

**H.R. 3822, THE OIL PRICE REDUCTION ACT
OF 2000**

MARKUP
BEFORE THE
**COMMITTEE ON
INTERNATIONAL RELATIONS
HOUSE OF REPRESENTATIVES**
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H.R. 3822, THE OIL PRICE REDUCTION ACT OF 2000

MARCH 15, 2000

HOUSE OF REPRESENTATIVES,
COMMITTEE ON INTERNATIONAL RELATIONS,
Washington, DC.

The Committee met, pursuant to notice, at 11:57 a.m., in room 2175 Rayburn House Office Building, Hon. Benjamin A. Gilman (Chairman of the Committee) presiding.

Chairman GILMAN [presiding]. The Committee now begins its business portion of 3822. The Committee meets in open session, pursuant to notice, to consider H.R. 3822, the Oil Price Reduction Act. The Committee will come to order. Members, please take your seats.

The Chair now lays the bill, H.R. 3822, before the Committee. The Clerk will report the title of the bill.

[The bill, H.R. 3822, appears in the appendix.]

Ms. BLOOMER. H.R. 3822, a bill to reduce, suspend, or terminate any assistance under the Foreign Assistance Act of 1961 and the Arms Export Control Act to each country determined by the President to be engaged in oil price fixing to the detriment of the United States economy and for other purposes.

Chairman GILMAN. I have an amendment at the desk which the Clerk will report.

Ms. BLOOMER. Amendment in the nature of a substitute offered by Mr. Gilman. "Strike all after the enacting clause and insert the following: Section 1, short title. This Act may be cited as the Oil Price Reduction"——

[The amendment of Mr. Gilman appears in the appendix.]

Chairman GILMAN. I ask unanimous consent that the amendment in the nature of a substitute be considered as original text for the purposes of amendment, that it be considered as having been read, and that it be open to amendment at any point. Is there any objection? If there's no objection, so ordered.

I will now recognize myself for 5 minutes on the amendment to open this question on the bill.

Now that our Committee has conducted 2 days of hearings on the extent of our energy crisis and the role of OPEC in withholding production, and raising oil prices to dangerous and unsustainable levels, we now need to take action on the measure that's before us today. A balanced, yet forceful measure, it will require the Administration to undertake actions leading to a reappraisal of our relationship with those countries that it determined to be engaged in oil price fixing efforts, and to conduct a serious review of those op-

tions available to the President, including the suspension, the termination of reduction of assistance or arms sales to those same countries.

In the opinion of the Chair, it is vitally important for this Committee and for the Congress to take action on a measure which can at long last galvanize the Administration into action, into action to deal with the cartel of OPEC nations, and to provide some leverage to our Secretary of Energy. I think leverage that he welcomes.

For too long, our policy toward the Organization of Petroleum Exporting Nations, OPEC, and other major oil exporting countries has been full of bluster and empty rhetoric, where successive waves of production cutbacks from OPEC nations have been met until recently with resounding silence, and an indifference from this Administration.

As the oil prices mount and our consumers, our elderly constituents, and our business people across the Northeast and the entire country have struggled to pay their energy bills and to make ends meet, we have been waiting in vain to see an administration strategy on energy take shape. Today, I am pleased to announce that our wait is over.

This Oil Price Reduction Act before us today outlines the problems, and calls on the Administration to undertake a number of actions and reports that can at long last begin to address the root causes of the current energy crisis, and the sky-high energy prices. I will be describing the bill as amended by the amendment in the nature of a substitute now pending.

As I am sure all of you are aware, the price of oil continues to stay around \$32 a barrel, compared to \$11 a barrel before the OPEC nations stopped producing. Gasoline prices have gone up nationwide some 12 cents just in the past 2 weeks. I saw this morning a gasoline price of \$1.90 gallon.

Yet there is no consensus within OPEC to increase production at their upcoming meeting on March 27. In fact, the prevailing view within the cartel is that there is no need to increase production because demand in the second quarter will fail. But the International Energy Agency disagrees, saying that OPEC must come up with immediate increases in production on the order of at least 2 million barrels a day to prevent oil prices from rising even further next month.

The measure before us today takes into account the concerns of all those who are concerned that we should not impose mandatory sanctions on each and every oil producing country in a fit of peak or a show of force. Rather, this measure provides a framework and the diplomatic blueprint under which the President should undertake a series of bilateral and multilateral steps leading to the eventual dismantling of the OPEC cartel.

Specifically, this bill states that it should be the policy of our nation to take into account the extent to which a major oil exporting country engages in oil price fixing in assessing the overall state of our relationship with that nation. This bill also states that we should work multilaterally with other net oil importing countries to bring about the dismantling of international oil price fixing arrangements. If this kind of an arrangement took place in our own

nation, our anti-trust people would immediately react and be on their backs.

Not later than 30 days after the enactment, the President is required to report on the overall relationship we have with each nation that is a major oil exporter. He shall describe the degree of collusion between these countries in fixing prices or controlling production. The President shall provide detailed information on any of the assistance programs under the Foreign Assistance Act and the Arms Export Control Act provided to any one of these nations.

That report would also include a determination by our President on whether or not any country is engaged in oil price fixing to the detriment of our economy. This bill further stipulates that not later than 30 days after the President transmits his report to Congress, he should one, undertake a diplomatic campaign to convince other nations engaging in price fixing that current oil price levels do have a negative effect on oil consuming and developing nations. Two, take multilateral actions with other major net oil importers with the goal of dismantling oil price fixing arrangements. Not later than 120 days after its enactment, the President is directed to report to the Congress on the progress achieved in these diplomatic efforts.

Finally, our bill specifies that in furtherance of these bilateral and multilateral efforts, the President is authorized to reduce, to suspend or terminate assistance or arms sales to any country determined to be engaged in oil price fixing.

Our text before us now differs in several respects from H.R. 2822 as initially introduced. First, it deletes certain reporting requirements. Second, it gives the President additional time to pursue diplomatic solutions to the current energy crisis. Third, it authorizes, but does not mandate—I repeat—does not require the President to take action against any country determined to be engaged in price fixing to the detriment of our economy.

But finally, it clarifies it is part of a multilateral strategy on the part of other major oil consuming countries we should begin to take steps to reduce, to suspend, or to terminate assistance or arms sales to oil exporters who are engaged in price fixing to the detriment of our own economy. In short, this approach to the energy crisis and to OPEC in particular, is long overdue. It is required to drive home to our friends in the Administration that we need immediate action in curtailing the power of this oil cartel and in lowering prices at the pump and at home to reasonable levels.

The Chair now recognizes the Ranking Minority Member, Mr. Gejdenson.

Mr. GEJDENSON. Mr. Chairman, I have an amendment at the desk. The amendment—

Chairman GILMAN. The Clerk will distribute the amendment. The gentleman will explain his amendment.

Mr. GEJDENSON. Let me say, Mr. Chairman, this amendment simply tries to achieve what you said in your statement. I think if the Committee wants to be seen as serious in this effort—

Chairman GILMAN. If the gentleman will withhold, the Clerk has to read and introduce the amendment.

