

ANSA McAL faced 'duress' in gas price negotiations



ANSA McAL CEO, Anthony Sabga III

ANSA McAL, one of T&T's largest private-sector companies, said yesterday that the group was placed "under commercial duress" by State-owned National Gas Company (NGC), which imposed a 77 per cent increase in the price of natural gas to ANSA's Carib Glass subsidiary in January.

In a letter signed by the ANSA McAL Group CEO, Anthony Sabga III and addressed to NGC's acting president Edmund Subryan, the company said it was left with no choice but to sign the onerous revised gas sales contract presented by NGC. The subject of the letter, dated February 5, was 'Review of gas sales contract for the period 2026-2028.' "Without prejudice to our rights, we confirm that we will execute the revised gas sales contract you have presented. We do so under protest and under commercial duress, solely to avert immediate and irreversible damage to critical manufacturing assets and significant disruption to employment and operations," stated the letter, which was addressed to four Cabinet ministers, the NGC chairman, the Trinidad and Tobago Chamber of Industry and Commerce and the recently formed Private Sector Organization of Trinidad and Tobago.

In the letter, ANSA McAL said as NGC is fully aware, “an interruption of gas supply to our continuous furnaces and kilns would cause irreversible structural failure within hours, resulting in permanent industrial damage. In these circumstances, your ultimatum has left us with no practical alternative.”

The group said it understands that concessions have been extended to certain other market participants, including the option to execute a one-year gas sales contract.

“As a domestic manufacturer that has invested in Trinidad and Tobago for generations and cannot easily relocate operations elsewhere, we expect that the agreement ultimately governing our supply relationship will contain concessions and terms no less favourable than those granted to similarly situated counterparties,” said the group, adding that its execution of the natural gas sales agreement “must not be interpreted as a waiver of that expectation or of our right to seek parity of treatment.”

The company said it understands that energy pricing policy must evolve over time and it is not opposed to change, nor does it expect insulation from economic realities.

“However, policy reform should not come at the expense of viable domestic industry. Any transition that imposes irreversible damage on local manufacturers ultimately harms the national economy and the citizens it is intended to serve.

Reform and destruction are not synonymous,” said the group.

ANSA McAL also placed on record what it described as “the extraordinary and disturbing nature of this situation” given the longstanding relationship between the parties.

“A customer relationship spanning more than 30 years has been met with an ultimatum rather than meaningful engagement.

This failure to engage in good faith negotiations on an issue with consequences for the wider manufacturing ecosystem is deeply concerning.

“The decision compels an indigenous Trinidad and Tobago business to accept terms that threaten the viability of local production, the stability of

employment and the affordability of goods for the wider public,” said ANSA McAL.

The group warned that the immediate impact of a 77 per cent increase in price of natural gas represents a disproportionate transfer of burden to a sector critical to employment, exports, and foreign exchange generation.

“The impact of this change will not be confined to companies. It will transmit through supply chains to retailers, and ultimately to ordinary citizens, resulting in higher prices and reduced economic security,” said the company.

Moonilal’s comments

Speaking at yesterday’s post- Cabinet news conference, Minister of Energy, Dr Roodal Moonilal said NGC was not considering renegotiating gas prices with customers.

“There are companies that we have already signed and sealed.

You can’t reconsider that. Those are contractual issues now. We can’t reopen negotiations if they have already concluded and signed. But, if you are before the NGC now, I don’t want to prejudice at this stage. I cannot prejudice any discussions or negotiations between the NGC and the down streamers. They are in a process and the fact that they have not concluded yet means that they are still in active negotiations and we’ll see how that pans out in the coming days.”