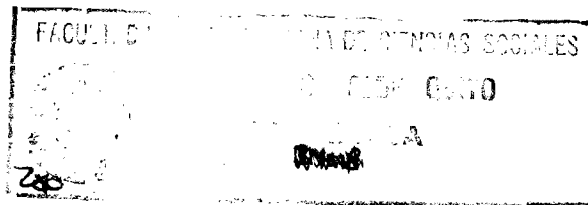


DEVELOPMENT STRATEGY AND
NATIONALISATION IN THE
OIL INDUSTRY OF TRINIDAD-TOBAGO :
THE CASE OF SHELL TRINIDAD LIMITED

A THESIS PRESENTED TO
TO
THE LATIN AMERICAN FACULTY OF SOCIAL SCIENCES
(FLACSO)
FOR THE DEGREE OF
MASTER IN DEVELOPMENT STUDIES



JOY CAROL JEFFERS
AUGUST, 1980

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CHAPTER 1

HISTORICAL/THEORETICAL PERSPECTIVE

CHAPTER I

1.1 THEORETICAL REFERENCE

According to the Theory of Dependency, dependency takes place within the framework of World Capitalism in which there is one or a few metropolitan centres. A. Gunder Frank/¹ contends that the history of the present underdeveloped countries and their relations with the present developed countries must be taken into account to analyse the persistence of dependency and underdevelopment over time. He states that the economic advancement of one country cannot be seen as unrelated to the economic impoverishment of other countries, and contrariwise, the impoverishment of some countries cannot be seen as unrelated to the economic advancement of others. In other words, develop-

¹ FRANK, Andre Gunder. "Sociology of Development and Underdevelopment of Sociology" in Latin America Underdevelopment or Revolution. Article printed for the Faculty of Social Sciences, UWI, St. Augustine, Trinidad, no date.

ment and underdevelopment are two sides of the same coin - World Capitalism. This contradiction between developed (Metropole)/2 and developing (Hinterland) /3 countries generates the persistence of structural underdevelopment and dependency in the developing country, which is perpetuated, not merely because of the drainage of economic excedent from the Hinterland to the Metropole, but more important, because of the implantation of the capitalist structure and its basic contradictions upon the Hinterland /4.

It is from this general context that an attempt is made to understand development in the Caribbean. The theoretical overview of this study is based largely upon the notion of structural dependency in the works of Best, /5 , and Girvan/6. Best introduces the concept of Plantation Economy with its historical roots in the agricultural section, to explain dependency in the Caribbean in terms of the imperial, political and economic relations between the Metropole and the Hinterland. Givan's work, based upon Best's Plantation Economy concept, represents a further stage in the attempt to integrate analytically dependent underdeveloped Mineral export economies into the general analysis of the Plantation Economy.

-
- /2 METROPOLE. A developed country which exports technology, capital, etc. to the Hinterland.
- /3 HINTERLAND. The taker of economic organisation from the Metropole and which also acts as a reserve army of labour. Implicit in the relationship between Metropole and Hinterland is the notion of structural interdependence.
- /4 VARIOS AUTORES. Debates sobre la Teoría de la Dependencia y la Sociología Latinoamericana. 1era ed. EDUCA Centroamericana, 1979.
- /5 LLOYD, Best. "Outlines of a Model of a Model of Pure Plantation Economy" in SES Institute of Social and Economic Research, UWI, Mona, Jamaica, Vol. 17, Mar-Dec. 1968, pp.283-324.
- /6 GIRVAN, Norman. "Multinational Corporations and Dependent Underdevelopment in Mineral-Export Economies" in SES, Vol. 19, No. 4, Dec. 1970 pp. 490-526.

For Best, a plantation Economy is equivalent to that society whose economic and political institutions are controlled by the metropolitan power. His study embodies a historical structural analysis of economies created by European colonization from the seventeenth century onwards, primarily through the establishment of plantations. According to his study, Plantation Economy "falls within the general class of externally propelled economies".^{/7}. To analyze the perpetuation of structural dependency in the Caribbean, he divides his study into three distinct historical periods:

1. 1600-1838 (the abolition of slavery): Pure Plantation Economy.
2. 1838-1938 (the eve of World War 2): Plantation Economy Modified.
3. 1938 - to the present: Plantation Economy Further Modified.

Best states that it was during the first period that the relations of Metropole and Hinterland were defined in relation to a Sugar Plantation Economy using slave labour and he summarized the relations as mercantillist. For Best this phase ends due to the process of industrialization in Britain; the introduction of comparatively modern machinery on the plantations and thus it was becoming too expensive to maintain slave labour. The second phase, therefore, ends with the abolition of slavery and later the indentureship system of labour is introduced ^{/8}. Best

^{/7} BEST, Lloyd, Op. cit. pg. 283

^{/8} INDENTURESHP. A system of contract labour wherein Indians were imported from India to work on sugar plantations in conditions of semi-slavery for five years, at the end of which period they received a parcel of land.

claims that there were no changes in the society which could have led to break away from the relationship of domination and subordination perpetuated during the first phase and it ends with the bankruptcy of Trinidad's sugar production and the growth in importance of its oil industry. During the third phase, the Hinterland, was forced to become more self-reliant due to a general interruption of international trade because of World War II, but this did not conduce to a process of substitution of imports to temporarily break the dependency relations /9, thus the ties of Metropole-Hinterland were re-established. Best noted that in the late 1950's, and especially after independence from colonial rule, attempts were being made to foster the development of the Hinterland. The policy then adopted in the Caribbean, "industrialization by invitation" envisaged the luring of foreign investment through the offer of limitless concessions, and it coincided with the expansion of the multinational corporations in Third World countries (in Trinidad-Tobago, ^{via} in the oil industry.) This strategy implied development within the framework set by the interests of these corporations, thus the consequences are noted by Best and Levitt,

"The result is that the typical manufacturing establishment is the taker of highly specific technology, tied to imported tastes, imported intermediate and capital goods, and imported managerial personnel and organizational procedures" /10

/9 In such countries, as Chile, Argentina, etc., the process of imports induced during the 1940's due to the interruption in trade between industrialized and developing countries did not lead to an end to the dependency relations since these relations were re-established in the 1950's. Therefore, we do not agree that the process of the substitution of imports by itself can lead to an end to dependency.

/10 BEST Lloyd and Kari Levitt: "Character of Caribbean Economy" in George Beckford (ed). Caribbean Economy, UWI Mona, Jamaica, ISER, 1975. pp. 34-60.

For Best then, over time the institutionalization of a dependency syndrome was created: firstly under slavery; secondly with the indentureship system, and thirdly, the expansion of multinational corporations - all of this was in function of developments in the staple industry and it meant that the hinterland economy did not develop any radical institutions to break away from dependency on the Metropole.

