

SENATE

Tuesday, September 29, 2009

The Senate met at 1.30 p.m.

PRAYERS

[MR. PRESIDENT *in the Chair*]

ORAL ANSWERS TO QUESTIONS

**Gang Violence
(Details of)**

The following question stood on the Order Paper in the name of Sen. Dr. Sharon-ann Gopaul-McNicol:

- 150.** A. With respect to gang violence in Trinidad and Tobago, could the hon. Minister of National Security provide the Senate with the details of the model being used to combat the problem; and
- B. Could the Minister also provide the Senate with any evidence of the success of the model being used in other countries, particularly in the Caribbean, Britain, United States of America and Canada?

Mr. President: Perhaps we could defer that if she comes?

Question, by leave, deferred.

Adoption of Children

- 169. Sen. Gail Merhair** asked the hon. Minister of Social Development:

Could the Minister indicate to this Senate:

- (i) The number of children who have been adopted within the last five years; and
- (ii) The number of children still cared for by the State?

The Minister of Energy and Energy Industries (Sen. The Hon. Conrad Enill): Thank you, Mr. President. This answer is not now with me and so I do not have a status on it, so let me ask for a deferral of one week.

Question, by leave, deferred.

Justice System
(Greater Efficiency and Effectiveness)

170. Sen. Gail Mehair asked the hon. Attorney General:

Could the Attorney General advise the Senate of the steps taken by Government in the last five years to ensure greater efficiency and effectiveness of the justice system in Trinidad and Tobago?

The Attorney General (Sen. The Hon. John Jeremie SC): Mr. President, I seek a deferral of one week for this question. It has been approved, but I do not have it with me. Sorry.

Mr. President: If it has been approved, could you do it at the next sitting which will be on Thursday?

Sen. The Hon. J. Jeremie SC: Yes, Mr. President, or perhaps I can even try to get it before we stop question time today.

Mr. President: Very well. Thank you.

Question, by leave, deferred.

National Food Crop Farmers' Association
(Existing Relationship with Ministry)

171. Sen. Gail Mehair asked the hon. Minister of Agriculture, Land and Marine Resources:

Could the Minister indicate to the Senate the nature of the existing relationship between the Ministry and the National Food Crop Farmers' Association?

The Minister of Agriculture, Land and Marine Resources (Sen. The Hon. Arnold Piggott): Mr. President, this answer will be ready within two weeks for certain.

Question, by leave, deferred.

The following questions stood on the Order Paper in the name of Sen. Lyndira Oudit:

Insurance Companies
(Central Bank Monitoring)

183. Could the hon. Minister of Finance inform the Senate, how the Central Bank is able to ensure internal and external monitoring of Insurance Companies, with particular reference to:

- (a) claims filed; and
- (b) disbursement of pension funds?

**International Organization of Migration
(Benefits of Funding and Training)**

- 184.** Could the hon. Minister of Foreign Affairs indicate to the Senate, how the Ministry of Foreign Affairs proposes to benefit from the funding and training to be made available to this country through the International Organization of Migration (IOM), as a consequence of becoming a member in June, 2009?

**International Organization for Migration
(Details of Resources)**

- 185.** With respect to membership in the International Organization for Migration (IOM), could the hon. Minister of Foreign Affairs indicate to the Senate the measures presently in place to detect, gather evidence, collate data on and to counter human trafficking in Trinidad and Tobago?

Sen. Wade Mark: Mr. President, I beg that we defer these three questions in her name, and we will take them on Thursday because she is not here as yet. Yes, on Thursday.

Mr. President: Very well. Then we will do the Attorney General's question on Thursday as well, which is also ready.

Questions, by leave, deferred.

**EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE
[Second Day]**

Order read for resuming adjourned debate on question [June 23, 2009]

Be it resolved that the Government of the Republic of Trinidad and Tobago take immediate steps to give effect to proposals of the Extractive Industries Transparency Initiative (EITI) through appropriate legislation and administrative action in respect of statistical reporting of oil, gas and mining revenue payments made to the Government of Trinidad and Tobago by the various companies involved in the exploitation of our natural resources in order to promote energy revenue transparency which has been deemed a non-partisan issue by EITI.

Question again proposed.

Mr. President: A list of those who spoke: Sen. Wade Mark, the mover of the Motion, Sen. The Hon. Conrad Enill, Sen. Dana Seetahal SC and Sen. Raphael Cumberbatch. Members who wish to contribute may do so. Sen. Basharat Ali.

Sen. Basharat Ali: Thank you, Mr. President. I am pleased to make a contribution to the Motion before us. It is a subject about which I knew nothing when we first started, but on which I had to do some work. So I start with the chronology in fact, and what is the EITI, the Extractive Industries Transparency Initiative. And the definition that is given by the EITI is, it is “a global multi-stakeholder initiative that brings together developing country governments, donors, companies, investors, civil society organizations and the international financial institutions to increase transparency in the extractive sectors in developing countries.” That basically is what the EITI is.

Mr. President, we have been involved from the very onset in this exercise, in the setting up of EITI, and I learned subsequently that we were one of the first people who achieved the position of a candidate country. Once again, we have to say what it is, when one becomes a candidate, and then they have to go through a process of validation, and then they become compliant. That is the process for someone or any country—it is a developing country really and that is what it says here—will go through, in order to reach the stage of compliance. It does not end there, because the validation process has to continue at intervals for them to maintain their compliance position.

According to the information from the United Kingdom, the Department for International Development (DFID), EITI was launched in Trinidad and Tobago on January 12, 2005, and the people who were doing the launch were, Sen. The Hon. Christine Sahadeo, Minister in the Ministry of Finance, and the Hon. Eric Williams, Minister of Energy and Energy Industries. I will read here from the next paragraph of this release because it says:

"Speaking at the launch, Minister Sahadeo noted:

'It is in our interest as a developing nation that we overcome the many barriers so as to ensure that we take full advantage of the opportunities that our resource wealth presents to increase our prosperity and improved living standards.'"

Minister Williams had the following to say:

"Today's launch of the Extractive Industries Transparency Initiative here in Trinidad and Tobago is hardly surprising. It is but the latest foundation stone in the overall project of laying up a firm foundation on which trust in the institutions of governance can be built."

I think those are quite striking statements in my view, but we heard nothing about it until this Motion came before us. So, this was from January 2005, till

when this Motion was filed, and the debate started on this on June 23, 2009. Therein, we started to hear a lot of things, because as I said, we did not hear anything before that.

Sen. Mark on that occasion really outlined what EITI was and how it functioned and whatnot, and prosecuted his argument that we need to do what was in his Motion. Sen. Mark was followed by the hon. Minister of Energy and Energy Industries, and this is where we started to get little hiccups. In fact, our Minister of Energy and Energy Industries in the very early part of his contribution dropped a small bomb, a mini bomb I would say, and on a prompt he said that Trinidad and Tobago, originally an EITI candidate, established a steering committee in April 2006, to implement the initiative as a pilot project. On August 31, 2007, it agreed to implement EITI on a plan of action derived by the Steering Committee. The Minister's contribution goes on to say that the Chairman of EITI, Mr. Peter Eigen—[*Interruption*]

Hon. Senator: Who?

Sen. B. Ali: Peter Eigen, I think. E-I-G-E-N is his name.

Hon. Senator: From where?

Sen. B. Ali: I am not too sure.—had written to him indicating that Trinidad and Tobago had been removed from the list of candidate countries for failing to meet the deadlines. So, this is the first small bomb, in my view, that we had been delisted by EITI, and we seemed to have been very upset. We were on the list as a candidate from 2005 to December 31, 2007. I only started following this up very much later and I could not see our name. This is why very early in the Minister's contribution, I asked, and "Where are we in this", and he said he will tell us later. And this is what it came about, that we were actually delisted and Dr. Eigen said that Trinidad and Tobago having failed to meet the deadline, will be placed on a pending list until December 31, 2007, after which, the country would be compelled to reapply to be part of EITI. This is what the Minister said in his contribution. But when you look at it, the Chairman of the Board of EITI was acting in accordance with the whole procedure, because here in another document from EITI, they speak of validation deadlines. Here is what they say:

There are currently 23 countries—at that time when this article was available—it is an EITI requirement that candidates complete a validation within two years. Countries that demonstrate their compliance with EITI or demonstrate substantive progress towards achieving this goal, will receive international recognition for their efforts and achievements. If validation is not completed or if

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the validation shows there has been no meaningful progress towards achieving EITI compliance, the EITI board will revoke that country's candidate status.

So this is what has happened and we seemed to have been piqued about the fact that we had been delisted, and that they have said, "Okay, we will put you in a pending list and if you want, you can reapply." But from all accounts, Trinidad and Tobago went on a high horse and said, "Well, we are not going to bother with EITI." Because the Minister in his long contribution, started to relate how we meet all these conditions of transparency and accountability by our laws, how we do our work and where we publish data, et cetera, et cetera, and then in the long run, he dropped his second bomb. He said in his contribution—I am saying it. It seems that our new stance is that EITI is for those developing countries that are unable to access funding—"and to convince international investors to come into their country." That is, they by and large are perceived as corrupt and our Government seems to want to disassociate itself from these poor corrupt countries who are EITI candidates, and who are listed by the Minister in his contribution as he went along.

1.45 p.m.

So there we are, with this great, big bomb being let out. I must say that I was shocked. I was shocked that we were put in that position, that we have excluded ourselves. Mr. President, EITI is for developing countries. [*Interruption*] Could you give me a chance, please; let me develop my point. We are not with those people; we are with the United States, we are with Canada, we are with Venezuela and the other people who are the big people in the oil and gas sector. Basically he was saying that we did not want to be with all these other people because, "When you look at the listing, those are the people who are corrupt." There are mainly small African countries on that list.

As I said, that was a big bomb. I think there was a lot of shrapnel from that, in this House. For me there was a lot of shrapnel. I felt injured on that day, on the 23, because when that came out I did not know what to say. I was indeed speechless. After doing all my preparation and whatnot, after wanting to make the contribution that we were joining other developing countries in trying to achieve good governance and transparency, by the process which was set out, our Government has said, "Look, we do not want to be them."

My psyche was injured for all that period; since June until now, my psyche has been injured. I am upset; I mourn the position that we have taken. It is almost a position of arrogance, that we are so good, that we are transparent. I do not

know what the yardstick for transparency is, but that is what this is saying, "The others are corrupt, but we are transparent". When we start looking at it, how transparent are we? Only last week Sen. Mark was complaining about royalties, oil and gas, et cetera, which we do not see, and it takes a long time. I certainly do not see them.

In the budget, for example, do we ever see anything, except a global figure, for revenue from taxes on oil and gas? Do we? No; we do not even see a split between them. I agree with the hon. Minister that we have to go by the aggregate; that is the law at the moment, and if we want to do anything else, we could change the law. I do not believe in the sanctity of law. If something is not going right, then we are in a position to change the law. This is what has happened in some of the candidate countries. Nigeria and the new candidate country—I will talk about that one—that is not a developing country, it is Norway. They have also put regulations which compel people to provide these figures. But if we look at those numbers, you do not see anything except one line, "Taxes on oil", most times. Royalties is the same; we do not know.

In fact, up to quite recently, we did not know what royalties we collected. I know because a licensee, like Amoco, for example, paid royalty at some small figure like one and a half TT cents per thousand cubic foot. It just about works out to what the Minister of Finance said, US \$2.75 per million cubic feet. I believe that the then Minister, Dr. Eric Williams, the Hon. Prime Minister, and maybe whoever else it was, negotiated with BP, so that eventually we are now in the position where instead of that one and a half TT cents per thousand cubic foot, we get a certain quantum of gas equivalent—I believe it is 10 per cent—to the amount of natural gas going into LNG. That is what is stated. I think the figure comes up to about 185 million cubic foot per day. That is the number I have in my head from reading through what, at one time, the then Minister, Dr. Eric Williams said. Later on, the hon. Prime Minister also said.

