

# **An Explosion of Fracking?**

## **One of the dirtiest secrets of the Trans-Pacific Partnership Free Trade Agreement**

*by the Sierra Club's Labor and Trade Campaign*

The United States is quietly negotiating an expansive trade agreement with eight other countries that could dramatically increase exports of liquefied natural gas to overseas markets without any domestic oversight. The Trans-Pacific Partnership (TPP) trade agreement, therefore, could increase dirty fracking and carbon emissions; put sensitive ecological areas at risk; and increase natural gas and electricity prices, impacting consumers, manufacturers, workers, and increasing the use of dirty coal power.

### **The Trans-Pacific Partnership Agreement**

The Trans-Pacific Partnership agreement, also known as 'NAFTA on steroids,' is an expansive new trade agreement being negotiated between countries in the Pacific Rim, including Australia, Brunei, Chile, Malaysia, New Zealand, Peru, Singapore, Vietnam, and the United States. Mexico and Canada have also been invited to join the negotiations. Eventually, every Pacific Rim nation may be included.

The TPP touches on a broad range of issues—the environment, workers and jobs, access to medicines, and more. For example, every indication is that the TPP would allow foreign corporations to sue governments directly—for unlimited cash compensation in foreign tribunals—over almost any domestic environmental or other law that the corporation believes is hurting its ability to profit. And, by offering special benefits to firms that relocate investment and jobs to other countries, the TPP could incentivize offshoring of good-paying jobs to low-wage nations and undercut working conditions globally.

Despite the impact that the TPP would have on nearly every aspect of our lives, the TPP is being negotiated in near complete secrecy. None of the draft chapters of the agreement have been made public and apart from TPP government officials, nearly the only people with access to texts are more than 600 business representatives who serve as official US trade advisors.

One of the dirtiest secrets of the TPP is its potential to pave the way for dramatically increase fracking across the United States.

### **How the TPP could increase fracking**

In order for the United States to export natural gas to another country, the Department of Energy (DOE) must first conduct a thorough public analysis to determine whether those exports are consistent with the public interest. This analysis is critical to understanding the environmental and economic impacts associated with natural gas exports and to building a deliberate energy policy that protects the interests of the American public.

**Unfortunately, the DOE loses its authority to regulate exports of natural gas to countries with which the United States has a free trade agreement that includes so-called “national treatment for trade in gas.”**

The TPP, therefore, could mean automatic approval of liquid natural gas (LNG) export permits—without *any* review or consideration—to TPP countries. And many TPP countries would likely be quite interested in importing LNG from the United States; this is particularly true of Japan, which is considering joining the TPP and is the world's single largest LNG importer.

Already, the DOE is considering applications to export approximately 20% of the total U.S. domestic gas production. Exporting this volume of US LNG would in turn mean increased fracking, the dirty and violent process that dislodges gas deposits from shale rock formations. It would also likely cause an increase in natural gas and electricity prices—up to \$20 billion annually in higher prices according to the Energy Information Administration—impacting consumers, manufacturers, and workers, while increasing the use of dirty coal power.

### **Environmental impacts of natural gas exports**

Exporting natural gas is polluting at every stage of its life cycle. The process begins with extracting the gas – the vast majority of which will come from fracking. An intrusive process, fracking involves pumping millions of gallons of a mixture of water, sand, and chemicals underground to create pressure which forces out natural gas.<sup>1</sup> The fracking process can spew large amounts of hazardous, smog-forming, and climate-altering air pollutants into our air, and is also linked to serious threats to our water supply. Fracking operations also disrupt forests, parks, and communities across the country as they

spread across the landscape.

But the environmental impacts associated with natural gas exports don't stop here. Once the gas is extracted, it needs to travel from production sites to coastal export terminals through hundreds of miles of pipelines. Whether exporters are expanding old pipelines or building new ones, these major construction projects can cut across private property and public land, further fragmenting landscapes and increasing pollution.

Then there are the environmental impacts associated with the building of the natural gas export terminals. New terminals will require the dredging of sensitive estuaries to make room for massive LNG tankers. Expanding facilities and ship traffic will also take their toll on coastal communities and the environment.