While Sunkel supports Best's methodology making the point that:

"historical insight is essential for the identification of such structural elements, explanation of the functioning of the system with a given structure, and analysis of structural change".

and he further adds,

"it becomes quite clear that external links and its relationships have exercised fundamental influence on the shaping of the structures and system and therefore, on their functioning and outcome". /11

the main criticism of Best's work is that no rigorous analysis has been made of the relationship between internal processes of change by identifying the continuity and strength of social forces in the Hinterland and external developments. /12 According to Sudama, in historical terms,

"the model adheres overwhelmingly to what may be termed the product cycle syndrome which posits that the Hinterland's fortunes are dictated mechanistically (JCJ) by the stages of life in the staple export industry". /13

/11 SUNKEL, Osvaldo, "Transnational Capitalism and National Disintegration in America" in SES vol. 22 No. 1 March 1973 pp 82-176 ISER. Jamaica.

/12 SUDAMA, Trevor. The Model of the Plantation Economy. The Case of Trinidad and Tobago. Monograph. pg. 10.

/13 Ibid. pg. 19.

In his study it is clear that Best does not analyze the relativity of dependency, that is, changes in the relationship of Metropole-Hinterland because of dynamic internal developments in the Hinterland, and not mere developments in its staple export industry. This also coincides with the main critique of the Dependency Theory, that it is reduced to being a "terrible simplifier" of the relationship between the Metropole and the Hinterland since all developments in the latter are attributed to the former and the Hinterland is not seen as having any dynamism of its own. /14 It should be noted that the Dependency Theory has placed as the object of analysis the inter-relations between social formations, and while it is beyond the scope of this thesis to enter any detailed discussion of same, we would suggest that the emphasis should rather be placed on the dynamic of capital in terms of the particular laws of motion of the capitalist mode of production according to their specific historical instances, and consequently on diverse forms of capitalist development which distinguishes social formation from each other.

Nevertheless Best's historical analysis is appreciated for being a pioneering attempt to create a model and concepts for Caribbean development. The important point in his analysis which we wish to emphasize in our study is the utter dependency of the Trinidad-Tobago economy upon the fortunes of one staple product for its development. Whereas this was once sugar under the Pure Plantation Economy System, by the tunic of Plantation Economy Modified, the discovery of oil in commercial quantities and the subsequent bankruptcy of sugar led to a new dependency on oil. While it was the importance of sugar on the international market in the seventeenth and eighteenth centuries which was mainly responsible for the creation of the Plantation system and which laid the roots of the dependency between the Metropole-Hinterland,

/14 LUIS DE IMAZ, José. " ¿Adios a la Teoría de la Dependencia? en Debates sobre la Teoría de la Dependencia. Op. cit. pgs. 136-144.

we are contending that it was also the very importance of oil to metropolitan interests which was largely responsible for the perpetuation of the dependency syndrome. However we shall also argue that metropolitan interests were not the sole determinant of the variation in the dependency relationship Metropole-Hinterland, but rather that internal developments such as the formation of radical groups in the Hinterland seeking their national interests did play a significant role in the process, as we shall discuss later in this chapter.

Whereas Best's Plantation Economy Model tends to imply that it refers to the agricultural sector, Girvan uses this very analysis as a point of departure to characterize dependent underdevelopment in Mineral-Export economics, that is, he modifies Best's Pure Plantation concepts for the economic changes which took place at the beginning of the twentieth century when the more developed countries began to export capital and technology to the mineral sector of the Hinterland. Such is the case of Trinidad-Tobago since oil was discovered at the beginning of the twentieth century when the island was a British colony and it was British capital which was pumped into its early development. Girvan points out that two of the reasons most frequently advanced for the past and continuing prevalence of foreign capital investment in mineral industries in Hinterland economies are the alleged shortage of capital and the alleged technological backwardness. This has to be understood in the context /15 where:

i) the international market is controlled by oligopolistic forms and,

ii) in a historical context such as that offered by the Plantation.

/15 GIRVAN, Norman. Op. cit. pg. 490.

Economy Model, which explains the perpetuation of structural dependency.

Givans further clarifies that due to the institutional integration of mineral industries with multinational corporate systems, a lack of integration with the national economies is produced. Thus, it is in the structure of the corporation that an explanation of the failure of the surplus of the mineral export industry to be invested in other sectors of the economy must be sought, since the surplus is tied to the needs and strategy of the corporation. /16

He also argues that in developing countries the national economy tends to resist any attempt to reduce structural dependency on the mineral export sector since the revenues of the latter are not reinvested in other strategic sectors of the Hinterland economy to promote its own development. On the other hand, V. Lewis in his discussion on Girvan's work stated that,

"Governments of States with mineral export economies are attempting in the contemporary period to come to terms with the consequences of various kinds of pressures emanating from the presence of multinational corporations in their states - an attempt that takes the form primarily of the mechanism of "localisation" through what can be called the 51% participation programme". /17

We shall contend that this picture of the dependency of the Hinterland's mineral export sector is clearly the case of Trinidad-Tobago, because in the last decade the Government has opted for a policy of greater participation in the economy

/16 Ibid

/17 LEWIS, Vaughn. "Comment on Multinational Corporations and Dependent Underdevelopment in Mineral Export Economics. pgs. 527-528. SES vol. 19 No. 4. Jamaica 1970.

and the "51% participation programme" has occurred in important sectors of the economy which used to be dominated by foreign investment - sugar, chemical, oil. We shall plant as a hypothesis even from here that in spite of the country's utter dependence upon the oil sector, it has always been and it remains a sector which is controlled by multinational companies. Even though, the Government has opted for a policy of diversifying the economic base of the country, this should not be interpreted as an attempt to break away from dependency as such, but only an attempt to break away from dependency upon a few U. S. multinational companies which control the key sector of the economy, the oil sector.

According to Lewis, the degree to which localization involves negotiations between Governments and multinational corporations, then the problem enlarges to become one of national as well as international economies, as well as of national and international politics. Thus the Plantation Economy Model implies a close linkage between economics and politics and can be made part of a general analysis of colonialism/imperialism. /18

1.2 THEORETICAL ADJUSTMENTS

We have seen that the main criticism of the Plantation Economy Model and similarly of the Dependency Theory upon which the model is based, is that it deals with the functional relationship of "structural interdependence" between the Metropole and the Hinterland - a biased relationship in which the Hinterland appears to be completely dependent upon the Metropole for its development. Here we shall argue that factors internal to the Hinterland did in some measure influence the development of the dependency relationship, and as such were partly responsible for the changes in Best's periodizations - they were not merely

/18 Ibid

determined externally.

