

TOM DAVIS, VIRGINIA,
CHAIRMAN

DAN BURTON, INDIANA
CHRISTOPHER SHAYS, CONNECTICUT
ILEANA ROS-LEHTINEN, FLORIDA
JOHN M. McHUGH, NEW YORK
JOHN L. MICA, FLORIDA
MARK E. SOUDER, INDIANA
STEVEN C. LATOURETTE, OHIO
DOUG OSE, CALIFORNIA
RON LEWIS, KENTUCKY
JO ANN DAVIS, VIRGINIA
TODD RUSSELL PLATTS, PENNSYLVANIA
CHRIS CANNON, UTAH
ADAM H. PUTNAM, FLORIDA
EDWARD L. SCHROCK, VIRGINIA
JOHN J. DUNCAN, JR., TENNESSEE
JOHN SULLIVAN, OKLAHOMA
NATHAN DEAL, GEORGIA
CANDICE MILLER, MICHIGAN
TIM MURPHY, PENNSYLVANIA
MICHAEL R. TURNER, OHIO
JOHN R. CARTER, TEXAS
WILLIAM J. JANKLOW, SOUTH DAKOTA
MARSHA BLACKBURN, TENNESSEE

ONE HUNDRED EIGHTH CONGRESS

Congress of the United States

House of Representatives

COMMITTEE ON GOVERNMENT REFORM

2157 RAYBURN HOUSE OFFICE BUILDING

WASHINGTON, DC 20515-6143

MAJORITY (202) 225-5074
FACSIMILE (202) 225-3974
MINORITY (202) 225-5051
TTY (202) 225-6852

www.house.gov/reform

June 24, 2003

HENRY A. WAXMAN, CALIFORNIA,
RANKING MINORITY MEMBER

TOM LANTOS, CALIFORNIA
MAJOR R. OWENS, NEW YORK
EDOLPHUS TOWNS, NEW YORK
PAUL E. KANJORSKI, PENNSYLVANIA
CAROLYN B. MALONEY, NEW YORK
ELIJAH E. CUMMINGS, MARYLAND
DENNIS J. KUCINICH, OHIO
DANNY K. DAVIS, ILLINOIS
JOHN F. TIERNEY, MASSACHUSETTS
Wm. LACY CLAY, MISSOURI
DIANE E. WATSON, CALIFORNIA
STEPHEN F. LYNCH, MASSACHUSETTS
CHRIS VAN HOLLEN, MARYLAND
LINDA T. SANCHEZ, CALIFORNIA
C.A. DUTCH RUPPERSBERGER,
MARYLAND
ELEANOR HOLMES NORTON,
DISTRICT OF COLUMBIA
JIM COOPER, TENNESSEE
CHRIS BELL, TEXAS

BERNARD SANDERS, VERMONT,
INDEPENDENT

Lt. Gen. Robert B. Flowers
ATTN: Directorate of Military Programs
U.S. Army Corps of Engineers
441 G Street, NW
Washington, DC 20314

Dear General Flowers:

I am writing to inquire about U.S. plans to mortgage Iraq's oil to pay for contracts with private companies like Halliburton and Bechtel.

For many months, opponents of the war in Iraq have been arguing that the real purpose of the war was to obtain control for the United States over the vast oil fields of Iraq. In response, the Administration has consistently said that Iraqi oil belongs to the Iraqi people.¹ Recently, for example, you wrote me:

Iraqis will make all decisions about how much oil and refined products to produce, when and where to produce for the domestic market and how to distribute the product. . . . Iraqis will decide for themselves all matters relating to development, production, sale and distribution of Iraqi petroleum products.²

¹White House spokesman Ari Fleischer has said that "[t]he oil fields belong to the people of Iraq, the government of Iraq, all of Iraq. All the resources of Iraq need to be administered by the Iraqi government." White House, *Press Briefing by Ari Fleischer* (Feb. 6, 2003). Likewise, Secretary of State Colin Powell has said that "[t]he oil of Iraq belongs to the Iraqi people." *Powell Says U.S. Not after Iraqi Oil*, Los Angeles Times (Jan. 23, 2003). And Secretary of Defense Donald Rumsfeld has reiterated that Iraqi oil "belongs to the Iraqi people." *NewsHour*, PBS (Feb. 20, 2003).

²Letter from Lt. Gen. Robert B. Flowers to Rep. Henry A. Waxman (June 10, 2003).

The *Wall Street Journal* has reported, however, that the United States is considering a plan to mortgage Iraq's oil to pay for the costs of reconstruction.³ Such an arrangement would commit future oil revenue from Iraqi wells to paying the expenses of major U.S. contractors operating in Iraq. This policy would appear to conflict fundamentally with the claim that Iraq's oil belongs to the Iraqi people. In effect, the country's oil revenues would belong to Halliburton, Bechtel, and the other large U.S. corporations operating in Iraq.

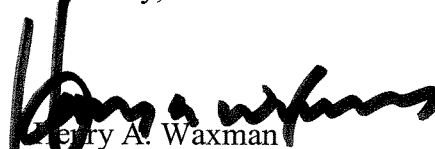
Not surprisingly, the *Wall Street Journal* reports that this proposal "has the enthusiastic backing" of Halliburton and Bechtel. According to the *Wall Street Journal*, this plan has been advocated by the Coalition for Employment Through Exports, a U.S. business group whose members include Halliburton, Bechtel, and other large contractors in Iraq. This group has been "knocking on doors throughout the Bush Administration" to promote the mortgage proposal.

I am writing to request information about this plan to mortgage Iraq's oil. In particular, I am interested in the role, if any, that Halliburton and other companies working in Iraq may have played in shaping this plan. Specifically, I request that you:

1. Describe the plan being considered to securitize Iraq's oil, including details such as the duration of the plan and the amount of Iraqi oil involved;
2. Identify all contacts concerning this plan between the Corps and any nongovernmental party or its representative(s);
3. Provide copies of all records (including telephone records, notes, and any other form of written or electronic communication) related to item 2 above.

Thank you for your prompt attention to this important matter.

Sincerely,



Henry A. Waxman
Ranking Minority Member

³U.S. Weighs Plan to Mortgage Iraqi Oil for Rebuilding Costs, Wall Street Journal (June 19, 2003).