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Statement of Rep. Henry A. Waxman October 29, 2003

The decision by the Administration to delay the new contracts is bad news for American taxpayers.

Taxpayers are being taken to the cleaners under the existing arrangement with Halliburton to import gasoline into Iraq. Representative Dingell and I revealed today that gasoline that should cost less than \$1 per gallon is costing taxpayers more than \$2.50 per gallon. Then the gasoline is sold to Iraqis for as little as 5 cents per gallon.

The Administration should be trying to stop this overcharging of taxpayers, not to prolong it.

We know that someone is getting rich importing gasoline into Iraq. What we don't know is: (1) Who is making the money, Halliburton or the Kuwaitis? (2) Who in the Administration authorized the payment of these exorbitant prices? And (3) what is being done to stop the overcharging and recoup the millions of dollars that have been squandered?

This is the second major delay in the award of these contracts. In May, the Corps of Engineers said that the award would take place at the end of August. During the summer, the Corps said the contract would be delayed until October. Now, the contracts could be awarded as late as December 28.

It's mind-boggling that the contract to replace Halliburton is being delayed yet again. The Administration took only nine days to enter into a sole-source contract worth up to \$7 billion with Halliburton. Yet it now says that rebidding the contract is so complex that it can't be done in less than nine months.

The White House is grossly mismanaging the oil reconstruction contracts. Agencies don't talk with each other and even assignments like buying gasoline get mishandled. On September 7, the President said he would seek \$87 billion in new funds for Iraq and Afghanistan, including \$2.1 billion for oil reconstruction. Yet the White House developed this request without any consultation with the experts in the Corps of Engineers, the agency responsible for overseeing the oil infrastructure contract. Seven weeks later, the increased costs are being used as a rationale for delaying the award of the new contracts yet again. This is the type of assessment that should have been conducted before the development of the supplemental request, not weeks after.