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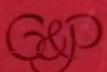
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GEOGRAFISCH INSTITUUT RIJKSUNIVERSITEIT UTRECHT

DE SHELL-RAFFINADERIJ OP CURACAO;
HAAR SOCIAAL-ECONOMISCHE EFFECTEN

VERSLAGEN VAN LEERONDERZOEK G & P



vakgroep toegepaste geografie
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Willy Dwarkasing
September 1985

SUMMARY AND CONCLUSIONS

This report was written to fulfill part of the final graduation program of the study of Social Geography at the University of Utrecht.

The report concerns the oil refinery based on Curacao, an Island which along with other (5) Islands situated in the Caribbean composes the Netherlands Antilles.

The oil refinery, owned by Royal Shell Group, historically formed a link in the Venezuelan Shell-chain of upstream oil production and downstream activities especially in the North American market. The nationalization of Shell oil production activities in Venezuela in 1975 and the change in U.S.-energy policy towards more independence, leaves the refinery as a typical entrepot-refinery with susceptibilities to market- as well as supply developments.

The refinery has, with the exception of 1979 through 1981, operated at considerable losses during the last 10 years. A global surplus of the oil-refining capacity, sharper competition from the U.S.-Gulf coast refineries, the expectation of weak product markets, and the Shell record of losses form a threat to the continued existence of the refinery in Curacao. The depression in the oil-industry should be viewed as part of a broader process of economic decline in Curacao. Apart from the oil-industry, other sectors like the financial offshore, tourism and port activities show considerable decline in their activities. Because of this situation, the Curacao-refinery leaving the Island or staying, became at issue. This report analyses the social-economic impact of the refinery on the economy of the Island. The future impact has also been calculated and shown on the basis of scenarios drawn from an impact model.

The refinery is shown to be one of the important lifelines of Curacao in terms of generating the foreign exchange necessary to finance the imports the Island cannot produce itself, taking into consideration its narrow resource base. The refineries impact is enormous. No less than 30% of the Gross National Product and 18.8 % of the employment of Curacao is generated by the refinery and its decline in activities is felt over the entire economy of the Island. This is caused by its historically integrated meaning for the economy. Demographic, cultural, environmental, spatial and social effects can be noted as well.

These effects on the economy are expected to decline even if the refinery is to stay on the Island. Closure of the refinery seems to become reality in a short period of time, taking the continueing bad worldmarket situation and outcomes of bussiness surveys and technical studies on the refinery into consideration.