Ms. BLOOMER. “Amendment to the amendment in the nature of a substitute offered by Mr. Gejdenson. Page 6, strike line 20 and all that follows through line 6 on page 7.”

[The amendment of Mr. Gejdenson appears in the appendix.]

Chairman GILMAN. The amendment is considered as having been read. Mr. Gejdenson.

Mr. GEJDENSON. Thank you, Mr. Chairman. This amendment simply tries to make sure we’re achieving what you said in your statement. I think that if we are going to be here more than just rhetorically, we have to make sure that our policy doesn’t create this scenario: That in our anger over OPEC’s price manipulation, that we say fine, we’re not going to sell them Boeing aircraft, and the result is that they go off and buy Airbuses, or something closer to your home, an oil producing country which is about to buy General Electric jet engines and they are shut off, then they go and buy Rolls Royce or Smecma engines.

So what this language does is provide that either it is multilateral—so if you have the other airframe producers, essentially if Airbus agrees, then that makes sense. To simply say we’re not selling them Boeings, that does not make sense. If we are the sole proprietor of that technology, that might make sense. But it simply makes sure that we are not in kind of an exercise that may make us feel good, but actually creates unemployment and dislocation in your district and districts across the country.

This amendment is offered in earnest to support your efforts. It seems to me unreasonable to say that we would stop selling airplanes to Mexico so that they would buy European-made airplanes, and that somehow is going to have an impact on their level of oil production.

The fact that Mexico buys a non-American airplane, buys an Airbus airplane instead of a Boeing airplane doesn’t give us any leverage over OPEC. The fact that we would in this situation say OK, let’s get the President to work with Europe to say that neither of us would sell airframes, that might make sense. That might provide some leverage. But simply having countries targeted by sanctions switching General Electric jet engines for Rolls Royce jet engines or Boeing-made airframes for European-made airframes will not drive down oil prices, but will make us less capable of having the resources to buy oil at any price.

Chairman GILMAN. Mr. Rohrabacher.

Mr. ROHRABACHER. I rise in opposition to this amendment. My good friend, Mr. Gejdenson, has presented his case. Frankly, I don’t think it washes. Let’s take a look at it. Mr. Gejdenson, we’re not talking about these countries like Mexico buying civilian aircraft. We’re talking about military aircraft here. This isn’t a matter if Airbus is going to sell a civilian aircraft versus—you know, we’re only talking about a military aircraft.

I do not believe that we provide Mexico, for example, with military aircraft right now. We may or may not, but the fact is, that what we’re talking about is a relationship that we have with oil producing countries. Whether or not—I would doubt very seriously whether or not an oil producing country is going to give up their relationship with the United States, which is what we’re talking about, in the Chairman’s bill. They are going to have to give up

their relationship with the United States of America. When we are keeping these people under our wing, we're taking care of them, and we're telling them we are serious about this extortion and about the fact that they are fixing prices and taking money out of the pockets, hundreds of dollars out of the pockets of the American people.

Your amendment, Mr. Gejdenson, would simply leave us—it would have no effect. I mean this is making our amendment having no effect.

Mr. GEJDENSON. Would the gentleman yield?

Mr. ROHRABACHER. Yes, I would.

Mr. GEJDENSON. So you are saying that we would be able to exercise leverage if, instead of buying an F-16 made in the United States, they would say fine, we'll buy a Harrier or a Mirage or some other country's jet fighter.

Mr. ROHRABACHER. That is correct. That is exactly what I'm saying.

Mr. GEJDENSON. And the same thing goes—

Mr. ROHRABACHER. Reclaiming my time. Reclaiming my time. That is exactly what I'm saying, is we have a close relationship with these countries who are—well, what should I say, screwing the people of the United States. That's exactly what they are doing right now in terms of oil prices. They have a close relationship with us. We provide them their weapons. They will not have a close relationship with us if they continue screwing the people of the United States of America and stealing money out of the pockets of our people by involving themselves in price fixing in a price fixing conspiracy. Yes, that's what I'm saying.

I don't believe it will have that result because those other countries know that if they buy their jets from some other country like Britain, they will have to rely on Britain to come over and defend them. They don't want to rely on the British. They want to rely on the United States of America. What we're saying by Mr. Gilman's proposal is we are telling people who rely on us, you are not going to rely on us if you are involved in an international price fixing conspiracy to rape the consumers of the United States of America.

So with that, I am sorry that I have to oppose your amendment and support Mr. Gilman's initial bill.

Chairman GILMAN. Thank you, Mr. Rohrabacher.

Mr. Faleomavaega.

Mr. FALEOMAVAEGA. Mr. Chairman, I would like to yield a portion of my time to Mr. Gejdenson.

Mr. GEJDENSON. Thank you. You just have to take a little focus. Now one, we are not in this alone. The other countries, many of the developed countries, are in the same situation, but you can go through arms sale after arms sale if that's all you are focusing on, and find that the United States is in very tough competition with other developed nations that produce the very same systems, whether it's jet engines or airframes. Those Boeing and the Airbus planes are used in both commercial and military uses.

So again, the Arab Emirates, the Saudis, when they need an air transport for their military, the Europeans are knocking their door down to sell them Airbus. Your goal won't affect oil prices. It will just affect jobs in the United States.

What my amendment does is take Mr. Gilman's basic bill and puts it in a position where we might have an impact on oil. In your case, they will say fine, we'll just buy the other countries' products.

Mr. FALEOMAVAEGA. Mr. Chairman, reclaiming my time.

Chairman GILMAN. Mr. Faleomavaega.

Mr. FALEOMAVAEGA. I would like to ask a question, Mr. Chairman. Are our own oil companies, are their hands clean in this whole problem of price gouging as far as the oil is concerned?

Chairman GILMAN. I'm sorry, are you addressing a question?

Mr. FALEOMAVAEGA. Yes. I was asking the Chairman.

Chairman GILMAN. Please. I'm sorry. I was interrupted.

Mr. FALEOMAVAEGA. Are our own oil companies, are their hands clean in this problem of oil pricing?

Chairman GILMAN. Well, they have not been engaged in cutting off production. They want to try and make more and more production. It's the oil producing nations that are fixing the price, the market price today.

Mr. FALEOMAVAEGA. Thank you, Mr. Chairman.

Chairman GILMAN. Mr. Manzullo.

Mr. MANZULLO. I have a question of Congressman Gejdenson. I want to vote for a bill that sends a message to these people that are raping the American consumer, that are responsible for what will probably be an increase in not only consumer prices, but also the interest rate as inflation goes up because of increased oil prices. But on the other hand, I'm a person who is also one of the co-authors of the Crane-Dooley-Manzullo bill against sanctions. I don't think that sanctions under all circumstances are the best way to go, especially when we're not punishing another country by not selling them our goods when they can buy those goods from someone else.

But there is something. At least three of those countries are getting foreign aid from us, Indonesia, Nigeria I believe, and Russia of course. Plus, we have bailed out Mexico and IMF. We tried to bail out Russia and IMF.

