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May 7, 2013

Mr. Douglas Bell
Chairman, Trade Policy Staff Committee
Office of the United States Trade Representative
600 17th Street, NW
Washington, DC 20008

Re: Docket USTR–2013–0019, Request for Public Comment on the Transatlantic Trade and Investment Partnership

Dear Mr. Bell:

In response to the Office of the U.S. Trade Representatives' Federal Register notice of April 1, 2013, please find attached Chevron's comments in support of the proposed Transatlantic Trade and Investment Partnership and issues of interest to Chevron in the negotiations.

We look forward to working closely with U.S. negotiators on this critical initiative in the coming months.

Sincerely,

Edward B. Scott

Enclosure

Chevron Corporation: Comments on Proposed Transatlantic Trade and Investment Partnership

Chevron welcomes the opportunity to comment on the proposed Transatlantic Trade and Investment Partnership (TTIP). Chevron strongly supports this initiative and the conclusion of a comprehensive trade and investment agreement between the United States and the European Union (EU). We urge governments to complete their domestic consultations promptly and begin these negotiations as soon as possible thereafter.

Chevron is engaged in both upstream and downstream activities across Europe including in Bulgaria, Denmark, France, Lithuania, the Netherlands, Norway, Poland, Romania and the United Kingdom. Chevron has been a key energy provider in Europe since the 1960s and currently produces about 159,000 barrels of oil and gas equivalent. The company explores constantly for new resources and has made significant recent discoveries in the deep waters west of the Shetland Islands. More recently, Chevron has acquired exploration acreage in Eastern Europe offering prospects for production of natural gas located in deep shale beds.

Chevron views investment protection as one of our most important issues globally. We have consistently called for strong investment provisions in every U.S. free trade agreement as well as in the U.S. Model Bilateral Investment Treaty (BIT) program. We invest billions of dollars each year at home and abroad, investment that requires the strongest possible protection.

A strong investment protection regime within the TTIP would allow us and other U.S. businesses to better mitigate the risks associated with large-scale, capital-intensive, and long-term projects overseas. The investments we make are crucial for U.S., EU and world energy needs. According to the International Energy Agency, the oil and natural gas industry will have to invest an estimated $19 trillion between 2012 and 2035 to help meet global energy demands.[1] Investments, such as developing shale gas and tight resources in the United States and Europe, involve long-term commitments and substantial private capital. Robust investment protections enable Chevron, and companies like us, to put our capital at risk in order to provide the energy required to fuel economic growth and energy security.

Our two markets have huge investment stakes in each other. In 2011, some $3.7 trillion in combined foreign direct investment was owned by U.S. and EU investors in each other's markets, consisting of $2.1 trillion in U.S. investment in the EU and $1.6 trillion of EU investment in the United States.

Chevron was heartened by the April 2012 joint U.S.-EU announcement on the Shared Principles for International Investment. The principles outlined therein – open and non-discriminatory investment climates; "competitive neutrality" for private commercial enterprises and state-owned entities; the highest possible protection against discriminatory, arbitrary, and otherwise unfair or harmful treatment; fair and binding dispute settlement, including investor-state dispute settlement; robust rules for transparency and public participation in development of laws and other measures affecting investment; limited national security reviews for investment; and promotion of responsible business conduct – are core elements that should underpin the TTIP investment chapter.

As Under Secretary of State for Under Secretary for Economic Growth, Energy, and the Environment Robert D. Hormats noted in his testimony before the House Foreign Affairs Committee Subcommittee on Europe a year ago, the United States and the European Union need to "operationalize" these principles. There is no better way to advance that process than establishing a world-class investment chapter in the TTIP and putting these principles into practice in a transatlantic community that hosts over half the world's stock of foreign direct investment and accounts for about half of global GDP.

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[1] International Energy Agency, "World Energy Outlook 2012 Fact Sheet."

A TTIP with strong and comprehensive investment provisions could set the global standard for investment protection now and into the future. Not only should that standard apply to investments between parties of the United States and the European Union in each other's market. To truly operationalize this standard, Chevron urges that, once negotiated, it be extended over time to future trade, investment or other related agreements to move us toward a globally-consistent, strong and comprehensive standard for investment protection.

In considering investment provisions for the proposed TTIP, such protections at a minimum should include those in the 2012 U.S. Model BIT. Indeed, Chevron recommends that investor protections be expanded beyond the 2012 U.S. Model BIT to restore the so-called "umbrella clause" that was excluded from the 2004 U.S. Model BIT and not returned in the Model 2012 revision.

A strong, comprehensive and binding investment chapter in the TTIP must include provisions that:

- Oblige the Parties to accord fair and equitable treatment to covered investments, including the obligation to accord due process and to refrain from undermining legitimate investment-backed expectations. Standards of fair and equitable treatment must be part of investment protections to provide investors the reasonable certainty necessary to undertake inherently risky investments.
- Oblige the Parties to accord full protection and security to covered investments, in accordance with customary international law. Full protection and security of investments is necessary to provide a measure of safety for investors' employees and their property in the host country.
- Provide clear rules regarding expropriation, including an obligation to provide prompt, adequate and effective compensation when expropriation occurs.
- Define a "covered investment" as including both existing and future investments, which is critical to sectors, such as energy, with a long investment timeline and enormous existing investments.

Finally, the TTIP investment chapter must also guarantee access to effective and efficient third-party dispute settlement mechanisms. Investor-state arbitration is one of the most important elements of investment treaties and investment chapters of free trade agreements. Chevron's ability to do business globally and protect our shareholder investments depends on strong mechanisms for resolving disputes. The presence of international dispute resolution does not mean that arbitration is a common event. Rather, access to arbitration, in most cases, increases the likelihood that investors and host state are able to resolve disagreements and negotiations in a successful and equitable manner without recourse to such arbitration.

Investor-state arbitration is a concept that is being challenged by some governments today as an unwarranted infringement of their sovereignty. In fact, these dispute settlement provisions ensure that neither side has the power to unduly influence determinations of law and fact by assuring access to a neutral forum for resolving disputes. Reaffirming the importance of third-party investor-state arbitration through its inclusion in the TTIP will signal that the United States and the European Union understand the fundamental value of these mechanisms and stand by them.

Strong and comprehensive investment protections are not merely legal theory to Chevron. In the rare but real disputes where we have had to rely on them, they have been and continue to be critical to protect our business and our shareholders. The TTIP negotiations present an opportunity to solidify such protections on a transatlantic basis, establish a foundation for increased transatlantic economic growth and energy investment, and create the basis for a global network of strong and comprehensive investment obligations moving forward. Chevron looks forward to actively supporting the negotiations and to working for the agreement's approval once negotiations are successfully concluded.