

106TH CONGRESS
2D SESSION

H. R. 3822

IN THE SENATE OF THE UNITED STATES

MARCH 23, 2000

Received; read twice and referred to the Committee on Foreign Relations

AN ACT

To combat international oil price fixing.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Oil Price Reduction
3 Act of 2000”.

4 **SEC. 2. FINDINGS.**

5 The Congress finds the following:

6 (1) Oil producing countries, including the na-
7 tions of the Organization of Petroleum Exporting
8 Countries (OPEC), took concerted actions in March
9 and September of 1999 to cut oil production and
10 hold back from the market 4,000,000 barrels a day
11 representing approximately six percent of the global
12 supply.

13 (2) OPEC, in its capacity as an oil cartel, has
14 been a critical factor in driving prices from approxi-
15 mately \$11 a barrel in December 1998 to a high of
16 \$30 a barrel in mid-February 2000, levels not seen
17 since the Persian Gulf Conflict.

18 (3) On February 10, 2000, a hearing before the
19 Committee on International Relations of the House
20 of Representatives on “OPEC and the Northeast
21 Energy Crisis” clearly demonstrated that OPEC’s
22 goal of reducing its oil stocks was the major reason
23 behind price increases in heating oil, gasoline, and
24 diesel oil stocks.

25 (4) During this hearing, the Assistant Secretary
26 in the Office of International Affairs of the Depart-

1 ment of Energy noted that artificial supply con-
2 straints placed on the market are ultimately self-de-
3 feating in so far as they increase volatility in the
4 market, lead to boom and bust cycles, and promote
5 global instability, particularly in developing countries
6 whose economies are extremely vulnerable to sharp
7 price increases.

8 (5) These price increases have caused infla-
9 tionary shocks to the United States economy and
10 could threaten the global economic recovery now un-
11 derway in Europe and Asia where the demand for oil
12 is rising.

13 (6) The transportation infrastructure of the
14 United States is under stress and tens of thousands
15 of small- to medium-sized trucking firms throughout
16 the Northeast region are on the verge of bankruptcy
17 because of the rise in diesel oil prices to more than
18 \$2 per gallon—a 43 percent increase in the Central
19 Atlantic region and a 55 percent increase in the
20 New England region—an increase that has had the
21 effect of requiring these trucking firms to use up to
22 20 percent of their operating budgets for the pur-
23 chase of diesel oil.

24 (7) Many elderly and retired Americans on
25 fixed incomes throughout the Northeast region of

1 the United States cannot afford to pay the pre-
2 vailing heating oil costs and all too often are faced
3 with the choice of paying the grocery bills or staying
4 warm.

5 (8) Several key oil producing nations relied on
6 the United States military for their protection in
7 1990 and 1991, including during the Persian Gulf
8 Conflict, and these nations still depend on the
9 United States for their security.

10 (9) Many of these nations enjoy a close eco-
11 nomic and security relationship with the United
12 States which is a fundamental underpinning of glob-
13 al security and cooperation.

14 (10) A continuation of the present policies put
15 in place at the meeting of OPEC Ministers in March
16 and September of 1999 threatens the relationship
17 that many of the OPEC nations enjoy with the
18 United States.

19 **SEC. 3. POLICY OF THE UNITED STATES.**

20 (a) POLICY WITH RESPECT TO OIL EXPORTING
21 COUNTRIES.—It shall be the policy of the United States
22 to consider the extent to which major net oil exporting
23 countries engage in oil price fixing to be an important de-
24 terminant in the overall political, economic, and security

1 relationship between the United States and these coun-
2 tries.

3 (b) POLICY WITH RESPECT TO OIL IMPORTING
4 COUNTRIES.—It shall be the policy of the United States
5 to work multilaterally with other countries that are major
6 net oil importers to bring about the complete dismantlement of international oil price fixing arrangements.

8 **SEC. 4. REPORT TO CONGRESS.**

9 Not later than 30 days after the date of the enact-
10 ment of this Act, the President shall transmit to the Con-
11 gress a report that contains the following:

12 (1) A description of the overall economic and
13 security relationship between the United States and
14 each country that is a major net oil exporter, includ-
15 ing each country that is a member of OPEC.

16 (2) A description of the effect that coordination
17 among the countries described in paragraph (1) with
18 respect to oil production and pricing has had on the
19 United States economy and global energy supplies.

20 (3) Detailed information on any and all assist-
21 ance programs under the Foreign Assistance Act of
22 1961 and the Arms Export Control Act, including li-
23 censes for the export of defense articles and defense
24 services under section 38 of such Act, provided to
25 the countries described in paragraph (1).

1 (4) A determination made by the President in
2 accordance with section 5 for each country described
3 in paragraph (1).

4 **SEC. 5. DETERMINATION BY THE PRESIDENT OF MAJOR**
5 **OIL EXPORTING COUNTRIES ENGAGED IN**
6 **PRICE FIXING.**

7 The report submitted pursuant to section 4 shall in-
8 clude the determination of the President with respect to
9 each country described in section 4(1) as to whether or
10 not, as of the date on which the President makes the de-
11 termination, that country is engaged in oil price fixing to
12 the detriment of the United States economy.

13 **SEC. 6. DIPLOMATIC EFFORTS TO END PRICE FIXING.**

14 (a) DIPLOMATIC EFFORTS.—Not later than 30 days
15 after the date on which the President transmits to the
16 Congress the report pursuant to section 4, the President
17 shall—

18 (1) undertake a concerted diplomatic campaign
19 to convince any country determined by the President
20 pursuant to section 5 to be engaged in oil price fix-
21 ing to the detriment of the United States economy
22 that the current oil price levels are unsustainable
23 and will negatively effect global economic growth
24 rates in oil consuming and developing countries; and

1 (2) take the necessary steps to begin negotia-
2 tions to achieve multilateral action to reduce, sus-
3 pend, or terminate bilateral assistance and arms ex-
4 ports to major net oil exporters engaged in oil price
5 fixing as part of a concerted diplomatic campaign
6 with other major net oil importers to bring about the
7 complete dismantlement of international oil price fix-
8 ing arrangements described in such report.

9 (b) REPORT ON DIPLOMATIC EFFORTS.—Not later
10 than 120 days after the date of the enactment of this Act,
11 the President shall transmit to the Congress a report de-
12 scribing any diplomatic efforts undertaken in accordance
13 with subsection (a) and the results achieved by those ef-
14 forts.

15 **SEC. 7. DEFINITIONS.**

16 In this Act:

17 (1) OIL PRICE FIXING.—The term “oil price
18 fixing” means participation in any agreement, ar-
19 rangement, or understanding with other countries
20 that are oil exporters to increase the price of oil or
21 natural gas by means of, inter alia, limiting oil or
22 gas production or establishing minimum prices for
23 oil or gas.

1 (2) OPEC.—The term “OPEC” means the Or-
2 ganization of Petroleum Exporting Countries.

 Passed the House of Representatives March 22,
2000.

Attest:

JEFF TRANDAHL,
Clerk.