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OIL PRICE REDUCTION ACT OF 2000

MARCH 17, 2000.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. GILMAN, from the Committee on International Relations, submitted the following

R E P O R T

together with

SUPPLEMENTAL VIEWS

[To accompany H.R. 3822]

[Including cost estimate of the Congressional Budget Office]

The Committee on International Relations, to whom was referred the bill (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, having considered the same, reports favorably thereon with an amendment and recommends that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. SHORT TITLE.

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

SEC. 2. FINDINGS.

The Congress finds the following:

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

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

(3) On February 10, 2000, a hearing before the Committee on International Relations of the House of Representatives on "OPEC and the Northeast Energy

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Crisis" clearly demonstrated that OPEC's goal of reducing its oil stocks was the major reason behind price increases in heating oil, gasoline, and diesel oil stocks.

(4) During this hearing, the Assistant Secretary in the Office of International Affairs of the Department of Energy noted that artificial supply constraints placed on the market are ultimately self-defeating in so far as they increase volatility in the market, lead to boom and bust cycles, and promote global instability, particularly in developing countries whose economies are extremely vulnerable to sharp price increases.

(5) These price increases have caused inflationary shocks to the United States economy and could threaten the global economic recovery now underway in Europe and Asia where the demand for oil is rising.

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

(7) Many elderly and retired Americans on fixed incomes throughout the Northeast region of the United States cannot afford to pay the prevailing heating oil costs and all too often are faced with the choice of paying the grocery bills or staying warm.

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

(9) Many of these nations enjoy a close economic and security relationship with the United States which is a fundamental underpinning of global security and cooperation.

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

SEC. 3. POLICY OF THE UNITED STATES.

(a) POLICY WITH RESPECT TO OIL EXPORTING COUNTRIES.—It shall be the policy of the United States to consider the extent to which major net oil exporting countries engage in oil price fixing to be an important determinant in the overall political, economic, and security relationship between the United States and these countries.

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

SEC. 4. REPORT TO CONGRESS.

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

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

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

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

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

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

The report submitted pursuant to section 4 shall include the determination of the President with respect to each country described in section 4(1) as to whether or not, as of the date on which the President makes the determination, that country is engaged in oil price fixing to the detriment of the United States economy.

SEC. 6. DIPLOMATIC EFFORTS TO END PRICE FIXING.

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

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

(2) take the necessary steps to begin negotiations to achieve multilateral action to reduce, suspend, or terminate bilateral assistance and arms exports to major net oil exporters engaged in oil price fixing as part of a concerted diplomatic campaign with other major net oil importers to bring about the complete dismantlement of international oil price fixing arrangements described in such report.

(b) REPORT ON DIPLOMATIC EFFORTS.—Not later than 120 days after the date of the enactment of this Act, the President shall transmit to the Congress a report describing any diplomatic efforts undertaken in accordance with subsection (a) and the results achieved by those efforts.

(c) AUTHORITY TO REDUCE, SUSPEND, OR TERMINATE ASSISTANCE.—Pursuant to the current authorities of the President and in furtherance of multilateral efforts, or bilateral efforts when the United States is the sole exporter of a particular defense article or defense service, the President is authorized, at any time after transmitting the report pursuant to section 4, to reduce, suspend, or terminate assistance under the Foreign Assistance Act of 1961 and the Arms Export Control Act, including the license for export of defense articles or defense services under section 38 of such Act, to any country determined by the President pursuant to section 5 to be engaged in oil price fixing to the detriment of the United States economy.

SEC. 7. DEFINITIONS.

In this Act:

(1) OIL PRICE FIXING.—The term "oil price fixing" means participation in any agreement, arrangement, or understanding with other countries that are oil exporters to increase the price of oil or natural gas by means of, inter alia, limiting oil or gas production or establishing minimum prices for oil or gas.

(2) OPEC.—The term "OPEC" means the Organization of Petroleum Exporting Countries.

BACKGROUND AND PURPOSE

In testimony before the International Relations Committee on February 10, 2000, the Assistant Secretary of the Office of International Affairs at the Department of Energy, Mr. David Goldwyn, noted that, "* * * oil prices have more than doubled in the past year. Prices have increased from near historically low levels, around $11 in December 1998, to recent levels not seen since the Gulf crisis. This rise in price is largely attributed to the actions taken by the Organization of Petroleum Exporting Countries (OPEC) to restrict supplies to the market * * *. Beginning in March of 1998, OPEC instituted three tiers of production cuts, which eventually totaled 4.3 million barrels per day. OPEC member compliance with the third cut, effective in April, 1999, has created an increasingly tight market as crude oil inventories have been drawn down over the course of the past year."

Mr. Goldwyn went on to say that the worldwide shortfall in crude oil last year averaged over one million barrels a day, an amount which most observers believe has now reached two million barrels a day. It is the view of the International Energy Agency that oil exporting nations must close this two million barrel a day gap in the very near future to prevent oil prices from rising any further next month.

