



**SPEECH BY**

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**ACHIEVING SUSTAINABLE DEVELOPMENT IN REGIONS WITH  
EXTRACTIVE INDUSTRIES**

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# **Local Economic Development in the Southwest Peninsula – Government’s Perspective**

Salutations:

Members of the Head Table

Heads of Department of The University of the West Indies

Deans of The University of the West Indies

IDB Representatives

Presenters

Members of the Media

Ladies and Gentlemen

Good Morning

I wish to start by congratulating the Trade and Economic Development Unit of the University of the West Indies for initiating this discussion on Achieving Sustainable Development in Regions with Extractive Industries. This is a timely discussion as we navigate the direction of our extractive industries in the midst of national diversification, renewable energy exploration, climate change concerns and environmental issues which will impact on our traditional dependence as well as how we exploit and deploy our extractive industries and ultimately contribute to the strategic actions of our sustainable development agenda for the future.

**A. Local Economic Development for Regions with Extractive Industries – the Southwestern Peninsula**

The Southwest Peninsula is one of the regions which our Government has targeted as a growth pole – a region that has the potential to become a hub of economic activity based on its inherent comparative advantage. This advantage could be physical – natural resources, land space or, or non-physical – skilled and/or plentiful labour, cultural history. The Southwestern Peninsula has all of these, but has not so far transformed these assets into a standard of living comparable to other areas on Trinidad and Tobago. Approached in a strategic manner this region can build a genuine competitive advantage.

If you look at a map that charts the natural resources of Trinidad and Tobago, you will see that much of our nation’s natural resources are concentrated in the Southwestern Peninsula, most of our oil is here, the Pitch Lake is here and there are quarries producing sand and aggregate.

Most of our gas fields are located on the opposite side of the country's territory, but the vast majority of natural gas is sent via pipeline to the Southwest for transformation into liquid form or as an input in the large petrochemical plants.

There are other types of resources available: fishing, land for agriculture, harbours for the ports that serve the energy industry and other business, but the Southwest is known for the energy industry, the nation's energy infrastructure is located here: the oil refinery, the petrochemical plants, steel, asphalt - the raw materials needed for many other productive processes. So it can be said that the bulk of the foundation of Trinidad and Tobago's economy, at least in dollar terms, is located in the Southwest. Employment is also a matter worth considering. Extractive industries here are by their nature capital intensive, so that while extractive industries and downstream energy contribute about 45% of GDP, it only contributes about 5% of employment. But saying it like that can be deceptive as I will illustrate.

A major characteristic of extractive industries is the fact that what it produces is finite in quantity. One day the deposits or reserves will be played out. The issue of sustainability both in current production and planning for the day when extraction is no longer viable is therefore of paramount importance. The reliance of this region, and in fact the entire nation, on the production of energy and energy related goods and services has long been cited as both a strength and weakness. In perspective, strategies for local economic development in regions with extractive industries will have lessons for other regions and the nation as a whole. Many of

the themes for local economic development are portable to the bigger picture: diversification, optimisation of revenue, corporate social responsibility, community development, environmental management just to name a few. And in the context of sustainable development – economic growth and progress, environmental conservation, human, social and cultural development, the building of social capital and the cultivation and stimulation of the human imagination. These issues of social capital building and cultivation and stimulation of the human imagination. I am striving to place on the post millennium goals sustainable development agenda globally.

In seeking to formulate policies and actions to foster and plan local economic development, stakeholder consultation is necessary. In the Southwest Peninsula especially in Point Fortin area some of this has already been done through this IDB project, and through the regional corporation during their planning exercises a few years ago and a sense of Corporate Social responsibility by Atlantic LNG has contributed significantly to the process. Dr. Roger Hosein and his Trade and Development Unit at UWI have been pioneering in this regard. Consultations though involve an iterative process, what the community wants will differ over time and so keeping in touch with the community is important to maximise the impact of development strategies and plans. A part of this is of course the review and evaluation process, results must be measurable based on targets set, local economic development plans should have monitoring and evaluation mechanisms and review processes built in, so that the planners, implementers and the wider community can know what is being accomplished and what is lagging in implementation. Because success or the lack of it needs to be understood. Learning from

development initiatives is important and innovation can only occur when we critically examine the nature of things and come up with new ways of thinking, seeing and doing.