But, Mr. Gejdenson, on your amendment—Sam, are you with me? Sam? On your amendment on line 4, where it says "or bilateral efforts when the U.S. is the sole exporter of a defense article or defense service," does that clause have to kick in in order to cutoff aid under the Foreign Assistance Act?

Mr. GEJDENSON. I wouldn't think so. I believe not. That is not my goal in the amendment. The amendment's goal is exactly as you stated. The question is where are you going to point the gun to get some effect.

Mr. MANZULLO. I understand. But what I would suggest is that perhaps there could be some language.

Mr. GEJDENSON. We would be happy to accept language that would allow the Administration to unilaterally, to make it clearer that the Administration could unilaterally cutoff assistance, because that we have total control over. That has an impact on the other countries.

Mr. MANZULLO. My understanding is that the President of the United States already has the authority to cutoff—

Mr. GEJDENSON. This language doesn't impede the existing authority of the President to on his own cutoff aid to any of these

countries that are producing oil. He has full authority to do that and continues to have that authority with my amendment.

My amendment achieves your goal. It says, let's not point the gun at our own head, by saying we're not going to sell a product. We should say let's get together with the Europeans and then we do have leverage.

Mr. MANZULLO. The big problem I have here is that we have a national disgrace going on when the people of the United States pay taxes and send hundreds of millions of dollars in foreign aid to Russia, which is an oil-producing country, not part of OPEC but part of this international conspiracy, that sends money to Indonesia. Then they turn right around, they turn right around and say oh, I'm sorry, we're going to double the prices. On top of that, is the fact that American blood was shed.

Mr. GEJDENSON. Pardon?

Mr. MANZULLO. American blood was shed to product Saudi Arabia and Kuwait from being overrun by absolute tyranny with Saddam Hussein. I think it's wrong for those two countries, after what the United States did for them, to enter into an international criminal conspiracy. Because if that conspiracy were carried on in the United States among American manufacturers, those people would be jailed on our anti-trust laws. I mean that is not the way you thank the United States for the efforts that we did in the Gulf.

Mr. GEJDENSON. Will the gentleman yield?

Mr. MANZULLO. Yes.

Mr. GEJDENSON. I agree completely with the gentleman. I think that the gentleman said it, I think better than I did in that sense. That this amendment does nothing to prevent the President from cutting off aid to these countries, but it does allow us to be in a situation where we actually have an impact on these countries that we have helped so often rather than just hurting our own workers and companies.

Mr. MANZULLO. I know that the Chairman will be opposing the amendment. We can't agreed 100 percent on the type of sanctions, but I would concur that the best sanction is the one that will hurt them, and not simply divert them to go to another market to buy the same thing that they can get from us. I yield back my time.

Chairman GILMAN. The gentleman's time has expired.

Mr. Sherman.

Mr. SHERMAN. Thank you, Mr. Chairman. Saddam Hussein lost the Gulf war so we assume we won it. We didn't. We fought, we died. We were in such an incredible rush to spend money and lives to help countries that barely mouth pro-American sentiments that we forgot to demand that Saudi Arabia, and let's face it, that war was defended and saved the lives of the Saudi royal family, as well as Kuwait, would withdraw from OPEC, would produce oil on an economic basis to the fully technical extent. Instead we have this bill before us. I support it. It is an important step and I support the amendment. The bill will carry some message.

We're not going to sell weapons to countries so they will be less capable of defending themselves, yet we're willing to defend them. Right after the Gulf war, the United Arab Emirates bought a French-made telecommunications system because they know that when you dial 911 on a French communications system, you reach

the Pentagon because the United States will defend just about any country that claims to be our ally without remembering what they have done to us.

So it is important that we try to draw the line. But unless we are willing to withdraw our forces from Kuwait and Saudi Arabia, unless we are willing to say that those countries' national security is in doubt, then we are simply saying that it is the American military and its weapons rather than the Saudi military and its weapons provided or sold to them by us that will ensure the continued wealth of the Saudi royal family.

I think the amendment is important because if we are going to point not a gun, but maybe a little BB pistol at someone, we should point it at those who are raising oil prices and not at ourselves. So I support the amendment, but let's face it, we defended them and we got no guarantees that they wouldn't wage war against the American motorists.

Chairman GILMAN. Thank you, Mr. Sherman.

Mr. Goodling.

Mr. GOODLING. I have one question in relationship to the discussion that has been going on. We talk about getting our European allies to join with us. They are paying two and three-times more per gallon than we are. I understand it's not because of OPEC nations, I understand it's because of those countries themselves. They are shooting themselves in the foot. So I'm not quite sure how we get our European allies to join us in this effort.

Mr. GEJDENSON. Would the gentleman yield?

Mr. GOODLING. I would be happy to.

Mr. GEJDENSON. I think most of their increased costs is actually a function of taxes that they use for public transportation. That is a policy decision they make as far as the cost. The costs to other countries is still higher as a result of the reduction in production.

Mr. BEREUTER. Mr. Chairman.

Chairman GILMAN. Mr. Bereuter.

Mr. BEREUTER. Thank you, Mr. Chairman. I regret missing part of the debate here because of a markup in the Banking and Financial Services Committee. But I do think, with due respect to my colleagues, that much of what we're talking about here is much ado about nothing.

The President has these authorities now. He could be exercising them. The real question is to ask why hasn't he or why hasn't the Secretary of Energy been negotiating and putting more than a little bit of focus on the nations of OPEC, particularly those in the Gulf region. That is the question. There is nothing damaging about what Mr. Gejdenson does, but he doesn't add anything, and neither does the Chairman, with all due respect, to the President's powers.

We are expressing our concern, but the problem is that this Administration has not addressed this problem early enough. Now we are going to be stuck with higher diesel fuel, gasoline, and heating oil prices for at least 4 to 5 months, regardless of what is done at this point.

So ladies and gentlemen, let's admit we're making ourselves feel good here perhaps, but that is all it is.

Chairman GILMAN. Thank you, Mr. Bereuter. Any other gentlemen seeking recognition on this? Mr. Campbell.

Mr. CAMPBELL. I would like to engage Mr. Gejdenson on the point that Mr. Bereuter raised. At least as I understand it, he is right. The President has the authority now.

Mr. GEJDENSON. The President has the authority to do everything in this bill now.

Mr. CAMPBELL. Mr. Bereuter said that too. His criticism was of the Chairman's mark as well as your amendment. But if I got that wrong, I wanted to know that I was wrong. If that is the case, then what difference does your amendment make? I yield to the gentleman.

Mr. GEJDENSON. Well, I think what it does is determine whether the Committee is going to be taken seriously, and not just on this, but in so many other efforts. As an authorization committee I think we have a chance. It's clear if we unilaterally take these actions the only impact is we have less wealth in this country. So what I want to do is get the same message to the Administration. Make sure you do things unilaterally only when there is an impact.

Mr. BERMAN. Would the gentleman yield?

