

ADDRESS

BY

**SENATOR THE HONOURABLE CONRAD ENILL
MINISTER OF ENERGY AND ENERGY INDUSTRIES**

AT

AUM COMPLEX OPENING

ON

OCTOBER 21ST, 2009

AT

A-U-M AMMONIA PLANT SITE, POINT LISAS



**MINISTRY OF
ENERGY
AND ENERGY INDUSTRIES**
POWER. PROSPERITY. PROGRESS

My Colleague Ministers of Government;

Chairman of the Board of Directors of Methanol Holdings Trinidad Ltd, Dr. Euric Bobb and Other members of the Board;

Chief Executive Officer of Methanol Holdings Trinidad Ltd, Mr. Motilal Rampersad;

Permanent Secretaries in the Ministries of Finance and Energy and Energy Industries;

Mr Adalbert Graff, Head of Petrochemical Industry, MAN Ferrostaal AG

Mr. Joseph Cassidy, Chairman, Proman AG

Mr Andreas Poertner, First Vice President,
KfW-IPEX Bank GMBH

Members of Staff of Methanol Holdings Trinidad
Ltd and contractors;

Specially Invited Guests;

Members of the Media;

Ladies and Gentlemen;

I am delighted to have this opportunity to address you today on what is a significant event in the continuation of the development of the energy sector in Trinidad and Tobago. In 1976, our position was articulated by the then Prime Minister who said:

“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 some limited period. This, the Government has completely rejected,

for it amounts to putting the entire nation on the dole. Instead we have taken what may be the more difficult road that is, accepting the challenge of entering the world of steel, aluminium, methanol, fertilizer, petrochemicals. We have accepted the challenge of using our hydrocarbon resources in a very definite industrialization process.”

Today we celebrate the construction and start up of an ammonia plant which is the first production module of an integrated

petrochemical facility capable of delivering a product mix of ammonia and its downstream derivatives. This AUM complex on completion, will have, in addition its primary ammonia production capability, the capacity to produce approximately 1.48 million metric tonnes of Urea Ammonium Nitrate 32% solution (UAN32%) and 60,000 metric tonnes of Melamine per year which symbolises a new era of gas-based development in our twin island republic.

Trinidad and Tobago celebrated 100 years of commercial petroleum production last year and I wish once again to recognise the work of many of the pioneers of our industry whose selfless efforts have contributed to our vibrant and diverse energy sector which continues to be most highly regarded in the international arena.

This year we celebrate fifty (50) years since the start of commercial ammonia production and twenty-five (25) years since the commencement

of methanol production in Trinidad and Tobago. Perhaps, it is appropriate therefore for us to understand the road we have travelled.

Ladies and gentlemen, ammonia production began in 1959 with the start up of the Federation Chemicals (FEDCHEM) facility in Savonetta owned and operated by W.R.Grace & Co. Ltd. who were the first multinational company on the local scene to be involved in the production of ammonia-based fertilizers. This plant was a 25,000-tonne per annum

ammonia production unit using natural gas feedstock. Later, in a joint venture arrangement with the Government of Trinidad and Tobago, the company commissioned two additional ammonia production facilities, Tringen I in 1977 and Tringen II in 1988, with Government owning 51% of the shareholding.

In 1981, again with direct state participation, ammonia production was further expanded when Fertilizers of Trinidad and Tobago Limited (Fertrin), a joint venture between the

Government (51%) and the Amoco International Oil Company (49%), commissioned two ammonia plants. In addition, in one of our first attempts to go downstream of primary ammonia production the Trinidad and Tobago Urea Company (TTUC) was established and its plant commissioned in 1984 with Fertrin responsible for integrated plant operations and management.

Over the following two decades the ammonia sub-sector has expanded and evolved both in

its corporate character and diversity as well as its technological sophistication by virtue of changes in shareholder interests arising out of mergers and acquisitions and also significantly through the Government's deliberate strategy of divestment to the private sector and creating an enabling environment for the efficient and sustainable production of this commodity. Through these efforts additional investors have installed additional production capacity and we have grown to become the Number 1 exporter of ammonia from a single site with 10 (now 11) world-scale ammonia plants with a total

production capacity for ammonia of approximately 5.7 million metric tonnes per year and a urea production capacity of 0.6 million metric tonnes per year.

Let us now turn our attention to methanol.

Methanol production commenced in Trinidad and Tobago in 1984, with the commissioning of the Trinidad and Tobago Methanol Company's (TTMC's) first plant at Point Lisas, with the Government taking a leading role with a 100%

shareholding. Unlike ammonia, however, our model of development in methanol involved a strong element of local private sector participation. This occurred with the establishment of the Caribbean Methanol Company's plant at Point Lisas in 1993 with the local insurance company, CLICO, accounting for 69.4% of the shareholding, and the remaining partners, Ferrostaal and Methanex owning 25.1% and 10% respectively.