As Post has analyzed, under British rule, Britain implanted metropolitan mercantile capitalism in the Trinidad-Tobago and this integrated the colony into a set of external relations which affected all its internal structures and their articulation with one another /19. Although the consolidation of industrial capitalism in Britain in the nineteenth century heavily influenced the change in the structural relationship between the colony and the metropole, as planted by Best, we agree with Post that the decline of the slave plantation corresponded simultaneously to the internal contradictions within the process of this specific form of production and the historical reasons behind the high costs and declining supply of the slaves from Africa. On the one hand Post argues that in view of the fact that the slave constituted a fixed capital cost for the plantation owner, the latter attempted to recuperate his investment by extracting as much labour from the slave in the shortest period of time possible. Since the productive forces of the plantation were largely determined by the extensive use of the labour supply, Post correctly argues that the physical destruction of the slaves (sickness, death, etc.) as a consequence of their over-exploitation constituted the major contradiction within this type of economy. The plantation owners were able to overcome this problematic when the price of slaves was relatively low, however the scarcity of slaves in later years and the high transport costs and mortality rates which characterized the transport routes from Africa to Trinidad, led to a steady increase in the price of slaves, a cost which was soon to prevent the plantation owner from making a feasible profit. /20

/19 POST, Ken. Arise ye Starvelings. The Jamaica Rebellion of 1938 and its Aftermath. Institute of Social Studies. The Hague. 1978. pg. 21.

/20 Ibid pg. 23

Subsequently the abolition of slavery in Trinidad can be seen as, on the one hand, a response by the plantation owners to the non-economic viability of the plantations due to the above-mentioned factors, as well as on the other hand, a consequence of the political resistance of the slaves against their socio-political and economic conditions, a resistance which further compromised the productivity of the plantations./21

With the abolition of slavery which takes us to Best's second phase, Plantation Economy Modified, the British attempted to reorganize the social relations of production within the plantation economy. Similar to developments in Jamaica, the ex-slaves were allotted lands surrounding the plantations (through purchase, direct allotment, or given usufruct rights). Though the ex-African slaves now dedicated themselves to peasant farming they were no longer available for plantation labour, and the colony was forced to resort to the indentureship system of contract Indian labour. This system functioned for approximately fifty years and its end was largely defined by the emergence of the first mass-based working class oriented organization in the colony - the Trinidad Workingmen's Association (TWA) which combined both political and economic issues in its quest to ameliorate working class conditions. This organization played a key role in awakening the consciousness of the working class to the socio-economic and political problems facing the colony/22

/21 Slave resistance usually took the form of revolts through looting and burning of the plantations.

/22 SINGH, Kelvin. Economy and Polity in Trinidad 1917-1938. Unpubl. Ph. d. Thesis. 1974. UWI Trinidad pgs. 24-28.

Thus a growing resistance among the indentured labourers accentuated the tendency of the plantation owners to increase the productivity of labour by investing in constant capital and employing free labour, thereby displacing their previous emphasis on indentured labour. The contradictions inherent between these two paths of development /23 coincided with the economic decline of sugar on the world market, largely due to the development of best sugar in Europe and due to the comparative advantages of other sugar producing countries within the British Common Wealth./24

Consequently the political movement which started to emerge in the 1930's calling for nationalisation of the economy and Home Rule had its origins in the earlier working-class movement, the TWA and it was directed precisely against the Metropole-Hinterland relationship of the colony to Britain and implicitly foreign control of the economy. Its base was drawn largely from oil workers in an increasingly significant oil sector of the economy, agricultural workers whose deteriorating

/23 See pg. for an explanation of indentured labour.

/24 Trinidad began to be shaped as a sugar-cane plantation economy under Spain which had discovered the island in 1498. Spain's realization the Trinidad was best suited to agricultural production, especially sugar, led to the implantation of the sugar-cane Plantation Economy.

Later under British rule (from 1797) this sugar plantation economy was further developed. The society was divided into large self-contained sugar plantations in which African slave labour, and a limited amount of machinery (because of the industrialization process in Britain) were used in the production process.

Towards the end of the nineteenth century however, due to greater production from countries such as Cuba, Java, Philippines which had more fertile lands and more advanced technology; and the growth in importance of beet sugar in Europe, there was a steady decline in the importance of Trinidad's cane sugar production.

socio-economic situation was accelerated in the decline of revenues from the agricultural sector and subsequently foreign exchange /25 and the urban unemployed (whose origin may be traced to the stagnation of the agrarian sector). While this movement was repressed and resulted in the imprisonment of its leader (Uriah Butter) it also provoked the enactment of important reforms, constitutional changes, adult suffrage and one of the most important was the right for labour to be organized into trade unions. This resulted in the formation of one of the most powerful trade unions in Trinidad-Tobago today, the Oilfields Workers' Trade Union. This Union, because of its very origins was to pursue the call for nationalization of the oil sector even after Home Rule and Independence were attained later.

However, because of the geographic and the economic importance of Trinidad's oil to Britain in the 1930's, all militant working-class activity, especially in the oil sector, which was the centre of the disturbances was forcefully suppressed, and through to the 1950's all attempts by this political movement to organize was stifled by either extra economic and/or socio-political and economic means.

It is important to note that Trinidad society was characterized by a strong correlation between race and class given the common race factor of specific working-class groups /26 (peasantry, urban-unemployed, oil workers), so that in the popular movement, subsequently, race stood out as the primary

/25 Whereas the average yearly earnings of the agricultural sector between 1926 and 1928 amounted to £2.902.645 in 1935 it had dropped to £ 1.696.423 - Selwyn Ryan. Race and Nationalism in Trinidad and Tobago. ISER UWI. Trinidad. 1974. pg. 43.

/26 These groups were predominantly of African origin.

ideological factor.

In order to contrarrest the formation of a militant popular movement which posed a severe threat to the economic significance of the colony to Britain, Britain sought to co-opt a national group, the "fit-to-rule" which would preserve its interests /27. This was the country's Black (J.C.J.) professional sector representing the interests of white agricultural and commercial capital which were in decline, and altogether, through a new political party, the People's National Movement, it was,

"an amalgam of the middle-class, the working-class and all other social groupings between those two in an apparent (J.C.J.) classless movement/28".

Thus the dependency relationship between Trinidad Tobago and Britain went into another phase in which the colony was granted a small measure of self-determination to quell a growing call for political and economic independence in the face of poor socio-economic conditions. But simultaneously post World War II, we witness a general weakening of the British Empire facing a rise in U.S. hegemony in the World, and it is forced to relinquish some of its dominions.

This facilitated the penetration of U.S. capital through the country's main economic resource, the oil sector, which led to a reorganisation of the oil industry since it was transformed into a refining centre for imported crude oil. Subsequently,

/27 CRAIG, Susan. "Germs of an Idea". An Afterword to W. Arthur Lewis' Labour in the West Indies: The Birth of a Workers' Movement. New Beacon Books. London. 1977. pg. 61.