He did not give the number, but he said that was the agreement they had reached, they would give royalty in kind, up to that level, 10 per cent of the amount which is going to LNG; so that is where it stands. I do not know where that is going or how that is being calculated, in terms of being put into the system by the Government. Presumably it is taken in kind and put into electricity, and such other products.

BP does not have anything to do with it again, because that amount is just removed from the amount that they normally would be putting up. So they do not have anything else to do with it; all they do is provide it. The pricing, et cetera,

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and where it goes, is our problem, the Minister's problem. If I ask the Minister what the price is of that royalty gas going in there, I do not know whether he would want to answer me; the royalty from—I was going to say Amoco; Amoco is where it came from in the first instance—BP, I wonder if he would answer that question for me.

That is what we are talking about; we are talking about transparency on royalties; the difference between how much gross revenue we collect on all the oil we produce, and taxation revenue on the same thing. It is the same thing for the natural gas; same thing for gas from production sharing contracts, and all those things. We do not see any of those data anywhere. I do not know where it is. If it is there, it comes out once in a while.

If the hon. Minister says all of that is transparent, it is not transparent to me. It is like if you are in a car and nobody could see you from outside, but you see them very well, and you say, "Look I am being transparent"; as long as you are not naked they would not lock you up. [*Laughter*]

There we are in the situation, with that question of petroleum even; just the basis of petroleum, but we have to go beyond petroleum. We are like bpTT, we are beyond petroleum. We have to go to the next step, what I call the "35 per cent corporations". We have a number of corporations which pay 35 per cent corporation tax by virtue of what they do. Those are the people who, for example, are engaged in liquefaction of natural gas and other items. There are a whole series of items: the separation of NGL, natural gas liquid, and gasoline; that is being done by Phoenix Park Gas Processors Limited; that is 35 per cent tax. The people who make all their petrochemicals and fertilizers; they take natural gas and convert it into that, but we do not know how much tax any of them are paying; except the one company we know about, Tringen, because Tringen has no choice; their accounts come out and you see them. So other than Tringen, it is a blank. It is an accident of fate that they happen to be a state enterprise.

So there are three categories of people: those who produce petrochemicals, fertilizers and the separation into natural gas liquids and gasoline. I am sure it is a big amount, because the volume turns out to be big. I see the volume; the Minister of Energy and Energy Industries gives you all the data in their monthly bulletin. I have to congratulate the Minister for that consolidation which they now do. They sift out the bits and pieces and give you the numbers. So they come up much earlier now in giving you figures which persons like myself could use. That is a very positive step, but it is only partly there. That is only to tell us what volume it is; I want to see the numbers, in terms of money.

A much more potent operation is the National Gas Company. The National Gas Company buys gas, resells and distributes it to final users, who are the same people we are talking about. If you look, you might see a figure, but the National Gas Company has a number of subsidiaries, for example, so you cannot even follow it there. More than that, in terms of gas, there are contracts where they get a bigger amount of money when the price is up, so it is very flexible pricing. Further to that, of course, we sometimes see it in the accounts, how much dividends they are going to pay to the Government of Trinidad and Tobago, as a global amount.

Once again, with all these things we just see some numbers. If we know where to look for them, we will find them.

The National Petroleum Marketing Company is another item. These are all downstream to our extractive industries, which is oil and gas. But even more so, we do not see any accounts of all these plants which consume a large amount of natural gas, and we are always looking at them as projects, and converting them into other products, not petrochemical or petroleum products. I am talking then about the steel project, for example.

We have, I think three steel plants here; two of them may belong to one person and a third one to NUCOR, which I talked about only two days ago. Once again, we do not see any data on it. In fact, the numbers are not disaggregated in terms of what volume they choose. So you see a number, 150 cubic foot goes into steel, and that is as far as you get. I think that is a basic flaw in our system, that all these items are called non-energy or non-oil income, and they really are not non-oil income. They are derived from oil, especially the fertilizers and things like that. It is a conversion process. That is why we get into trouble sometimes, because we treat them as non-oil and when the oil price drops we forget that they are non-oil, they are not gas. Therefore, when oil prices are dropping, their contribution is dropping and it does not show up. That is another story. I think that needs to be addressed very carefully.

From what I know, the Central Statistical Office makes a differentiation for these things, but the financial side does not, so there is a little difference there on this matter. Mr. President, we seem to have the feeling that it is only these little developing countries, et cetera, that have practices which may be thought to be questionable, not transparent, even corrupt. Sometimes we forget that the persons who promote things like transparency, are the people who are out to benefit from it.

Take the case of EITI; you know the first promoter of EITI was Mr. Tony Blair. Mr. Tony Blair was the first promoter of EITI, but he has been considered to be a

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person who has dabbled in such a way with people like Mittal. Let us put it baldly: it is said—and I do not think it has ever been denied—that Tony Blair wrote a letter on behalf of Mittal to a Member of Parliament in Romania, recommending Mittal to buy over their steel business.

2.00 p.m.

I am not saying anything that is not here. This is a Wikipedia document and it is called the Mittal Affair:

"The Mittal Affair began in 2002, when Plaid Cymru Member of Parliament Adam Price exposed the link between UK Prime Minister Tony Blair and steel magnate Lakshmi Mittal. The events are also referred to as 'Garbagegate' or 'Cash for Influence'. Mittal's LNM steel company, registered in the Netherlands Antilles and maintaining less than 1% of its 100,000 plus workforce in the UK, sought Blair's aid in its bid to purchase Romania's state steel industry. The letter from Blair to the Romanian government, a copy of which Price was able to obtain, hinted that the privatisation of the firm and sale to Mittal might help smooth the way for Romania's entry into the European Union."

So what was this for? This was for a big contribution from Lakshmi Mittal. He is not a citizen of the UK and yet his company is like other companies registered there, but it is not only registered there as a company for operating purposes. This has never been denied. It is there and that is why I say these are the people promoting transparency in the extractive industries in the developing countries and yet they go out looking for what they can get for their countries, or for their party in some cases.

That is only one company, there is another one which happens to be the Brown matter—not our Brown, that is another Brown who has now come under fire because of the matter related to Gaddafi and Libya and the release of that Lockerbie bomber who was convicted. And everywhere now it is said and they are not making it too plain, that it is a case of a sweet deal for oil. Libya has one of the sweetest oils, when I say sweet oil, I mean very low for crude oil and very light.

So it is being said, and I have a note somewhere among my papers here which speaks to that matter. In 2007, BP in fact had a deal going with Libya and it is from that time onwards we have had this matter of what they call a burning incentive, because it is pursuing the cause of oil and gas resources and going under the guise of giving humanitarian consideration to a person who is terminally ill. But this is always happening everywhere.

So let us not think it is only us little people who get into that situation because it is always there at that high level. I am not saying that, Mr. Brown has denied everything, but if you read the United Kingdom papers and everywhere else, you will see that they do not necessarily believe him.

So, Mr. President, I look at whatever the hon. Minister has said on this matter and I say I am upset and I would like the hon. Minister to explain why he thinks that Norway, a rich developed oil country, has opted to be a candidate. Why has it opted to be a candidate and pursuing its candidacy very vigorously?

Sen. Browne: They are the singular exception.

Sen. B. Ali: I know they are an exception, and to me, it is very simple; they want to set an example that they do not want to tell these people everything. Because they do not have any of the problems that our Ministers have; they do not need access to the funds or whatever it is. They are there and have plenty more money than we would ever have, their country is stable and their reserves are good.

This is the question I asked myself when I read that Norway had applied. And that is the only reason I can think of, they say we are talking to all these people and we are not doing anything about it so we are going to be a candidate and go through the whole validation process as required by the EITI to become compliant and to continue to be.

I feel that is what we can do as a little country. We can promote ourselves as the little guys who know all about oil and have all this expertise, but let us go to the same countries we are going to, the little African countries where we are offering all our technology and our technical ability, skills, et cetera. If we were in EITI then we would be able to say we have been in this business for all these years and would want to set an example especially to the younger companies in this field.

We know there are countries that have admitted that they have been corrupt and they are much bigger producers than us. Nigeria, for example, but Nigeria took it upon itself to pursue EITI in a very vigorous fashion, and they produce some fantastic reports. They have even changed their laws. They have their EITI Act in Nigeria, the Extractive Industries Transparency Initiative Act.

And my colleague mentioned it the last time when I could not speak, and that is what was done. Liberia has done the same thing, Norway has done pretty much the same thing; I have the document, but it is in Norwegian. But those are the people who say—there is nothing like sanctity of contract. If you have to get things done, you get them done.

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So I applaud Nigeria, they are doing very well, they have discovered that not all the time are they getting all the moneys they should be getting from these companies so they put out these publications every now and then. So those are people for whom I have great admiration, but the first thing you have to do is accept that things are not right in my country. If you do not accept and feel that things are hunky-dory, then you would not do anything.

Sen. Seetahal SC: Like an alcoholic.

Sen. B. Ali: “Yeah”, like an alcoholic. So this is what is happening in Nigeria and I have a couple of their reports. As they go along, they have done two of the so-called validation exercises successfully and they are into their third one, or just about to get into their third one for 2006. So, positive outcomes from a country like Nigeria which everybody says is corrupt. We even say it here, but I want to say they are doing well in that field.

Mr. President, there are others that are striving. As we all know there is one country that is compliant in this whole exercise, and it is Azerbaijan, a small country. I think it may have been prompted by who owned their facilities. I believe that Amoco was one of their first partners in Azerbaijan's resource development and Amoco became BP so this is how BP is now in Azerbaijan and they have been doing well. As I say, they have completed their work; they are compliant and going into their second stage of compliance.

So congratulations to them. It is a slow and expensive process and some countries would like to get it done and they do not have the facilities. For example, Botswana. I believe those of us who are familiar would know that Botswana has a very good resource management system. Their main resources are diamonds and precious metals and they have a very good central banking system, but they do not have the resource to go through and I believe they are being assisted to be able to pursue the process and get it done.

There will be others, there is one which is Kyrgyzstan, it is not an oil company but a mining company and they are also doing very well and they have the will to get it done. That is the point, so this is why I say, Mr. President, we still can go back. We have not lost out. We can put our tails between our legs and say we would like to start again and we want to go through the process as one of the countries that have a long history. We have a history of 100 years of oil and we brag and boast about it. We have had 100 years of oil experience and we would like to share it and one way of doing so is to go through the process with the EITI.

Mr. President, all the time we only hear about the petroleum companies but there are a number of countries which are extractive industries from the mining sector and I just picked out a few that are EITI candidates and sometimes I look to see where they are in the transparency index: Ghana, which is well into that now and, of course, one knows that Ghana is mining in gold and diamonds and bauxite, manganese products.

From our part of the world we have Peru, and when we talk about corruption perception index, Peru is No. 72 on the corruption perception index. We are also 72 out of 180. So we have Peru, which is the sixth largest producer of gold and copper, second largest of silver and also a significant producer of oil and gas.

We have Tanzania, and we all know about the jewels and gemstones Tanzania has. Then there is Zambia, the largest copper and cobalt deposits are in Zambia; Mali, gold, uranium and salt. Well, we talked about Kyrgyzstan with its deposits of coal, gold and uranium. Mozambique, has a long list of mineral resources attached to them and they encourage people to come.