Finally, while some tout natural gas as a clean, safe way to provide energy, the fact is that the energy needed to cool and liquefy natural gas to be shipped overseas makes LNG's carbon footprint just as dirty as coal by some estimates.<sup>2,3</sup>

1 "Beyond Natural Gas: Protecting our Air, Water, and Communities". The Sierra Club. 2012. PDF.

<http://content.sierraclub.org/sites/content.sierraclub.org/naturalgas/files/documents/natural-gas-campaign-factsheet.pdf>. Pg. 1.

2 "Stop LNG Exports". Beyond Natural Gas. The Sierra Club. 2012. <http://content.sierraclub.org/naturalgas/stop-lng-exports>

3 Fogarty, David. "Australia's booming LNG sector poses carbon conundrum". Reuters Edition UK: Asia News. Thomson Reuters. 5/11/2011.

<http://uk.reuters.com/article/2011/05/11/uk-australia-lng-emissions-idUKLNE74A00T20110511>

## THE WALL STREET JOURNAL

### Company Seeks Nafta Cover After Quebec Says 'Non' to Shale Gas

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By Paul Vieira

Much of the world—from Europe to China—is rushing to take advantage of technology pioneered in the U.S. that is unlocking vast new reserves of natural gas trapped in shale formations.

But so far, Canada's French-speaking province of Quebec is saying non. Last year, it banned shale-gas exploration in parts of the Saint Lawrence Valley and revoked previously issued mining rights as it studied the environmental consequences.

Now, one small energy producer is fighting back Lone Pine Resources Inc.—spun off last year from Denver-based Forest Oil Corp.—has filed notice that it's seeking arbitration under the North American Free-Trade Agreement's Chapter 11 clause. Under Chapter 11, companies have a right to make a claim against Canada, the U.S. or Mexico if they believe government policy negatively affected their investment.

Milos Barutciski, a Toronto lawyer from Bennett Jones who's representing Lone Pine, acknowledged the provincial government has the right to regulate shale-gas exploration, or impose a moratorium if it so chooses. But it doesn't have the right to take away mining licenses, he said.

"It just can't, for political reasons, expropriate our property," Mr. Barutciski said. "And that's exactly what Nafta's investor-rights provision is intended to protect." Mr. Barutciski said his client would continue talking to the province of Quebec and the Canadian government to find a resolution, but filed the Nafta claim so it can get the legal process underway. There is now a 90-day period in which the parties can negotiate a settlement. If no pact is reached, then the case goes to arbitration.

A representatives for Quebec's resources minister was not available for comment. A Canadian government spokeswoman said officials were reviewing Lone Pine's claim, in consultation with Quebec authorities. (Lone Pine's opposing party in any arbitration, if it goes ahead, would be Canada's federal government, even though the claim focuses on Quebec government policy.)

A similar challenge was launched in 2008 by Abitibi Bowater RFP +0.86%, now known as Resolute Forest Products, when the government of Newfoundland and Labrador expropriated the majority of the company's provincial assets. Roughly two years later, the Canadian government and Abitibi reached a settlement that involved a taxpayer-funded payout to Abitibi of 130 million Canadian dollars (\$129.8 million.)

### What You Can Do:

Call and email your Senators and Representatives and tell them to let President Obama that he should stick to his 2008 campaign promise to renegotiate NAFTA to address it's anti-environmental provisions – *not expand the flawed NAFTA model via TPP!* Ask them to pledge to vote against TPP if it makes it to the floor of Congress. You can find out who represents you in in Congress at <http://gjae.org/lookup>.

For more information on the Sierra Club's Labor and Trade Campaign and on how to get involved, please contact Ilana Solomon at [ilana.solomon@sierraclub.org](mailto:ilana.solomon@sierraclub.org) and visit [www.sierraclub.org/trade](http://www.sierraclub.org/trade).

To get involved in fighting TPP in the New York City area, contact Adam Weissman at Global Justice for Animals and the Environment at (718) 218-4523 or email [adam@gjae.org](mailto:adam@gjae.org) and visit [www.gjae.org](http://www.gjae.org).