Mr. CAMPBELL. Fair enough. Thank you. I appreciate your response.

Sure, I'll yield. Go ahead.

Mr. BERMAN. Well the question you put to the gentleman from Connecticut is somewhat metaphysical. In a world where the bill does nothing, the amendment doesn't do much.

[Laughter.]

Mr. CAMPBELL. I reclaim. The only fault in your logic is it wasn't original. That was what Doug said.

I yield back. Thank you, Mr. Chairman.

Chairman GILMAN. Thank you. Anyone else seeking recognition on this measure? If not, if on the one hand we're telling the President to make specific bilateral, diplomatic overtures to OPEC members in one section of the bill, let's ensure that the President evaluates any decision to terminate, to reduce, or to suspend assistance or arms sales to these same nations based on the results of these diplomatic efforts. Let's not hamstring the President by telling him that he can only act multilaterally or only act bilaterally under very limited circumstances, particularly if it becomes evident that one or more OPEC nations is pushing for more oil production cutbacks with the aim of driving prices up even further.

If one or more oil-consuming countries blocks our multilateral efforts, we will then be back to square one and we have not accomplished anything. Furthermore, do we really want to follow the lead of our friends in Europe where gas prices are two to three times higher than in our own nation? How would our consumers react if the price of gas was at \$3 or \$4 a gallon, as it is now in France and Germany? Furthermore, the President can simply suspend or reduce our aid or arms sales to OPEC nations or more likely threaten to reduce or suspend our aid or arms sales.

I ask my colleagues on both sides of the aisle here to consider the kind of calls and the kind of entreaties we are getting from our constituents saying, "Well what are you doing about these oil prices that are being fixed by the oil producing nations, nations who we have helped keep their independence, who we saved from destruction by dictatorships? What are we doing about it in the Congress?"

This gives you an opportunity at least to make some response to put pressure on the oil-producing nations to open the spigot, even the Energy Secretary, Mr. Richardson, would welcome having this kind of teeth as he negotiates with these oil producing nations.

Accordingly, I ask you to defeat the Gejdenson amendment, and support the Gilman bill. If there are no other Members seeking recognition—

Mr. GEJDENSON. I move the amendment.

Chairman GILMAN. The question has been made to move the amendment. The question is now on the amendment. As many as are in favor of the Gejdenson amendment signify by saying aye.

Those opposed say no.

In the opinion of the Chair, the noes have it.

Mr. GEJDENSON. Mr. Chairman, I ask for a recorded vote.

Chairman GILMAN. A recorded vote has been requested. All those in favor signify by raising your hands, a show of hands on recorded vote. A sufficient number. A recorded vote will proceed. The Clerk will call the Members.

Ms. BLOOMER. Mr. Gilman.

Chairman GILMAN. No.

Ms. BLOOMER. Mr. Gilman votes no.

Mr. Goodling.

Mr. GOODLING. No.

Ms. BLOOMER. Mr. Goodling votes no.

Mr. Leach.

[No response.]

Ms. BLOOMER. Mr. Hyde.

[No response.]

Ms. BLOOMER. Mr. Bereuter.

Mr. BEREUTER. Pass.

Ms. BLOOMER. Mr. Bereuter passes.

Mr. Smith.

Mr. SMITH. No.

Ms. BLOOMER. Mr. Smith votes no.

Mr. Burton.

[No response.]

Ms. BLOOMER. Mr. Gallegly.

Mr. GALLEGLY. No.

Ms. BLOOMER. Mr. Gallegly votes no.

Ms. Ros-Lehtinen.

Ms. ROS-LEHTINEN. No.

Ms. BLOOMER. Ms. Ros-Lehtinen votes no.

Mr. Ballenger.

[No response.]

Ms. BLOOMER. Mr. Rohrabacher.

Mr. ROHRABACHER. No.

Ms. BLOOMER. Mr. Rohrabacher votes no.

Mr. Manzullo.

Mr. MANZULLO. Yes.

Ms. BLOOMER. Mr. Manzullo votes yes.

Mr. Royce.

Mr. ROYCE. No.

Ms. BLOOMER. Mr. Royce votes no.

Mr. King.

Mr. KING. No.
Ms. BLOOMER. Mr. King votes no.
Mr. Chabot.
Mr. CHABOT. No.
Ms. BLOOMER. Mr. Chabot votes no.
Mr. Sanford.
[No response.]
Mr. Salmon.
[No response.]
Mr. Houghton.
Mr. HOUGHTON. Yes.
Ms. BLOOMER. Mr. Houghton votes yes.
Mr. Campbell.
Mr. CAMPBELL. Yes.
Ms. BLOOMER. Mr. Campbell votes yes.
Mr. McHugh.
[No response.]
Mr. Brady.
Mr. BRADY. No.
Ms. BLOOMER. Mr. Brady votes no.
Mr. Burr.
[No response.]
Ms. BLOOMER. Mr. Gillmor.
[No response.]
Ms. BLOOMER. Mr. Radanovich.
[No response.]
Ms. BLOOMER. Mr. Cooksey.
Mr. COOKSEY. No.
Ms. BLOOMER. Mr. Cooksey votes no.
Mr. Tancredo.
Mr. TANCREDO. No.
Ms. BLOOMER. Mr. Tancredo votes no.
Mr. Gejdenson.
Mr. GEJDENSON. Aye.
Ms. BLOOMER. Mr. Gejdenson votes yes.
Mr. Lantos.
[No response.]
Ms. BLOOMER. Mr. Berman.
Mr. BERMAN. Aye.
Ms. BLOOMER. Mr. Berman votes yes.
Mr. Ackerman.
Mr. ACKERMAN. Yes.
Ms. BLOOMER. Mr. Ackerman votes yes.
Mr. Faleomavaega.
Mr. FALEOMAVAEGA. Aye.
Ms. BLOOMER. Mr. Faleomavaega votes yes.
Mr. Martinez.
[No response.]
Ms. BLOOMER. Mr. Payne.
Mr. PAYNE. Aye.
Ms. BLOOMER. Mr. Payne votes yes.
Mr. Menendez.
Mr. MENENDEZ. Aye.
Ms. BLOOMER. Mr. Menendez votes yes.

Mr. Brown.
 Mr. BROWN. Yes.
 Ms. BLOOMER. Mr. Brown votes yes.
 Ms. McKinney.
 [No response.]
 Ms. BLOOMER. Mr. Hastings.
 Mr. HASTINGS. Aye.
 Ms. BLOOMER. Mr. Hastings votes yes.
 Ms. Danner.
 Ms. DANNER. Aye.
 Ms. BLOOMER. Ms. Danner votes yes.
 Mr. Hilliard.
 Mr. HILLIARD. Aye.
 Ms. BLOOMER. Mr. Hilliard votes yes.
 Mr. Sherman.

