

Trinidad and Tobago: From Oil to Natural Gas

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Abstract

This paper reviews some of the critical economic and financial aspects of the gas-based industrial development which has taken place in Trinidad and Tobago over the past two (2) decades. The review notes the persistent dependency of the Trinidad and Tobago economy on petroleum-based export earnings since World War II. It shows that while the economy is still dependent on petroleum (crude oil, petroleum products and natural gas) for export earnings, the dependency on oil (crude and petroleum products) has fallen considerably from its peak of more than 94% of total export earnings in the early 1980's. Price and production declines for oil have contributed in no small measure to that decline. Two distinct strategies and time periods which were critical to the financing and establishment of the gas utilising projects are identified. It then concludes that by the year 2000, oil will only be responsible for approximately 35% of total export earnings, with the earnings from gas-based industry generating a comparable percentage amount as the gas export output becomes considerably enhanced by the completion of the Liquefied Natural Gas (LNG) plant at Point Fortin. Some diversification in product output – LNG, Fertilisers and Methanol – also accompanies the shift in dependency from oil to gas, and non-petroleum exports are expected to reach their highest ever level of approximately 30% of total export earnings by the year 2000.