

## **H. Res. 500**

### ***In the House of Representatives, U. S.,***

*July 11, 2007.*

Whereas the United States currently is largely self-sufficient in natural gas but is projected to greatly increase its usage over time, which could create a growing dependence on world supply;

Whereas the cost of natural gas has approximately tripled since 2000 and has had a significant negative impact on United States manufacturers and on employment in manufacturing;

Whereas in 2004 alone the rising cost of natural gas was responsible for the closure of scores of chemical companies in the United States and the loss of over 100,000 jobs;

Whereas chemicals, plastics, and advanced composite materials are used extensively for military and commercial applications and are crucial components of the United States defense industrial base, which is the foundation of United States national security;

Whereas Europe, as well as Japan, South Korea, and other United States allies, are heavily dependent on imported natural gas, and countries such as China and India are rapidly increasing their reliance on foreign suppliers;

Whereas the supply of natural gas is controlled by a relatively small number of countries, including Iran, Russia, Venezuela, Bolivia, Algeria, and Qatar, among others;

Whereas these and other countries have established an organization known as the Gas Exporting Countries Forum (GECF) to promote coordination on policies regarding natural gas;

Whereas the members of the GECF are estimated to possess over 70 percent of global gas reserves and over 40 percent of global production;

Whereas several of these countries have governments hostile to the United States;

Whereas on January 29, 2007, Iranian Supreme Leader Ayatollah Khamenei proposed that Russia and Iran cooperate to establish a cartel for natural gas, which has been termed a “gas OPEC”;

Whereas Russian President Putin has expressed great interest in the formation of a cartel of this type;

Whereas Venezuelan President Hugo Chavez has declared his strong support for the proposed cartel and described it as an expansion of his efforts to establish a similar cartel in the Western Hemisphere;

Whereas Iranian officials have made clear their interest in using this “gas OPEC” as an instrument for political purposes;

Whereas Russia has repeatedly demonstrated its willingness to use its role as supplier of oil and gas to exert political pressure on other countries, such as Georgia, Ukraine, and Belarus, among others;

Whereas Europe currently relies on Russia for almost half of its imports of natural gas and is likely to increase its dependence on this source over the next decade;

Whereas North Atlantic Treaty Organization officials have warned of the danger of Europe's increasing dependence on Russian energy and of the prospect of alternative suppliers, such as Algeria, cooperating with Russia;

Whereas at the GECF meeting in Doha on April 9, 2007, of senior officials from Iran, Russia, Venezuela, Bolivia, Algeria, Qatar, and other countries, an agreement was reached to establish a committee chaired by the Russian Government to study proposals for greater coordination of policies, including pricing, that participants stated would be necessary for the creation of a cartel; and

Whereas the creation of an international cartel for natural gas similar to that of the Organization of Petroleum Exporting Countries (OPEC) would pose a major threat to the price and supply of energy, to the economy of the United States and of the world, and to their security: Now, therefore, be it

*Resolved*, That it is the sense of the House of Representatives that—

(1) the United States should make clear to the governments of major natural gas exporting countries that it regards efforts to establish a cartel or other mechanism to manipulate the supply of natural gas to the world market for the purpose of setting an arbitrary and nonmarket price, or as an instrument of political pres-

sure, to be prejudicial to the security of the United States and of the world as a whole;

(2) the United States should develop a joint strategy with its allies and all countries that are importers of natural gas, as well as with cooperative exporting countries, to prevent the establishment of a cartel or other mechanism of this type, including by diversifying sources and alternative means of access by exporters and importers to international markets, such as by pipeline; and

(3) in order to mitigate potential economic and other threats to our security, the United States should work with our allies to reduce our dependence on natural gas and to increase and promote the utilization of clean energy sources.

Attest:

*Clerk.*