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PUBLIC DOCUMENT

The Honorable Donald L. Evans
Secretary of Commerce
U.S. Department of Commerce
International Trade Administration
Central Records Unit, Room 1870
14th and Constitution Avenue, N.W.
Washington, D.C. 20230

Attn: Albert Hsu and George Smolik

Re: Comments on the Requests for Market Economy Status for the
Republic of Kazakhstan--Antidumping Duty Investigation of
Silicomanganese From Kazakhstan (A-834-807)

Dear Secretary Evans:

On behalf of ChevronTexaco Corporation we are submitting the following in response to the Notice published in the Federal Register on November 9, 2001 inviting comments on Kazakhstan's non-market economy ("NME") status. Based on the actual experience of our company in Kazakhstan, ChevronTexaco would like to provide supporting materials for your reference when considering the requests by the Government of Kazakhstan and Kazchrome for revocation of Kazakhstan's NME status under section 771(18) of the Tariff Act of 1930, as amended ("the Act").

We understand that the Department of Commerce ("Department") considers six factors, listed in Section 771(18)(B) of the Act, in determining whether a country's NME status should be revoked:

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- (i) the extent to which Kazakhstan's currency is convertible into the currency of other countries;
- (ii) the extent to which wage rates in Kazakhstan are determined by free bargaining between labor and management;
- (iii) the extent to which joint ventures or other investments by non-Kazakh firms are permitted in Kazakhstan;
- (iv) the extent of government ownership or control of the means of production;
- (v) the extent of government control over the allocation of resources and over the price and output decisions of enterprises; and
- (vi) such other factors as the Department considers appropriate.

While ChevronTexaco's extensive and long investment experience in Kazakhstan would allow us to comment to some extent on each of these six factors, I would like to focus my comments primarily on our company's experience with Kazakhstan's climate towards foreign investors.

ChevronTexaco's experiences in Kazakhstan indicate that the Government and country have made remarkable progress during the ten years since independence in establishing the conditions of a market economy. While we remain hopeful that additional improvements will be made, our actual business experience in Kazakhstan attests to the fact that the market-based transition has progressed.

As Kazakhstan's largest oil producer, ChevronTexaco holds important stakes in the nation's two biggest oil projects – the Tengiz and Karachaganak fields. Chevron became the first major western oil company to gain a presence in the Republic of Kazakhstan with the forming of the Tengizchevroil (TCO) partnership in April of 1993 shortly after Kazakhstan gained independence. Tengiz, the world's newest and deepest super giant oil field contains an estimated 6 to 9 billion barrels of recoverable oil. TCO is also developing the nearby Korolev field, with up to 4 billion barrels of oil in place. ChevronTexaco holds a 50 percent interest in TCO.

In 1997, Texaco acquired a 20 percent stake in Karachaganak, Kazakhstan's second richest petroleum reserve. The field contains an estimated 9.7 billion barrels of oil and gas condensate, plus 47 trillion cubic feet of natural gas.

Both Tengiz and Karachaganak are currently undergoing significant expansion projects. ChevronTexaco's confidence in Kazakhstan's economic reforms over the past 10 years has been a major stimulus resulting in our investment of about \$2.3 billion to date. Our confidence in the continuation of these economic reforms has us planning to invest at least

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\$2.5-3.5 billion more over the next several years. These two projects alone will make Kazakhstan one of the largest countries in ChevronTexaco's worldwide portfolio.

In addition to these upstream investments, ChevronTexaco has also made significant investments in many other sectors of Kazakhstan's economy, including retail gasoline marketing and petrochemical products manufacturing. ChevronTexaco now owns five service stations in Kazakhstan, and we are well underway with the design and construction of the Kazakhstan's first high density polyethylene pipe manufacturing facility.

In addition, the recent start up of the \$2.6 billion Caspian Pipeline Consortium's export pipeline from Tengiz field to Novorossiysk, Russia, in which ChevronTexaco is the largest private shareholder, is providing a reliable export outlet for the Tengiz and Karachaganak hydrocarbons. Thus, shareholders of these ventures can now realize the full potential of their investment through receiving the real value for its resources. It is worth noting that President Nazarbayev himself and the Kazakh Government have supported this project since its first day.

In order to improve the investment climate further and facilitate an open discussion and dialogue with the country's current investors, a Foreign Investors Council under the chairmanship of the President of the Republic of Kazakhstan was established in 1999. Among the members of the Council are CEOs and top executives of major international corporations and financial institutions.

The Council, which holds bi-annual meetings with the President and the Government of Kazakhstan, provide an excellent opportunity for the foreign investors and the Government to engage in an open and transparent discussion on many topics related to the investment climate improvement as well as express their views, ideas and concerns or criticism on many aspects of investment climate and ways of its further improvement.

In general, Kazakhstan is undertaking many efforts to be truly integrated into the world economy and international trade and Kazakhstan recently made a decision to accelerate its timetable for achieving the WTO membership.

Equally important are the country's efforts aimed at global peace and cooperation. Kazakhstan has abandoned its nuclear weapons, set a nuclear weapons free example for the world and has been a staunch partner as demonstrated once again by Kazakhstan's solidarity with the United States in its fight against international terrorism.

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The work is not over yet; more reforms will be required and are planned. We should work hard to attract even more investment and it is important to assure the protection of the rights of all investors, foreign and Kazakhstani. We at ChevronTexaco have always felt welcome and have been treated extremely well and fairly with regards to our significant investments and activities in Kazakhstan and we look forward to continuation of an outstanding partnership for many years to come.

This document has been served in accordance with the attached certificate of service.

Respectfully Submitted,

R. H. Matzke

cc: Senator Evan Bayh
Senator Chuck Hagel
Jean Kemp
Cheryl Werner
Brandon Farlander

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SILICOMANGANESE
FROM KAZAKHSTAN

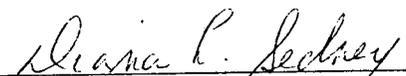
A-834-807

PUBLIC CERTIFICATE OF SERVICE

I, Diana L. Sedney, hereby certify that a copy of the attached submission was served on this 10th day of December, 2001, by first class mail on the following parties:

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