

T&T should have owned more of energy sector

Mariano Browne reflects on country's Independence:



Arthur Lok Jack Global School of Business CEO Mariano Browne

GEISHA KOWLESSAR-ALONZO SENIOR REPORTER GEISHA.KOWLESSAR@GUARDIAN.CO.TT

For over a century, T&T has been in the oil business and for all 63 years of its independence, the nation has leaned heavily on this resource.

As economist Dr Mariano Browne reflected on CNC 3's The Morning Brew yesterday, the question is not just whether the country dropped the ball. It is whether it ever truly held it.

“There’s no question we could always have been further along,” Browne said.

The issue, he explained, lies not in the presence of oil and gas, but in how the country has engaged with the energy sector.

Unlike nations in the Middle East that took bold, hands-on roles in shaping their energy industries, T&T remained on the sidelines—inviting foreign capital, but rarely participating in the risk.

Browne argued that the country has found itself on the weaker side of negotiations with energy companies.

While some Middle Eastern states became active stakeholders—steering the direction of their energy sectors and investing directly in their development—T&T opted to remain dependent on external investors.

“Instead of merely inviting foreign capital, they (Middle Eastern countries) became part and parcel of the risk-taking,” Browne explained.

He acknowledged that the comparison is not entirely equal.

T&T holds less than one per cent of the world’s hydrocarbon resources, a limitation that has shaped its economic posture.

Still, Browne emphasised that the country’s small size and limited reserves should not have precluded it from developing the technological capacity and institutional strength to manage its own energy future.

“We’ve always been on the wrong negotiating end of energy sector companies, whereas some of the companies in the Middle East have decided to take a much more hands-on position in terms of the direction of those companies and also the direction of the sector. What do I mean by that? In a sense that they become active participants. In other words, instead of merely inviting foreign capital, they have been part and parcel of the risk-taking.

“Now, their position is a lot different to us. You have to remember that Trinidad and Tobago has less than one per cent of the world’s hydrocarbon resources. That’s important to understand.

“So there’s always been a difficulty. We’ve always been, in a sense, takers of foreign capital, assisting from investors. And I think that’s a significant difference to where we are and where some of the Middle East investors are in terms of how they have invested and what they’ve invested in... But they have had a lot more oil and a lot more gas, if you want, to take some risks in a way that Trinidad and Tobago did not. Oil and gas is important to the Trinidad and Tobago economy but you have to remember it in the context of our size and that is the issue. We’ve always been negotiating from a position of weakness, in a sense that we don’t control it.

“It may be our mineral resources. It may be in our waters. But we’ve never developed the technology and or the capacity to reinvest and to do it ourselves,” he said.

Browne noted that T&T has often found itself at a disadvantage when dealing with foreign investors who have the money, expertise, and control over energy projects.

“...If you’re negotiating with a foreign supplier or foreign investor who has the money to do everything and you have limited knowledge of what’s taking place. So, it’s a type of investment that we’ve had to do.

“And we have not taken control of our destiny in that regard. And that’s a critical difference between ourselves and what is taking place in the Middle East,” he noted.