/28 NACLA. Latin America and Empire Report. Oil in the Caribbean-Focus on Trinidad. Vol X No. 8. October 1976, pg.19.

because the Government's development strategy since then was, and still is, based upon encouraging foreign investment in the country (especially U.S. capital), Trinidad's oil industry remained completely dependent upon foreign capital for its development. This, as we shall see, laid in the fact that all of the raw material for the refineries were imported while the country remained with the 'white elephant' structure whose operations required expensive technology which the dependent colony was ill-equipped to afford. The fusion of British and U.S. interests in the colony (Trinidad-Tobago was still a British colony, but there was strong U.S. participation at the economic base) appeared in a conjuncture where the rationale of capital had changed, and through the creation of the local group (PNM) which did not threaten their interests, direct/colonial control of the political structure was no longer necessary. Thus Trinidad obtained its legal independence in 1962.

While the formation of the PNM was to stifle the popular movements which had their origins in the 1930's, nevertheless because of the lack of any radical changes in the society, post independence saw the persistence of popular groups decrying the development strategy being followed by the Independent Government - the invitation and dependency upon foreign capital - and this culminated in the mass unrest of 1970 - the Black Power Rebellion. This faction was a coalition of radical trade unions, student and youth groups, and several cultural and sporting organizations whose main objective was to reject imperialism and neo-colonialism propagated mainly through foreign investment and multinational companies, and the Government was accused of cooperating with and encouraging the operations of these companies in the main sectors of the economy - especially in the oil sector.

Generally we have seen that Trinidad-Tobago is very dependent upon its relationship with the Metropole because the development

of its key sector (oil) is externally determined . However, this dependent relationship has not been purely vertically directed (from the Metropole) for we have seen variations in the relationship, first under British colonial rule and later under U.S. neo-colonial rule. The transition of the oil industry from British to U.S. and its restructuration from oil production to oil refining was not merely related to an economic logic of production versus costs, but also corresponded to the training of a local/^{group} which was fit to adopt political rule of the island. This served two clear purposes, firstly the natives felt secure that they had 'Home Rule' with nationals in the key positions; and secondly, its latent purpose was to surpress the resurgence of the working-class militancy which had begun in the 1930's.

1.3 CONCLUSION

Though the call for Home Rule and nationalization of the Trinidad-Tobago oil industry began since the 1930's under British colonial rule, it was not until the 1960's under U. S. neocolonial rule that some measure of self-determination was granted. The struggle for nationalization was stifled (though not killed) through the creation of a local group, the PNM, which would preserve metropolitan interests in the contry through the development strategy adopted and their attitude to nationalization of the local oil industry.

The leader of this movement, also the present Prime Minister of the country, Dr. Eric Williams, specified quite early that his movement 'refused to preach socialism in an island where there is no great accumulation of capital wealth and where poverty...abound'/29 and his development strategy was capitalist, based upon the open invitation of foreign capital into the island. As far as a programme of nationalization was

/29 RYAN, Seluyn. Op. cit. pg. 122.

concerned, it was candidly expressed that the country lacked the human, physical and financial resources for such an undertaking /28. These policies were pursued without modifications until the popular unrest of 1970's as expressed in the Black Power Rebellion against growing social and economic crisis in the country which forced a reappraisal of the development strategy, causing the Government policy to be modified to encourage State participation in the economy - no longer merely encouraging foreign investment.

In this study then, we will look at Government participation in the economy, through the key sector, oil, and attempt an evaluation of the nationalization of the only state-owned oil company in the country - Shell Trinidad Ltd. However firstly we will give a broad overview of the development of the local oil industry, and the importance of these resources to the country.

CHAPTER 2

AN OVERVIEW OF THE OIL INDUSTRY IN TRINIDAD AND
TOBAGO

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AND TOBAGO

In this chapter we intend to analyze the development of the oil industry in Trinidad-Tobago in historical terms. Our contention is that while oil was discovered when the country was a British colony, thereby constituting the phenomenon that from its initiation oil was developed largely according to foreign interests, it is important to consider the qualitative modifications which occurred in this industry during the transition from British economic and political hegemony to U.S. economic control.

Consequently we shall argue that the development of the oil industry in Trinidad-Tobago necessarily has to be analyzed in two distinct historical phases. The first corresponds predominantly to British interests which placed its emphasis on the strategic location of the country and its capacity to produce oil fuel to meet the requirements of the British Admiralty and Air Force during the second World War, therefore the development of the industry took the form of the construction of facilities to serve this purpose.

The second phase, on the other hand, corresponds to the post-war period with the decline of British interests and the subsequent strengthening of U.S. capital. We shall analyze the combination of a) the entrance of U.S. capital in the economies of Europe and European colonies, (displacing British capital in corporations such as Trinidad Leaseholds Limited), b) the relatively high costs involved in extracting Trinidad's oil, which were not only high cost reserves, but production was also very low in the post-war period, c) strict environmental controls in the in the U.S. and their influence on production costs, and d) comparative lower labour costs, led to the re-organization of the oil industry. Furthermore, by redirecting the emphasis from production to refining we shall argue that it was no longer necessary for foreign capital to maintain direct control of the political structure of the country and consequently one of our major hypotheses is that the independence movement of Trinidad-Tobago/1 is a direct reflection of the modifications which occurred within the principal sector of the economy. Finally we shall argue that the more recent development in the international oil industry, the "Energy Crisis", with its very favorable economic returns, acted as a major spur to intensify the interest of the Independent Government of Trinidad-Tobago to increase its participation in this sector.

This chapter is therefore subdivided into three parts: firstly we examine the oil industry under British colonial rule; secondly, under U.S. capital, and finally we will discuss the more recent international "Energy Crisis" which changed the future of the oil industry in Trinidad-Tobago.

2.1 BRITISH CAPITAL AND THE OIL INDUSTRY.

Until 1962, Trinidad was a British colony thus is

1, Trinidad-Tobago became independent in 1962. However control by a national government over most aspects of national life began in 1956 with internal Self-Government.

was British policy which dominated all aspects -socio-economic, political and cultural - of the society, and especially the development of the country's oil industry until the 1950's. Though Trinidad's association with oil began to take shape in the middle of the nineteenth century/2, it was not until the turn of the twentieth century that decisive changes were to take place. This coincided with the growing non-profitability of the sugar plantation economy to the private British owners as we have seen in the previous chapter as a consequence of beet sugar in Europe and the comparative advantage of other major sugar producing countries. The development of the oil industry had certain similarities to the economic dependency of the Plantation System in that it was subject to external control.