There are now companies like Rio Tinto and CVRD from Brazil and BHP Billiton is there working on concessions, so there is quite a lot of interest in Mozambique which is also a candidate and heads the top of the list in terms of CPI, and we even have small Madagascar.

2.15 p.m.

So let us not feel that we are the big ones who are free and who have nothing to hide; let us get to the position where we have nothing to hide. So, as I said, there is a golden opportunity. We have technical savvy and we have a history. Let us use it to come forward to say, "Well, okay, we are one of the developers; we are one of the leaders in the emergent nations in the world who know how to handle our resources, who handle them capably and who can assist others in the whole development process as we go along.

That is about what I would like to say on this issue and I thank Senators for listening to me. Thank you very much. [*Desk thumping*]

Mr. President: Hon. Senators, I have granted leave for the Attorney General to make a very brief statement on a matter.

**STATEMENT BY MINISTER
Abu Bakr Affidavit
(Opinions in Support of Position)**

The Attorney General (Sen. The Hon. John Jeremie SC): Mr. President, during the course of my budget contribution I undertook to lay two opinions

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before the Senate to support the position which I had taken in respect of the Order of the court to produce the Abu Bakr affidavit.

The Senate will recall that I had criticized that Order. I have today complied with my undertaking to produce these two opinions. The Senate will note that one opinion is dated September 25th, 2009. That is the date on which the formal opinion was received by me, but at the time of giving my undertaking I had already had informal advice on the matter to that effect.

Thank you.

EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE

Sen. Mohammed Faisal Rahman: Thank you very much, Mr. President. I rise, Sir, to support the Motion:

Be it resolved that the Government of the Republic of Trinidad and Tobago take immediate steps to give effect to proposals of the Extractive Industries Transparency Initiative (EITI) through appropriate legislation and administrative action in respect of statistical reporting of oil, gas and mining revenue payments made to the Government of Trinidad and Tobago by the various companies involved in the exploitation of our natural resources in order to promote energy revenue transparency which has been deemed a non-partisan issue by EITI.

I would imagine that if our beloved country were to discover additional natural resources along the way that these will come under a similar course of action whereby EITI will become operative to the benefit of the country. When we enter into debates, very often we are required to produce supporting evidence for the arguments that we put forward. But I have found that there is an underlying perspective which runs through every single activity and course of action that the Government takes. It is a factor which must always be borne in mind and it is a factor that is self-evident, that does not require proof but which, in fact, is in our face and stands out before us and which, in a most amazing circumstance, appears to be the most denied factor that governments, and in particular this Government, seem to bring their minds to dampen and to deny.

I am referring to the human factor which tells us that if you are going to form a community, even before you have crime you establish a constabulary and you set up a justice system, because you know you are going to be standing in need of those institutions. I am standing in a Chamber filled with believing men and women and we all know that man is a creature that has fallen from grace by virtue

of his very nature. I have always written and said that we do not have angels running governments, state corporations or special purpose state enterprises, least of all, so that we may sit back and leave matters in their hands so that they may discharge whatever they wish to discharge, or neglect to discharge whatever they prefer to not discharge. So that they may, in their human weakness, use the funds of their employer to defend themselves against the actions of the very employer, and I think the House knows what I am taking about.

EITI is an awakening, an awareness that had dawned upon former Prime Minister Tony Blair, even in his own moments of human weakness and even in his own human nature coming to realize, perhaps, "If I could be doing this, I wonder what would be going on elsewhere".

I have a strong feeling—you know, Dr. Eric Williams wrote his book, *Capitalism and Slavery* and in that book he postulates that it was not benevolence and the milk of human kindness that inspired the abolition of slavery, but it was a capital necessity, a necessity of capitalism. It is my considered view that this development of EITI, born in the mind of former Prime Minister Tony Blair, may well have come about as a result of a force of circumstance where, in the activities of British companies globally, they were beginning to run into situations where they were facing corrupt officials demanding from those corporations kickbacks and special arrangements for their own benefit, which would have forced Prime Minister Tony Blair to come to the conclusion that unless we want a situation where our own countries eventually will be hauled before international courts for breaking all sorts of rules and laws and adding to corruption, let us stem the tide by getting ourselves imposing upon those nations the idea of Extractive Industries Transparency Initiative accounting so that we may obviate what lies ahead of us in the future.

If that was what has happened, and I do believe it may well have been, that was a very wise course of thinking. In the past, when moneys were embezzled or misappropriated in Trinidad and Tobago in prior administrations here, we have had to go to Toronto to recover funds that rightfully belonged to this country. And that brought into disrepute Canadian personnel as much as it brought into disrepute Trinidadians who were corrupt.

You know, I said this before and I am going to say it again: God works in mysterious ways, and perhaps to preserve us small nations from the corruption that is endemic globally, he has put it into the minds of these corporations and prime ministers that they should take in front before in front take them and start off by giving information and expecting information which will circumvent this corrupt practice. And none too soon, because we have heard of the largesse that

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has been accumulated by so many oil producing African States and the sons of leaders and so on. I find it very tedious to go back and call names and call projects and so on, but you know, again, that is one of the self-evident truths. We know it is a fact, well publicized in the press of the world and undenied.

So that EITI, having been launched—was it in 2006?—2005—has become one of those self-evidently beneficial institutions that are beginning to snowball in their operational development. I want to say this. Our Government can take whatever position it wants, however contrary to its original declared intent; it can contradict itself; it can go back on its promises and renege on its intentions, because Minister Sahadeo and Minister Eric Williams, who later, unfortunately, became discredited—again, here we have a case where somebody is standing up for integrity and in the meantime finding himself in hot waters, as events would prove. But those people who went ahead and committed our country to participation in the EITI initiative on behalf of the Government, which was, I would presume, in agreement at the time because, surely no Minister could have taken it upon himself to enunciate national policy on behalf of his Government which would not have been pre-approved—but, clearly our Government has lost enthusiasm for this initiative and here we have today—well, when I say, today, in the course of this debate—the present Minister of Energy and Energy Industries almost sneeringly pronouncing upon the backwardness and primitiveness of the African States that really deserve this to be pushed upon them and behaving as if we are a First World nation: "God forbid, we cannot be involved in that sort of nonsense; we are above that."

Well, I do not know that the facts bear that position out at all, because right now we have a commission that is under siege and we are going to be having to validate something shortly. I mean, corruption in this country is in our face and, unfortunately, on the International Perception of Corruption Index, we rank a very abysmal 83rd. Now the position of 83rd by itself does not damn us; what damns us is the score that we carry in this position of 83rd. The score is from zero to 10, 10 being squeaky clean and zero being highly corrupt and the yardstick is a score of 5, that is the number Transparency International considers the borderline figure distinguishing countries that do not have a serious corruption problem.

Our very unfortunate score is 3.4. So I do not know how we could stand up and say that we are above that. The reality is that we are shamefully in need of pulling up our socks and taking stock. Because even if this Government felt that in its present incarnation it was a noble, squeaky clean, upright and integrity-full, righteous Government, surely it must know that fallen man will succeed its own perfection and that later along the way we are going to have a need that they are not prepared to admit.

So if only from a position of foresight to preserve the succeeding generations of this country, this Government should look toward the establishment of an Extractive Industries Transparency Initiative programme, implementing its laws. Because, as I was saying earlier, it may not want to do it at that stage for all sorts of reasons, but this EITI is gathering momentum. From 2005 to now, they have been able to tighten up and say, "No, you are not serious and you have not followed up your candidacies and so on."

2.30 p.m.

You know they are not going to leave it there because these are international companies and I think that one of them has already begun to publish its figures in Trinidad much to the discomfort perhaps, of the authorities. This is a requirement in law in some of the First World countries, that these companies do in fact publish the amount of money they pay to the countries.

The point I was making is that this is a developing movement which may soon come to the very unpleasant and uncomfortable point where, as in the case of money laundering and other legislation we have to hurry now to meet deadlines for, otherwise we would get blacklisted internationally and lose our credit rating involuntarily. Give it another year or two and EITI will start to use those same measures and not only demand, but demand with menaces that you conform or face a blacklist and lose your status, credit rating and investors.

We could run but only for a little while. We would not be able to hide. There is no nook or cranny into which we secrete ourselves to escape the storm of EITI because of the self-evident benefit of EITI's establishment. It is very clear for all the nations to see and the people of the world who are beginning to see the benefit of the transparency involved in this matter, this is going to spread like a positive contagion or whatever is the antithesis of contagion, what do you call it, an epidemic of goodness.

Nations of the world are going to say no. We could be doing much better. Before I forget, I want to say that the very fact that this Motion has been brought by the Leader of the Opposition in the Senate is indicative of the responsibility of the United National Congress over matters of national importance which would redound to the benefit of the national good. This is something of which we on this side can be very proud. What is very interesting is that it tips the scale further on our side because the Government is so much against this measure that something that is so self-evidently good and beneficial should be frowned upon and be told, "Nah we above dat. Dat good for dem backward people in Africa."

That is what they say. The majority of our colleagues on the Government Bench have their roots in those very countries. What makes them believe that they have evolved genetically to cause the people of this country descending from that country and the Asian countries to behave any better than our forebearers and roots countries have produced by way of people? The reality is that any time people are surrounded by wealth and resources, you would find a certain percentage with their hands in the till. It is a natural thing.

All we are saying is that EITI will provide a curtain to prevent that sort of aberration because when a country starts to lose its resources and foreign exchange through corrupt members, it becomes a haemorrhage. I think that Haiti was one of those countries. Many a time, even without natural resources a country receives foreign aid. As a matter of fact, in the Latin countries in South America, so many countries went to the IMF, got billions of dollars in bail-out and the benefit of the moneys that were received by the countries did not go to develop the country to the benefit of the citizens of the country. The officials of the government hid funds in their accounts in different states in the United States and left the country not only without resources, but also burdened with the debt to repay together with the interest to the IMF.

It is a recurring thing that officials who may very well be men of great integrity become corrupt when placed in a corrupt environment that conduces to corruption. You know they say one bad apple spoils the barrel. All the apples do not have to be bad, but put the first one with the fungus or the decay and soon you would have so many bad apples in the barrel. I do not know. We have had such a confession of guilt in the past emanating from former officials of the current administration's antecedents that I do not know what we can expect by way of corruption becoming exposed as we go along.

Let us become aware that the corruption perception of Trinidad and Tobago is very, very negative and we should start to move in that direction where we present ourselves for examination. There is a Global Integrity Report in which many countries participate. This is a report prepared by economists and professionals from within a nation to present to the world and be included in this Global Integrity Report to show where the people of consequence in the country consider their country to be. While we have Albania, Algeria, Angola and all these other countries in the world, you do not find Trinidad and Tobago. Trinidad and Tobago is not listed. We are below the radar. We are nowhere near being interested in matters of integrity.

Why am I talking? We do not even have an integrity commission. We have a double-failed, a severely-failed integrity commission institution in this country.

We have integrity omissions, unfortunately. I hear some laughter and I think that I want to laugh too, but this is a crying matter. We do not have a leg to stand upon to say that we do not need EITI. As a matter of fact, we stand condemned. One of the things that EITI promotes is the state of your nation; ability to deal with crises and attract and invite investors. We can now go to the United Nations and tell an empty hall that crime is a big problem for us in Trinidad and Tobago and suggest that it is a big problem for the rest of the world, when the rest of the world is becoming civilized and reducing crime and we are going there to trumpet to the world that we have a big problem. We do have a big problem.