 Mr. SHERMAN. Aye.
 Ms. BLOOMER. Mr. Sherman votes yes.
 Mr. Wexler.
 Mr. WEXLER. Aye.
 Ms. BLOOMER. Mr. Wexler votes yes.
 Mr. Rothman.
 Mr. ROTHMAN. Yes.
 Ms. BLOOMER. Mr. Rothman votes yes.
 Mr. Davis.
 Mr. DAVIS. Yes.
 Ms. BLOOMER. Mr. Davis votes yes.
 Mr. Pomeroy.
 Mr. POMEROY. Yes.
 Ms. BLOOMER. Mr. Pomeroy votes yes.
 Mr. Delahunt.
 Mr. DELAHUNT. Yes.
 Ms. BLOOMER. Mr. Delahunt votes yes.
 Mr. Meeks.
 Mr. MEEKS. Yes.
 Ms. BLOOMER. Mr. Meeks votes yes.
 Ms. Lee.
 Ms. LEE. Aye.
 Ms. BLOOMER. Ms. Lee votes yes.
 Mr. Crowley.
 [No response.]
 Ms. BLOOMER. Mr. Hoeffel.
 [No response.]
 Chairman GILMAN. The Clerk will call the absentees.
 Ms. BLOOMER. Mr. Leach.
 [No response.]
 Ms. BLOOMER. Mr. Hyde.
 [No response.]
 Ms. BLOOMER. Mr. Bereuter.
 Mr. BEREUTER. Pass.
 Ms. BLOOMER. Mr. Bereuter passes.
 Mr. Burton.
 [No response.]
 Ms. BLOOMER. Mr. Ballenger.

Mr. BALENGER. No.
 Ms. BLOOMER. Mr. Ballenger votes no.
 Mr. Sanford.
 [No response.]
 Ms. BLOOMER. Mr. Salmon.
 [No response.]
 Ms. BLOOMER. Mr. McHugh.
 Mr. MCHUGH. No.
 Ms. BLOOMER. Mr. McHugh votes no.
 Mr. Burr.
 [No response.]
 Ms. BLOOMER. Mr. Gillmor.
 [No response.]
 Ms. BLOOMER. Mr. Radanovich.
 [No response.]
 Ms. BLOOMER. Mr. Lantos.
 [No response.]
 Ms. BLOOMER. Mr. Martinez.
 [No response.]
 Ms. BLOOMER. Ms. McKinney.
 [No response.]
 Ms. BLOOMER. Mr. Crowley.
 [No response.]
 Ms. BLOOMER. Mr. Hoeffel.
 [No response.]
 Ms. BLOOMER. Mr. Bereuter votes no.
 Chairman GILMAN. Thank you, Doug.
 Has the Clerk completed her tally?
 Ms. BLOOMER. Yes.
 Chairman GILMAN. The Clerk will report the tally.
 Ms. BLOOMER. On this vote, there were 21 ayes and 15 noes.
 Chairman GILMAN. We'll now proceed with the underlying bill.
 Mr. Ackerman.
 Mr. ACKERMAN. Did not some Member pass?
 Chairman GILMAN. Mr. Bereuter did record his vote in the negative.
 Mr. MANZULLO. I have a parliamentary inquiry.
 Chairman GILMAN. Mr. Manzullo.
 Mr. MANZULLO. That is, is it my understanding, Mr. Gejdenson, that you are going to polish up the language in that amendment so that foreign assistance can be cutoff?
 Mr. GEJDENSON. I think that's clear. I think that is already clear, but we are happy to work with you if any lawyer says there's any other need.
 Mr. MANZULLO. Thank you.
 Mr. GEJDENSON. Between now and the floor.
 Mr. BERMAN. Mr. Chairman.
 Chairman GILMAN. Mr. Berman.
 Mr. BERMAN. I move to strike the last word.
 Chairman GILMAN. If you'll hold on just a moment. The amendment is agreed to. We'll proceed now with the underlying measure.
 Mr. Berman.
 Mr. BERMAN. Something that Mr. Manzullo just said. He mentioned Russia before. First of all, he said Russia is part of this

international criminal conspiracy. I think there may be a lot of international criminal conspiracies they are part of, but I am not sure there is any evidence they are part of this one because my guess is they are raising their production to take full advantage of the increase per barrel.

But the foreign assistance provisions of this bill only apply to the OPEC countries, right?

Mr. MANZULLO. No. They apply to the other oil producing nations. There are only four. It's Mexico, Norway, Oman, and Russia.

Mr. BERMAN. The only what?

Mr. MANZULLO. There are only four.

Mr. BERMAN. There are only four?

Mr. MANZULLO. Four non-OPEC oil-producing nations that are involved in this. That's Mexico, Norway, Oman and Russia, and Angola.

Mr. BERMAN. Is there a nexus between those countries being oil producing and having to prove?

Mr. MANZULLO. If they all got together in the same room, because the OPEC agreement reaches out to—the OPEC people reach out to non-OPEC members.

Mr. DELAHUNT. Would the gentleman yield?

Chairman GILMAN. Are there any other inquiries?

If there are no further amendments, Mr. Delahunt? We're on the main bill now. Yes, Mr. Delahunt.

Mr. DELAHUNT. Thank you, Mr. Chair. I just want to make an observation, that I supported the Gejdenson amendment somewhat reluctantly because I believe that we are acting prematurely. The Secretary testified here a short time ago, indicated that he has been all over the world, has initiated discussions and consultations with oil ministers everywhere. I posed a question when I asked him what he anticipated in terms of what occurs on March 27th. He said, "I am guardedly optimistic."

For those of my colleagues who were present during that questioning, I further asked him, in terms of a scale to ten, about his gauge in terms of his guarded optimism. He indicated nine. I think that we are on the border of acting irresponsibly here because hopefully come March 27th, there will be an announcement that the OPEC nations have increased adequately production.

While I supported the amendment, I did so reluctantly. I think we should have given them an opportunity to act.

Mr. BERMAN. Would the gentleman yield?

Chairman GILMAN. Will the gentleman yield a moment?

Mr. DELAHUNT. I yield to the Chairman.

Chairman GILMAN. Mr. Delahunt, what we are concerned about, and yes you are correct, that the Secretary did indicate he was optimistic. However, they will not meet until March 27th. The information we're receiving that they may increase it to some extent but not to meet our full demand. If they do act without regard to the full demand, it will take until mid-summer before we help our oil nations.

Mr. DELAHUNT. Reclaiming my time, and I respect the comments by the Chair, but today is March 15th. March 27th is less than 2 weeks away. I think that we have acted prematurely, but so be it.

Chairman GILMAN. Mr. Rohrabacher.

Mr. ROHRABACHER. Mr. Chairman, just a very quick comment on this. I know we have to move. Mr. Bill Richardson came here and testified, yes. My friend from Massachusetts has pointed out that he was optimistic. But let us be very frank. This Administration, including Mr. Richardson, were supposed to have been on top of this problem. It is on us now because of inaction by this Administration when OPEC was taking its moves, making its moves that were clearly going to affect us in a detrimental way.

