

Australia signs \$50bn gas deal with China

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AN Asia-fuelled, decades-long windfall for Australia's natural gas sector looks assured with up to \$100 billion of fresh investment over 12 to 18 months expected across a range of projects after China promised last night to buy \$50bn worth of natural gas from the proposed North West Shelf Gorgon development.

The Gorgon venture promises to be Australia's biggest resources project, pumping \$40bn into the federal government's tax coffers over the next 20 to 30 years.

The deal is the latest sign that while diplomatic relations between Australia and China have ebbed to a decade low, Beijing's appetite for Australia's resources remains undiminished, coming only a day after Fortescue Metals Group said China's state-owned banks would back its rapid expansion with \$US6bn (\$7.3bn) in loans.

This is the latest and biggest deal in the unprecedented escalation of gas projects which take in the \$50bn Gorgon project and several deep-sea gas field developments by Australia's Woodside Petroleum, as well as **surging interest in coal-seam gas deposits, mainly in Queensland.**

Already hundreds of billions of dollars in commitments have been signed, with not only China but also Japan, India and South Korea, as the search for cleaner energy options intensifies.

"If everything goes well (with Gorgon), construction will start in about February next year," federal Resources Minister Martin Ferguson said in Beijing yesterday.

"It's also a major stimulus package."

The Gorgon project -- which now has commitments of \$200bn in sales out of a projected \$300bn from the entire project -- has promised flow-on effects of \$33bn to the construction, manufacturing and services sector, and 6000 jobs over the next four to five years.

"As well as Gorgon and Woodside, there is the Sunrise project in the Timor Sea," Mr Ferguson said.

"We also have **an emerging industry on the east coast -- coal-seam methane.** So we now have the opportunity, in my opinion, over the next 12 to 18 months, of getting investments of up to \$100bn in the LNG sector."

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