Murder, we have almost passed last year's figure despite the repeated reassurances of the Minister of National Security. We are going to exceed if the graph continues to climb. "We go pray too. I'll pray as well." What do they say about statistics? It is something like lies and damn lies. Statistics, lies and damn lies. Let me tell you that it is very hard to stop the graph line from continuing from the figures that you have been putting there all the time. When you are going by the month and number, month and number and it is taking a constant curve, something dramatic has to happen.

The most dramatic thing to happen is that we must appoint a genuine, bona fide, confirmed commissioner of police and "dat eh happening". We have a person there who has no incentive to lay his life on the line at the last stage of his career when he should be home enjoying his family. Why does he want to stay there and incur the wrath of the criminals who would come gunning for him afterwards? "Nah he eh want dat. He doh want to go and have dem comin to shoot at im for puttin de pressure." We have to start to do the maths and say two and two make what? Five?

Let us do something dramatic if we want to arrest that curve that is recording the murders and other crimes in this country. For all the resources that we may have, if we do not have an attractive society we are not going to attract people to come as investors into our country. I salute that British couple who have decided to come back to Tobago after their traumatic and horrendous experience. I do not know what possessed those people to turn around and say that they are coming back. They have to be very, very unique. I hope that when they come back something does not happen to them again, for God's sake. You know what?

We are going to hit the world's headline CNN, BBC and everybody combined. We are going to have it in our faces. As a matter of fact, I think that the Government should advise them not to come back. I think that the Government should say, you are too great a risk. You know they say that lightening "doh"

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strike twice. "Listen please Mr. and Mrs. whatever dey name is, doh come back! We go buy out yuh property and give yuh ah profit." "Doh" come back and set us up to having some mischievous [*Inaudible*]. And yuh know what, 10 to one if that happens, the Prime Minister would say is an anti-PNM man that engineered that to make "we" look bad. "Yeah, yeah, dey go say is a political plot to discredit the Government." I say tell the people to stay away. Do not let them come back and expose us to this danger.

Coming back to EITI. All this is transparency. The operative word here is transparency. It was suggested by the Minister of Energy and Energy Industries that the First World nations are above that. I believe that Sen. Oudit had pointed out that there is a move afoot in the United States of America for that similar demand because those people know that human nature is corrupt. They have passed through all kinds of circumstances and they have asked, according to one of the Internet postings, to take action now.

In 2008, a Bill was introduced in Congress dealing with the extractive industries transparency disclosure, whichever proposed Act which would require companies to publish the payments they make to foreign governments for oil, gas and minerals. Even at an official level it has already started.

We cannot hide behind a little rock and say that we are above that and are in a league by ourselves with the United States of America and Britain. Those countries are seeking to protect their reputations and saying to us little people because we continue to be little people, put your house in order and start to shape up. Several years ago, it was revealed the CIA had made 50 attempts on the life of President Fidel Castro, down to giving exploding cigars. When the Lord wants to protect somebody he protects them. They tried to take Arafat out about 100 times and I think he died a natural death. It is amazing.

Now, not because the Prime Minister is surviving all these controversies, he is out of danger. I am saying this because the CIA in the old days has been known to remove Allende, I think is the one who went down in a plane crash. Was it Colombia? Not Mumba. It is Chile or one of those places. Not Allende, sorry. Somebody in a plane crash and all the work of our friends up in the States who know how to run their business. So you know, if we are not going to toe the line voluntarily, we are going to have to toe the line by force of circumstance and, if we do not toe the line by force of circumstance, we are going to toe it by force.

2.45 p.m.

I do not know if trotting out additional statistics will help, but I will say that the Government does not seem to have a problem in peer Ministers, not even

successive Ministers, contradicting each other. Minister Sahadeo is a predecessor and Minister Eric Williams committed the Government to EITI. The Government dawdled and slipped out of it and now we are being told, not officially, but we are hearing on the grapevine that it was their baby and they wanted to push. I do not know how that could happen.

However, in recent times, we have had pronouncements of a contradictory nature. I was astonished to hear a reply from the Minister of Works and Transport yesterday that the rapid rail project is still on stream. Somebody called me and asked how the figures would work out. The Minister contradicted himself even with the figures he gave. This country has been reassured by the Minister of Finance that the rapid rail project is not on the cards, at least for now. How clouded can we get? We are not even approaching transparency, I am sorry to say. *[Interruption]* It may not have been your intention, but I am not imputing improper motives. The net effect of your contradictory pronouncements is that you are confusing the people and we do not know where we stand.

We had the assurance that we would not have the rapid rail thrust upon us in the foreseeable future and then we have the reverse situation. We have the Minister of Finance saying that we will take into consideration certain things with the property tax and another Minister saying it has come to stay; it is not moving. If, on this side, one says one thing and another gets up and says another thing, we will hear it. But here you are making governmental pronouncements that are contradictory and that are deleterious to the reputation of the Government. You are discrediting yourself. Maybe you have come to realize that nobody has confidence in the Government anymore, so it cannot get any worse. So it does not really matter how you contradict yourself and what you say.

As a matter of fact, it happened before when the former Attorney General stood stoutly and defended the lack of need for a commission of enquiry and had the rug pulled from under her feet. I do not know if that led to her resignation, but, in short, transparency, such as it exists, reveals confusion and contradiction in the government ranks and now they are most reluctant to contemplate transparency on a national level and this is where it is most needed.

This is a Government that gives private scholarships and refuses to tell you to whom they have given them; it pays legal fees to lawyers and refuses to say how much. In those, there is opportunity for corruption. Here we have a global incidence of corruption in natural resource and you are telling us that we do not need it. You must forgive me, but you are hiding something.

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The Prime Minister is the one who stood here and said: “Where de money gone?” We cannot say where the money has gone, because we do not know what is the money we got. We cannot even charge anybody—I suppose that is one way to escape charges of corruption; not to provide the bases on which they can be founded. If you do not have the information as to how much money the Government received from companies X, Y, Z, you cannot say that such funds were reduced in terms of benefit to the country.

It is a very interesting thing. We do not have a country run by men who are aspiring to the priesthood. We have a country run by men some of whom have left the priesthood and come down into the profane world to rub shoulders with “fellas” like you and me, who are very prone to corruption. It is one of my recurring themes that we are dealing with human nature and fallen man. This is one of the things with which we must come to terms. It is only a brass face tyrant and despot who says: “You cannot tell me what to do: I know what is good for you”, and in the meantime he is feathering his own nest.

Mr. President, I have said a mouthful and more than enough. I trust that the reluctant ears of the Government will tingle enough so that even the press, which might be biased against us and which has reduced the reporting of our accounts, will find it useful to reproduce some of what has been said on this side, so that the national community can start to understand why there is a crying need for EITI implementation.

I thank you, Sir.

Sen. Subhas Ramkhelawan: Mr. President, thank you for giving me the opportunity to speak on this particular Motion in respect of the EITI.

One of the four pillars of this Government, in its thrust toward a 2020 vision, is enhanced, improved governance. It is in that vein that I rise to speak and to ask the question: Why would a Government, committed to governance, not want to pursue any initiative that would lead to greater transparency and disclosure and ultimately improved governance? Why would the Government not want to? That is what I would like to pose.

It may be that, in respect of energy, there are considerations that are, I suppose, critical to our own interest as a country, and that is, in terms of the commodity we may be marketing, in the main natural gas. There may be different price arrangements for the various companies that will come to our shores to explore, produce and sell natural gas.

That could be one reason where, in the context of maintaining some sort of commercial advantage, as far as the Government is concerned, that it may be considered appropriate in this case not to have to disclose every item under the sun in respect of energy. I do not know, but it is an important consideration as to why not.

Sometimes, even in that vein of preserving commercial advantages, the question is: Which is of greater import—commercial success and commercial secrets, or ensuring that transparency, disclosure and accountability are of such an order that our citizens feel comfortable in the main that they are getting the best benefit and that the Government of the day is ensuring that our citizens get the best benefit for our primary inanimate resource, which is energy?

Unless there is this sense of comfort from our citizens, there will always be questions arising because of a lack of transparency or a lack of disclosure. I therefore think it important to address this matter, because charity begins at home, before we deal with the matter of international transparency. Is sufficient information and transparency available in respect of our energy industries, oil and gas?

When one has to pore through some of the information that is available and come up with statistics, it is a very challenging task for even those who may be very versed in being able to track that information. So, if there is more transparency, is there any great damage, at the aggregate levels, which would be meted out to anyone—our citizens, the Government's ability to compete? Is there any great disadvantage?

Certainly, I do not think so, at the aggregate level, but when it comes to specifics about particular contracts with individual companies, there may be issues. In that regard, it might be the correct approach to guard commercial secrets. Beyond commercial secrets, the whole question of transparency and disclosure is an easy one to answer. More transparency is better and more disclosure is better for our internal public, which would be our own citizens. More transparency is better in terms of those coming to do business with us as long as it does not in any way cause us to become less competitive, because we are trying to become more competitive.

In the context of this Motion, I feel, on the weight of the issues, that it makes sense for us to be able to participate as a member in the whole question of EITI, while at the same time preserving for our competitive advantage all of these commercial secrets. After all, as many have said, energy is the lifeblood of this nation at this time. Energy contributes so much to our GDP, our exports and to the fiscal revenues of the Government.

If we have to err, we should err on the side of becoming a member, a part of the initiative rather than the other way around, at the same time ensuring that we maintain the commercial secrets we need to maintain. I do not think much more needs to be said on this particular matter.

In conclusion, I would say that we should support the initiative at this time. I thank you.

The Minister of Planning, Housing and the Environment (Sen. The Hon. Dr. Emily Dick-Forde): Thank you, Mr. President. As I listened to the contributions, I must start the way all teachers would, by revisiting the basics of the EITI and see from there if what we have heard really moves us to support the Motion.

3.00 p.m.

Mr. President, I have before me a number of documents that speak to what the EITI is; this institution. I want to see, if in fact we have been uncritically presenting it to the Senate thus far. I want to read a few things. Some of the information we have had, especially from Sen. Ali, gave us a background on the EITI, so I want to go beyond what he has said to speak to the EITI's benefit. This is from their website.

"EITI Benefits

Countries rich in natural resources such as oil, gas, and mining have tended to underperform economically,..."

Right away, we know that is not Trinidad and Tobago.

"have a higher incidence of conflict, and suffer from poor governance."

Again, that is not us.

"These effects are not inevitable and it is hoped that by encouraging greater transparency in countries rich in these resources, some of the potential negative impacts can be mitigated."

The document goes on:

"Benefits for implementing countries include an improved investment climate by providing a clear signal to investors and international financial institutions that the government is committed to greater transparency."

We have learnt over one of the bases that we had, that we are No. 2 in the Western Hemisphere for attracting foreign direct investment, so we know that attracting investors to Trinidad and Tobago is an not an issue.

“EITI also assists in strengthening accountability and good governance, as well as promoting greater economic and political stability. This, in turn, can contribute to the prevention of conflict based around the oil, mining and gas sectors.”

They are talking about warring, where different tribes are warring around who is to control which mines and who is to control the oilfields and so on. There is no national identity around the natural resources in the countries that benefit from the EITI. Remember, I said that this is from the EITI’s website. I continue:

“Benefits to companies and investors centre on mitigating political and reputational risks. Political instability caused by opaque governance is a clear threat to investments.”

This is where there are no elections in some of these countries, or when there are elections, nobody knows who won the election.

“In extractive industries, where investments are capital intensive and dependent on long-term stability to generate returns, reducing such instability is beneficial for business.”

Again, the EITI identifies itself as having a role. The EITI, clearly identified by the hon. Minister of Energy and Energy Industries in his contribution, has a critical role to play for countries that have severe problems with even a national identity and deciding who owns the natural resources. We are trying to attract multinational corporations to come and exploit and develop those resources. Trinidad and Tobago has over a century of experience and interaction with multinational corporations for the development of the energy sector and so we are concerned that the perspectives taken have been a bit skewed towards one side of understanding the role of the EITI.