### **B. Financing Agreement between the European Commission and Trinidad and Tobago**

As the focal point Ministry for International Donor Financing, I signed a few days go in my capacity as Minister of Planning and Sustainable Development a financing agreement with the European union to support the Environmental Programme for Trinidad and Tobago. The level of support is estimated at eight million euro (€8 million). The EU's Environmental Programme for Trinidad and Tobago is to support the Government's implementation of the National Environmental Policy, Forest Policy, Protected Areas Policy and National Climate Change Policy. The agreement is for eight years.

Some of the expected outcomes from the implementation of national policy objectives are that Trinidad and Tobago will become an Extractive Industry Transparency Initiative compliant country, modernise the protected areas management system, introduce clean emissions technology in the public transportation system, strengthen carbon sequestration capacity and promote environmental awareness.

In terms of extractive industries the programme will seek to improve management through the rehabilitation of abandoned quarry lands and increase transparency of environmental management practices.

The new protected areas management system is expected to strengthen the administrative capacity, regulatory enforcement, prevent illegal quarrying, logging and destructive fishing practices. Clean

technologies, such as compressed natural gas to run public buses and using solar lighting along the Priority Bus Route will also be implemented to reduce carbon emissions.

The purpose of the agreement is to assist the Government of Trinidad and Tobago in implementing national policy to achieve these objectives. The agreement should be seen as a tool to help execute and implement policy by providing financial assistance and international guidelines to implementation.

### **C. Trinidad and Tobago's involvement in the EITI**

The GORTT submitted its application for EITI membership to the EITI International Secretariat in Oslo, Norway, on February 4, 2011, and the EITI Board of Directors on March 1, 2011, admitted Trinidad and Tobago to membership with EITI Candidate Country status.

Trinidad and Tobago has now started the implementation stage of the EITI process and has been given a target date by the EITI Board of Directors of 28th August 2013 (revised from 1 March 2013) to achieve Compliant Country status, the highest level of EITI membership. That involves putting in place over two and a half years all the necessary legal and administrative systems in compliance with the EITI Rules and Criteria and the passing of a stringent independent Validation Test set by the EITI International Secretariat and Board.

The 19 member Trinidad and Tobago EITI Steering Committee (TTEITI SC), chaired by Victor Hart, is comprised of representatives of Government Ministries and State Agencies including

- State-owned extractive companies (6),
- Private Extractive Industries companies (4),

- Civil Society (8)
- and a chairman with a Civil Society background. The Chairman of the TTEITI SC is Victor Hart.

The Trinidad and Tobago EITI Steering Committee's (TTEITI SC) Terms of Reference include, among other things, a requirement that the TTEITI SC submits quarterly reports to the Ministry of Energy and Energy Affairs (MEEA). To date 3 Quarterly reports have been submitted to the Ministry of Energy and Energy Affairs.

Only a few days ago, Minister of Energy and Energy Affairs, Senator Kevin Ramnarine, along with leaders from 18 of the country's major oil and gas companies and eight civil society organisations signed a memorandum of understanding on implementation of the Extractive Industries Transparency Institute (EITI) with the commitment of making available to the public revenues from the oil and gas sector. This will be done through an independent, internationally recognized transparency process.

#### **D. What are Extractive industries**

Any processes that involve the extraction of raw materials from the earth to be used by consumers. The extractive industry consists of any operations that remove metals, mineral and aggregates from the earth. Examples of extractive processes include oil and gas extraction, mining, dredging and quarrying.

Extractive industries perform probably the most fundamental type of productive process: the process of obtaining the raw materials necessary for many other industries. It is the first stage in the activity of physical production, without which secondary stages are simply not possible. Extractive industries provide the metal, stone, asphalt for construction, the oil, coal and natural gas used to produce energy,



and downstream energy products. Nearly every physical manmade object in use by people started out as raw materials that had to be obtained through extractive industries.

