

China Trade Mission

Visit Strengthens Chevron's Established Role in Chinese Energy Sector

Unlike many of the other corporate participants on Governor Arnold Schwarzenegger's November 2005 trade mission to China, Chevron was not looking to break into an untapped market or to introduce a new brand to China's retail market.

Instead, Chevron sought to reaffirm its commitment, not only to past and current business alliances, but to the future partnerships that will be key to meeting China's growing demand for oil and gas.

"Expanding the trading ties between China and California companies will bring economic and social benefits to the people of both China and California," said Jack Coffey, Chevron's Sacramento-based director of California government affairs, who represented Chevron on the trade mission.

Longtime Partnership

The company's earliest partnership with China began close to 100 years ago. Both the country and the company have come a long way since then — Chevron in the breadth of its energy holdings, and China as a dominant player in the global energy arena.

As one of the world's top 25 oil producers, China has an existing base of proven oil reserves that will help it meet future needs. The country also has begun to build a liquefied natural gas (LNG) infrastructure as part of its overall strategy to increase natural gas's contribution to energy consumption. To that end, Chevron and China are partners in a venture that will begin delivery of LNG from Australia's North West Shelf gas fields to a new terminal in the southern province of Guangdong at the end of April.

Oil Production

Today, Chevron is one of China's long-standing partners, producing more than 104,000 gross barrels of oil per day (BPD) with the China National Offshore Oil Corporation



Chevron is a partner in the offshore oil operations in Bohai Bay.

Photo Courtesy of China National Offshore Oil Corporation

(CNOOC) and others.

In Bohai Bay, Chevron partnerships produce more than 54,000 BPD, while another partnership in the Pearl River Delta Basin yields another 50,000 BPD.

The fast-growing ranks of Chinese drivers can fill up at any of the 95 Caltex™-branded service stations in China, including those in Hong Kong and Macau. Each of these stations is equipped with a convenience retail store. Marketed under the Caltex, Delo, Havoline and Revtex brands, Chevron's lubricants business has sales and marketing, manufacturing and distribution operations throughout the country.

The products themselves are widely used by consumers and businesses in automotive and equipment applications throughout China. Chevron also operates an approximately 100,000-metric-ton-per-year asphalt terminal, which supplies high-quality products for highway and specialty surfaces such as airport runways.

Chevron is involved in chemicals, too; it built and operates a \$90 million polystyrene plant capable of producing 100,000 metric tons per year of the product, which is used for plastic consumer goods. The company also sells additives to Chinese lubricant-blending plants.

Community Activities

A long-established community part-

ner, Chevron's relationship with China extends beyond its core businesses. As a supporter of several cultural and educational programs in China, Chevron's sponsorship sends Chinese public officials to a six-week international law training program conducted by the Academy of American and International Law. Outstanding Chinese industrial professionals come to the United States for customized two-month programs as part of the Eisenhower Exchange Fellowship program. Further, the company provides grants to non-profit organizations that meet local needs and improve educational opportunities.

As China looks to the future, its public officials are using the phrase "harmonious development" to describe the goals of the five-year-plan just completed by the Beijing Municipal Development and Reform Commission.

According to Chevron Global Gas President John Gass, harmonious development describes the strong and enduring relationships that connect regions, countries and companies. It's also a core Chevron value, he says, "that will remain the foundation of our business."