Additionally, I was a little bit surprised to not hear a critical position taken as well, with respect to any imperialist stance that an institution like the EITI might have. I heard talk about who the founding members were, Tony Blair. There was a discussion about the former Prime Minister’s role and the things that he did and the connection between himself and some of the multinational corporations. I thought maybe here the argument would be going in our direction now to support a position that in fact—sometimes these institutions are set up for the benefit of big businesses and not really for the countries that are supposed to be a part of it. There is where I thought the argument would have gone. It then went in the other direction again.

I believe that there is a need to alert Senators that it is not every institution that comes up, we have to take on critically. We must have, as a sensible well-

educated people—in Trinidad and Tobago our education system is above par. Wherever we go to study we are at the top of the class and we know that from both sides of the Senate this afternoon. We have people here who have studied and have had basic Trinidad and Tobago education and gone throughout the world and excelled. When, as educated people, we are placed in positions of governance, we must use wisdom and that wisdom comes from taking a critical look at things. Not every institution that comes up, we would run and take on. Not because, at one point we said yes, we are going to join, means you have to stay either. Once you are alive, you have a right to change your mind. That is an important position to have. You must be prepared to change your mind.

I know sometimes people criticize. I heard them criticizing President Barack Obama for reversing himself. What is reversing yourself? You have changed your mind on a point because you have better information. What is wrong with that? [*Interruption*]

Sen. Browne: Ghandian philosophy.

Sen. The Hon. Dr. E. Dick-Forde: That is Ghandian philosophy? The knowledgeable Sen. Browne.

There is another important point I want to make concerning the EITI again and some of what it is supposed to provide to a country. It has something to do with the fact that they identified that many of these resource-rich countries were not using the money to the benefit of the society. You were not seeing social programmes, nor were there proper education systems laid down. I think I found it, right.

In a Senate debate in the US, somebody was trying to introduce the same EITI. The position taken in the United States Senate was that the EITI was important for the United States to be looking at, so when the United States is giving money to these countries, they can be sure that it is being used properly. The EITI becomes a window into how a country is performing or spending its money. It is for a developed country a way to look into the business of a developing country. That is how the United States actually argued its interest in the EITI. Again, to what extent do we want our sovereignty to be interfered with, just because people feel that you should belong to this thing that came up? I want to read some of the arguments that came. This is from Mr. Hormats, if I can find the date. I would try to make sure that I get the reference. This was actually on the EITI's website as well:

“Publishing US Senators preparing bill to improve transparency of resource revenues”

They are talking about the importance of EITI—

“It’s important for several reasons. One, in certain countries where the money from an extractive industry goes to foster corruption, it deprives the government of resources that could be used for the benefit of the entire population.

Second, in certain areas like Eastern Congo, a lot of that money goes to fund warring factions, as it does in other parts of the world. Third, it creates an environment of general corruption so that others seeing this believe that they can engage in corruption in other ways.

And fourth, it, as you pointed out earlier, is a national security issue in some senses because where there’s discontent in an area because the money is not going to the average person for education or for food or for housing or for water development and it goes to some corrupt source, people become restive. They become angry. They become rebellious against their government for not cracking down...”

One of the things we noted is the list of social programmes identified as being important indicators that a country is using the funds from its extractive industry to support the development of its country.

Education: If I had all the documents, I guess I can talk for an hour and ask for extra time to talk about the education initiatives and the spending on education in Trinidad and Tobago, unprecedented. We can talk about the housing programme as well, unprecedented in many parts of the world. I think only in the United Kingdom, you might find a programme like that. I am not sure about Norway. I think Norway has quite a heavy social investment position that it takes as well.

We cannot say that Trinidad and Tobago can be categorized among those countries, where you are unable to tell where you are putting your resources. All our social programmes—when you talk about education and we say from nursery to tertiary, it is not a phrase, it is a fact. There are people who are able to go to university. You get the testimonies all the time, where there are family members, parents and children, going to university, paying no money for tuition because we have the government-assisted tuition initiative available to all citizens of Trinidad and Tobago. All of our students go to secondary school and primary school free. There was a time in the 20th Century, which we just came out of, where some of our parents were unable to go to secondary school for free. They were able to go up to primary school and not secondary school. We are a country that has seen ourselves move not only from free primary education, but to free secondary education and now we are into free tertiary education. This is not just at the University of the West Indies, but in any institution delivering tertiary education, including private ones.

We are unable to see on this side, the hyperbole that has been spewed from the other side concerning the EITI and corruption. I have heard in another place that the Corruption Index actually went up after the UNC came out of government and people were parading in the courts. You must get a jump in the Corruption Index as a result of those kinds of behaviour.

There is another point I want to make. I cannot develop the imperialistic thing too much because I do not have all my material here, but there is an important point, because not every institution that comes up has the interest of the developing country in mind. We have heard calls by many for reform to the international institutions, especially the IMF. We know those institutions came into being for a particular purpose and then their purpose changed after they achieved those initial post-war objectives. We did not see the kind of help coming to developing countries as went to Germany and Japan to develop them after the war, as we would have expected.

We continue to see underdevelopment in certain countries, because those international institutions had never been used for the benefit of those countries. Why are we to assume that the EITI is going to be any different for a country like Trinidad and Tobago? For those countries for whom there may be some help, for example, we have a list of those who are candidate countries and have been so for two years. Those countries are: Albania, Burkina Faso; Cameroon; Central African Republic; Cote d'Ivoire; Democratic Republic of Congo; Equatorial Guinea; Gabon; Ghana; Guinea; Kazakhstan, I cannot pronounce this one; Liberia; Madagascar. This is Kyrgyz Republic, Mauritania; Mongolia; Mozambique, Niger; and Nigeria. We have Norway listed, which I will discuss in a minute. It continues: Peru; Republic of Congo; São Tomé and Príncipe; Sierra Leone; Tanzania. When you think about some of these countries, there is open civil war that has been going on. In fact, some of them the UN Peacekeeping Forces have a hard time even settling in to help and we are being told by persons on the opposite side that things are bad in Trinidad and Tobago and that we need the EITI as badly as these countries. I do not identify with that.

In fact, there is a word that says love hopes all things; when you love something you always have hope. I love Trinidad and Tobago and I am always hopeful. In fact, we are not just hopeful, we are a part of the transformation that is taking place and will continue to take place in Trinidad and Tobago, so there is no urgency. Even if at some point down the road, the EITI's orientation changes to one that makes sense, then there can be a rejoining or reconnection with the EITI. But, as it stands now, I really cannot see the benefits that could come to Trinidad and Tobago.

3.15 p.m.

Another large part of EITI's focus is the way in which it encourages socially responsible behaviour on the part of the multinationals that operate in these countries that are resource rich.

Last week Friday, I was a part of the South Chamber of Industry and Commerce's Corporate Social Responsibility (CSR) awards for companies in the energy sector, and when you hear the tremendous amount of social and environmental work being done by these energy and energy-related industries in Trinidad and Tobago with no EITI, it is outstanding. Corporate social responsibility activities—the practices in any country is recognition of the maturity of the relationship between Government, society and the private sector. A tremendous amount of work is being done.

We know about BPTT in Mayaro. We heard some stories—I do not have all the names of the companies in my head—like Methanex having a voluntary programme where employees volunteer to work with young students in the area—I think it is particularly in the area where they are—mentoring them through difficult times. They take some of the most troubled students—the schools would probably identify some of the students that need help—and they have worked through them and they have achieved tremendously. This is through a corporate arrangement. All of the major companies are involved in major corporate social responsibility work which the EITI promotes.

So, all of what the EITI promotes is already existing here in Trinidad and Tobago after decades of a relationship of credibility with international investors. When I did my PhD in Social Environmental Accounting and Reporting, I found out that it was since the 18-something you had the first set of commercial oil exploration. It began with a multinational corporation that also began to work with the community—usually it is a rural community—where the oil was being extracted. So, we have had a long history of relationships with multinational corporations.

Of course, we would have gone through different periods of nationalism and then the reintroduction, but we have no problem attracting investments in Trinidad and Tobago. We continue to have it. As a country, we have put in place all of the structures for sound environmental management; sound business practices. We have one of the strongest financial sectors in the Caribbean and, perhaps, in North America because we did not have the collapses in our country as we saw elsewhere.

When we contemplate the arguments that have been put forward and which I would not repeat—some of them were very outlandish—for a case for the EITI, I have to say that we must reject those arguments. We cannot support this Motion while it is couched in terms of how it sounds, that it is a noble one, it is not noble, because of the lack of critical examination of the institution itself; the notions that it is seeking to portray; and the kind of help that it is supposed to be giving to these countries which we do not need. In fact, we can actually teach the EITI how to help these countries and, perhaps, that is why Norway is in there as well. So, maybe at some point we might consider it from that perspective.

There are some points that were made that I wanted to address. Sometimes it is important to know with whom you are aligning. If we compare ourselves to people who are less well off than we are, then we are holding ourselves back in terms of how far we can get. When Trinidad and Tobago was framing its Vision 2020 document, very specific effort was placed into identifying the comparator countries on which we can base progress. If you want to compare yourself in order to improve, you are going to choose the right comparators. You are not going to choose comparators that are worse off than you, because then you will be fooling yourself and thinking that you are better when, in fact, you might actually be regressing, but you cannot tell.

So, in outlining who our comparator countries were as we began to look at Vision 2020, these countries included Ireland, Costa Rica, Chili, Uruguay, Taiwan, Hong Kong, Thailand, Malaysia, Singapore, Fiji, New Zealand, Bahrain, Mauritius, Norway and Iceland. This was back in 2004. When we consider the comparators that I read before, we realize that we would not be bunching with countries that we are going to be learning very much from.

I want to close by saying that if the central thesis of the EITI is full public disclosure, specifically to ensure what funds are received and known so that social programmes could be implemented—one of the problems is the fact that social programmes do not flow from the rich natural resources in most of these countries, not so in Trinidad and Tobago. The social infrastructure is either non-existent, sadly lacking or just now emerging or nowhere near where Trinidad and Tobago is.

Mr. President, we do not agree with the Motion, and we do not agree with the arguments that we have heard. We call for a more critical perspective to be taken with respect to the institution that is being touted in the Motion.

I thank you. [*Desk thumping*]

Sen. Helen Drayton: Mr. President, thank you. I want to add a few words. I want to say upfront that I rise to support the strategies of the Government with respect to the EITI, and on some of the comments mentioned by Sen. Dr. Emily Dick-Forde. I would not go into detail again, but I would just basically speak to them.

I have no issue with the principle of transparency. In fact, I strongly advocate transparency, but in examining the whole concept of EITI, it is not a one-sided situation where it is incumbent solely upon the government of a producing country to disclose certain types of information. Certainly, there is no specific mandate within the EITI that says that you have—while there are guidelines that say that you should—to publish disaggregated information per se.

I believe that the Government would be quite right in pursuing strategies to improve upon the way in which it is reporting, but I feel that any type of reporting that would put our competitive situation in jeopardy and require us to disclose information in contracts or breach our security, I would have a problem with that.

There is just one little matter that I want to mention here, because in reflecting on the whole thing, this is a Motion that was brought by the Opposition, but when you think about it—this is actually what helped me to believe that the situation is not a cut-and-dry one. We have had the National Alliance for Reconstruction government; we have had a UNC government, and when you consider that energy sector contracts, they are not contracts that are signed over three months or over a year, but they are long-term contracts. In none of these instances was it seen as a matter of the public good and transparency to publish all this disaggregated information.