**E. What are the key locations of extractive industries in Trinidad and Tobago?**

The actual locations of oil and gas fields range throughout Trinidad and Tobago including its territorial waters, but most of it is located in South Trinidad, the majority of oil and gas fields in the South East offshore fields. There are however also significant deposits in the North East in the NCMA 1 blocks, with potential in the adjacent blocks depending on current and future exploration.

Quarrying takes place throughout Trinidad and Tobago, but most quarries are located in East Trinidad – Valencia, Sangre Grande, Guaico Matura, Arima among others. There are also quarries in North Trinidad mostly in Santa Cruz and South and Central Trinidad as well (Tabaquite, Longdenville, Cedros and LA Brea [Pitch Lake]) is of course ever present in the South West.

**F. What is the nature and structure of ownership of these companies?**

**Oil and Gas Companies**

There are several oil and gas companies directly involved in the extractive phase of energy production, the twelve of the major players are:

British Gas (UK), BHP Billiton (Australia), British Petroleum (UK), EOG (USA), Repsol (Spain), Petrotrin , National Gas Company, Primera Energy Resources, Centrica (UK), ENI (Spain), Total (France)- solid interest to NGC and Niko Resources (Canada).

Of these Petrotrin and NGC are state owned companies. There are also several other small operators.

### **G. Quarrying**

There are currently 101 registered quarries in Trinidad and Tobago, of these 13 are not operating or have had their license suspended, leaving 88 operating entities.

Of the 101 quarries, 58 operate on state lands with the rest (43) on private lands. The majority of quarries are privately owned, with only four being state-owned (two by National Quarries, one by Lake Asphalt and one by the THA) although the state owned quarries have the single largest quarry (National Quarries at Guaico – sand and aggregate, 2,040 acres, next largest is 480 acres on private lands operated by Readymix)

- 22 limestone quarries
- 62 sand and/or sand and gravel quarries
- 5 clay quarries
- 4 porcellanite quarries
- 1 oil sand
- 1 asphalt (Lake Asphalt)
- 1 silica sands
- 4 andesite (all in Tobago)

### **H. What do they contribute to GDP and employment, cluster formation and diversification?**

#### **GDP**

The exploration and production sub-sectors of the energy industry, most comprising the extraction element of energy production, comprises roughly 24 per cent of GDP, or roughly one half of the total

contribution of the energy sector in 2012. Exploration and production in the energy sector is estimated at over TT\$ 34 billion, and the construction and quarrying sub-sector at over TT\$ 7 billion. Some estimates put the value of the quarry industry at TT\$ 3.5 billion.

### **Employment**

Extractive industries employ over 23,000 people according to CSO statistics, if we take the energy sector employment and add in that of quarrying and other mining. However, due the fact that extractive industries provide the raw materials for many other industries, the number of indirect jobs is exponential. The construction sector alone has about 100,000 jobs. Aggregated this constitutes over on sixth of the current workforce.

### **Cluster formation**

Point Lisas is the best example of cluster formation in Trinidad and Tobago. Based on using the output of extractive processes it shows how the outputs of the extractive industries become the inputs of other industries. Aside from the refining and transformation of oil and gas, downstream petrochemicals are also produced there.

### **Diversification – downstream energy, source of raw materials for other industry**

Where extractive industries are prevalent this reality often leads to dependence on them for economic activity, oftentimes experiencing lower economic growth than one would expect from having quantities of natural resources that are readily exploited. This resource curse is often exemplified through a lack of diversification of the industrial base of a country and through phenomenon called Dutch Disease.

However, diversification can take place within a dominant sector. By adding value to the primary production or extraction of natural resources, and their consequent sale in crude or condensed form, these raw materials can be used as exactly that: raw materials – becoming the feedstock of other downstream industries. Trinidad and Tobago is already doing this with its petrochemical plants, and with upcoming projects such as the Mitsubishi chemicals project.

