

30th April 2014

G2G Policy

The current Government to Government (G2G) arrangements are a direct threat to our country's fundamental interests.

The key element of the G2G arrangement is that a larger, more advanced, country will assist a smaller, less-advanced country by building or operating complex facilities which are beyond the reach of the smaller state.

One of the features the G2G arrangements have in common with the other large-scale projects is the high degree of secrecy with which the proposals are developed. That secrecy raises doubts as to whether proper Needs Assessments are undertaken and as to the degree to which the views of citizens and stakeholders are sought, far less considered. The fundamental issue as to the necessity for these projects is thus routinely sidelined, which is inimical to the public interest.

The main criticisms of the G2G arrangements are -

- Sidelining of the elementary Tendering Process - the procurement process is effectively outsourced, since the more powerful country has the right to select the contractor;
- Limited, if any, role for Local Participation in terms of labour, professionals, suppliers, or contractors;
- Weak or nonexistent contract controls, due to the disparity in power between the parties;
- Serious drain on Foreign Exchange;
- Lack of the promised Transfer of Technology.

These arrangements have been heavily criticised in our country for almost 35 years, starting with [Winston Riley's October 1979 paper](#) which identified many of the emerging problems. As a result of that rising tide of criticism, an official enquiry was established by then PM, George Chambers. In March 1982, [the Ballah Report](#) was published and the G2G programme was brought to a halt as a result of its dire findings.

Despite the learning, successive political administrations seem unable to resist the appeal of these G2G arrangements, so we have today's situation as shown in the table.

Physical Development Projects via G2G - April 2014

Readers who access this article online can view the background info via the hyperlinks

COUNTRY	PROJECT/S	DATE	AMOUNT	COMMENTS
CHINA	NAPA – North & South	2008	• TT\$818M as 'final cost' • TT\$207M for 'remedial works'	NAPA (POS) completed in 2009, NAPA (San Fernando) completed in 2012 – stated final cost of both projects was \$130M USD (\$818M TTD). A further \$207M was borrowed from EXIM Bank of China in 2011 for 'remedial works' on NAPA (POS) . Design & Build contractor was Shanghai Construction Group.
AUSTRIA	San Fernando Teaching Hospital	2011	TT\$739M	Opened in January 2014
CANADA	Penal Hospital	2012	Undisclosed	Involvement with Canada's nominated designer SNC-Lavalin was discontinued after serious concerns over that firm's international banning for corrupt business practices.
CHINA	1. Couva Children's Hospital, 2. three national sports facilities in Couva, 3. three multi-sports facilities in other parts of the country.	2012	TT\$1.8 Billion	Loan Agreement signed in March 2013 with EXIM Bank of China, with Shanghai Construction Group selected as the contractor for all the projects. These projects include the swimming & cycling complex at Balmain and the sporting complex at Tacarigua Savannah in Orange Grove.
CHINA	Lake Asphalt	2013	Undisclosed	MoU, with a Confidentiality Agreement, signed on 30 May 2013 between Lake Asphalt T&T Ltd and a Chinese contractor. One of the official objectives of the February 2014 State visit to China, according to the Office of the PM , was "... Removal of asphalt from the Pitch Lake in greater capacities...".
CHINA	La Brea Port and seven industrial parks.	2014	US\$750M (TT\$4.83 Billion)	Agreement signed in February 2014 to have these facilities built by China Harbour and China Construction.

The total cost of these projects is just under \$8.4 Billion TTD.

That is the background, against which we must consider these further elements -

- Regional Strategy – As a leading nation within CARICOM, it is important for Trinidad & Tobago to give serious consideration to the role of the various bilateral G2G arrangements China is pursuing in our region and the implications of those arrangements on our aspirations for healthy regionalism. I have been reading the February 2013 Research Note by UWI’s Dr. Annita Montoute – ‘[Caribbean-China Economic Relations: what are the Implications?](#)’ The scope of Dr. Montoute’s research and her findings are sobering – at pg 115 “...CARICOM Trade with China is on the increase; however it is overwhelmingly in China’s favour...”. The regional issue is a serious one to which we must address our energies.



- Trinidad & Tobago’s Strategy – Now consider these [statements](#) by then Finance Minister, Winston Dookeran, at the September 2011 ceremony to sign the \$207M TTD loan for NAPA (POS) ‘remedial works’ -

“...Dookeran said it was now imperative that TT deepens its ties with China...’In the first instance China has now emerged as a very significant player, especially in light of the recent tremors and uncertainties in the world economy,’ he said. ‘China...is now an economy that we will have to rely upon. It is in that context that it is very appropriate and timely for Trinidad and Tobago to start to intensify its relationship with China.’..”

Winston Dookeran is now Trinidad & Tobago’s Minister of Foreign Affairs.

- The Uff Report – The 42nd and 43rd recommendations of the [2010 Uff Report](#) deal directly with this issue -
42.The Government’s policy on the use of foreign contractors and consultants for public construction projects should be transparent and open to review.
43.Local contractors and consultants who compete with foreign companies should be provided with the same or equivalent benefits as enjoyed by those foreign companies and should be protected from unfair competition through matters such as soft loans...
Uff was calling for the establishment of a national policy on this series of issues and the JCC has been requesting a consultation between government and stakeholders, so that a proper strategy can be developed in open collaboration. That would include labour, professionals, the State, the contracting sector and all the associated elements such as suppliers of building materials, financiers, skills training and so on. [The JCC wrote to the PM on this in April 2012](#), but to date there has been no response to our calls for those consultations in the national interest.
- NAPA, again – The Minister of Culture, Dr. Lincoln Douglas, [told the Senate](#) on 8 April 2014 of the serious issues arising at NAPA (POS), with an estimated further \$100M being required for more repairs. It is not certain if the issues of disrepair are all due to inadequate maintenance, but it is unacceptable for such issues to have emerged for a structure less than 5 years old.
- Shanghai Construction Group – Despite the bad record at NAPA, the selected contractor for the \$1.8 Billion

Couva Children's Hospital and the other sporting facilities is the said Shanghai Construction Group.

- Proposed Public Procurement Law – most alarmingly, Clause 7 of the proposed Public Procurement & Disposal of Public Property Bill 2014 specifically excludes Government to Government Arrangements and projects funded by International Financial Institutions from oversight. That proposed exclusion is entirely unacceptable as it further jeopardises our national interest.

[The PM has made a call for a National Conversation](#) and this is one topic which needs addressing.

Our country cannot continue exporting our jobs, capital and skilled people in favour of unexamined and undisclosed foreign policies.