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26-30 July 2010

FEATURED Q&A

Can Caricom Come Up With a Better Regional Energy Policy?

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Speaking at a Caribbean Community meeting early this month, Trinidad & Tobago

Prime Minister Kamla Persad-Bissessar called for a review of her nation's petroleum stabilization fund, established by her predecessor to provide member states with support for poverty reduction initiatives. In response, an editorial in the Jamaica Gleaner raised concerns over the review and pressed for a more comprehensive look at coordinated energy policy within Caricom, suggesting that Trinidad and Tobago's lower-cost domestic energy has resulted in unfair advantages to its manufacturers. What dynamics are at play in Caricom energy policymaking and how are these affecting intra-regional trade more broadly? What can regional leaders do to improve and better coordinate Caricom energy policy?

A

Ronald Sanders, business consultant and former Caribbean ambassador:

"Caricom governments have no common energy policy. While under the Caricom Treaty, member states were obliged to purchase their oil and gas needs from Trinidad and Tobago (T&T), several countries (with the agreement of the government of T&T) now purchase most of their oil requirements from Venezuela on a deferred payment scheme which is increasing their already-high debt and making them dangerously dependent on President Hugo Chávez's largesse. But, there is a misunderstanding of the T&T Petroleum Fund which was established in recognition that other Caricom countries are required, under the Caricom Treaty, to give T&T a protected market for its oil-subsidized goods and services even though these have an advantage over non-subsidized products produced in Caricom countries. The Fund is not a gift; it is a mutually beneficial arrangement. It was created, in part, with the surplus that T&T derived from sales in the protected market it enjoys in Caricom. T&T can sell all of its oil and gas products outside of Caricom (principally to the United States) and therefore does not need the Caricom market for this purpose, but it does need Caricom countries for the export of its goods and services. Therefore, instead of carping about the Fund, the T&T government should work with other Caricom governments to strengthen it so that it can provide financing for projects in the productive sector (both publicly and privately owned) in other Caricom countries. To achieve this, however, Caricom governments, including T&T, have to get serious about regional integration and work expeditiously to complete arrangements for a Caricom Single Market even if they have to pool aspects of 'sovereignty' which has little meaning in a globalized and highly competitive world."