



# The Trans-Pacific Partnership: Fast Tracking Fracking

Fact Sheet • September 2013

**C**urrently, a secretive multinational agreement, the Trans-Pacific Partnership (TPP), is being negotiated by 12 countries, including the United States, Canada, Mexico, Chile, Peru, Australia, New Zealand, Malaysia, Singapore, Vietnam, Japan and Brunei.<sup>1</sup> Although the TPP is being sold as just another free trade agreement, only five of its 29 chapters are directly related to trade.<sup>2</sup> In reality, the TPP would be a permanent power grab by corporations and their financiers, and, among its many ramifications, the agreement could fast track fracking for shale gas in the United States by expediting unrestricted liquefied natural gas (LNG) exports.

## Shrouded in Secrecy

The TPP started during George W. Bush's administration and is now being pushed hard by President Obama.<sup>3</sup> In 2013, President Obama singled out the TPP as a priority during his State of the Union address and has since requested "fast-track" authority from Congress.<sup>4</sup> Ironically, Congress has not been permitted to see the entire agreement; meanwhile, some 600 corporate advisors involved in writing the agreement have had access to the text, and most of the public information has been obtained through leaks or sparing bits revealed by the Office of the U.S. Trade Representative.<sup>5</sup>

## Undermining Democracy

A leaked section of the TPP revealed that it would expand on a similar legal system that is included in the North American Free Trade Agreement (NAFTA), known as investor-state equivalency.<sup>6</sup> Described as "NAFTA on steroids," the TPP would authorize foreign corporations to sue federal, state and local governments if the company believes that its rights under the deal have been violated; new international tribunals will enforce the TPP, and domestic laws could be undermined by it.<sup>7</sup>

Although many U.S. jurisdictions have passed bans and measures to stop or limit fracking,<sup>8</sup> the authority that the TPP gives to corporations could be used to challenge and force



localities to overturn bans, granting companies permission to drill and frack for shale gas, or to work around any legislation that has been built to curb U.S. LNG exports. For example, in 2012, with authority from the investor-state system provided in NAFTA, a U.S. company that engages in oil and gas development through its wholly owned Canadian subsidiary announced its intentions to sue a Quebec town for \$250 million over its fracking moratorium.<sup>9</sup>

## LNG Exports

In March 2013, Japan, the largest importer of LNG, announced that it would be joining the TPP talks.<sup>10</sup> Japan alone accounts for 33 percent of the global LNG import market: in 2011, it imported 78.8 million tonnes of LNG, more than twice as much as South Korea, the second largest importer.<sup>11</sup> With Japan joining the TPP as a free trade partner, this would open up a large market for LNG exports from the United States,<sup>12</sup> conceivably increasing domestic drilling and fracking activity and putting Americans' health and environment at risk in exchange for corporate profits.

### **Not a Panacea to Economic Woes**

The supposed economic benefits of expanding LNG exports do not exist. The 2012 LNG Export Study produced by the U.S. Department of Energy's Office of Fossil Energy even suggested that any net economic benefits will not be enjoyed by a majority of the American public, stating in the executive summary that those Americans who rely on income from wages (as opposed to investment dividends, for example) "might not participate in these benefits."<sup>13</sup>

The study further explains that LNG exports will mean higher natural gas prices for American consumers, stating, "In fact,

most of the changes in real worker compensation are likely to take the form of lower than expected real wage growth, due to the increase in natural gas prices relative to nominal wage growth."<sup>14</sup> Opening up a vast new market for LNG exports will drive up energy costs to the disadvantage of working families that are already struggling to make ends meet.

## Urge Congress to Stop the TPP

The TPP could become the biggest corporate power grab (masked as a "free trade" agreement) in U.S. history, larger than the World Trade Organization deal that was formed in 1995.<sup>15</sup> It would establish a regime under which corporations would acquire an equal status to countries, allowing them to take legal action against governments both at the national and local levels, including overturning fracking measures passed in localities.

To stop these new trade deals, we must defeat the anti-democratic fast track in Congress.

You can email your Senators and Representatives by going to: <http://www.foodandwaterwatch.org/global/global-trade/tp-and-tafta-free-trade-with-a-high-price>

## Endnotes

- 1 Fergusson, Ian F. et al. Congressional Research Service Report for Congress. "The Trans-Pacific Partnership Negotiations and Issues for Congress." June 17, 2013 at Summary and 2; Koba, Mark. "The Huge Trade Deal You've Probably Never Heard Of." CNBC. June 26, 2013; Flowers, Margaret and Kevin Zeese. "Stopping the Trans-Pacific Partnership: Global Revolt Against Corporate Domination." *Truth-Out*. July 10, 2013
- 2 Public Citizen. [Press Release]. "With No Text Agreed for Several Entire Chapters and Most Tough Political Decisions Unresolved, the So-Called 'Final Round' of Trans-Pacific Partnership Talks Will Not Be the End of Negotiations." August 21, 2013; Wallach, Lori. Public Citizen. Washington Joint Legislative Committee on Trade Policy. "TPP Presentation." November 2012 at 7; Wallach, Lori. "NAFTA on Steroids." *The Nation*. July 2012.
- 3 Koba, 2013; Wallach, July 2012; Fergusson, 2013 at 3.
- 4 The White House, Office of the Press Secretary. "Remarks by the President in the State of the Union Address." February 12, 2013; Palmer, Doug. "White House says it will seek 'fast-track' trade authority." *Reuters*. March 1, 2013; Bradner, Eric. "Unlikely allies seek to limit Obama trade powers." *Politico*. August 21, 2013.
- 5 Flowers and Zeese, 2013; Koba, 2013; Wallach, November 2012 at 6.
- 6 Wallach, November 2012 at 7 to 13, 21 and 22; Wallach, July 2012.
- 7 Baker, Dean. "The Trade Deal Scam." *Truth Out*. June 12, 2013; Wallach, November 2012 at 7 to 13, 21 and 22; Wallach, July 2012.
- 8 See Food & Water Watch, Fracking Action Center, Local Actions Against Fracking, at <http://www.foodandwaterwatch.org/water/fracking/fracking-action-center/local-action-documents/>.
- 9 Lone Pine Resources, Inc. Notice of Intent to Submit a Claim to Arbitration Under Chapter Eleven of the North American Free Trade Agreement. November 8, 2012 at 1 to 4 and 16; Lone Pine Resources, Inc. U.S. Securities and Exchange Commission. Form 10-K. December 31, 2012 at Cover and 48 and 49; Lone Pine Resources, Inc. [News Release]. Long Pine Resources Submits NAFTA Notice of Intent in Response to Expropriation of Rights in Quebec. November 15, 2012; The Parliament of Quebec. Bill 18 (2011, chapter 13) An Act to limit oil and gas activities.
- 10 Fergusson, 2013 at 50; Drajem, Mark and Edward Klump. "Japan's Bid to Enter Trade Talks Opens Route for U.S. LNG." *Bloomberg*. March 17, 2013.
- 11 International Gas Union. *World Gas Report* 2011. 2012 at 11.
- 12 Drajem and Klump, 2013.
- 13 Montgomery, W. David et al. National Economic Research Associates. "Macroeconomic Impacts of LNG Exports from the United States." December 2012 at 2.
- 14 *Ibid.* at 9
- 15 Drajem and Klump, 2013; Koba, 2013. See Wallach, November 2012.

### For more information:

**web:** [www.foodandwaterwatch.org](http://www.foodandwaterwatch.org)

**email:** [info@fwwatch.org](mailto:info@fwwatch.org)

**phone:** (202) 683-2500 (DC) • (415) 293-9900 (CA)

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