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Statement of Rep. Henry A. Waxman Halliburton Gasoline Imports to Iraq October 16, 2003

This supplemental includes a request by the Bush Administration for an additional \$2.1 billion in oil reconstruction funds for Iraq. This request nearly triples the Administration's previous estimate for Iraqi oil reconstruction costs.

On September 12, Rep. John Dingell and I wrote to the Office of Management and Budget asking for basic details about this request and for an explanation of the enormous increase.

We received no response. More than a month has now passed, and the Administration has provided absolutely no information to explain this vast increase.

I contacted the U.S. Army Corps of Engineers, the agency in charge of oil reconstruction, to ask how this request for \$2.1 billion was developed. They told me they couldn't provide any information because they were not involved in preparing this request. It was done by the Coalition Provisional Authority (CPA) in Iraq.

I contacted CPA to ask for some basic details about how much the taxpayer has been paying Halliburton for work under the oil reconstruction contract. They said they didn't know and told me to talk to the Army Corps, which had already told me they were not involved with the Administration's request.

And in this morning's *New York Times*, OMB officials said they don't know anything about this either. They said they would try to talk to the CPA, but that this was difficult because Baghdad is so many time zones away.

It's an Abbott and Costello "Who's on First" routine, and it might even be funny if it weren't costing taxpayers \$250 million in wasted money.

The fact is, Halliburton, the company importing gasoline into Iraq, is overcharging U.S. taxpayers.

Although gasoline costs just 71 cents per gallon in the Gulf, Halliburton is charging the taxpayer more than twice as much — \$1.62 to \$1.70 per gallon.

This costly gasoline is then sold inside Iraq for as little as a nickel per gallon. As a result, the U.S. taxpayer loses \$1.50 or more every time a gallon of gas is sold in Iraq.

Independent experts have looked at this and have been stunned by Halliburton's inflated prices, calling them "outrageously high," a "huge rip-off," and "highway robbery."

But no committee in the House is investigating. No committee is asking Halliburton ... or the CPA ... or the Corps ... or OMB to justify this gouging. And it seems no one in the Administration is exercising any oversight.

Enough is enough. Millions of Americans are willing to help Iraqis, but they don't want to be fleeced. We have to stop turning a blind eye when Halliburton overcharges the taxpayer by millions of dollars.

I realize Halliburton is a big campaign contributor and has a special relationship with the Bush Administration. I realize it would be easier to look the other way. But this has to end.

We owe that to the taxpayers. And at some point, everyone in this House is going to have to explain why we are making the taxpayer buy gasoline from Halliburton at \$1.70 per gallon and then selling the gasoline to Iraqis for a nickel.

Our amendment is a small but important step in restoring some sanity to this process. It reduces the amount that will be paid to Halliburton to purchase gasoline by \$250 million. This is a conservative estimate of the amount the taxpayer will be overcharged.

I urge my colleagues to end the fleecing of taxpayers and support the amendment.