

106<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 3822

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IN THE SENATE OF THE UNITED STATES

MARCH 23, 2000

Received; read twice and referred to the Committee on Foreign Relations

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## AN ACT

To combat international oil price fixing.

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

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:

6 (1) Oil producing countries, including the na-  
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.

13 (2) OPEC, in its capacity as an oil cartel, has  
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  
20 of Representatives on “OPEC and the Northeast  
21 Energy Crisis” clearly demonstrated that OPEC’s  
22 goal of reducing its oil stocks was the major reason  
23 behind price increases in heating oil, gasoline, and  
24 diesel oil stocks.

25 (4) During this hearing, the Assistant Secretary  
26 in the Office of International Affairs of the Depart-

1       ment of Energy noted that artificial supply con-  
2       straints placed on the market are ultimately self-de-  
3       feating in so far as they increase volatility in the  
4       market, lead to boom and bust cycles, and promote  
5       global instability, particularly in developing countries  
6       whose economies are extremely vulnerable to sharp  
7       price increases.

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

13              (6) The transportation infrastructure of the  
14       United States is under stress and tens of thousands  
15       of small- to medium-sized trucking firms throughout  
16       the Northeast region are on the verge of bankruptcy  
17       because of the rise in diesel oil prices to more than  
18       \$2 per gallon—a 43 percent increase in the Central  
19       Atlantic region and a 55 percent increase in the  
20       New England region—an increase that has had the  
21       effect of requiring these trucking firms to use up to  
22       20 percent of their operating budgets for the pur-  
23       chase of diesel oil.

24              (7) Many elderly and retired Americans on  
25       fixed incomes throughout the Northeast region of

1 the United States cannot afford to pay the pre-  
2 vailing heating oil costs and all too often are faced  
3 with the choice of paying the grocery bills or staying  
4 warm.

5 (8) Several key oil producing nations relied on  
6 the United States military for their protection in  
7 1990 and 1991, including during the Persian Gulf  
8 Conflict, and these nations still depend on the  
9 United States for their security.

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

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

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

20 (a) **POLICY WITH RESPECT TO OIL EXPORTING**  
21 **COUNTRIES.**—It shall be the policy of the United States  
22 to consider the extent to which major net oil exporting  
23 countries engage in oil price fixing to be an important de-  
24 terminant in the overall political, economic, and security

1 relationship between the United States and these coun-  
2 tries.

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

8 **SEC. 4. REPORT TO CONGRESS.**

9 Not later than 30 days after the date of the enact-  
10 ment of this Act, the President shall transmit to the Con-  
11 gress a report that contains the following:

12 (1) A description of the overall economic and  
13 security relationship between the United States and  
14 each country that is a major net oil exporter, includ-  
15 ing each country that is a member of OPEC.

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

20 (3) Detailed information on any and all assist-  
21 ance programs under the Foreign Assistance Act of  
22 1961 and the Arms Export Control Act, including li-  
23 censes for the export of defense articles and defense  
24 services under section 38 of such Act, provided to  
25 the countries described in paragraph (1).

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

4 **SEC. 5. DETERMINATION BY THE PRESIDENT OF MAJOR**  
5                   **OIL EXPORTING COUNTRIES ENGAGED IN**  
6                   **PRICE FIXING.**

7           The report submitted pursuant to section 4 shall in-  
8           clude the determination of the President with respect to  
9           each country described in section 4(1) as to whether or  
10          not, as of the date on which the President makes the de-  
11          termination, that country is engaged in oil price fixing to  
12          the detriment of the United States economy.

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

14          (a) **DIPLOMATIC EFFORTS.**—Not later than 30 days  
15          after the date on which the President transmits to the  
16          Congress the report pursuant to section 4, the President  
17          shall—

18               (1) undertake a concerted diplomatic campaign  
19               to convince any country determined by the President  
20               pursuant to section 5 to be engaged in oil price fix-  
21               ing to the detriment of the United States economy  
22               that the current oil price levels are unsustainable  
23               and will negatively effect global economic growth  
24               rates in oil consuming and developing countries; and

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

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

15       **SEC. 7. DEFINITIONS.**

16          In this Act:

17               (1) OIL PRICE FIXING.—The term “oil price  
18               fixing” means participation in any agreement, ar-  
19               rangement, or understanding with other countries  
20               that are oil exporters to increase the price of oil or  
21               natural gas by means of, inter alia, limiting oil or  
22               gas production or establishing minimum prices for  
23               oil or gas.

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

          Passed the House of Representatives March 22,  
2000.

Attest:

                          JEFF TRANDAHL,  
*Clerk.*