

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.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 2, 2000

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

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## 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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