With a review in Government policy in the mid 90's away from majority ownership of these assets divestment was implemented on a phased basis. We moved from being an investor to a facilitator having as our goal, the creation of a competitive framework for companies with desired competencies to create a sector that was world class in the exporting of primary stage petrochemicals. By 1994, Government had divested 31% of its holdings in the TTMC 1 plant to a German consortium, Ferrostaal/Helm. Methanol capacity was further expanded when the TTMC II plant came on

stream in 1996 with the Government and Ferrostaal/Helm holding owning 69% and 31% of the shareholding respectively.

In 1999 Methanol Holdings (Trinidad) Limited (MHTL) was formed to consolidate the shareholding and overall management of the Trinidad and Tobago Methanol Company Limited (TTMC), the Caribbean Methanol Company Limited (CMC) and the Methanol IV Company Limited (MIV). With the addition of the new M5000 plant which is directly owned by

MHTL the combined production capacity is now over 4 million metric tonne per annum. Further, when one combines the production capacity of methanol facilities owned and operated by other corporate entities, Trinidad and Tobago is also the number 1 exporter of methanol and now offers our global customers about 6.6 million metric tonnes per annum in methanol production capacity.

The Government is policy of a competitively priced, reliable supply of natural gas, a stable

political and economic investment climate contributed to Trinidad and Tobago being able to emerge as a major centre for ammonia and methanol production. Strategically located between major market centres in Europe and the Americas this country's reputation for efficient and reliable production and delivery of our products has enhanced our ability to impact on world trade in these commodities.

These achievements over the last 50 years in our petrochemical manufacturing industry as

significant as they are, are not enough. We have to continue innovating and evolving, and we must continue to position ourselves to withstand the effects of changing global conditions and markets. Our vision as a Government is to continue to develop the Energy Sector to provide a platform for the development of our people, local enterprise, the capital market, innovation and technology.

Our vision for Trinidad and Tobago is to achieve developed nation status on or before the year 2020.

We intend to achieve this by pursuing five (5) broad objectives. They are:

1. Developing Innovative People
2. Nurturing a Caring Society
3. Enabling Competitive Business
4. Investing In Sound Infrastructure and the Environment and;
5. Promoting Effective Government

The development of the gas-based petrochemical industry and indeed the implementation of this project is consistent with the objectives of developing innovative people and enabling competitive business. As a society we seem to have missed the fact that the leadership of a majority of the enterprises comprising the sector today are made up of nationals who began their careers at these facilities and contributed to its development. In so doing we now have a global presence. It is now commonplace to encounter nationals either supplying critical services to or occupying key

positions in the organisations of many world-class operators.

As we continue to build a sustainable economy and we leverage on the development of the downstream energy sector the government policy position is that new industries must utilise our natural gas resources for creating products further downstream in the petrochemical value chain. In addition to ammonia based derivative products, we are currently conducting evaluations on establishing a plastics

manufacturing industry based on methanol to polypropylene. This has the potential to create a new chain of competitive business opportunities for our talented and innovative people.

Manufacture of these products will facilitate local technological innovation and the creation of new skills. This allows us to move our energy sector beyond being only providers of raw materials to manufacturing – a goal that we've

had for many years, and one that is key to our future developmental agenda.

We see this objective as contributing to four (4) key elements:

(1) The generation of additional employment both during construction and subsequently for operation and maintenance of the facilities;

(2) The creation of additional skill sets many of which are transferable to other sectors of the economy;

- (3) Creation of new business opportunities for key service providers;
- (4) Production of a more diversified product mix comprising derivative products which may buffer the effects of volatility in the global commodity markets.

Ladies and Gentlemen, I therefore highly commend the leadership of MHTL for their unique demonstration of vision, initiative and confidence in pursuing this an innovative business model.

A methanol production company literally crossing the stream into an entirely different marketplace, very dissimilar to the traditional business model.

Additionally, an important element of the company's bold decision to diversify its product mix is the production of the synthetic polymer, Melamine, in addition to the other fertiliser based speciality products.

Like almost all other commodities, Ammonia, Methanol, Urea, UAN and Melamine markets experienced declines in the last quarter of 2008 due to global economic conditions and prices are presently at low levels due to reduced demand. With rising commodity prices expected later this year and into 2010 from increasing economic activity and expected global recovery, we are well positioned to benefit from reawakened trade and to access available markets.

I therefore wish to congratulate MAN Ferrostaal AG, Proman AG (Trinidad) Ltd and Industrial Plant Services Ltd for a job well done on the completion of this plant.

As our nation continues along the path that takes us to our goal of being a developed society, we will continue diversifying further downstream of the ammonia or methanol value chain. We continue to look to other avenues in the diversification of our economy to give us the best chance to achieve success in the ever-

changing global environment. The Government of Trinidad and Tobago will continue in its role as either investor or enabler in supporting the growth and diversification of our downstream energy sector. We will continue to facilitate private sector activities through our various agencies (the Ministry of Energy, NEC, NGC etc). We believe that our future depends on our ability to find solutions together recognizing that neither of us can succeed and be effective without collaboration and trust.

I once again congratulate the Leadership of this project and this company and I look forward to our ongoing dialogue as we create a new future for the people of our beloved Trinidad and Tobago.

Ladies and Gentlemen, I thank you.

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