The discovery of oil in relatively large quantities by 1910 made Trinidad a very important oil colony to the British Admiralty/3. From a modest initial production of 37 barrels in 1908, and a more substantial production of 47.295 in 1909, Trinidad's crude production grew rapidly in those early years/4, increasing by more than 100 percent every year between 1909 and 1912 (Table 2-1). In order to understand the global significance of Trinidad's crude oil production in these early years we have to give an over-view of world oil production. In 1912, the Middle East was producing 30 percent of the world's crude/5,

/2 In 1857 the first drilling project was attempted in La Brea, South Trinidad, and in 1866 oil was discovered by the U.S. civil engineer, Walter Darwent. - Trintoc Oil Education Programme.

/3 Later in this chapter we shall see that Britain was more interested in the refined oil fuels to be obtained rather than the crude production itself.

/4 Private British companies were responsible for the early oil explorations.

/5 For the British state, oil was too vital a commodity to be left in the hands of the oil companies and the tendency was for Britain to enter taking economic and political control. A case

TABLE 2-1

CRUDE OIL PRODUCTION 1908-1910
1910-1950 (Bi-annually) in Trinidad and Tobago

YEAR	TOTAL FOOTAGE DRILLED	ANNUAL RATE OF GROWTH %	TOTAL OIL PRO- DUCTION (BBLS)	ANNUAL RATE OF GROWTH %	CUMULATIVE OIL PROD. (BBLS)
1908	2.352		37		97
1909	5.362	127.9	47.295	127.98	47.332
1910	8.090	50.9	105.708	122.17	152.410
1912	39.790	191.5	485.905	115.09	859.607
1914	58.424	23.28	993.216	45.08	2.438.005
1916	58.901	0.63	927.875	- 3.18	4.270.599
1918	54.496	- 3.23	2.081.920	57.87	7.954.821
1910	78.676	20.16	2.683.110	0.79	11.878.967
1922	136.463	32.94	2.444.670	8.43	16.677.796
1924	151.528	5.38	4.058.060	28.91	23.786.643
1926	200.657	15.13	4.971.479	10.71	33.144.632
1928	243.186	10.47	7.684.587	21.95	46.210.019
1930	372.656	23.81	9.418.957	10.74	64.344.764
1932	173.287	15.27	10.126.121	3.68	84.214.383
1034	351.783	42.33	10.894.363	4.18	104.670.099
1936	594.529	44.80	13.237.080	10.24	129.578.353
1938	905.908	26.35	17.737.201	15.76	162.838.543
1940	1.021.287	7.25	22.226.876	11.94	204.787.035
1942	623.398	- 20.88	22.069.178	- 0.02	247.362.193
1944	456.957	- 14.12	21.634.965	- 0.46	290.382.398
1946	533.209	8.40	20.232.641	- 3.29	331.707.647
1948	638.681	9.99	20.110.901	- 0.58	372.339.102
1950	659.565	1.67	20.632.421	1.29	413.588.244

SOURCE: Compiled by author from unpublished data, Ministry of Petroleum and Mines, Port-of-Spain, Trinidad.

mainly under British control, while the U.S. controlled the remaining 70 percent/6, distributed in the U.S., Venezuela and Mexico, In this global framework Trinidad's oil production figures were minimal or insignificant.

When oil production reached approximately 1.000.000 barrels per year in 1913, two companies which subsequently grew to be major enterprises in Trinidad's oil history - the British enterprise, Trinidad Leaseholds Limited (T.L.L.) and the Dutch British based oil company, United British Oilfields of Trinidad (U.B.O.T.), later known as Shell, entered Trinidad setting up producing and refining operations. By world War 1, 1914-1918. oil production doubled from approximately one million to just above two million barrels per year (Table 2-1, Pg), in spite of a decline in exploration activity/7. Where as in 1914, oil exploration had grown 23-28 percent for that year, by 1918 its growth rate was -3.23, on the other hand. While the back of drilling activity can be attributed to the War, nevertheless the existing wells, were operating quite profitably, since the growth of oil production in 1918 was 57.87 percent.

The major companies operating in the oil industry were all British-Trinidad Leaseholds Limited (T.L.L.), United

in point is the Middle East oil industry in which Britain bought the assets of the Anglo Persian Oil Company which was later to become British Petroleum (B.P.) - Howard Johnson. The Political uses of Commissions of Enquiry(1): The Imperial Colonial West Indies Context. The Foster and Moyne Commissions in SES Vol, 27. N^o 3, Sept. 1978, Jamaica 19. 283.

/6 MARCIAL, Rubio Correa. OPEP Imperialismo y el Tercer Mundo Centro de Estudios y Promoción del Desarrollo, Lima. 1976 Pag. 12.

/7 It should be noted that although Trinidad was able to increase her production substantially, it was still insignificant in that by 1914 Mexico was producing 72.000 barrels of crude daily (Approximately 26 million barrels annually) Ibid.

British Oilfields of Trinidad (U.B.O.T.), Apex Oilfields Limited and Kern Oilfields; but there were also approximately thirty small privately-owned operating companies of different nationalities/8. Britain passed laws to guarantee British rule over the industry and favoured her own companies by specifying the price of oil to foreign companies, adding as one condition that these companies would be obliged to produce oil fuel for the British Admiralty in the event of a War; that leases would not be granted to foreign companies which discriminated in granting oil rights to Britain; and that the majority of employees in these foreign companies should be "British Subjects"./9.

As mentioned earlier, rather than the total amount of crude produced, it was the regional location of Trinidad's oil in the Caribbean which made it especially important for Britain's imperial defence - thus it was viewed as part of a wider government policy of military preparedness for World War II./10 Even though the oil produced in Trinidad, in 1936, constituted over sixty percent of the total oil produced within the British Empire this was a mere 0.92 of world production/11, because Britain had to rely heavily on imported crude, Trinidad's oil production per se was therefore not very important in terms of volume. Thus the importance of Trinidad's oil to Britain was

/8 FARRELL, Trevor. The Multinational Corporations, the Petroleum Industry and Economic Underdevelopment in Trinidad and Tobago. Unpubl. Ph.d. Thesis Cornell University 1974 pg. 90.

See also Arthur Lewis. Labour in the West Indies. The Birth of a Workers' Movement A New Beacon Publication. Trinidad. 1977. pg. 28.

/9. FARRELL, Trevor. Op. cit. pg. 345.

/10 JOHNSON, Howard. "Oil, Imperial Policy and the Trinidad Disturbances 1937" in Contemporary Sociological Reader (forthcoming) ed. Susan Craig, UWI, Trinidad. pg. 20.

/11 WILLIAMS, Eric. "History of the People of Trinidad and Tobago". Andre Deutsche, London 1964 pg. 229

in quality rather than quantity. According to Johnson, emphasis was rather on the ability of the major oil companies to produce different types of oil fuels for the Admiralty and the Air force/12. There was therefore a centralization of Trinidad's oil production at the level of refining for military and economic reasons. Thus Trinidad Leaseholds Limited in 1937, for example, was erecting (at cost of £750,000) and iso-octane plant at their Pointe-a-Pierre refinery, for the production of high octane aviation fuel to be used in their fighter planes for the defence of London/13.