So, whilst it is a non-partisan situation, if the belief is there—I am not questioning any motives at all—that there are no hindrances to our competitive situation by disclosing information in a certain way, I have to wonder why it was not published before. If the responses is that an EITI did not exist, then my question that would follow is: Do we have to wait until the British Prime Minister stands in a parliament somewhere or in some forum and say that developed countries need some sort of a framework in terms of governance for transparency that we would seek to do so? I would imagine that in all three instances good sense prevailed, and that there was a recognition that we need to improve the information.

I also want to mention that the EITI, while the countries across Africa would have been in the forefront of the motives and the reasons for such an institution, my understanding is that EITI is for all countries that are energy rich producing countries. It is not an institution that is solely for developing countries and, if it

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was, then I would have a serious problem because I would take offence where you have a continuing situation where there are developed countries or international agencies dealing with developed countries as though they have exclusive jurisdiction over corruption; not when we have seen the economic climate as it is today, what drove it and where it came from. I am a patriot also. Whilst I believe in transparency, I believe in protecting the interest of my country.

In addition to that, and just following on the argument that the EITI is not specifically for developing countries, not one developed country, including the country that promoted the EITI, has seen it fit to even become a candidate, far less to become compliant. One has to ask the question: Why? Is it a question of good governance or is it a question of transparency? I think that we are enlightened sufficiently to know that when it comes to transparency, we do not have exclusivity to that.

Trinidad and Tobago, as an energy producing country is not a local market. It is an international market in the context of what we do, and a very small and vulnerable market at that. It is to our credit—I would have to say that it is to the Government's credit—that we have held our own, and we continue to do so. We have been competitive. I know that price is not the only strategic advantage. There are many other strategic advantages, but it is highly unusual to be disclosing the licensing terms of contracts and by divulging certain types of information and, in fact, you will be interfering with that. Further, I would imagine that each contract, as it expires, will set the tone for other rounds of negotiation. I am not about to vote in favour of any Motion that could in effect erode the little competitive advantages we have.

Again, I see this as not being in conflict with my position that we need transparency. I do not believe for any one moment that the Government should be saying to us: "Trust us, we are getting the best deal", and we simply accept that. I am saying there needs to be improvement in the way we report the information.

In the case of Nigeria—Nigeria is one of the countries that Sen. Ali made reference to that is noted for corruption and large pockets of destitution. In fact, in the EITI report of August 2009, it showed when Nigeria did the matching using the EITI system—we know that some good could come out of it—that there was a large discrepancy of something like US \$5 billion.

3.30 p.m.

With reference to the social services, I think we see clearly, we know where the money is going; we know how our resources are being monetized; we

certainly have fundamental problems with inefficiency, mismanagement and we see that on a daily basis.

As matter of fact, I would be frank, we probably would not be in the position that we are in today, with respect to UDeCott, which is pain to all of us; we would not be in the position in terms of Tarouba. And of course, when it comes to the efficiency in dealing with our social services, we have the recent situation with our Minister of Finance and the property tax. I like what you said, that when new information comes to you, you ought to go back and review. So, I hope that with all the new information you will be reviewing the property tax.

I also took note yesterday, with respect to the health surcharge, when, I think reference was made as to how miniscule it is in relation to how much we spend and how much we invest in health care. The reality is, when you look at your review documents and you see what the revenues are, and then you look under your labour statistics, and you see the number of persons employed, and you know that you are paying \$33.33 or something like that, in terms of health surcharge, it is similar to the property tax situation: You are not collecting the tax and next year you are coming to me and you are going to say well, you have to pay for the service you are getting. You are not optimizing what you have, and that is the reality. So, that while we know we are getting the CDAP, the housing and so on and we know there are gross inefficiencies, once you have gross inefficiencies, you have waste. I agree, Trinidad situation is not a Nigeria situation.

Certainly it was a very virtuous thing for the Prime Minister of the United Kingdom at the time, to make a recommendation with respect to EITI, and having countries submit certain types of information. I have no doubt that that was a very laudable intent, a laudable goal. The reality of the situation is that we are in a highly competitive environment and what is the most competitive tool, if not information?

So, information that is submitted to an institution like that also advances geo-economic agenda and consequently, geo-political agenda. I think we have to look at these things as a developing nation, where so much money is being poured into education, to realize that we should not be blindly just following everything, because it says international and international best practice. I think we have to examine things closely ourselves.

The long and short of it, is that I believe there is a need for an improvement in the way we disseminate information. And when you consider that the Government has two stations that absorbed the taxpayers' money, there are ways which one utilizes such a medium to disseminate information in a non-partisan, non-political

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way that is creative, that attracts viewership and consequently attracts advertising dollars. The Government has to understand that with universal education, with information technology, higher standards of governance and transparency are certainly expected.

So, the information that the Government publishes, yes, it is aggregate information, I think better can be done, but I support its strategies with respect to EITI.

Thank you.

ADJOURNMENT

The Minister of Energy and Energy Industries (Sen. The Hon. Conrad Enill): Mr. President, I beg to move that the Senate do now adjourn to Thursday, October 01, 2009, at 1.30 p.m. to deal with the Validation Bill for the Commission of Enquiry.

Mr. President: Hon. Senators, I have granted leave for two matters to be raised on the motion for the adjournment.

Foreign Exchange Crisis

Sen. Wade Mark: Thank you very much, Mr. President. The first matter on the motion for the adjournment deals with the emerging foreign exchange crisis and the threat to the country's foreign reserves and national currency.

Now, since this particular matter was placed on the agenda, information has reached me that the foreign exchange crisis or the foreign exchange scenario, has somewhat increased. I have been informed that many business operators in the country are finding it extremely difficult to secure foreign exchange at the banks, and they are asked to line up in an effort to access foreign exchange in Trinidad and Tobago.

I believe, Mr. President, that because of the situation that we are faced with in this country as a result of collapsing natural gas prices, less than average prices for our crude oil exports, as well as the very volatile nature of our petrochemical export commodities whether it is ammonia, urea, methanol, iron or steel, there is no doubt that the flow of foreign exchange to this country has somewhat eased in the last year in particular. This certainly has resulted in a shortage of foreign exchange in the marketplace.

What is even more alarming is that we were informed by the Central Bank Governor, some time ago, that for the first few months of this year, 2009, there was an increase in the sale of foreign exchange to the commercial banks, much

more than we had in the previous financial year. In fact, we were told that the Central Bank was forced to dip into this country's foreign exchange reserves and sold to the commercial banks around US \$1.2 billion, in an effort to satisfy the demands that were being placed on banks by both business, as well as consumers in this country.

Therefore, I believe that the foreign currency crisis is beginning to intensify and with the prediction or the prognosis that we are going to have less than average, the price of natural gas is supposed to remain relatively flat in the coming fiscal year, as well as what may take place in oil and when account is taken of the volume of our oil production, which is contracting and not expanding, and the possibility of export commodities in the petrochemical sector being relatively flat, are not as buoyant as they used to be in the past, we are in for some challenges in the coming fiscal period.

It is against this background I seek to raise this matter of the foreign currency crisis, and its possible impact on our foreign exchange reserves levels, and whether this could also have a negative impact on the country's currency as it relates to flexibility in the rate of exchange downward. I would just like to indicate to you that there appears to be, maybe some contradictions. It appears that either the value of the foreign exchange reserves—as they are reduced in terms of quantum—in terms of import cover has increased.

I want to explain to you what I mean by this. In the budget statement by the Minister of Finance, on page 4 it states:

"...our official reserves remain robust at US \$8.6 billion, the equivalent of 11 months import cover well above the international benchmark of three months."

This is what we were told in this document. We were not told if this was up to the end of June 2009 or August 2009. It was a very broad statement, so, you do not know exactly where to place it. I got a copy of a presentation made by the Central Bank to the rating agencies somewhere in Washington, in May 2009.

In this particular document there is a table that gives us at a glance the state of this economy. One of the areas that interests me or caught my attention, I should say, was the gross official reserves. What we were told by the Governor and what the Governor told the rating agencies was that at the end of 2007, the reserves of this nation stood at \$8.5 billion or the equivalent of 9.5 months import cover. In 2008, it stood at US \$9.4 billion or the equivalent of 11.7 months import cover. The forecast for 2009 was US \$8.5 billion or 10 months import cover. That is what

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we were told in this document issued by the Central Bank, and which was located when there was some discussion with some international credit rating agencies in May in Washington.

3.45 p.m.

Here it is we are being told by the hon. Minister of Finance that we have reserves in an amount of \$8.6 billion and this is equivalent to 11 months of imports and we have the Governor telling the international community that what we have at the end of September '09 would be about \$8.5 billion which would be equivalent to 10 months of imports. So, who are we to believe? These are official figures that are being fed to the international community. Therefore, we are also concerned that if for the first few months of 2009, given the reserves that we are told that we have, the Governor extracted from our foreign exchange reserves, some \$1.2 billion to sell to businesses and consumers in the local market, how can we still have a total foreign exchange reserve equivalent to 11 months cover?

We would like to have clarification. We would like to know what the real—as we speak today—foreign exchange reserves of the country is. Is it 11 months cover as was told to us by the Minister of Finance or is it less? This is why I find it a bit contradictory in the statements that were made. What is even more alarming—I have a document entitled “Summary of Economic Indicators” published by the Central Bank and on page 7 of this document we are told by the Central Bank that the net official reserves of this country as at the end of June '09 was \$8.8 billion at that time. Again, we do not know what the cover in terms of the import is, there was no information given here, but we do know that in terms of the \$8.5 billion it was equivalent to 10 months of import cover for Trinidad and Tobago.

It is against that particular background I want to refer you to the Review of the Economy. Again, you have contradictory information, figures and numbers being given. We do not know what to believe. We do not know who is talking the truth. When we look at the Review of the Economy, what do we see? On page 46 under “Foreign Reserves” we are told that for the year 2008, the Trinidad and Tobago gross or official reserves expanded by 40.6 per cent to US \$9.4 billion. But that was in 2008 and it rose from US \$6.7 billion at the end of 2007.

When we look at 2007—the information given by the Governor to these international rating agencies—we see at the end of 2007 the sums stood at US \$8.5 billion or the equivalent of 9.5 months of import cover. So, we are concerned and we are calling on the hon. Minister in the Ministry of Finance to clear the air

on several matters. First of all, we would like the hon. Minister in the Ministry of Finance to indicate to this country if there is a foreign exchange shortage in the banks and why are businessmen being called upon to line up at this point in time to access foreign exchange to import their goods?

Finally, if he could clear up for us what is the real position in terms of our foreign exchange reserves as it relates to cover in terms of months of import? I think the country would be very grateful if the Minister could provide us with these answers, because we are concerned and the country is concerned.

Thank you very much, Mr. President.

The Minister of Trade and Industry and Minister in the Ministry of Finance (Sen. The Hon. Mariano Browne): I want to thank Sen. Wade Mark for raising this matter, if only for the basis of clarity. I am not certain as to the document that Sen. Mark was reading from, but perhaps he should go by the official publication of the Central Bank, which is the Monthly Statistical Digest and the latest version which is published is June, which is the latest version I have in my hand.

I could probably, just for record, read into the record what the reserves and how the official reserves are calculated. Of course, the official reserves are made up of the country's foreign assets and this does not include the Heritage and Stabilisation Fund. These are the official reserves which are held by the Central Bank on behalf of the Government and they also include the IMF reserve tranche, the SDR holding and foreign liabilities which give us a net figure, which is shown in column five of Table A.

