



# Building an Energy Cluster: The Case of an Emerging Caribbean Economy

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# LAYOUT

- Introduction
- Development Path of Trinidad and Tobago
- Genesis of the Point Lisas Energy Cluster
- Control of the Cluster
- Institutions for Collaboration
- Collaborative Progressive Agenda
- Present Day State of the Cluster

# INTRODUCTION

- In Trinidad and Tobago the diversification process is now beginning to gain momentum. The government has highlighted cluster development as a means for pursuing economic growth.
- What is a cluster- A cluster is a group of companies sharing local resources, using similar technologies, and forming linkages and alliances.
- This presentation aims to show the process and experience of creating a globally competitive cluster in a SIDS and examines the use of public-private sector partnerships in the development of a cluster.

# INTRODUCTION

Companies

Government

Research  
community

Financial  
institutions

Institutions for  
collaboration (IFCs)



## DEVELOPMENT PATH OF T&T

- Early 1900's- Commencement of commercial petroleum drilling and offshore exploration.
- Oil discovery changed the patterns of economic development and differentiated it from other Caribbean islands
- 1970s: Shift Agricultural based to energy based economy



## 2002 to Present

- The establishment of Karri Platform 1 by BHP Billiton T&T
- T&T largest supplier of LNG to US by 2006
- Further opportunities for downstream developmente .g. polyethylene plant, DME ( Dimethyl ether) etc.
- Continued expansion of the Point Lisas Industrial Estate



## 1990's

- Reduction of state involvement
- Much investments directed at Point Lisas Industrial Estate
- The establishment of Liquefied Natural Gas (LNG) plants in Point Fortin starting in 1999 and continuing until 2005 with the fifth LNG train



## 1980's

- Commissioning of Iron and Steel Company of Trinidad and Tobago (ISCOTT)
- Formation of National Energy Corporation (NEC)
- Economic decline driven by fall in international oil prices
- Government enters into loan agreement with IMF and World Bank resulting in liberalization of the economy
- Divestment of 13 state companies



## 1960's to 1970's

- T&T an independent nation
- Drilling begins in the North coast of Trinidad with the discovery of natural gas
- The establishment of the National Petroleum Marketing Company in 1972
- OPEC embargo sends oil prices sky rocketing
- Formation of the National Gas Company for the transmission and sale of natural gas
- Trinidad and Tobago becomes a Republic
- T&TEC's Point Lisas power plant becomes the first tenant at Point Lisas Industrial Estate
- First shipment of ammonia to US and Europe
- Peak of T&T's oil production



## 1930's to 1950's

- By the start of the 2nd World War Trinidad was the 11th largest producer of oil in the world
- 1937 saw widespread labour unrest in the oilfield area
- 5 refineries were in operation
- Offshore field were discovered in South Trinidad generating exploration and production activities in the South West Peninsula
- Growth in exploration led to the eventual decline of the agricultural sector



## Late 1860 to early 1900's

- First successful oil well drilled
- Mapping of Geology of Trinidad with aim of discovering prospective oil fields
- By 1910 the first shipment of crude oil was produced
- By 1912 a small refinery was built in Point Fortin
- 1917 operations commences at new Point-a -Pierre refinery
- 1919 crude oil production reached 1.9 million barrels. Annually roughly 66 percent was refined locally

# GENESIS OF POINT LISAS ENERGY CLUSTER

- 1965: Creation of the South Trinidad Chamber of Industry and Commerce (STCIC)
- 2 major projects undertaken by STCIC: development of a deep water harbour and heavy industrial park
- Development of Point Lisas Industrial Development Cooperation (PLIPDECO) by STCIC in 1966 to drive projects



# CONTROL OF THE CLUSTER

- 1960's-1970's- Investment missions to US were unsuccessful
- Change in economic direction of government, supported by high oil prices
- Nationalization of private owned firms
- 1969- PLIPDECO handed over to state
- By 1985 the government became the majority shareholder in numerous companies and heavily invested in the energy cluster