### **I. What are the additional opportunities waiting to be harnessed?**

#### **Untapped, underutilised and undiscovered reserves**

The most recent Ryder Scott audit of our natural gas reserves showed that Trinidad and Tobago had a small 2% decline in proved reserves in 2011 (13,257 billion cubic feet in 2011), our probable reserves also went down (6,035 bcf) and our possible went up marginally (6,158 bcf). However, another important figure is our unrisksed exploratory resources, and this went up by 5,000 bcf, to just over 30,000 bcf. Unrisksed exploratory reserves represent the potential for future discoveries, and it is upon this that the future development of the natural gas industry, and in the downstream energy sector will depend. As it stands, there is a substantial amount of resources yet to be discovered and the exploration work necessary to realise these is underway.

#### **New technologies**

The increased use of hydraulic fracturing in the USA reminds us that innovation is always poised to make something that at one time seemed impossible or unfeasible and a reality. Although hydraulic fracturing may not be appropriate for us, other innovations and new technologies may arise that increase the viability of potential reserves and the efficiency of their extraction.

**J. What additionally needs to be done to contribute to greater general sustainability of the Trinidad and Tobago Economy?**

In order to foster a sustainable and stable economy in the future, the existing opportunities in the energy sector must be optimized, while simultaneously, the economic base must be diversified. These are the twin considerations driving the Medium Term Policy Framework. How to get the most out of oil and gas assets, developed and created, current, future and evolving and how to create new opportunities outside of this sector because in spite of the value of energy assets they are inevitably finite.

Economic transformation in terms of repositioning Trinidad and Tobago from depending on hydrocarbon resources to “an information, technology-driven, innovative, knowledge-based and globally connected economy; the foundation of which is rooted in the acquisition, exploitation, creation and strategic deployment of knowledge and skills” is the position strongly articulated in the Medium Term Policy Framework 2011-2014.

According to the MTPF 2011-2014, Government has embarked on the following strategies to ensure sustained macro-economic stability and growth with regard to its investment, growth and job creation objectives:

1. Diversification to restructure the productive base;
2. Promote new strategic sectors with the potential for contributing to growth, job creation and innovation;

3. Develop new growth centres across the country to ensure greater geographical distribution of wealth and to support industrial diversification
4. Promote innovation and entrepreneurship
5. Revitalise traditional sectors capable of achieving competitiveness and promote viable clusters capable of achieving sustainability;
6. Move up the value chain in energy
7. Develop a sustainable tourism industry.

Specific areas targeted under an industrial diversification policy will be developed and supported. We have identified strategic business clusters that will be the focus of effort, these are:

- Energy
- Food Sustainability
- Culture and Creative Industries
- Maritime
- Tourism
- Financial Services
- ICT

## **K. Vision**

By 2033 Trinidad and Tobago will be a place where people enjoy high quality of life within a safe and healthy environment.

The country will be a hub of innovation – driven economic prosperity focused on sustainable development and environmentally sensitive design standards. Both urban and rural areas will provide good employment opportunities, and city and town centres will cater equitably for residents’ and visitors’ needs through the provision of shopping, commercial, recreation and cultural facilities and education and health services, in peaceful secure, accessible and healthy environments.

Food and energy security will be achieved through innovation, diversification and targeted investment in the agriculture and fisheries sectors.

An efficient, integrated and sustainable transport system will link homes, jobs and key services while reducing dependence on private car use and making alternatives more viable and more attractive to use. Benefits of reduced congestion and pollution will be felt in improved productivity, better health and reduced stress, all supporting a stronger economy.

The benefits of an enhanced quality of life based on sustainable development will be shared across the nation, urban and rural areas alike, so that disadvantage, deprivation and poverty are eradicated.

People will be actively involved in the planning of their national and local environments and management of change will be based on transparent and consultative decision-making processes.

## **L. Objectives**

The National Spatial Development Strategy is structured around twelve objectives. These are closely aligned to the vision, and also reflect aims and sub-national policies that provide the wider context.

The objectives, grouped within three key themes and set within an overarching goal of delivering sustainable development will be presented in no particular order of priority. They have all been tested through a process of Integrated Sustainability Appraisal (ISA) to ensure compatibility and to evaluate the extent to which they could be expected to contribute towards sustainable development if implemented rigorously and consistently.