Now the reserves for 2004/2005—actually let us start off with 2004. In 2004, the reserves were US \$2.9 billion; in 2005, it had grown to US \$4.8 billion; in 2006, it grew to US \$6.8 billion—this is all at December 31—and at 2007, it grew to just about US \$7.1 billion. This is on Table A1 and Table A2 gives you the monthly summary of assets and liabilities of the banking system. As at December 31, 2008 it had grown to just over US \$7 billion at the end of 2007 to US \$9.8 billion, and of course this is as a result of the bumper year that 2008 was in that all commodity prices increased, including the price of natural gas.

I am happy to say that notwithstanding the conservative number which has been used in the budget, the price of natural gas over the last 10 days has been well above the number which we have used in the budget speech. I just want to put that into the record.

Now, it is also true that we do run an open market book and by that we mean that the purchases on sales of foreign exchanges are done through the commercial banks. The commercial banks sell from the reserves that they have. We do not count the reserves of the commercial banks as part of our national reserves. If we were to do so—again, that data is also contained in Table A1 which shows Trinidad and Tobago's net foreign reserves. In fact, you will see that including the commercial bank reserves, you will find that the total reserves available to the country rises substantially. At the end of 2004, the official reserves were just US \$3 billion; they are US \$3.5 billion if you include the commercial banks. At the end of 2005, US \$4.8 billion; US \$5.2 billion if you include the commercial banks, so their numbers are reasonably constant; at the end of 2006, US \$6.7 billion; it is US \$7.9 billion, so there is a substantial surplus in the banking system at this stage; at the end of 2007 US \$7 billion. But in the case of the total assets including the commercial banking system the total reserves are actually US \$8.1 billion. In other words, it is higher by 1.1 so the banking sector's reserves actually have been rising and as at the end of 2008 the total official reserves are US \$9.8 billion, but that held by the banking sector including the commercial banks, is now US \$11.3 billion.

In other words, the total amount of reserves held by the commercial banking sector has risen substantially between the period 2004 and 2008. As at the last published date—meaning the date which is published in this report which is May 2009, and this would be the end of month data—this would be May 31 or the last working day in May, the total international reserves held by the Central Bank of Trinidad and Tobago is US \$8.9 billion and held by the total system US \$10.2 billion. So there has been some slippage, a slippage of approximately US \$1 billion. The reserves held by the commercial banks are down approximately US \$300 million and held by the Central Bank is also down somewhat, so that is net sales.

What has also taken place—and the number in the budget speech of US \$8.6 billion is, in fact, the number which would have been in existence at or around the time the budget speech was written, so that number would have been supplied by the Central Bank. The official number of 11 months import cover is a calculation and it is done by taking your most available trade data. In other words, what is our trade data position? Obviously, inasmuch as 2008 was a bumper year, what happened is that there was also an increase in the level of imports. What has happened in 2009 is that the level of imports has fallen, so as a result, the number or the average value of imports for 2009 is lower than that of 2008. So if you are to divide the reserve as at August 31, 2009 by the actual import levels in 2009, the actual import cover remains the same at 11 months cover, so there is a decline in terms of the volume of imports.

Suffice it to say also, when we look at the balance of trade and the summary balance of payment position, Trinidad is in net surplus. In other words, we are earning more than we are spending. So shortages will come periodically and it is demonstrated by changes in rate of exchange where nominal rate, the rate at which we try to peg it, it goes to—just to say that the benchmark rate is \$6.30 to US \$1.00, but it will go up above \$6.30 when there is a slight shortage in the marketplace and sometimes it will go down below \$6.30 when there is an over-supply. So, demand and supply conditions apply, and as we speak, and I looked at the exchange rate today and it would indicate that the rate is now \$6.35, which means that there is greater demand and the price is starting to ration demand. If there were any sort of shortage in the foreign exchange requirement we could have seen a couple of things taking place. We would have seen an emergence of a black market rate or alternatively a wide disparity in the amount that is quoted. The fact that it is varying within a number of cents of \$6.30 means that what we have is some changes in relation to demand.

This is also to be associated with a change in what we call “the terms of trade”. As we are all aware, we are in a difficult situation internationally. There has been a finance crunch, and, as a result of which, many businesses abroad do not enjoy the same level of banking facilities or banking support that they would have done up to the financial crisis of August 2008. In which case, in other words, they cannot borrow as much, or they are not getting the same level of support that they did before. That will translate in trade data as a change in the terms of trade where some would have gotten 30 days credit, or 60 days credit, or 90 days credit. What it means is that the foreign supplier is now asking to be paid earlier. As a result of that, that has led to some—if you want—tightening in the foreign exchange market as the demand pattern changes.

In my own case for example, my daughter went to university and I went to buy foreign exchange because I had to pay university fees. I asked for a simple sum. I said “I need to get a manager's cheque for US \$18,000.” The clerk said, “We cannot sell you today.” I said, “What could I get?” They said, “Well, you will have to wait.” I said, “I need some money immediately.” Surprisingly, they were able to give me the money in cash. In other words, they were quite prepared to give me US dollars in cash for the very simple reason they had more US dollars than they wanted in cash. Everybody wants monetary instruments which are negotiable and at that time their lines with commercial banks abroad would have also been topped up. In other words, they had spent as much as they could and they had to wait until there was a normal inflow or alternatively bought from the Central Bank to replenish the lines.

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So, we will get in the marketplace temporary blips which are indicators of demand and supply changes. It is very much like the supply of tomatoes or the supply of cucumbers. Every once in a while you will run into a period where you run into a little supply blip and it demonstrates itself [*Laughter*] in terms of the price. The currency and the purchase of US dollars in this particular instance, is no different.

So with regard to our actual reserve position, Trinidad and Tobago still has 11 months import cover—let me make that point clear—and the reserves as at the time of the budget speech was US \$8.6 billion—that is the number—and that also represents 11 months cover because at this stage of the game, the total volume of imports into Trinidad and Tobago as a result of declining demand has also fallen. So, the actual number as at the date of the budget speech of US \$8.6 billion is in fact correct. That is the official reserves position. That does not take into consideration reserves which are held by the commercial banks.

4.00 p.m.

I want to tell you that the commercial banks here are only the four or five commercial banks for which the Central Bank recovers data. It does not include, for example, the reserves which are to be held by Unit Trust or the various Unit Trust funds, which are also denominated in US dollars, which also reflect Trinidad and Tobago's claim on US dollars abroad. If we were to include that number, we would find that the reserve position would be significantly higher than is actually reported here in these results. So that there is no foreign exchange crisis. There is ample evidence that we would be able to meet all of our requirements. There may come a period when we would have to sell some more out of our reserves to be able to make good, the requirements or the trade requirements in the marketplace, and those will be seen as short blips in supply, but our foreign exchange cover, our import cover, and our official reserves remain buoyant and robust.

Thank you very much, Mr. President. [*Desk thumping*]

**Government of Trinidad and Tobago
(Fiscal Stance of)**

Sen. Wade Mark: Mr. President, the other Motion deals with the slow economic growth rate in the country, and the need for, at the time when this was filed, a stimulus package.

Mr. President, it is an inescapable truth that the economy of Trinidad and Tobago, our country's economy, is slowing at a very rapid rate, and against this background, you and I are fully conscious that for the first time in 15 years,

Trinidad and Tobago has recorded negative economy growth. That is a danger sign, and I do not get from the Government, an honest, frank and sincere analysis, assessment and evaluation of our economic environment and conditions at this time. So much so, Mr. President, it appears that it is business as usual.

Whilst the economic situation has changed, the Government's fiscal policy stance, has remained almost unchanged. And what we have seen is that in 2008/2009, the Government boasted, very early, that their economic growth projection would have been just under 5 per cent/5.3 per cent, and there was a revision in November, a revision in January downward, and at the end of the process, we had a minus 0.9 rate of economic decline in this economy. Therefore, we have to ask ourselves the question, could this economy as it has begun to climb down into this economic hole, is it possible that we will in fact be able to experience what the Minister of Finance is projecting, a 2 per cent economic growth?

Well, Mr. President, we have looked at the data, we have looked at the sectors, we have looked at the fiscal measures that the Government has enunciated in its 2010 budgetary statement, and I am afraid to inform you, that the horizon, the projection of the Minister of Finance, appears to us that it would be very difficult for that particular 2 per cent economic growth to be realized in 2010.

We believe that the Government, because of its economic policy stance, and because of its failure to re-prioritize projects that will continue to ensure that scarce financial resources are not directed at these megaprojects, we believe as Government continues along that line, and in that direction, we are going to suffer enormously as a nation and as a society. Therefore, for us to really have the kind of growth that is being projected, the Government will certainly have to take strong measures, and it cannot be at the expense of the working class.

I do not believe a policy of a wage freeze or a salary freeze is the answer. I believe that the working people of our country should get a reasonable increase in their wages and salaries. [*Desk thumping*] And to come and tell the working people of this country that you are imposing a wage freeze of 3 per cent over the next three years, we believe that is going to be a deadly blow to the economic revival that the Government is seeking to entertain and promote. You will have to give workers more income. You have to put more income and more salaries into their hands, and not to take out. You take out from their hands and they would not be able to spend. Their purchasing power will be reduced, and therefore, I believe one of the stimuli, if you want to really stimulate this economy, it cannot be that you are going to do that by reducing workers' real wages and salaries, through an imposed salary freeze and wage freeze.

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What we would like to advance, Mr. President, is that this Government should take some time and reschedule, revise, or if possible, scrap a number of projects that are really just consuming a lot of important and scarce financial resources, and particularly, foreign exchange. I believe the first thing that we must do to really put this economy back on a proper footing and to get the domestic economy going so we can get some growth in 2010, we have to abandon as a matter of urgency, the Tarouba nightmare. [*Desk thumping*] We should scrap and close down, and stop the Tarouba project. That is a white elephant. It is a waste of time. [*Interruption*]

Sen. Rahman: It is a black hole.

Sen. W. Mark: The Minister of Sport and Youth Affairs cannot tell this country when that project is to be completed, and at what cost. Mr. President, never forget, that project started at \$160 million, and today, it is over \$850 million. It is climbing and if you go on that Southern Main Road turn south, you will see that project is almost about 50 per cent complete. So we are saying scrap that project. We are also telling the Government, stop the rapid rail. We have spent hundreds of millions of dollars in studies and we have not even seen those feasibility studies to date. That is a project that the Government should halt, and the Government should stop. It will bring no benefit to the population of this country, and therefore, if the Government is to invest, we urge them to invest in agriculture.

Invest in agriculture. Give our farmers the tools, give them the resources, so we can have food security for our people. Therefore, that is an area if the Government wishes to stimulate growth in this economy, because agriculture was negative at the end of 2008/2009, we believe that the Government should invest much more than they are investing now in agriculture. Give the manufacturers the incentives and the wherewithal. They contribute enormously to this economy, particularly in the area of job creation. This manufacturing sector needs a lot of support from this Government, and not the meagre allowance that you have now injected, I think from 75 per cent to 90 per cent. I believe that the Government needs to put much more money into that exercise. Take a page out of Chavez's book. Chavez had a big conference—Hugo Chavez—recently, where he brought more heads than you could ever attract to Venezuela, from Africa and South America. Do you know what it cost him for a whole conference for about two or three days? It cost him US \$20 million. This is what I learnt. I learnt it cost him about US \$20 million, and I am saying this Government is about to spend another \$1.5 billion, to stage a Commonwealth Heads of Government Conference. I am saying it might be too late to turn back, but let these "fellas" and so on help you.

