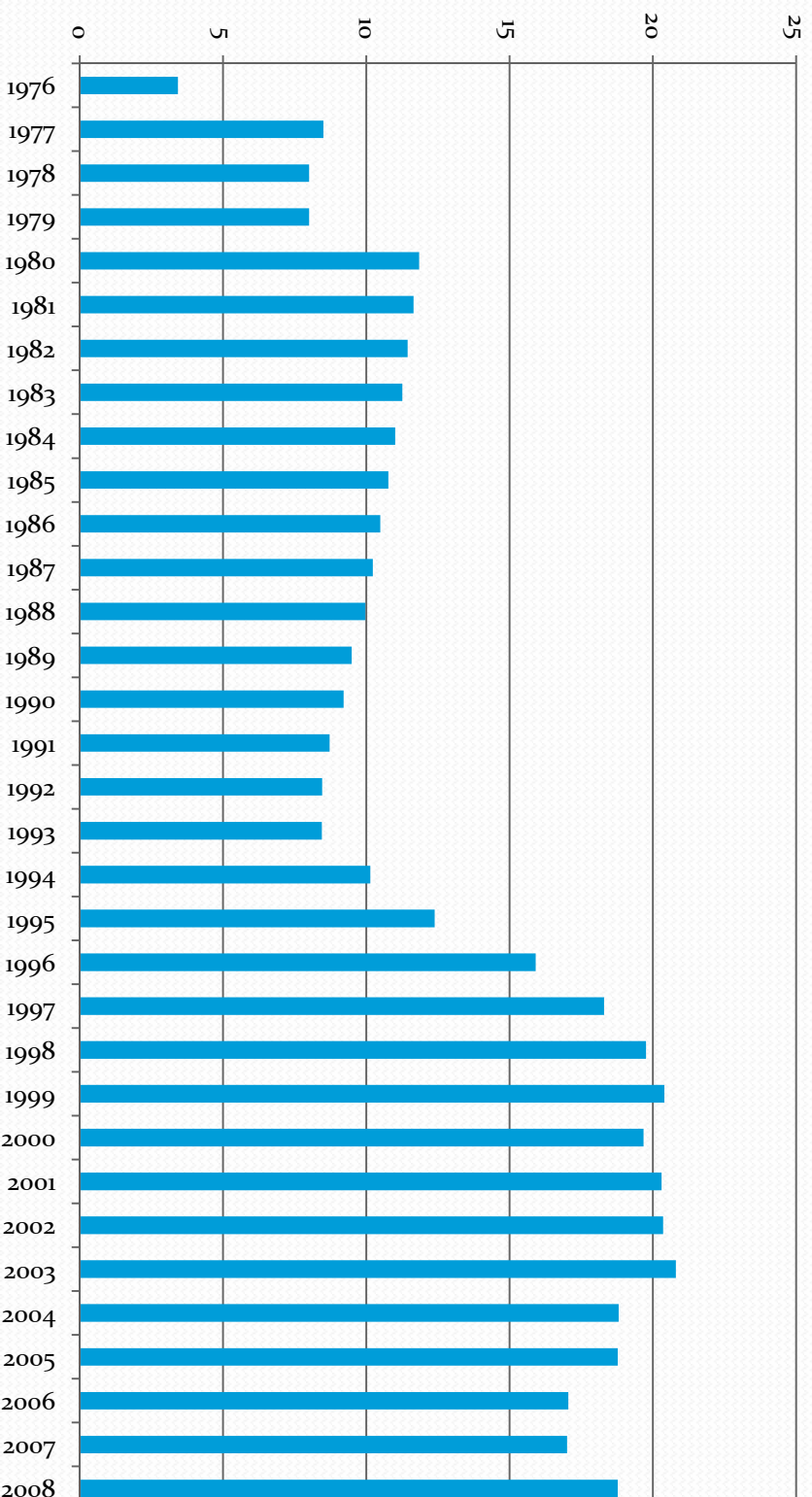
- Heavy State Investment, totaling \$TT 3, 389 million in Infrastructure and Equity



# Lesson # 2 Domestic Resources

Utilized Domestic Resources ; significant gas reserves

Proved Natural Gas Reserves (tcf)



