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External Affairs

30 June 2004

ChevronTexaco

Mr David Holly
China FTA Study Taskforce
Department of Foreign Affairs & Trade
RG Casey Building
John McEwen Crescent
Barton ACT 0221

Dear David

AUSTRALIA-CHINA FREE TRADE AGREEMENT FEASIBILITY STUDY

ChevronTexaco supports the principle of free trade for the contribution to economic growth and development that it brings. ChevronTexaco Australia would like to express its support for the proposed Australia-China Free Trade Agreement (FTA) Feasibility Study.

ChevronTexaco Australia is a leader in the development of Australia's gas resources for export and domestic use. Our key interests include our role as joint venturer and operator of the Gorgon development and our one-sixth joint venture interest in the North West Shelf Venture. Both projects enjoy a close and growing relationship with China, based on the proposed export of large volumes of Liquefied Natural Gas (LNG) from Australia to China.

We consider that an FTA between Australia and China could strengthen further the trade, investment and cultural relationship between the two countries. It could facilitate the export of LNG from Australia and investment from China in the petroleum exploration and production sector.

For example, LNG exports to China currently attract an import tariff of six percent. An outcome of an FTA could be to reduce or eliminate this tariff. This would make LNG from Australia more competitive with LNG from other producing countries, and could help make LNG more competitive with other fuel sources in the Chinese market.

China is pursuing equity investments in the Australian LNG industry. The China National Offshore Oil Company (CNOOC) is acquiring equity in the NWSV, and an equity arrangement is being negotiated between CNOOC and the Gorgon venturers. An FTA could facilitate these arrangements, and future Chinese equity participation.

ChevronTexaco Australia looks forward to discussing the proposed FTA Feasibility Study on 6 July 2004, during your visit to Perth.

Yours sincerely


James Pearson
External Affairs Manager

