

18 March 2003

Mr Guy Launder
Chief Adviser
Market Behaviour Group
Commerce Commission
PO Box 2351
WELLINGTON

Dear Mr Launder,

Submission on Pohokura JV Parties' Application for Authorisation of a Restrictive Trade Practice

Thank you for the opportunity to comment on the above application.

Fletcher Challenge Forests Limited has a significant investment in the New Zealand wood processing sector. Access to economic and reliable energy sources is important for our energy intensive operations such as wood and veneer drying. Similar access is vital for our customers who are involved in wood fibre processing - wood panel, pulp and paper production.

Gas and electricity represent a significant proportion of our current energy inputs for our manufacturing operations and as such we have a strong interest in both energy sectors being as competitive and efficient as is possible.

We acknowledge that the early development of Pohokura and other gas fields is important to ensure long term reliable supply.

Given the small number of participants in the NZ gas market we believe this application, if granted without conditions, could have the effect of lessening competition and that this could have a flow-on effect to gas and electricity pricing.

The Commission should investigate carefully the suggestion by the applicants that a delay of 3 years or more would eventuate if the Commission were to withhold authorisation of a joint marketing arrangement.

Yours sincerely
Fletcher Challenge Forests

Andries Popping
Manager, Planning, Research and Development

cc Rachel Owens