As early as November 1934, the Oil Board, a subcommittee of the Committee of Imperial Defense, was asked to supply plans for a War against a European adversary/14. In the event of a war it was pointed out that,

"Trinidad is the principal all-British (JCJ) source of oil fuel, and in the event of sea communications in the Mediterranean being threatened, and the United States disallowing exports of oil fuel in excess of normal peace-time quantities, it would provide the only safe source of supply; also, the comparatively short distance from the United Kingston would render a smaller number of tankers necessary than if the Cape Route to Persia were used."/15.

/12 JOHNSON, Howard. "The Political Uses..." Op. Cit. Pg. 258

/13 JOHNSON, Howard. "Oil, Imperial Policy ..." Op. Cit. Pg.2

/14 Ibid. Pg. 21

/15 Ibid. Pg. 38

The evidence available is therefore conclusive that Britain was most interested firstly in the strategic location of the Trinidad and Tobago oil industry; and secondly in its specialized refining capacity based upon a production of approximately twenty-one million barrels annually during the War years, 1913-1945 (Table 2-1, pg).

Post World War II, the regional differentiation of capital was modified as U.S. capital began to penetrate heavily into the European economy, not only making the distinction between British and U.S. capital very difficult, but also making the subsequent shift to International capital under U.S. hegemony a major economic force, as we shall see in section 2.2. The decline of European hegemony and the subsequent rise of U.S. capital made the latter the predominant economic force in the Western Hemisphere, and this is reflected in the decolonisation of the British Caribbean Islands and others parts of the World.

The redistribution of economic and political power after World War II was not the only cause of the decolonization process in the Caribbean which followed. It is also necessary to mention the importance of the internal socio-economic and political factors in this process, we have seen in the previous chapter that the beginnings of a political movement in the 1930's, directed at nationalization of the economy and control of the political apparatus was forcefully repressed, but it was to resurge sporadically until the 1950's when the country gained Self-Determination from Britain.

The movement was directed against foreign control of the economy; the Southern Oil fields providing the real centre of gravity and focussing on nationalisation of the oil industry./16

/16 POST, Ken. "Politics of Protest in Jamaica, 1938. Some Problems of Analysis and Conceptualization" in Peasants and Proletarians. Ed. Robert Cohen et. al. Hutchinson and Co. Publ. Ltd. London 1979. Pg. 199.

The base of this movement as seen in the previous chapter, was drawn largely from the oil workers, within the increasingly significant oil sector of the economy the agricultural workers; the urban unemployed. In spite of the comparatively privileged economic situation of the oil workers, they were the ones to lead this political uprising which were calling for an amelioration of the general poor socio-economic conditions in the country and "Home Rule" and their struggle emphasized the strong correlation between race and class at the popular base of the movement. But subsequently the struggle became more and more ideologically based upon the concept of race which, as a political instrument, drew cross-class support.

For Britain, these aspirations to economic nationalisation and local political control threatened their interests in the oil sector, the strategic and economic importance of which we have already mentioned. Thus facing growing internal political unrests in the colony, as explained in chapter 1; Britain's strategy was to create a local middle-class the 'fit to rule' who would give the semblance of national control, but who would preserve Britain's political and principally, economic interests in the colony/17. This middle-class was to emerge in the post-war period with the general weakening of the British Empire and the penetration of U.S. capital into the country.

The transition from British colonial rule to the penetration of U.S. capital into the oil industry of Trinidad and Tobago did not only correspond to an economic logic (high production costs vis-à-vis low production) but it also appeared in a conjuncture where the rationale of capital had changed and

/17 CRAIG, Susan. "the Germs of An Idea" An afterword to A. Lewis' Labour in the West Indies: The Bristh of a Workers' Movement. New Beacon Books. London 1977 Pg.61

direct colonial control of the political structure of a dependent country was no longer necessary because control of the key economic sector(s) was just as effective.

2.2. UNITED STATES CAPITAL AND THE CHANGE IN THE STRUCTURE OF THE OIL INDUSTRY.

In the English-speaking Caribbean, British economic domination began to succumb before the rising hegemony of U.S. capital. For example the total value of British foreign investment in 1914 was £3.700 million. On the other hand, by 1946, American foreign investment represented £50 billion growing at a rate of 10 percent per year; and by 1970 it was accounting for approximately 60-65 percent of all direct foreign investment/18. Subsequently it can be argued that the multinational corporation developed as the major U.S. vehicle of direct foreign investment in underdeveloped countries. In the case of Trinidad and Tobago it entered with Texaco by taking control over the former British-owned oil production and by buying the assets of the Trinidad Oil Company (TOC), formerly Trinidad Leaseholds Limited, in 1956.

Texaco's entrance in 1956 also coincided with Constitutional Reform leading to self-determination. Because Britain was relinquishing her political control over the colony in the post-war period, Constitutional Reform made it possible for a national group to plan for internal self-government. The content of the economic policy of the first national government was modelled after Arthur Lewis' concept of a development strategy which meant the invitation of foreign capital through the

/18 FARRELL, Trevor. Op. Cit. pg. 12

provision of incentives, and it was extended to the oil sector. According to Farrell, the national Government was convinced that due to the very complex, highly capital intensive nature of the oil industry, the government;

"Was lucky to have large integrated multinationals exploiting its resources, securing markets for its output, bearing the risks and providing the indispensable capital and technology needed."/19:

Thus we see that the basis for the incorporation of Trinidad and Tobago into the sphere of United States hegemony was oil and this transition of the oil industry from British colonial rule to U.S. hegemony begins to take place within the framework of British colonialism in the island/20. Texaco was later to say that it was the co-operative attitude of the colonial government which led to its success in the establishment of its highly complex oil refinery in Trinidad/21. Unlike Britain, U.S., interest as represented by the Texaco oil company was in oil refining rather than oil production and this was beneficial to both metropolitan powers because a large part of Texaco's refined oil fuels was directed to the British market. However, similar to the policy adopted by Britain until the 1950's, we see that the U.S. began to shape the Trinidad oil industry according to their interests that is, it was decided to convert the industry into a refining centre because of firstly, the lower production costs to be incurred and, secondly the strategic location of the industry..

In the first instance, we have seen that after

/19 Ibid. pg. 346.

/20- The decision for Texaco's entry into Trinidad had to be taken in Britain.