This price increase didn't just happen over night. It happened because this Administration was asleep at the switch. This bill today, with the leadership of our Chairman, is to give the Administration notice that we expect them to act on this country's behalf, and that all this money being sucked out of the pockets of our consumers is not going to be tolerated.

Mr. BERMAN. Would the gentleman yield?

Mr. ROHRABACHER. I would yield back my time to the Chairman.

Chairman GILMAN. The Chair would just like to note we have a quorum. We have a roll call on. We would like to proceed to a vote if everyone would cooperate.

Without any objections, if there are no further amendments.

Mr. MENENDEZ. Mr. Chairman? Mr. Chairman?

Chairman GILMAN. Who is seeking recognition?

Mr. MENENDEZ. I have been seeking—over here.

Chairman GILMAN. Would you please be brief so we can get to a vote?

Mr. MENENDEZ. Well, Mr. Chairman, I have been here all morning. This is something that is important to my district, as I'm sure many others. I think we have 15 minutes left. I will try to make it brief.

No. 1, I plan to support the bill, but I wanted to point out a couple of items. No. 1 is section 6, that talks about diplomatic efforts would lead us to believe that no diplomatic efforts have taken place. In fact, we know from the Secretary's testimony as well as from reports from the Administration that diplomatic efforts have taken place. We expect those diplomatic efforts on the 27th to yield a positive result. So even though I am going to vote for this legislation, I don't want section 6 to suddenly become the panacea for something that's already been done.

Last, I would remind my colleagues that now everybody wants to make a big fuss because the prices are up. But when we were seeking support for alternative fuel research, many of my colleagues, particularly on the other side of the aisle, would not support it. When we had the Alaskan oil being—many of us opposed the exploration of the Alaskan oil, particularly since Republicans moved to have it to be sold to Japan, millions of barrels to be sold to Japan. When we were seeking to place oil in the Strategic Petroleum Oil Reserve when prices were low, there was no support for that.

So let us remember the balance here, and let this be a lesson that our energy policy needs to be engaged all of the time, not just now. There is enough finger pointing here to go around for everybody.

I yield back the balance of my time.

Chairman GILMAN. Thank you very much.

Mr. Rothman.

Mr. ROTHMAN. Mr. Chairman, we would like the unanimous consent to place my remarks in the record.

Chairman GILMAN. Without objection.

[The statement of Mr. Rothman appears in the appendix.]

Chairman GILMAN. Mr. Brady.

Mr. BRADY. Thank you, Mr. Chairman. Thank you for raising this issue. Coming from an oil producing State like Texas, you would expect me to oppose this legislation. The fact of the matter is that boom and bust cycles aren't healthy for America. They are unhealthy for the energy industry. The energy industry has paid a pretty steep price, 100,000 jobs in America just this last decade. I don't know why we are sanctioning the oil producing countries. We ought to be sanctioning the White House for hiding behind their desks the past 7 years while our dependence on foreign oil has risen dramatically to more than a half.

We are negotiating with OPEC today. It won't work. It's like a drug addict negotiating with its dealer. This solution is not to lower the price of the product. It is to kick the habit. The hard truth is, America is addicted to foreign oil. The only way we are going to get this monkey off our back is to create a sensible energy policy that creates responsible production in the U.S.

Last week, Mr. Chairman, the President called on oil producing countries to boost production because it would help make prices stable. My question is, why don't we include the United States? We are at the lowest production of oil in the United States in the past half a century, yet the cleanest coal in the lower U.S. 48 States have been locked up. The northern Alaska reserve, that tiny one-tenth of 1 percent would replace all the Saudi oil to America for the next 30 years. We have withdrawn 80 percent of our continental shelf for leasing. Instead, we have focused on discouraging consumers from buying Ford Explorers and encouraging them to buy lower, longer-life light bulbs.

Chairman GILMAN. Thank you, Mr. Brady.

Mr. BRADY. Thank you, Mr. Chairman.

Chairman GILMAN. If there are no further amendments, without objection, the previous question is ordered on the Gilman amendment in the nature of a substitute as amended. The question is on agreeing to the Gilman amendment in the nature of a substitute. All in favor of the Gilman amendment in the nature of a substitute as amended, say aye.

Opposed, say no.

The amendment is agreed to.

The gentleman from Nebraska, Mr. Bereuter is recognized to offer a motion.

Mr. BEREUTER. Mr. Chairman, I move the Committee report the bill H.R. 3822 as amended with the recommendation that the bill as amended do pass.

Chairman GILMAN. The question is on the motion to report the bill as amended favorably to the House. All in favor signify by saying aye.

Opposed, say no.

A quorum being present, the motion is agreed to.

Without objection, the Chairman is authorized to make motions under Rule 20 relative to going to conference on this and com-

panion bill. Without objection, the chief of the staff is authorized to make technical, conforming, grammatical changes. We intend to file our report. Mr. Goodling has asked for the right to file views on the bill.

The Committee stands adjourned.

[Whereupon, at 12:44 p.m., the Committee was adjourned, subject to the call of the Chair.]

A P P E N D I X

MARCH 15, 2000

**Congressman Steve Rothman
House International Relations Committee
Mark-Up of H.R. 3822 - "Oil Price Reduction Act of 2000"
Wednesday, March 15, 2000**

MR. CHAIRMAN, I WANT TO BEGIN BY THANKING YOU AND RANKING MEMBER GEJDENSON FOR FOCUSING THIS COMMITTEE ON WAYS WE CAN ALL WORK TOGETHER TO HELP BRING DOWN THE OUTRAGEOUS PRICE FOR GASOLINE AND HOME HEATING OIL OUR CONSTITUENTS HAVE PAID AND CONTINUE TO PAY.

FROM THE "OIL PRICE REDUCTION ACT OF 2000" WHICH YOU CRAFTED MR. CHAIRMAN AND WHICH WE ARE MARKING- UP TODAY, TO RANKING MEMBER GEJDENSON'S LEGISLATION DESIGNED TO DRAW DOWN THE STRATEGIC PETROLEUM RESERVE, I WANT TO THANK YOU BOTH FOR TACKLING WHAT IS PROBABLY ONE OF THE MOST IMPORTANT ISSUES FACING THE 106TH CONGRESS.

SEVERAL DAYS AGO A SURVEY CONDUCTED BY THE NORTH JERSEY HERALD & NEWS NEWSPAPER BROUGHT TO CLEAR FOCUS THE RESULT OF OIL PRICE-FIXING BEING ORCHESTRATED BY OPEC STATES.

THIS STUDY SHOWED THAT LAST YEAR, AT ABOUT THIS TIME, A GALLON OF REGULAR GASOLINE IN MY DISTRICT COST 90.5 CENTS.

TODAY, THE STUDY SHOWED, THAT SAME GALLON OF GASOLINE COST \$1.52.

AND PRICES FOR PREMIUM GAS ARE ON A TRAJECTORY IN NEW JERSEY TO HIT THE \$2 A GALLON MARK SOME TIME IN THE NEXT SEVERAL WEEKS.