Objectives are an important element of any strategy because they provide the foundations upon which policies are built and pursued. It is often helpful to consider the objectives when interpreting and applying policies in particular cases as, together with relevant supporting text, they can provide insight into the underlying purpose of those policies.

## **M. Themes**

### **1. Strong and Resilient Communities**

- Building strong, diverse - To maintain and enhance regional diversity whilst establishing a mutually supportive hierarchy of thriving, resilient and attractive centres to provide accessible services for residents and visitors.
- Building Places for People – To ensure that all citizens are able to pursue their working and domestic lives in a peaceful and secure environment.
- Delivering the homes we need – To meet the housing needs of all sections of the population.
- Valuing our cultural heritage – To ensure that the social, economic, spiritual and environmental value of all aspects of Trinidad and Tobago’s diverse cultural heritage is recognised in decision-making and investment choices.



## **2. Sustainable Prosperity**

- Building a competitive, innovation-driven economy – To diversify and strengthen the economic base and to create and support conditions that enable all to participate and benefit.
- Achieving food security – To foster the conditions for a more prosperous agricultural sector and reduce the national food import bill.
- Using our natural resources sustainably – To recognise the value of natural resources (including land, air and sea) and to ensure that they are used in sustainable ways, differentiating appropriately between those that are renewable and those that are finite.
- Meeting the challenges of climate change – To adapt the ways in which we live, build, travel and communicate so as to maximise resilience to the effects and impacts of climate change and to reduce contributions to factors that are adding to it.

## **3. Sustainable Infrastructure**

- Moving towards sustainable transport – To coordinate the use and development of land and the provision of transport infrastructure so as to reduce traffic congestion and promote more efficient, less wasteful and less polluting modes of travel.
- Making the most of Information and Communications Technologies – To support the expansion and efficient use of electronic communications networks, including telecommunications and high speed broadband.
- Generating and using energy sustainably – To reduce social and economic reliance on non-renewable energy sources and to promote and facilitate the development of more sustainable and environment-friendly alternatives.

- Managing waste safely and efficiently – To manage the generation, treatment and disposal of both solid and liquid waste that safeguard human health and protect the environment.

#### **N. Harmonised Regional Development**

The Harmonised Regional Development approach, when allied with other national and sub-national policies and interventions, is designed to facilitate:

- Sustainable and equitable levels of economic prosperity and employment;
- Diversification of the economy away from dependence on hydrocarbon based sectors towards priority strategic sectors such as maritime, tourism, agriculture, and cultural and knowledge - based industries;
- Overall improvement in quality of life for most citizens;
- Reduced disparity between rich and poor and less social exclusion;
- Improved accessibility to employment opportunities, service provision and cultural and recreational facilities; and,
- A sustainable relationship between economic and social activities and the natural environment.

To facilitate this approach the development or further development of the following is necessary; major urban centres, regional urban centres, linked “urban villages”, integrated transport networks, water transport routes, growth of tourism, ports and related industry growth zones, maritime services/industry and port development exploration.

## **O. South West Peninsula**

It is from this overarching perspective and this integrated methodology that we come to the South West Region. This region comprises the Point Fortin Borough and Siparia Regional Corporations. Devolution of greater power and autonomy to these regional corporations is part of our plan. The South West Peninsula is a relatively remote part of Trinidad, with a distinctive landscape and culture. It extends from Debe and takes in Penal as well as the towns of Siparia and La Brea in the north-east through the fishing communities of the Cedros Peninsula. The economy of this area had been based heavily on the land-based energy industry – oil reserves and the famous Pitch Lake asphalt resource, near La Brea. However, with the shift in focus offshore and the related decline in the off shore energy sector, the area went into decline. Coconut plantations and other agriculture and fishing further provide the economic base further south, but this is a vulnerable and often fragile economy.

Point Fortin is one of the smallest municipalities in Trinidad in terms of land area. Its development pattern is characterised by the concentration of commercial and institutional activities in its central core, with residential development in outlying communities, industrial activity in the central waterfront area and open lands throughout the rest of the area.

