



**STATEMENT TO BE MADE
IN PARLIAMENT**

BY

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**MINISTER OF ENERGY AND
ENERGY INDUSTRIES**

**ON THE ESTABLISHMENT OF AN ETHYLENE COMPLEX AND A MALEIC
ANHYDRIDE PROCESSING FACILITY IN
TRINIDAD AND TOBAGO**

5TH JULY 2006

Mr. Speaker, I am thankful for the opportunity to make a statement, on behalf of the Government, to this Honourable House on two very significant developments in the Energy Sector. In our view, these initiatives mark the beginning of a new era in natural gas based industrial activity in Trinidad and Tobago.

The Government has now concluded two agreements, which will, for the first time, generate downstream industries in second stage processing of petrochemicals in this country. These developments represent important strategic steps in our efforts to further diversify our nation's economy. As members may recall, in 1958 a small ammonia plant, Federation Chemicals, was established in Trinidad and Tobago. Today, Trinidad and Tobago is the home of over 25 world scale petrochemical plants, with several major additional plants at an advanced stage of development.

The agreements, which I announce today, are for the establishment of an **Ethylene Complex** and a **Maleic Anhydride Processing Facility**.

The Ethylene Complex

The development of an ethylene production facility has been an aspiration in Trinidad and Tobago for some time. On April 18, 2006 **Westlake International Investments Corporation**, a wholly owned subsidiary of Westlake Chemical Corporation (WCC) signed a **Memorandum of Understanding (MOU)** with a consortium comprising the **Government of the Republic of Trinidad and Tobago (GORTT)**, the **National Gas Company of Trinidad and Tobago (NGC)** and the **National Energy Corporation of Trinidad and Tobago (NEC)**. This MOU established

the framework for the project evaluation of the proposal tabled by Westlake for the construction, operation and ownership of an ethane-based, ethylene/polyethylene plant in Trinidad and Tobago.

Westlake Chemical Corporation is a publicly traded company in the United States of America. To date, this company has constructed eleven (11) ethylene crackers and polyethylene plants in locations throughout the world. Among the company's competitive strengths are its world-class assets, state of the art technology and manufacturing, effective and efficient plant management processes, disciplined growth strategy, strategic market positioning, and its global presence.

The Ethylene Complex will be constructed on 250 acres of land at a site to be identified; and will be done in three phases with construction scheduled to start in the last quarter of 2007. Production is expected to start three years later in 2010. The capital cost is estimated at US\$1.5 billion, subject to further definition of the venture. The project will be financed by equity 30%, and debt 70%, with the Government of Trinidad and Tobago having the option of acquiring no less than 10% and up to 30% equity in the project.

Mr. Speaker, Ethylene is one of the world's leading chemical produced used as a raw material in the manufacture of polymers for the fabrication of plastic and fibres for the packaging, transportation and construction industries. We expect the ethylene complex to trigger the development of a whole new range of downstream manufacturing activity in medium and small enterprises for the production of plastic film, bags, cups, appliance parts, pipes and related products.

The Maleic Anhydride Processing Facility

The establishment of a **Maleic Anhydride Processing Facility** is to be undertaken by **ISEGEN (PTY)** Limited, a wholly owned private company incorporated in South Africa. This company is a global manufacturer of chemicals for food additives with 32 years in food acid manufacture. Its major clients include Pepsi Cola, Coca Cola, Cadbury, Schweppes, Unilever, Kraft, Arcor and many other multinational food manufacturers spanning some 42 countries.

Maleic Anhydride, is an intermediate chemical widely used in the industries for food ad beverage products, pharmaceuticals, resins, oil additives, detergents and agricultural products. It will serve as a base produce creating opportunities for the establishment of many new business ventures in all these processing industries in Trinidad and Tobago.

Discussions for this project began in mid 2005 and a MOU to establish the commercial terms was signed in December 2005, between ISEGEN and Phoenix Park Gas Processors Limited (PPGPL). The capital cost of the project is estimated at US\$64 million; and construction is scheduled to commence in the third or fourth quarter of 2008.

Mr. Speaker, the establishment of the Ethylene Complex and the Maleic Anhydride Processing Facility together represent investments in excess of US\$1.564 billion in the economy of Trinidad and Tobago. This is further evidence of the continuing positive reputation of Trinidad and Tobago as an attractive location for

Foreign Direct Investment; a reputation that has been significantly increasing in recent times.

Great benefits will accrue to the country from these two projects. They will generate new wealth for the country, contribute very significantly to sustainable growth and create substantial employment in Trinidad and Tobago. It is expected that both projects will produce over 5,600 jobs during construction and a total of 540 permanent positions. Most importantly, close to 6000 sustainable jobs will be generated through the stimulation of new businesses in a wide range of new downstream manufacturing activity in this country. These are most positive development, which the Government is pleased to bring to the attention of this Honourable House and the entire nation.

Thank you, Mr. Speaker.