AT THE SAME TIME MY CONSTITUENTS IN THE NINTH CONGRESSIONAL DISTRICT IN NEW JERSEY ARE DIGGING DEEP INTO THEIR POCKETS TO PAY FOR OIL TO HEAT THEIR HOMES.

AT THE SAME TIME MY CONSTITUENTS AND MANY AMERICANS ARE CANCELING OR SCALING BACK THEIR SUMMER VACATION PLANS DUE TO HIGH GAS PRICES.

AT THE SAME TIME MY CONSTITUENTS ARE PAYING

OUTRAGEOUSLY HIGH PRICES FOR GASOLINE TO GET THEIR KIDS TO SCHOOL OR JUST TO GET TO WORK.

OPEC IS SIMPLY PADDING ITS PROFITS.

OPEC IS PADDING ITS PROFITS TO THE POINT WHERE ITS MEMBERS HAVE SEEN THEIR OIL REVENUES DOUBLE OVER THE PAST TWO YEARS TO \$212 BILLION.

I THINK THAT OPEC'S PRICE-FIXING, THE VERY PRICE-FIXING THAT HAS RESULTED IN AN UNPRECEDENTED RISE IN OIL PRICES, NEEDS TO BE CHALLENGED.

AND THAT IS WHY I AM PROUD TO BE A COSPONSOR OF THE "OIL PRICE REDUCTION ACT OF 2000."

THIS BILL SENDS A STRONG MESSAGE TO OPEC MEMBER- STATES THAT THE UNITED STATES OF AMERICA WILL NO LONGER CONDUCT BUSINESS AS USUAL WITH THEM.

I SOMETIMES TELL PEOPLE THAT TO HAVE FRIENDS YOU HAVE TO BE A FRIEND.

WELL, IT IS CLEAR FROM THE PROFITS BEING RAKED IN BY OPEC MEMBER-STATES, CLEAR FROM ALL THE AVAILABLE STATISTICAL TRADE DATA, THAT OPEC MEMBER-STATES ARE NOT TREATING US LIKE FRIENDS.

I CONGRATULATE CHAIRMAN GILMAN FOR BRINGING THIS WELL-CRAFTED BILL BEFORE US TODAY AND I URGE MY COLLEAGUES TO VOTE FOR THIS MUCH NEEDED LEGISLATION.

106TH CONGRESS
2D SESSION

H. R. 3822

To reduce, suspend, or terminate any assistance under the Foreign Assistance Act of 1961 and the Arms Export Control Act to each country determined by the President to be engaged in oil price fixing to the detriment of the United States economy, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 2, 2000

Mr. GILMAN introduced the following bill; which was referred to the Committee on International Relations

A BILL

To reduce, suspend, or terminate any assistance under the Foreign Assistance Act of 1961 and the Arms Export Control Act to each country determined by the President to be engaged in oil price fixing to the detriment of the United States economy, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Oil Price Reduction
5 Act of 2000".

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

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

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

13 (3) On February 10, 2000, a hearing before the
14 Committee on International Relations of the House
15 of Representatives on "OPEC and the Northeast
16 Energy Crisis" clearly demonstrated that OPEC's
17 goal of reducing its oil stocks was the major reason
18 behind price increases in heating oil, gasoline, and
19 diesel oil stocks.

20 (4) During this hearing, the Assistant Secretary
21 in the Office of International Affairs of the Depart-
22 ment of Energy noted that artificial supply con-
23 straints placed on the market are ultimately self-de-
24 feating in so far as they increase volatility in the
25 market, lead to boom and bust cycles, and promote

1 global instability, particularly in developing countries
2 whose economies are extremely vulnerable to sharp
3 price increases.

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

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

20 (7) Many elderly and retired Americans on
21 fixed incomes throughout the Northeast region of
22 the United States cannot afford to pay the pre-
23 vailing heating oil costs and all too often are faced
24 with the choice of paying the grocery bills or staying
25 warm.

1 (8) Several key oil producing nations relied on
2 the United States military for their protection in
3 1990 and 1991, including during the Persian Gulf
4 Conflict, and these nations still depend on the
5 United States for their security.

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

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

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

16 (a) POLICY WITH RESPECT TO OIL EXPORTING
17 COUNTRIES.—It shall be the policy of the United States
18 that its political, economic, and security relations with
19 countries that are major net oil exporters will be deter-
20 mined to a great extent by whether such countries engage
21 in oil price fixing.

22 (b) POLICY WITH RESPECT TO OIL IMPORTING
23 COUNTRIES.—It shall be the policy of the United States
24 to work multilaterally with other countries that are major

1 net oil importers to bring about the complete dismantlement of international oil price fixing arrangements.

3 **SEC. 4. REPORT TO CONGRESS.**

4 Not later than 30 days after the date of enactment
5 of this Act, the President shall transmit to the Congress
6 a report that contains the following:

7 (1) A description of the overall economic and
8 security relationship between the United States and
9 each country that is a major net oil exporter, including
10 each country that is a member of OPEC.

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

15 (3) Detailed information on any and all assistance
16 programs under the Foreign Assistance Act of
17 1961 and the Arms Export Control Act, including licenses
18 for the export of defense articles and defense
19 services under section 38 of such Act, provided to
20 the countries described in paragraph (1).

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

1 **SEC. 5. DETERMINATIONS BY THE PRESIDENT OF MAJOR**
2 **OIL EXPORTING COUNTRIES ENGAGED IN**
3 **PRICE FIXING.**

4 The report submitted pursuant to section 4 shall
5 include—

6 (1) the determination of the President with re-
7 spect to each country described in section 4(1) as to
8 whether or not, as of the date on which the Presi-
9 dent makes the determination, that country is en-
10 gaged in oil price fixing to the detriment of the
11 United States economy; and

12 (2) a memorandum of justification with respect
13 to each determination submitted in accordance with
14 paragraph (1), including in the case of any deter-
15 mination that a country described in section 4(1) is
16 not engaged oil price fixing to the detriment of the
17 United States economy an explanation whether that
18 determination rests on a finding that the country is
19 not engaged in oil price fixing, or a finding that it
20 is engaged in oil price fixing but that price fixing is
21 not detrimental to the United States economy.

22 **SEC. 6. REDUCTION, SUSPENSION, OR TERMINATION OF**
23 **UNITED STATES ASSISTANCE.**

24 Not later than 10 days after the date on which the
25 President transmits to the Congress the report pursuant
26 to section 4, the President shall reduce, suspend, or termi-

1 nate assistance under the Foreign Assistance Act of 1961
2 and the Arms Export Control Act, including the license
3 for export of defense articles or defense services under sec-
4 tion 38 of such Act, to each country determined by the
5 President pursuant to section 5 to be engaged in oil price
6 fixing to the detriment of the United States economy.

7 **SEC. 7. DIPLOMATIC EFFORTS.**

8 (a) EFFORTS WITH RESPECT TO OIL EXPORTING
9 COUNTRIES.—It is the sense of the Congress that the
10 United States should continue to undertake a concerted
11 diplomatic campaign to convince all countries that are
12 major net oil exporters that the current oil price levels are
13 unsustainable and will negatively effect global economic
14 growth rates in oil consuming and developing countries.