The area around Siparia similarly features a mixture of land uses including settlements of various sizes, on and off-shore areas for oil production, ports, industrial areas, fishing centres, forests, swamps, agriculture and numerous beaches.

Whilst this whole region is considered to have development potential for industry and other resource based activities, it has for the most part been unable to harness this potential and as such remains a lagging region in many aspects. Accessibility is a key issue: in the national context, this is a remote region. This is being addressed via the construction of the San Fernando to Point Fortin Highway, but other measures also need to be considered as part of the Sustainable Transport Strategy.

This South Western Peninsula is identified in the MTPF as a Growth Pole and in the National Spatial Development Strategy as an Integrated Planning Region.

### **Regional Guidance**

The environmental qualities and resources of the Region warrant protection and enhancement. This must be balanced against its economic and social needs as a lagging region. The whole region has been identified as a Growth Pole focusing on “port development, energy services, the fishing industry, manufacturing, support services and agriculture.” In this context, expansion of existing clusters and development of new areas will be facilitated, together with consolidation and managed growth of strategic settlements to support intended economic-growth. The network of connector roadways that will accompany the construction of the Point Fortin Highway will facilitate this process.

Economic development support will focus on expansion of existing industrial developments and development of downstream industry and ancillary services. Consideration will be given to

initiatives such as the establishment of an energy cluster at Labidco Estate, La Brea, (focused on renewable energy) and development of port and maritime service and maintenance facilities at La Brea (port facilities here could, for example, link with extended water taxi services to improve accessibility to the area and through to the Cedros Peninsula, potentially increasing tourism potential too.) By water taxi easy links can be made to San Fernando, Port of Spain and Chaguaramas.

The roles and environments of Point Fortin as industrial town, and Siparia as a regional town providing administrative and commercial facilities, will be enhanced. In particular, provision will be made for better health facilities in the administrative area of Siparia. La Brea and Fyzabad should also be consolidated and enhance as opportunities arise. The development of the Highway system and connector roads are critical to this process.

In the rural communities development should be in keeping with rural character and limited mostly to infill within existing settlements to sustain resident populations. Further ribbon development should not normally be allowed and agricultural land should be safeguarded. Provision should be made for development and expansion of food processing facilities and facilities to support the local fishing industry. All of these we are working on now in the context of an integrated and holistic approach to sustainable development of the region.

A careful balance must be achieved between development and environmental conservation and management. Integrated coastal management and enhancement are important here,

especially as parts of this region are prone to erosion and are likely to be affected by rising sea levels.

Landscape management is also important: this is a beautiful area with considerable potential for community – based tourism if accessibility issues can be overcome.

Social infrastructure will have to be improved, particularly in peripheral areas and investment in enhanced ICT infrastructure will be encouraged, to improve levels of connectivity and communication.

#### **Regional Planning Guidance for the South West Peninsula**

- Planning Authorities will adopt integrated approaches to improve the environmental quality and functional efficiency of the region's towns and villages and the quality of people's lives. Further expansion of settlements will be planned and should allow for local development needs, avoiding taking productive/potentially productive agricultural land or impacting on ecological and landscape resources.
- Provision will be made for further development of the resource and energy – based industries, maritime service industries, and agriculture and fisheries. Appropriately located and designed development should be supported and encouraged provided it will be in harmony with natural environmental processes and will not have adverse impacts on local communities.
- The roles and functions of Siparia, La Brea, Fyzabad and Point Fortin will be enhanced within an integrated planning framework to ensure that the viability of the service offer

is improved and the region's residents have good access to facilitate that meet their day-to-day needs.

In closing, I would like reiterate the importance of appropriate steering of the extractive industries amidst diversification, renewable energy initiatives, climate change concerns and environmental issues and remind you that it is closely linked with the development of our national geographical space.

We need to move forward with enlightened practice, but this must be located within a context of sustainable development approaches and strategies for our country and a holistic integrated planning framework for sub regions against this background. I hope you will conclude that our approach to extractive industry development and our plans for the Southwest Region makes good sense.

I thank you.