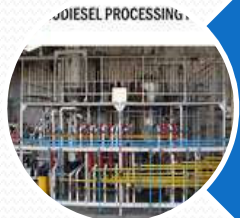
# Lesson #3: Local Skills Base



Leveraged the existing skill base in process plant operation derived from:



Over 50 years experience in Refinery Operations



Over 15 years experience in Petrochemical Plant Operations- Federation Chemicals opened in 1959

## Lesson # 4: Institutional Framework

Built on a strong  
Institutional  
Framework

- Industrial Development Corporation
- National Energy Corporation
- National Gas Company

And Strong  
Leadership-

- Strong Technotariat
- led by Prof Ken Julien and
- Cadre of energy professionals



# Lesson # 5: Foreign Partners

Partnered with Foreign  
Capital for missing  
factors

- Technology
- Markets

Formed Joint Ventures

- Amoco - Fertilizers of Trinidad and Tobago
- WR Grace - Trinidad Nitrogen

Sale of Assets

- Industry well established
- Cluster formed

## Lesson # 6 : High Self Esteem

This the Government completely rejected. For it amounts to putting the entire nation on the dole.

We have accepted the challenge to utilize our hydrocarbon resources in a very definite industrialization process:

# Lesson #7: Fiscal Incentives

Petrochemical  
/energy based  
investments  
have  
benefited  
from:

- Exemption from VAT on Imports
- 5 year Tax Holidays
- Import duty concessions
- Relief from withholding taxes.

# Lesson #8; Global Demand World Scale Plants

Positive outlook in targeted the Global Market

- USA
- EUROPE
- CANADA

Key success factors

- Operating Efficiency
  - Technology
  - Size of Plant
- Cost of feedstock .

# Summary

Active Government involvement- capital, ,fiscal incentives, institutional support ,expertise.

Availability of domestic resources - skills , inputs

Availability of Global market opportunities

Selective engagement of Foreign Capital to fill the gaps

Collaboration with Private Sector

Self Belief



# Current Strategies

- Building a Knowledge based Economy
  - E-TECK , UTT and Tamana In-tech Park .
- Sectors targeted
  1. Food and Beverage
  2. ICT
  3. Film Industry
  4. Music and Entertainment
  5. Printing and Packaging
  6. Yatching
  7. Fish and Fish Processing
  8. Merchant marine

# Some Gaps

Limited technical expertise to drive development in areas.

SPE's not well funded, due to Gov't fiscal constraints

Strategic Plans focus mainly on external markets, show little evidence of knowledge of existing firms and or resources.

Government's fiscal constraints-limit its involvement

Incentives are broad based and not focused



# Medium term Strategic Initiatives

- Conduct detailed Resources Assessment and Evaluation
  - What are the resources we have to move into unique products and services.
  - Who are the firms that are currently growing against the odds and what are their capabilities and limitations
- Forecast future trends in demand, technology in a wide range potential industries





# Medium Term Strategic Initiatives

- Build Institutional capacity for industrial development-
  - Technotariat
  - Build Database
  - Industry / Competitive Intelligence capability
  - Range of professional skills.
  - Export Promotion capability



# Medium Term Strategic Initiatives

- Use Government expenditure/procurement to stimulate domestic demand and investment;e.g.
  - Local content in School Nutrition Programme
  - Local content in Gov't media programming
  - Consider what would happen if laptops were manufactured in T&T.

# Medium Term Strategic Initiatives

Leverage  
Energy Sector  
experience

- Export of Energy Services
- Global Centre for Energy Education.

Encourage  
investments  
by State  
Enterprises

- Downstream energy value chain
- Energy related investments abroad
- Involve the banking sector

# Medium Term Strategic Initiatives

Partnership  
with  
existing  
energy  
sector .

- ICT development to serve energy and other sectors.
- Downstream expansion
- Alternative Energy Investments; Biofuels links with agriculture

# Medium Term Strategic Initiatives

Explore the uniqueness of cultural goods and services.

- Uniqueness is key to competitiveness in a global market
- Cultural goods: every thing about who we are; difficult to copy
- Our food, fashion, history, instruments, music, art etc.
- Ideal for niche markets.
- Basis for strengthening Tourism product



Thank You