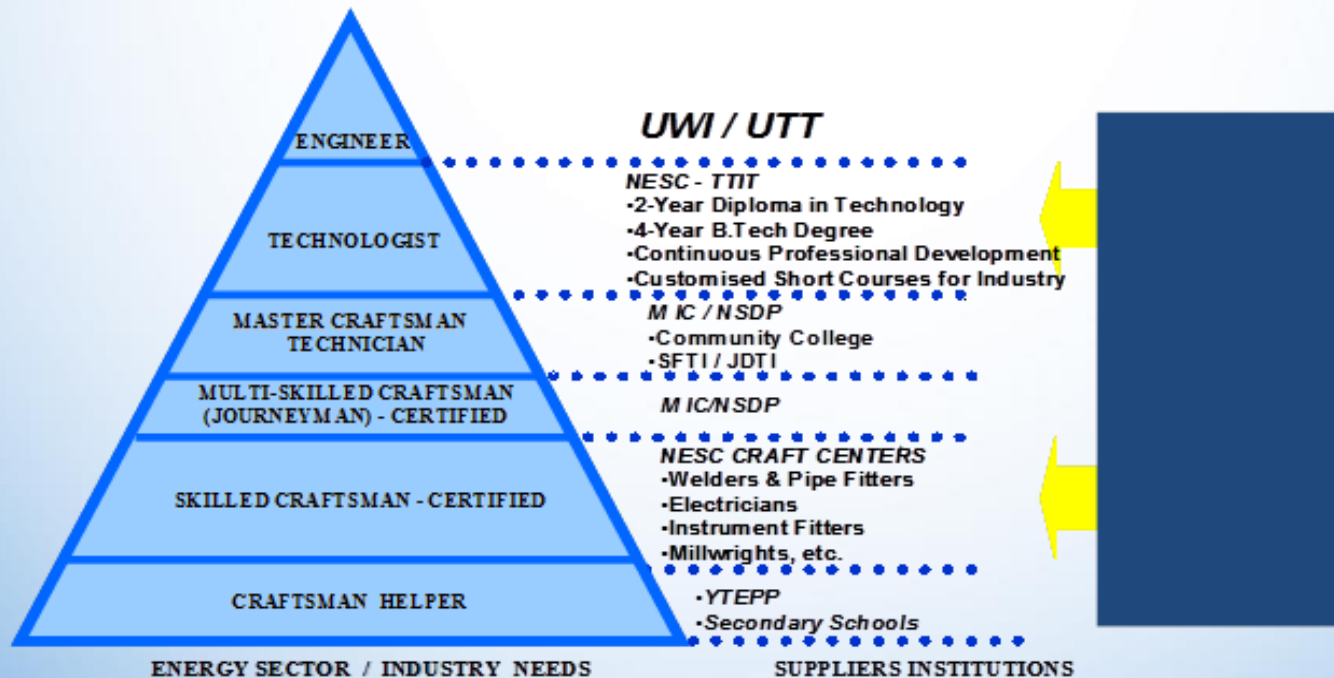


# CONTROL OF THE CLUSTER

- By mid 1980's international oil prices fell and economy went into recession
- Liberalization of the economy
- Privatization of state enterprises
- Private sector control

# COLLABORATIVE PROGRESSIVE AGENDA: PUBLIC-PRIVATE PARTNERSHIPS

- In its role as facilitator the Government made several key policy interventions which included:
  - Devaluation of the exchange rate
  - Local Content and Participation Policy and Framework
  - Establishment of specialized training institutions



