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H. CON. RES. 276

Strongly urging the President to file a complaint at the World Trade Organization against oil-producing countries for violating trade rules that prohibit quantitative limitations on the import or export of resources or products across borders.

IN THE HOUSE OF REPRESENTATIVES

MARCH 13, 2000

Mr. DEFAZIO (for himself, Mr. SANDERS, Ms. SLAUGHTER, Mr. HINCHEY, and Mrs. JONES of Ohio) submitted the following concurrent resolution; which was referred to the Committee on Ways and Means

CONCURRENT RESOLUTION

Strongly urging the President to file a complaint at the World Trade Organization against oil-producing countries for violating trade rules that prohibit quantitative limitations on the import or export of resources or products across borders.

Whereas no free market exists in oil production because of collusion among oil-producing countries;

Whereas the Oil and Petroleum Exporting Countries (OPEC) and other oil-producing countries agreed in March 1998 to a series of three coordinated cutbacks in production, thus manipulating world oil markets resulting in de facto price fixing;

Whereas as of March 2000, world oil production is 73,000,000 barrels a day, while world oil consumption is 75,000,000 barrels to day, thereby resulting in a shortfall of 2,000,000 barrels;

Whereas this shortfall has led to the highest price per barrel of oil in nearly a decade and substantial increases in consumer prices for items such as home heating oil and gasoline;

Whereas rising oil prices greatly harm consumers, farmers, small businesses, and manufacturers, increase the likelihood of inflation, increase the cost of conducting interstate and international commerce, and pose a strong threat to continued economic growth;

Whereas the Secretary of Energy testified on March 2, 2000, before the Committee on International Relations of the House of Representatives that ''The volatility [in oil prices] we're enduring today makes clear that artificial production quotas just don't work. Markets should set prices.'';

Whereas article XI of the General Agreement on Tariffs and Trade (GATT 1994) prohibits members of the World Trade Organization (WTO) from setting quantitative restrictions on the import or export of resources or products across their borders; specifically the language reads ''No prohibitions or restrictions other than duties, taxes or other charges, whether made effective through quotas, import or export licenses or other measures, shall be instituted or maintained by any contracting party on the importation of any product of the territory of any other contracting party or on the exportation or sale for export of any product destined for the territory of any other contracting party.'';

Whereas the precise meaning of this provision was spelled out in a WTO Panel Report issued in 1998 entitled ''Japan—Trade in Semi-conductors'', which noted, ''. . . this wording [in article XI] was comprehensive: it applied to all measures instituted or maintained by a contracting party prohibiting or restricting the importation, exportation or sale for export of products other than measures that take the form of duties, taxes, or other charges . . . This wording indicated clearly that any measure instituted or maintained by a contracting party which restricted the exportation or sale for export of products was covered by this provision, irrespective of the legal status of the measure.'';

Whereas oil production restrictions clearly qualify as a ''quantitative restriction'' based on the original WTO rules and the 1998 WTO panel report, which certify that only ''duties, taxes or other charges'' are allowable, not pacts among countries to limit production of a product for export;

Whereas article XX of GATT 1994, which sets out a series of exceptions to article XI, notes that none of the exceptions are valid if they are ''applied in a manner which would constitute . . . a disguised restriction on international trade'', a phrase which describes OPEC's production restrictions;

Whereas of the 11 OPEC countries, 6 are members of the WTO (Kuwait, Indonesia, Nigeria, Qatar, Venezuela, and United Arab Emirates); 2 have observer status and have applied to join the WTO (Saudi Arabia and Algeria); and only 3 have no relationship with the WTO (Libya, Iran, and Iraq);

Whereas of the remaining oil-producing nations, Mexico and Norway are members of the WTO, and Russia and Oman have applied for membership; and

Whereas given the substantial WTO membership and pending membership of oil-producing countries, filing a complaint would likely have an immediate impact on the current and future behavior of these countries: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That the Congress strongly urges the President of the United States to file a complaint in the World Trade Organization against oil-producing nations for violating their obligations under the rules of that organization.

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