/21 NACLA, Latin America and Empire Report Oil in the Caribbean Focus on Trinidad. Vol X.N^o8. October 1976. Pg.17

World War II, there was a relative stagnation of crude production in Trinidad. Between 1940-1950, the war and post-war years there was a slow decline or stagnancy in oil production figures: from 22,226,876 barrels per year to 20,632,421 (Table 2-1Pg.) respectively; and in fact between 1942-1946 the growth rate of oil production was negative. While production costs was a key determinant in the decision to convert Trinidad and Tobago into a refining centre, it is also evident that there was a steady decline in oil explorations during the said decade (Table Ibid) Where as in 1940 total footage drilled was equivalent to --- 1,021,287, it fell to 456,957 in 1944 increasing slowing to 659,565 in 1950 - still not attaining the 1940 level.

Thus in the post-war years, the inclination towards shaping the Trinidad and Tobago oil industry as a refining centre for imported crude corresponded to a decline in both exploration activities and in crude production. To support this argument the data reveal that crude import for refining rose from under three million (1946) to almost sixteen million barrels (1950); and the export of refined products rose from approximately 20 to 32.5 million barrels/22.

A second factor which affected production costs was the enforcement of strict environmental laws for oil refining in the U.S. Thus in view of the non-existence of such laws in Trinidad-Tobago and in addition, the availability of comparatively lower labour costs - these were important variables which contributed to Texaco's decision for the establishment of its refining complex.

A third important factor was Trinidad's strategic location. The island's proximity to Venezuela made it a suitable location to refine Venezuela oil; moreover since it was a Bri-

/22 NACLA, Ibid pg. 15

tish colony until 1962 it offered automatic access to British markets.

One hypothesis which can explain the change in the structure of the Trinidad-Tobago oil industry under U.S. imperial rule was that the country's oil resources were considered high cost reserves and oil companies were unwilling to explore unless prices were extremely high/23, therefore the output of local crude production was to depend partially upon the development of international prices of crude. Thus given the high costs of oil production and the relatively low production capacity, there was the tendency for governments in dependent countries such as Trinidad-Tobago not to undertake the task of oil explorations. The evolution of the Trinidad-Tobago oil industry was therefore directly related to 1- oil price movements on the international market which would encourage more exploration/24 and 2- the dependency of national governments on multinational corporations to explore for and refine the local crude/25.

In sum, the incorporation of Trinidad-Tobago into U.S. hegemony post World War II, through the transformation of its oil industry into a refining centre meant that the industry had to depend heavily upon imported raw material since national production was very low.

/23 FARRELL, Trevor. Op. cit. pg. 346

/24 In the following chapter we shall argue that the increase in oil prices encouraged the Amoco Oil Company to expand its drilling activities and thereby increase marine production considerably.

/25 A similar case is Ecuador where the Government depend upon foreign companies to undertake the exploration and refination of their local crude - J.F. Sandoval Moreano, Commodities International Trade and Dependent Economic Growth Bananas and oil in Ecuador. M.Phil. Dissertation University of Sussex. September 1977. Pgs. 45-48.

This can be interpreted as a political action to contrarrest any popular movement for nationalization (similar to that of the 1930's) since all economic control - eg. raw material and marketing - would be externally determined. Thus it is safe to say that the transition in the oil industry under U.S. neo-colonial rule was a step to maintain the perpetuation of the dependency syndrome of the British colonial period.

2.3 THE IMPACT OF THE ENERGY CRISIS' ON THE TRINIDAD AND TOBAGO OIL INDUSTRY

Though the oil industry has long been recognized as an important sector of the economy - under British colonial rule, and later under U.S. imperial penetration, as we have already seen - due to the relatively high cost of oil activities in all parts of the industry, this sector has remained largely dominated by foreign control. However, it was an external factor, the international "Energy Crisis" which 1^o provided the resources to undertake drilling activity in Trinidad's "high-cost oil reserves"; 2^o incentivated greater state participation in this sector; 3^o allowed the government to embark upon an intensive industrialization programme which would lead to diversification of the economy and lessen the dependency upon foreign capital, especially in the oil sector.

Because of the "Energy Crisis", during the period 1968-1978 the performance of the oil industry in Trinidad and Tobago underwent important changes. According to Von Heynitz the "Energy Crisis" can be interpreted as an attempt by oil producing countries, those belonging to the Organization of Petroleum Exporting countries (OPEC) - to claim "access to their property rights" Thus decreasing the sovereignty of foreign oil companies in national oil industries, with the ultimate aim as the need for a more equally distributed "Balance of power" between developed and developing countries or rather oil consumers and

Oil producers/26. The objective at the political level was partially successful as reflected in the quadruppling of oil prices on the international market. In some cases this economic impact did not only mean an increase in the inflow of revenue but it also permitted others to impose changes in their oil policies leading to the nationalization of their crude production, and sometimes their refining activities/27. Some examples of these are:

"Kuwait had made a 60:40 agreement with B.P. and Gulf Oil which covered production, refining, gas liquefaction and transport; Nigeria negotiated for 51% participation with Shell and B.P. in refining whilst increasing its participation in production from 35% to 51%; Venezuela had planned that by 1983 concessions to foreign companies would revert to Government"/28.

Even oil-exporting countries which did not belong to OPEC, such as Trinidad and Tobago, stood to benefit from the Organization's success in increasing oil prices on the international market/29. With this in mind we can analyze the impact of the "Energy Crisis" on the oil industry in Trinidad and Tobago. For this purpose we will divide the period ----- 1968-1978 into two distinct phases 1968-1973 and 1974-1978, before and after the Crisis, as is done in a paper prepared by

/26 VON HEYNITZ, Achim. "La Crisis Energética y las Estructuras del Poder Internacional." Trabajo presentado en el Seminario Internacional "Energía y Desarrollo" por OLADE, ILDIS, FLACSO. Quito 15-18 de Julio de 1980

/27 NORENG, Oystein. "La relación entre la OPEP y los Exportadores que no la integran". Comercio Exterior. Vol. 29. N° 8 México, Agosto 1979 Pag. 859-860.

/28 Prime Minister's Speech on the "Energy Crisis" N° 2 May. 8 1974. Trinidad.

/29 NORENG, Oystein Op. Cit. Pg. 860.

the Ministry of Planning and Development/30.

To the degree that the oil industry is considered an important sector of the economy and its performance affects that of the economy in general, we will introduce summarily the tendency in the economy in the late 1960's and the early 1970's. According to Ryan, prior to the "Energy Crisis" the performance of the economy was quite low - Whereas in 1978 the growth rate was 13.7, by 1969 it was only 2.5 foreign reserves were also in decline. The 1971 surplus revenue of US\$ 21.4 million fell to a deficit of US\$ 23.6 million in 1972. The main cause of this was the steady decline in the contribution of the oil sector to the GDP. While in 1969 this sector's contribution was 32 percent, in 1973 it fell to 24 percent/31.

