

Energy services firms critical of forex woes





Director Rosco Procon Ltd JP Rostant PHOTO BY GEISHA KOWLESSAR-ALONZO



General manager, Radian HA Ltd Fayed Ali PHOTO BY GEISHA KOWLESSAR-ALONZO



Southern Supplies Ltd's Vishal Bhagwat PHOTO BY ROGER JACOB



Laing Group of Companies Director George Laing PHOTO BY ROGER JACOB

Local businesses supporting T&T's backbone oil and gas sector are warning of a "crippling effect" on operations as the country's persistent foreign exchange shortage shifts from a market challenge to a system-wide constraint.

Compounding these pressures is a renewed call for greater utilisation of local content, as companies push for policies that support domestic suppliers who are already navigating severe financial and operational headwinds.

The Business Guardian spoke to several service providers at the Energy Conference which was hosted by the T&T Energy Chamber at the Hyatt

Regency.

Fayed Ali, general manager, Radian HA, which encompasses all aspects pertaining to the scaffolding industry, explained the company is facing difficulty sourcing the foreign currency required to import essential products used by major energy-sector clients, adding that the challenge has intensified to the point where relying on official banking channels is difficult.

“It has been quite challenging in regulating the stock and inventory as opposed to what you have outstanding. Certain credit facilities, which it is what T&T business have or had, would give you a timeline that you have a couple of months to pay. But now, you know, because of our inconsistency because we can’t get it from the bank, it makes it difficult for us to actually have that.

“...One of the major issues is that we have to wait on the banks for allocations,” Ali explained. “Sometimes it takes months and months. It has even felt like a year.

Even then, we might only get 20 or 30 per cent of what we requested,” he explained.

The company supplies scaffolding materials, tools, gear, rope access systems, and specialised equipment to the oil and gas industry—much of it sourced from Europe.

The company also trains offshore workers, often bringing in certified instructors from the United Kingdom.

All of these services require foreign currency.

Customers, however, typically pay in T&T dollars, creating a mismatch that leaves suppliers scrambling for foreign exchange to meet international obligations.

Ali noted that while some contractors working with major downstream operators may receive payments in US dollars, they do not necessarily pass on foreign currency to their own suppliers.

“They could choose a rate, say, \$7.5 to US\$1, and say, well, if you’re willing to

agree to 7.5, then no problem. We could pay invoices against that in US for \$7.5. If not, well, it'll just be, a regular bank payment.

So when they make their payments in TT currency, now you have to go to the bank to apply for foreign,” Ali further explained.

Vishal Bhagwat, of Southern Supplies Ltd, a safety supplier based in T&T which also does some regional trade, echoed these concerns.

“Foreign exchange is a problem for everyone,” he said adding, “And hopefully this government will do something to get more foreign exchange into the country but it has been a big problem for us...ninety per cent of the stuff we sell, we import.”

JP Rostant, a director at Rosco Procom also noted that mounting foreign exchange shortages were restricting the company's—and the sector's—ability to meet demand.

Rosco Procom, a 75 year-old engineered products and services provider and member of the 100-old Agostini Group, supplies critical mechanical, electrical, oil and gas, and rigging solutions to the national energy industry.

Rostant explained that many of the specialised, engineered products required in the oil and gas industry must be imported, making US currency essential.

“Every day, it's a battle. It's a back-and-forth conversation with customers for payment in US dollars, for the banks to access US to import goods. A lot of the products are engineered products that we import. That's what you need to support the energy industry in Trinidad. It's not something that you can go to Massy stores and buy. They have to be imported, and there are a lot of obstacles to getting access to US dollar currency,” he explained.

Rostant said a major part of the problem lies in the government's ability to attract foreign direct investment.

“Instead of having capital flight out of the country, even local companies that have access to US or have stored US dollars choose to invest their US dollars outside of Trinidad. If there was easier transfer of US dollars or more availability, you wouldn't have hoarding, and you wouldn't have people trying to guard their US dollars so closely.

“I think opening up US dollar transactions is a core solution or potential

solution to having the economy grow and having people build that trust in local companies,” he advised.

Promote local content

As conversations intensify around the state of local content within T&T’s energy sector, Laing, one of the country’s longstanding contracting firms, is reiterating its unwavering support for a stronger local industry. The company is now in its 44th year of operation.

George Laing, the company’s executive director emphasised that local content remains essential for developing and sustaining home-grown expertise.

Laing stated that the company has always “supported 100 per cent local content,” highlighting that Laing itself is fully locally owned and built on the foundation of serving the domestic energy sector.

“We have always thrived on being a local contractor,” he said noting, “Local content is definitely the way to go and will obviously benefit smaller contractors. It is difficult for a smaller contractor to compete against those multinational.”

However, Laing acknowledged the complexity of the issue.

While multinational operators do utilise local contractors, the requirements placed on them are substantial.

“It’s a two-sided sword,” he explained saying, “Yes, multinationals do use a lot of local content contractors however, these local contractors must still meet international standards. They need to have the safety standards. You need to have the necessary certification, procedures and policies in place to obviously ensure whatever job you’re executing for these multinationals are to a certain standard.”

Nicholas Mohan, project lead with Technical Integrated Services, acknowledged that improving local content integration remains an area that requires continued development as well as encouraging more international investors into the energy market.

Technical Integrated Services (formerly Trinidad Inspection Services) delivers integrated solutions that safeguard customers’ assets onshore and offshore.

Despite the country's long-standing expertise in oil and gas services, Rostant said multinational upstream operators still underestimate the range and quality of solutions available locally.

"Along the line of local content recognition, I think a lot of the multinational companies, the upstream operators, don't have a full understanding of the services that we can provide locally. We'd love to see, or we hope to partner with them better to make them aware of those services that we do provide," he stated.