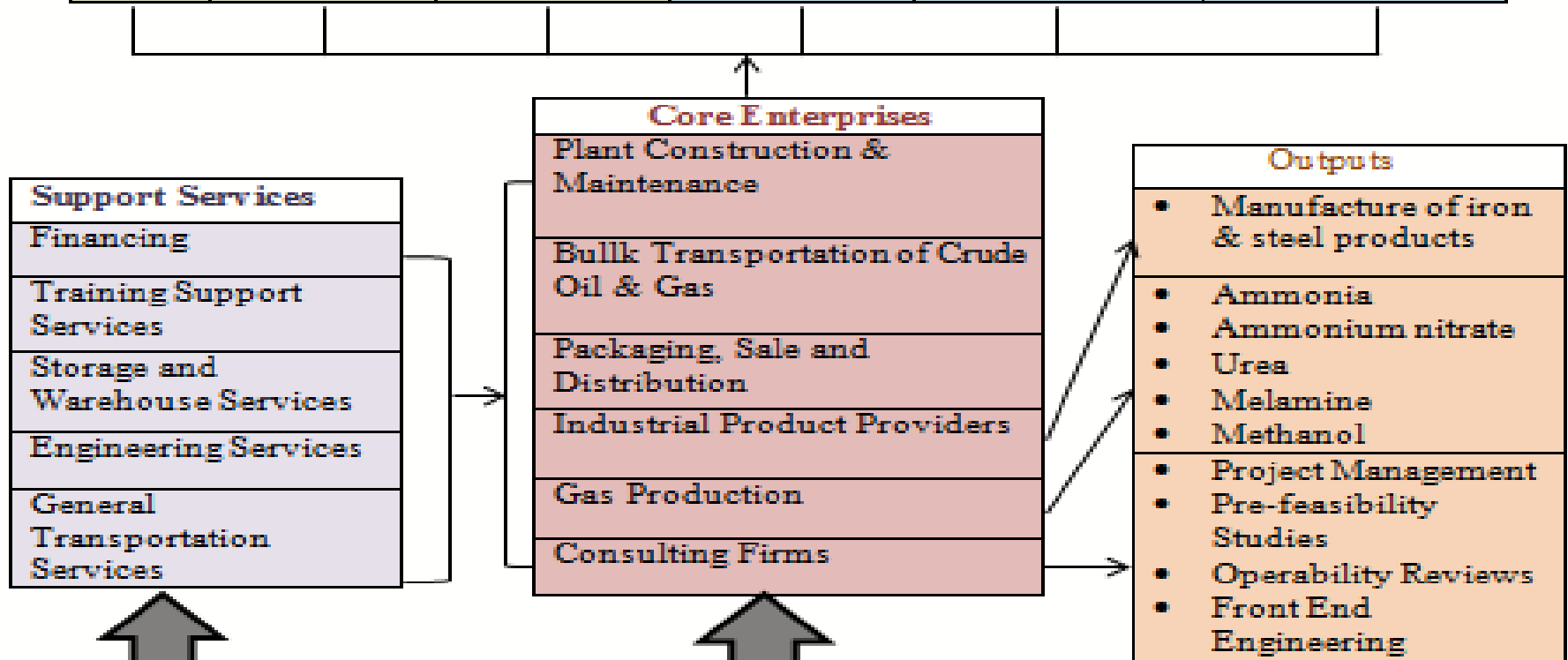
# COLLABORATIVE PROGRESSIVE AGENDA: PUBLIC-PRIVATE PARTNERSHIPS

- 2 notable projects undertaken:
  - Atlantic LNG
  - Phoenix Park Gas Processors Ltd
- Further evolution of the cluster from oil based to gas based economy