During 1968-1973 when international oil prices were quite low, averaging \$1.5 per barrel (Table 2-2), there was a decline in crude production, due to a depletion in land and marine reserves (Table 2-3).

Although exploration activity was undertaken and there was a small increase, by 1973 it still had not attained the 1968 level. The general decrease in crude production was accompanied by a drop in the production of natural gas, as also seen in the table 2-3. To meet all the refining needs (Table 2-4), imports had to be increased from 91,000 barrels in 1968 to 103,000 barrels in 1973 (Table 2-5).

/30 Review of the Petroleum Industry 1969-1979. Unpubl. document. Ministry of Planning and Development. Trinidad. November, 1979.

/31 RYAN, Selwyn. "The Politics of Succession. A study of Parties and Politics in Trinidad and Tobago". USI. Trinidad 1975. Pg. 24.

TABLE 2-2

REVENUE PER BARREL OF OIL PRODUCED

,\$ T.T MN

YEAR	CRUDE PRODUCTION 000 Bls.	REVENUE PER BARREL
1968	66.904	1.36
1969	57.417	1.77
1970	51.046	1.66
1971	47.147	1.75
1972	51.210	1.55
1973	60.669	1.91
1974	68.136	13.04
1975	78.621	15.85
1976	77.673	17.91
1977	83.615	21.03
1978	83.778	23.72
1979	79.600e	25.31

e. Estimated.

SOURCE:

Unpublished data, Ministry of Planning and Development. November 1979
Trinidad.

TABLE 2 - 3

ANNUAL STATISTICS OF CRUDE AND GAS PRODUCTION FOR

1968 - 1978

YEAR	CRUDE: = 000 BBLs				GAS: MMCF		GAS PROD.	% VENTED	
	CRUDE OIL PROD.	ANNUAL GROWTH RATE %	LAND PROD.	ANNUAL GROWTH RATE %	MARINE PROD.	ANNUAL GROWTH RATE %			MARINE PROD. % TOTAL
1968	66.905		38.815		28.090		41.99	151.445	
1969	57.418	-14.18	29.716	-23.44	27.703	- 1.38	47.28	137.500	
1970	51.047	-11.09	25.375	-14.61	25.672	- 7.33	50.3	121.660	
1971	47.148	- 7.64	24.214	- 4.58	22.933	-10.67	48.6	109.814	
1972	51.211	8.62	21.927	- 9.44	29.283	27.69	57.0	104.338	
1973	60.670	18.47	20.166	- 8.03	40.504	38.32	60.6	119.977	
1974	68.136	12.30	18.788	- 6.83	49.348	21.69	72.4	128.293	44.5
1975	78.621	15.39	15.095	-19.66	63.526	28.73	76.3	126.434	50.6
1976	77.673	- 1.20	16.352	8.32	61.321	- 3.47	78.9	137.959	49.9
1977	85.615	7.65	16.480	0.78	67.135	9.48	80.3	149.589	45.6
1978	83.778	0.19	16.571	0.55	67.206	0.10	80.22	157.958	36.4

SOURCE: Unpublished data, Ministry of Planning and Development.
November 1979. Trinidad.

TABLE 2 - 4

ANNUAL STATISTICS ON REFINING: 1968 - 1978

000 BBLs

Y EAR	REFINERY OUTPUT	EXPORTS OF REFINED PRODUCTS	REFINERY CAPACITY	% REFINERY CAPACITY UTILIZED
1968	148.900	135.093	430	-
1969	149.200	141.687	433	-
1970	141.503	146.305	436	-
1971	138.895	139.665	436	-
1972	138.812	135.972	450	-
1973	127.108	132.384	450	94.28
1974	82.774	121.427	456	61.40
1975	114.298	91.407	456	84.78
1976	95.628	103.488	456	70.94
1977	82.249	89.817	456	61.01
1978	50.900	72.596	456	37.76

SOURCES: Unpublished data. Ministry of Planning and Development
November 1979. Trinidad

TABLE 2 - 5

ANNUAL STATISTICS ON CRUDE IMPORTS/EXPORTS 1968-1977

YEAR	000 BLS				
	TOTAL IMPORTS OF CRUDE	IMPORTS OF CRUDE FOR REFINING	IMPORTS AS % OF THROUGH PUT	TOTAL EXPORTS OF CRUDE	EXPORTS AS % OF TOTAL RE- PRODUCTION
1968	93.380	91.447	60.45	6.953	10.44
1969	105.418	103.762	67.34	6.139	10.69
1970	115.445	113.275	73.15	8.669	16.98
1971	107.567	106.867	73.42	6.998	14.84
1972	107.662	107.150	74.27	14.005	27.35
1973	103.977	103.624	73.14	23.614	38.92
1974	95.636	95.472	72.98	31.870	46.77
1975	58.796	58.144	67.88	48.307	61.44
1976	87.459	84.784	72.10	44.408	57.17
1977	67.441	65.760	65.98	50.936	60.92

SOURCE: Unpublished data. Ministry of Planning and Development
November 1979. Trinidad

In view of the down-turn in the industry government directives were given to major oil companies to carry out exploratory drilling and to discover new petroleum reserves both on land and in marine areas, and the thrust of the Government policy was aimed at 'restoring the vitality and viability of the industry.' Thus incentives were provided to stimulate the search for new sources of indigenous petroleum resources./32.

During 1974-1978 there is a steady increase in crude production (Table 2-3, Pg.) increase in the price of oil on the international market (Table 2-2- Pg.) which facilitated greater marine exploration./33 Total production therefore rose from 68.136.000 barrels to 83.778.000 barrels respectively and the average for the period was 78.364.6.

Also evident in this period is a steady decline in crude imports (Table 2-5, Pg.) and the relative loss of importance of Trinidad as a refining centre. This can be attributed to the implementation of the U.S. policy to promote the refining of crude in the U.S./34.

With the new-found wealth, the Government lurched out to increase its participation in the economy in the context of the new international philosophy of Government participation in the oil sector after the "Energy Crisis", and engaged in detailed planning to restructure the economy using energy-based industries for a process of heavy industrialization such as the

/32 A review of the Petroleum Industry 1969,1979. Op. cit Pg. 8

/33 This matter will be discussed in more details in the following chapter.

/34 Due to the technological facilities required for marine, explorations, it is generally much more expensive than that in land.

construction of an Iron and Steel Company Aluminium as will be discussed in chapter. Whereas under Britain and later the U.S. the Trinidad and Tobago oil industry was shaped to suit the needs of both Metropolises, it was only after the more recent "Energy Crisis" that we witness a move by the Government to play a more active role in this sector. Before going into any discussion of government participation in the oil sector, it is necessary to give comprehensive breakdown of the oil industry and the relative importance of the companies which operate therein - such an analysis is undertaken in the following chapter.