15 (b) EFFORTS WITH RESPECT TO OIL IMPORTING
16 COUNTRIES.—It is the sense of Congress that the United
17 States should undertake a concerted diplomatic campaign
18 to convince other countries that are major net oil import-
19 ers to join in multilateral efforts to bring about the com-
20 plete dismantlement of international oil price fixing ar-
21 rangements.

22 (c) REPORT ON DIPLOMATIC EFFORTS.—Not later
23 than 90 days after the date of enactment of this Act, the
24 President shall transmit to the Congress a report describ-
25 ing the United States diplomatic efforts undertaken in ac-

1 cordance with subsections (a) and (b), and the results
2 achieved by those efforts.

3 **SEC. 7. DEFINITIONS.**

4 In this Act:

5 (1) OIL PRICE FIXING.—The term “oil price
6 fixing” means participation in any agreement, ar-
7 rangement, or understanding with other countries
8 that are oil exporters to increase the price of oil or
9 natural gas by means of, inter alia, limiting oil or
10 gas production or establishing minimum prices for
11 oil or gas.

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

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I.L.L.C.

**AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 3822
OFFERED BY MR. GILMAN**

Strike all after the enacting clause and insert the following:

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:

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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.

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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

1 of Representatives on "OPEC and the Northeast
2 Energy Crisis" clearly demonstrated that OPEC's
3 goal of reducing its oil stocks was the major reason
4 behind price increases in heating oil, gasoline, and
5 diesel oil stocks.

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13 whose economies are extremely vulnerable to sharp
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15 (5) These price increases have caused infla-
16 tionary shocks to the United States economy and
17 could threaten the global economic recovery now un-
18 derway in Europe and Asia where the demand for oil
19 is rising.

20 (6) The transportation infrastructure of the
21 United States is under stress and tens of thousands
22 of small- to medium-sized trucking firms throughout
23 the Northeast region are on the verge of bankruptcy
24 because of the rise in diesel oil prices to more than
25 \$2 per gallon—a 43 percent increase in the Central

1 Atlantic region and a 55 percent increase in the
2 New England region—an increase that has had the
3 effect of requiring these trucking firms to use up to
4 20 percent of their operating budgets for the pur-
5 chase of diesel oil.

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7 fixed incomes throughout the Northeast region of
8 the United States cannot afford to pay the pre-
9 vailing heating oil costs and all too often are faced
10 with the choice of paying the grocery bills or staying
11 warm.

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13 the United States military for their protection in
14 1990 and 1991, including during the Persian Gulf
15 Conflict, and these nations still depend on the
16 United States for their security.

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18 nomic and security relationship with the United
19 States which is a fundamental underpinning of glob-
20 al security and cooperation.

21 (10) A continuation of the present policies put
22 in place at the meeting of OPEC Ministers in March
23 and September of 1999 threatens the relationship
24 that many of the OPEC nations enjoy with the
25 United States.

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

2 (a) POLICY WITH RESPECT TO OIL EXPORTING
3 COUNTRIES.—It shall be the policy of the United States
4 to consider the extent to which major net oil exporting
5 countries engage in oil price fixing to be an important de-
6 terminant in the overall political, economic, and security
7 relationship between the United States and these coun-
8 tries.

9 (b) POLICY WITH RESPECT TO OIL IMPORTING
10 COUNTRIES.—It shall be the policy of the United States
11 to work multilaterally with other countries that are major
12 net oil importers to bring about the complete dismantle-
13 ment of international oil price fixing arrangements.

14 **SEC. 4. REPORT TO CONGRESS.**

15 Not later than 30 days after the date of enactment
16 of this Act, the President shall transmit to the Congress
17 a report that contains the following:

18 (1) A description of the overall economic and
19 security relationship between the United States and
20 each country that is a major net oil exporter, includ-
21 ing each country that is a member of OPEC.

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

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

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

10 **SEC. 5. DETERMINATION BY THE PRESIDENT OF MAJOR**
11 **OIL EXPORTING COUNTRIES ENGAGED IN**
12 **PRICE FIXING.**

13 The report submitted pursuant to section 4 shall in-
14 clude the determination of the President with respect to
15 each country described in section 4(1) as to whether or
16 not, as of the date on which the President makes the de-
17 termination, that country is engaged in oil price fixing to
18 the detriment of the United States economy.

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

20 (a) **DIPLOMATIC EFFORTS.**—Not later than 30 days
21 after the date on which the President transmits to the
22 Congress the report pursuant to section 4, the President
23 shall—

24 (1) undertake a concerted diplomatic campaign
25 to convince any country determined by the President

1 pursuant to section 5 to be engaged in oil price fix-
 2 ing to the detriment of the United States economy
 3 that the current oil price levels are unsustainable
 4 and will negatively effect global economic growth
 5 rates in oil consuming and developing countries; and

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

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

② *Evidenson* —

20 (c) AUTHORITY TO REDUCE, SUSPEND, OR TERMI-
 21 NATE ASSISTANCE.—Pursuant to the current authorities
 22 of the President and in furtherance of bilateral and multi-
 23 lateral efforts in a concerted diplomatic campaign, the
 24 President is authorized, at any time after transmitting the
 25 report pursuant to section 4, to reduce, suspend, or termi-

1 nate assistance under the Foreign Assistance Act of 1961
2 and the Arms Export Control Act, including the license
3 for export of defense articles or defense services under sec-
4 tion 38 of such Act, to any country determined by the
5 President pursuant to section 5 to be engaged in oil price
6 fixing to the detriment of the United States economy.

7 **SEC. 7. DEFINITIONS.**

8 In this Act:

9 (1) OIL PRICE FIXING.—The term “oil price
10 fixing” means participation in any agreement, ar-
11 rangement, or understanding with other countries
12 that are oil exporters to increase the price of oil or
13 natural gas by means of, inter alia, limiting oil or
14 gas production or establishing minimum prices for
15 oil or gas.

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

**AMENDMENT TO THE AMENDMENT IN THE
NATURE OF A SUBSTITUTE TO H.R. 3822
OFFERED BY MR. GEJDENSON**

Page 6, strike line 20 and all that follows through line 6 on page 7 and insert the following:

1 (c) AUTHORITY TO REDUCE, SUSPEND, OR TERMI-
2 NATE ASSISTANCE.—Pursuant to the current authorities
3 of the President and in furtherance of multilateral efforts,
4 or bilateral efforts when the United States is the sole ex-
5 porter of a particular defense article or defense service,
6 the President is authorized, at any time after transmitting
7 the report pursuant to section 4, to reduce, suspend, or
8 terminate assistance under the Foreign Assistance Act of
9 1961 and the Arms Export Control Act, including the li-
10 cense for export of defense articles or defense services
11 under section 38 of such Act, to any country determined
12 by the President pursuant to section 5 to be engaged in
13 oil price fixing to the detriment of the United States econ-
14 omy.