Let the Commonwealth Heads of Government who are coming here, make a contribution because you just cannot afford it. You cannot afford it. So the 53 heads who are coming here, let them pay for their own hotel accommodation, so that we can put some money towards building roads for our people, providing water, providing hospitals, hiring more police officers, repairing the roads for our people. [*Desk thumping*] That is what we should be doing. If you want to bring about economic growth and stimulate the economy and reinvest confidence in our population, these are some of the initiatives that the Government must take and we are not seeing those initiatives coming out of the 2010 budget. We are seeing stagnation. We are seeing stagnation, Mr. President.

Mr. President, I want to also inform my colleague, the hon. Minister in the Ministry of Finance, there is a link, an inextricable link, between the quality of governance and the quality of development, and this is an area that is lacking in Trinidad and Tobago. The Government of this country has not been promoting good governance, whether it is in the area of transparency, accountability, openness, as examples, and therefore, what they are doing is stifling democracy in Trinidad and Tobago, and they are strangulating the kind of freedom that people would like to experience in this country.

So I would say, Mr. President, on this issue of slow economic growth or what it is now called, "negative economic growth," the Government has to take much more, and much more positive and bold initiatives, to avoid this economy from sinking further into a dark hole. That is what we are seeing, that is what we are projecting, and it is a situation which will be negative toward this entire country. If the Government continues along its course, there will be more unemployment, there will be greater underemployment, there will be further crime in this country, there will be greater marginalization and there will be better dislocation in terms of our society.

I want to call on the Minister in the Office of the Prime Minister to intervene, and get those two runaway state entities management, that is TSTT and the PTSC, to withdraw immediately, their applications that they have laid before the feet of the Industrial Court to decertify two important and prominent trade unions that have a combined existence of close to 100 years in this country.

I think it is a backward step, I think it is a reactionary step and I think that the Minister in the Office of the Prime Minister, the hon. Dr. Lenny Saith, should take steps to have the Government withdraw those vexatious applications that will only bring about turmoil, tension and a lot of unhappy moments for our country in the future.

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So I call on the hon. Minister in the Ministry of Finance, to deal with this issue of economic growth and put forward some more positive initiatives, so that we can stimulate our economy, so at the end of 2010, we will be able to have genuine economic growth.

I thank you very much, Mr. President. [*Desk thumping*]

4.15 p.m.

**Adjournment Matters
(Unrelated Issues Raised in)**

Mr. President: Hon. Senators, there has been a tendency, over the last few months, that when we have matters on the adjournment movers of the matters tend to raise issues which have nothing to do with the motion that has been raised. I suggest that it is grossly unfair on the Minister who has to respond, because if you raise issues that are not really part of the matter, then it may fall outside of a portfolio of which he has no specific knowledge at the time, to be able to respond.

Therefore, I would ask Senators to please pay close attention to that, to confine your comments to the matter specifically that you have raised and not go into other issues that really do not have anything to do with it.

**Government of Trinidad and Tobago
(Fiscal Stance of)**

The Minister of Trade and Industry and Minister in the Ministry of Finance (Sen. The Hon. Mariano Browne): Mr. President, I was a bit confused myself as to the nature of the comments being made in relation to the specific item on the agenda, but having made them, I think it is important that we should respond. Notwithstanding the budget debate in which many of these questions were amplified and answered, I will deal with Sen. Mark, should he not have heard me then. Perhaps, I should start off by dealing with the fiscal stance.

With the numbers over time, over the last five years, Trinidad and Tobago has ran substantial fiscal surpluses, which actually add up to quite a substantial sum. For the first time, 2009, we found ourselves—I think in almost about eight years—in a situation where we have run a deficit of approximately 6 per cent, which compares to 13.3 per cent in the US; 9.9 per cent in the case of the UK; 10 per cent in the case of Japan, and certainly Germany is a modest 5.4 per cent, just about where we are.

I simply make the point, yes, that may be a change in fiscal stance, but the Government did come back to this honourable House, on two occasions, to

indicate that it would maintain a level of expenditure which was consistent with maintaining our employment position.

Our employment position at the end of 2008 was 3.9 per cent; current estimates are that it is in excess of 5 per cent, trending towards 6 per cent; well within the definition of full employment. The budget debate and the budget speech amply indicated the Government's position with regard to maintaining a level of expenditure and, therefore, maintaining a level of employment, and keeping its faith with the people of Trinidad and Tobago. There is no wage freeze. It is oxymoronic to talk about a percentage of increase of 3 per cent and say that there is a wage freeze. I do not know to what Sen. Mark was speaking, but certainly there is no declared position on the part of the Government and no declared position with respect to any wage freeze.

With respect to the specific capital project: The Government is on record, very clearly—and I think as recently as yesterday, Sen. Rahman indicated that there was a contradictory remark, but there was no such contradiction. The Minister of Works and Transport yesterday, in response to a question, indicated that we would review the position somewhere in April 2010, when the results of a \$55 million survey should have been completed. I think the Minister of Finance has already indicated that the position would be reviewed, but in all likelihood, given our present fiscal stance, that it was likely to be postponed. While he did not say postpone, he said review, review means for us approximately the same thing.

With respect to other capital projects which are ongoing and given the fact you are talking about the need for a fiscal programme which is expansionary, which would increase employment, then it would be certainly a reversal of policy, therefore, if projects which have already been completed or, rather, substantially completed, were to be reversed at this particular point in time. That would certainly have the opposite effect of what you are asking.

The Ministry of Trade and Industry, and by definition the Government, did enter discussion with the manufacturing sector with respect to what was possible, in the circumstances, to facilitate it, to help the sector. A number of calls were made for reduction in VAT, reduction in bank rate, additional incentives that could be given; but one needs to understand the nature of our manufacturing sector and the nature of the policy we have adopted.

Essentially, our strategy is built on the basis of exports, and to export we must also import. So by definition it has to go with our conversion process and the efficiency of our conversion process. I also indicated previously that a percentage

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of natural gas actually goes into our energy conversion cycle, in particular, some bigger plans to make them more efficient in the use of natural gas, and that reduces their absolute level of cost. What, therefore, does one do to stimulate the manufacturing sector, particularly since the manufacturing sector does not gain its economic strength from supplying the Trinidad and Tobago market?

We could not do what the North American market did, which was to basically give out cash to the public and say, "Spend more"; that could not work in this sector. To do so immediately would mean that there would be a foreign exchange drain, in the first instance. In the second instance, it would mean that it would not benefit the manufacturing sector, because, essentially, the local population would not be buying the exports of the manufacturing sector. In those circumstances, one had to tailor—and I heard it said well yesterday and again today—that we must find solutions which are crafted to fit our own circumstances.

In as much as we have built a manufacturing sector, which is built very heavily on the basis of export—we are the leading exporter in Caricom—then, by definition, what we have been attempting to do is to ensure, and the Ministry of Trade and Industry has led in this effort, that by negotiating in a number of trade agreements with countries in Latin America, to ensure that we have credible markets. To do so, therefore, we must export more. The only way to do that is to expand our productive capacity. To expand your productive capacity essentially means that we must have more equipment. That is the reason for the fiscal measure such as was designed in the budget. The fiscal measure was, very simply said, as aid to the retooling of the manufacturing sector; in other words, the Government of Trinidad and Tobago is effectively giving a grant of 115 per cent, in other words, a complete write off, of any purchase of capital equipment in the year of purchase. That is fiscal stimulus which is designed to encourage the country to export more.

With regard to the comment about the Heads of Government, let us put it this way: Under the Fifth Summit of the Americas, the arrangement was that Trinidad and Tobago would be responsible, as we are all. Countries that host conferences, we are responsible for a certain number of guests. For any one country, we are responsible for the Head of State and four persons, maximum. So that at any stage of the game, and certainly in the case of the Fifth Summit of the Americas, we would have been responsible for paying the bills of 120 persons for the period of three or four days.

In the case of the Commonwealth Heads of Government (CHOGM), if I am not mistaken, our responsibilities fall—I do not think we are responsible for four

again, but I cannot give you the specific number—I believe it to be less than four. In a worst case situation, it would not be more than four persons. So we would be responsible for a total of 216 persons at best, in terms of accommodation, but we have to make certain that accommodation is available to cater to all the persons that are likely to visit. We are only responsible for paying for, approximately, 200 persons, at any one point in time.

I simply make that point just to clarify the issues, to consider that we are running a party here and we are going to host whole large delegations; we are not. The country is only responsible for the Head of State and two or three persons after that; nothing more than that. I want to make that clear. The American Government brought a delegation of 1,000; we paid for four persons. The American delegation, effectively, brought a fiscal stimulus package into this country by the benefit of 996 persons. [*Desk thumping*] I just want to make that point.

With respect to crime and unemployment, there is no relationship. I think Sen. Prof. Deosaran, in previous conversations in this honourable House, had made it very clear that the matters were complex and determined. Certainly, at the level of unemployment at 3.9 per cent and 6 per cent, which are our lowest unemployment rates ever, there cannot be a correlation between unemployment and crime. [*Crosstalk*] That is not the problem. As a psychologist, I know that you know better than that.

Sen. Dr. Gopaul-McNicol: That is not true.

Sen. The Hon. M. Browne: The issues are complex and require a myriad number of activities for us to arrive at a solution to our crime problem. It is not just simply money, and we understand that.

Once again, with respect to the economy as we stand, the Government has come to this Parliament, it has explained its position, it has revised its budget twice during the course of the year, to ensure that we spent and we understood exactly what our expenditure profile was. To maintain the level of expenditure, so that we did not bring the economy down and we did not carry the economy into a recession, we ran a deficit position.

We project that we will run a deficit position again next year, but those deficits could be easily financed out of the surplus positions that we have run in the previous six years. Those surpluses are not available for us to bring into revenue equation, but they are available for us to repay debt. As a result of which, if we have to borrow in the domestic market, we will do so, and there exists ample surpluses to repay those deficits.

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With respect to our future, I want to make the point that we have taken the necessary decisions to maintain this economy on an even keel, and we expect that the economy would perform well and the manufacturing sector would respond favourably.

Thank you.

Arrangement of Business

The Minister of Energy and Energy Industries (Sen. The Hon. Conrad Enill): Mr. President, I just crave your indulgence to give the Senate the benefit of my thinking on the matters to be discussed next week.

You would recall that we had indicated that both the Proceeds of Crime Bill and the Financial Intelligence Unit Bill would be debated on Tuesday. However, it has come to my attention that the Bills are extremely weighty and that Tuesday may not be sufficient. So I propose for us to debate on Monday at 1.30 p.m., the Bill that is currently in circulation, which is on the Order Paper, the Proceeds of Crime Bill, and continue on Tuesday morning at 10.00 a.m. the other Bill, so that by the end of Tuesday we would be in a position to have debated both Bills.

The reason for that is because if we make any amendments to those Bills, the House of Representatives must be reconvened to pass those amendments for us to meet the Friday deadline. Therefore, I thought that I should advise you in that context.

I crave your indulgence one more time to indicate that, unless otherwise advised, it is my intention for us to proceed thereafter with Bills in the following order: The Presidents Emoluments (Amdt.) Bill; the Evidence (Amdt.) Bill; the Tobacco Bill; the Securities Bill; the Integrity in Public Life (Amdt.) Bill and the Supreme Court of Judicature (Amdt.) Bill.

Within that time frame, whenever Private Members' Day is scheduled, we intend—unless there are other things that happen—to have the Private Members' debate continue.

Sen. Rahman: Those Bills again, please?

Sen. the Hon. C. Enill: The Proceeds of Crime on Monday 05 at 1.30 p.m. and Tuesday at 10.00 a.m.

Question put and agreed to.

Senate adjourned accordingly.

Adjourned at 4.30 p.m.