### Institutions for Collaboration

### Supporting Institutions

ECTT	Couva/Pt. Lisas Chamber of Commerce	Pt. Lisas Executives Association	Ministry of Energy and Energy Affairs	Ministry of Tertiary Education/UTT, NESC	Ministry of Trade, Investments and Communications
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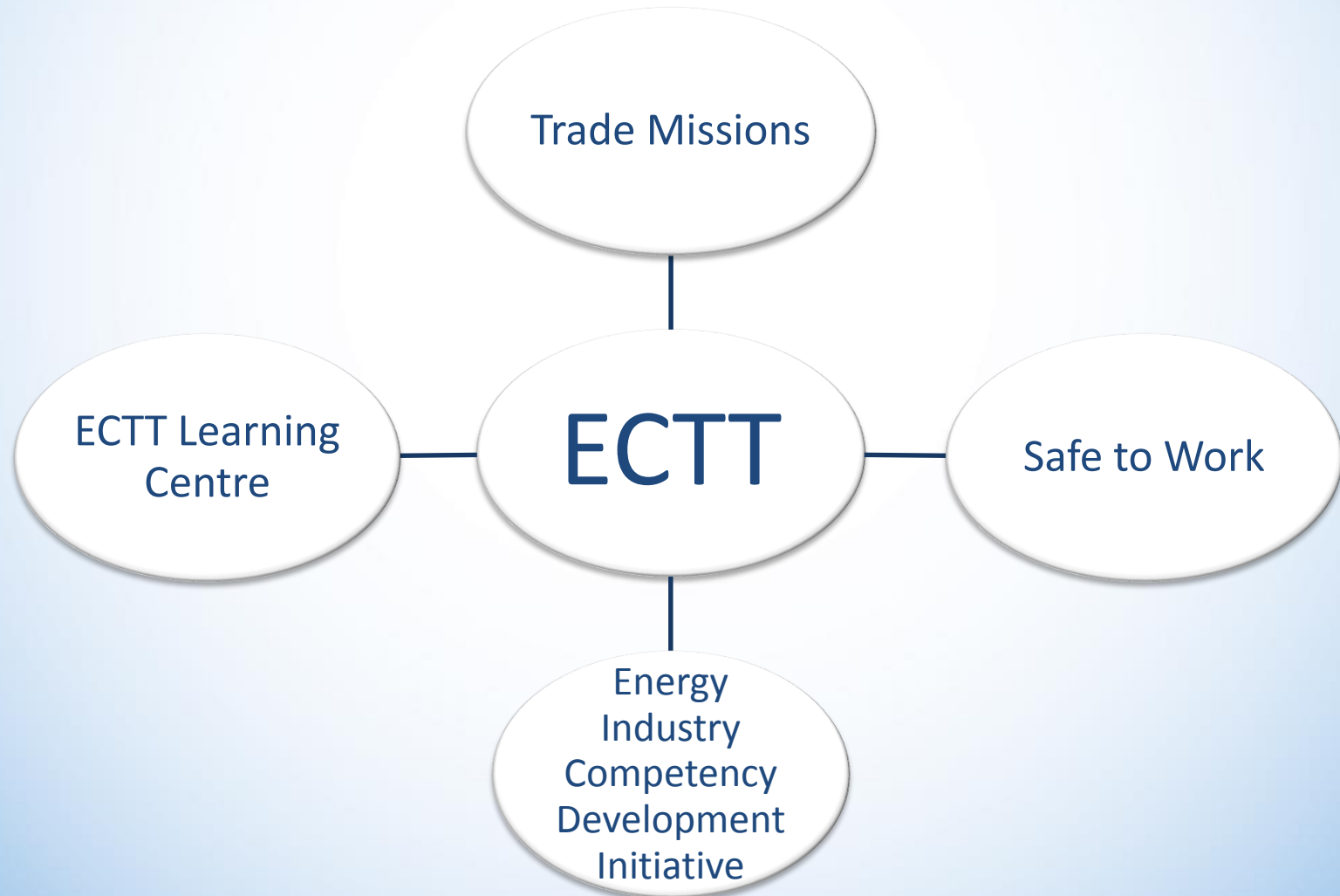
<b>Government (Local and National)</b>				
<b>Community</b>	<b>Couva/Point Lisas</b>			
Supporting Infrastructure	Telecommunications	Police & Security	Utilities	Official Website

# INSTITUTIONS FOR COLLABORATION

- Several main IFCs:
  - South Trinidad Chamber of Industry and Commerce which is now known as the Energy Chamber of Trinidad and Tobago
  - Point Lisas Executives Association
  - Couva/Point Lisas Chamber of Commerce

# INSTITUTIONS FOR COLLABORATION

- Main IFC: Energy Chamber of Trinidad and Tobago (ECTT)



THANK YOU