CARL LEVIN
MICHIGAN

United States Senate

WASHINGTON, DC 20510-2202

February 18, 2014

The Honorable Ernest Moniz
Secretary of Energy
1000 Independence Avenue, SW
Washington DC 20585

The Honorable Michael Froman
United States Trade Representative
600 17th Street, NW
Washington, DC 20508

Dear Secretary Moniz and Ambassador Froman:

I write to you to express my concern that U.S. manufacturers and consumers of natural gas may be harmed by higher prices and placed at a competitive disadvantage if natural gas exports are authorized to countries with whom the United States does not have enforceable Free Trade Agreements (FTAs) to provide a level playing field for U.S. exporters.

The Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP) negotiations involve several countries that import liquefied natural gas (LNG), including Japan and Spain, which are two of the top three importers of LNG worldwide. Together with the Republic of Korea, with whom the United States already has a FTA, these three countries have existing and planned facilities capable of importing over 15 trillion cubic feet of LNG per year.

Consistent with current U.S. law, the Department of Energy grants LNG export authorizations for FTA countries "without modification or delay." DOE has already approved 32 such projects, and is reviewing an additional four projects. Combined, these facilities would have a total export capacity of nearly 14 trillion cubic feet of LNG per year. DOE has repeatedly stated that it will evaluate non-FTA applications on a case-by-case basis, including the impact of market developments on the Department's public interest determination for the projects.

Depending on the pace of DOE non-FTA export authorization determinations and of the trade negotiations, there could be a situation where most countries currently capable of importing LNG are FTA countries. Conversely, if DOE approves additional exports absent a reciprocal FTA, then the United States may be rewarding foreign importers in countries which are not open to other U.S. goods and to the detriment of U.S. consumers. Either scenario is likely to increase the price of domestic natural gas and may harm the U.S. manufacturing sector that is just beginning to emerge from the worst economic crisis since the Great Depression. It is critical that DOE and USTR work together to ensure that both the proposed treaties and any LNG exports are firmly within the U.S. public interest, consistent with the terms of Section 3 of the Natural Gas Act that places restrictions on exports to countries with whom the United States has no free trade agreement.

With these facts in mind, please provide information on the following topics:

(1) the proposed treatment of natural gas and energy in the TTIP and TPP;

(2) the way in which any new FTA countries will be considered relative to existing or pending export authorization applications;

(3) whether and how the addition of high-demand LNG importers as FTA countries would change DOE's analysis on the projected volume of exports and associated impacts on U.S. consumers; and

(4) the process by which DOE is including new information in its case-by-case assessment of non-FTA authorizations, such as updated U.S. demand and production forecasts, seasonal variance in natural gas demand, and new domestic or foreign regulations for greenhouse gas or other air emissions.

Thank you for your attention to this matter. If your staff has any questions, please direct them to Christine Muchanic of my staff at (202) 224-4123. I look forward to your reply.

Sincerely,

Carl Levin

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