



**Government of the Republic of Trinidad and Tobago
MINISTRY OF ENERGY AND ENERGY INDUSTRIES**

SPEECH

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MINISTER OF ENERGY AND ENERGY INDUSTRIES

ENERGY CHAMBER'S 3rd LOCAL CONTENT FORM

CARA SUITES HOTEL AND CONFERENCE CENTRE

CLAXTON BAY

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Good morning. It is indeed a pleasure for me to open the 3rd Local Content Forum hosted by the Energy Chamber. I wish to thank the Chamber for affording me this opportunity to address you on the Government's Policies and Strategies for increasing the level of Local participation in the Energy Sector. Given my passion for this subject, I deeply regret that my schedule did not permit me to be present at the forum as an active participant in the discussion. I am nonetheless grateful to the Chamber for allowing me to deliver this video presentation.

Firstly, let me congratulate the Energy Chamber for the initiative and foresight in the hosting of this Forum. Past editions have been instrumental in identifying local content opportunities in the energy sector both domestically and internationally, fostering the sharing of information and encouraging cooperation between local and foreign companies. This forum has proven to be a useful mechanism for engendering business activity among the various industries within the domestic energy sector

The current Local Content & Local Participation Policy and Framework was launched in 2004 and by 2006 the government appointed a Permanent Local Content Committee to closely monitor the various activities in the energy sector to ensure that all energy projects included opportunities for the development of the expertise of nationals and the maximization of the level of local content and local participation.

The goal of the policy framework was not to simply capture value through fiscal measures in the form of taxation and the direct participation by Government but to incorporate other measures such as the maximization of the depth and breadth of local control and financing, maximization of the usage of local goods and services and local capability development.

The TOFCO Fabrication Yard, as well as the significant level of local input into the Atlantic LNG project stands out as major achievements coming out of the Policy and Framework.

Domestic investment in these projects came from both the government and local private sectors through the building of the fabrication yard at La Brea, the development of training institutions, training of our people and procurement by our businessmen of equipment, technology, facilities and know how.

Despite the significant levels of domestic and foreign investments, however, the model failed to create a sustainable local service industry, notwithstanding Trinidad and Tobago's globally competitive local capabilities.

In recent times, in spite of obligations in Production Sharing Contracts and under the existing Petroleum Act and Regulations, such signature successes have not been pursued or replicated and the Permanent Local Content Committee has in fact become inactive and non-functional.

It is my commitment as your new Minister of Energy and Energy Industries to reverse that trend.

Government's policy on local content has been clearly and precisely articulated in our manifesto. The policy statements are as follows:

Facilitate and encourage the growth of locally owned energy sector companies through appropriate fiscal and monetary incentives and concessions.

Maximize local content and local value added through appropriate guidelines and legislation.

Ensure that the local private sector obtains a larger share of the activity generated by the energy sector, especially in exploration and production, in addition to more traditional areas such as fabrication, remediation, construction, design, logistics, well services, platform operations and maintenance and support services.

Accordingly, it is anticipated that with the legislation we will establish processes and a framework to enable transparent measurement, management and reporting on the value of local content to ensure we attain greater local penetration in all aspects of the sector.

Government will support and encourage local professionals and service companies to export energy services to new and emerging oil and gas producing countries, particularly in CARICOM and in Africa.

Prior to adoption of new legislation, there will be wide consultations with stakeholders to ensure that the legislation captures Government's stated objectives of local participation at all levels in the Upstream and Downstream energy business.

To drive this process, the Permanent Local Content Committee is being re-established with the following mandate:

1. To review the current Local Content and Local Participation Policy & Framework with a view to ensuring that maximum value is retained from the depletion and disposal of our natural resources, that represent a significant capital asset and must contribute to our future generations
2. To advise on the appropriate instruments, legal or otherwise, to ensure adherence to The Local Content Policy.
3. To establish a suitable Local Content Monitoring entity to closely monitor activities in the energy sector and report on the level of energy sector investment that is captured locally.

4. To review all existing arrangements that may be in conflict with the proposed Local Content Legislation
5. To seek to attract our Diaspora in the Upstream/Downstream sectors to return to serve the country
6. To develop mechanisms for the access to competitive financing to local energy companies
7. To establish a database for local content that provides a reference of local goods and services supplied by local companies.
8. To define metrics and establish targets to measure upstream performance and percentage of in-country expenditure.

It should be noted that the Ministry has an obligation to ensure that all participants in the sector perform their activities in a manner that best facilitates our stated policy objectives.

Whilst we are currently in the process of developing a governance framework and system to support this, we do require operators and contractors in the local value chain to conduct their operations, and report their activities that impact local content, capacity development and participation, in conformity with the Petroleum Act and Regulations.

As such, the Ministry of Energy and Energy Industries will be requiring all companies to report, *inter alia*, on the following:

1. The extent of local content and capacity development for the past year and plans for future years at the Annual Technical Meeting

2. Human Resource capacity development for staff, such report to include succession planning for expatriates operating in T&T on work permits and for activities conducted outside of T&T which are charged against T&T operations
3. Education, training and research and development support for public institutions in T&T, including in-house training and support for own employees and contractors, and any research that is funded by the T&T operations, whether conducted in T&T or not
4. Supply chain management activities and procurement strategies that address local supplier development and domestic supply chain improvement
5. Benchmark of company activities against similar operations in other countries
6. Organizational charts showing locals vs foreign employees and reporting lines so there is a clear understanding of the roles played by locals so as to ensure clarity in measuring and assuring transfer of technology and know-how
7. Competency requirements for roles in which expat staff are currently engaged

All of these will be extended to multinational contracting firms as well.

It is my intention to ensure that all companies operating in the oil and gas value chain are properly licensed, as required by the Petroleum Act and Regulations and that local content and capacity development obligations are a condition of such licenses.

The Ministry acknowledges the significant investments which the multi-national companies are making and continue to make in Trinidad and Tobago. It is anticipated that improved data collection and monitoring will be instrumental in ensuring that the real value of your investments made in the local sector are fully captured and accredited to you.

There is much work to be done and this Local Content Forum is an ideal space to continue meaningful dialogue on improving Local Content and Local Value Added. I am optimistic that you, the participants who comprise significant elements of the oil and gas value chain, will seize this opportunity to commit to positive changes in the approach to Local Value Added.

I trust that I have made my intentions clear. I shall follow up with letters to the oil and gas operating and services companies, describing the mechanisms that the Ministry will put in place to immediately start the process of increasing oversight of local content and capacity development.

I look forward to recommendations from the Forum in support of our stated policy objectives.

Ladies and gentlemen, I thank you and may God continue to bless our nation.