These successive waves of production cutbacks from OPEC nations and their oil exporting allies were not met with strong reac-

tion from the administration at the time decisions were made. Since the heating oil crisis began to affect the Northeast, Secretary of Energy Bill Richardson has been very active in pursuing energy-related discussions with OPEC members to bring about a significant increase in production.

It is hard to gauge whether OPEC member states in their upcoming meeting in Vienna on March 27 will increase production to make up the current global shortfall of two million barrels per day.

As heating oil and gasoline prices have mounted, our consumers, elderly constituents, and businessmen across the Northeast and the entire country have struggled to make ends meet, as the administration attempts to formulate a strategy to address this mounting threat from OPEC nations.

In the view of the Committee, the Oil Price Reduction Act, H.R. 3822, would force the administration to undertake some critical first steps in identifying the threats to our energy security from OPEC and non-OPEC producers alike and in developing options for dealing with them in a coherent and coordinated fashion.

This bill contains a number of findings relating to the OPEC and its efforts to limit oil production and drive prices up from $11 a barrel to over $30 today. It notes that the price increases have caused inflationary shocks to the U.S. economy, have put our entire transportation infrastructure under stress, have harmed many Americans on fixed incomes and could threaten as well the global economic recovery now underway in Asia and Europe. It notes that a continuation of the present OPEC policies of withholding oil production from the market could undermine the relationship we have with the OPEC member states and other key net oil exporting countries.

It states that it should be the policy of the United States to take into account the extent to which a major net oil exporting country engages in oil price fixing as an important determinant in our overall political, economic and security relationship. The bill also states that the U.S. should work multilaterally with other countries that are major net oil importers to bring about the dismantling of oil price fixing arrangements.

Not later than 30 days after enactment, the President shall report on the overall relationship we have with each country that is a major oil exporter, shall describe the nature of the coordination between these countries in regard to the effect that oil pricing and production has had on the U.S. economy, and shall provide detailed information on any assistance programs under the Foreign Assistance Act, (FAA) or the Arms Export Control Act, (AECA) including licenses for the export of defense articles and services, provided to every one of these countries.

The report would include a determination by the President on whether or not any country is engaged in oil price fixing to the detriment of the U.S. economy.

The bill further stipulates that not later than 30 days after the President transmits this report to Congress he should (1) undertake a diplomatic campaign to convince those countries identified as engaged in price fixing that current oil price levels will have a negative impact on oil consuming and developing countries; and (2) take necessary steps to begin negotiations to achieve multilateral

actions with other major net oil importers, including the suspension, termination or reduction of bilateral assistance or arms sales, with the goal of dismantling of oil price fixing arrangements. Not later than 120 days after enactment, the President shall report to Congress describing the results and achievements of these diplomatic efforts.

Finally, the bill specifies that in furtherance of these multilateral efforts, or bilateral efforts to the extent the U.S. is the sole exporter of a particular defense article or service, the President is authorized to reduce, suspend or terminate assistance under the FAA or arms sales under the AECA to any country determined to be engaged in oil price fixing.

It is not the intention of the Committee that any provision of this bill should limit or in any way constrain the authorities and powers of the President in protecting the national economic security of the United States against the activities of OPEC, and its coordination of production levels among its member states and other major net oil exporting countries to set prices.

The purpose of this legislation is to ensure that the President determines whether OPEC members or other major net oil exporters are engaged in price fixing to the detriment of the United States economy. If the President makes such determination for any country, then the President must undertake a concerted bilateral and multilateral diplomatic campaign to bring about the end of oil price fixing arrangements.

In that regard, in testimony before the International Relations Committee, administration officials have stated clearly that OPEC has restricted supplies to the market driving up prices and that its activities as a cartel are not in the national interests of the United States.

This bill also makes clear that any determination by the President that a country is involved in price fixing to the detriment of the U.S. economy should also lead to (1) a review of our relationship with those countries and (2) a comprehensive review of those options available to the President as part of the multilateral effort including the suspension, termination or reduction of assistance or arms sales to these same countries.

Specifically, it is the intent of the Committee that the administration provides complete and accurate information about the price-fixing activities of all major net oil exporting nations, including those OPEC member states and non-OPEC members which have held production off the world market with the aim of driving up prices to the detriment of the U.S. economy. By all accounts, the U.S. economy has been harmed by the rapid rise of prices from $11 a barrel in early 1999 to over $32 a barrel in mid-March.

High energy prices helped push the U.S. Labor Department's producer price index up 1 percent in February as prices paid to our nation's producers posted the biggest increase since the Iraqi invasion of Kuwait in October of 1990. Other key prices, including those for autos and computers actually fell indicating that inflationary pressures are largely oil-related.

The Center for Global Energy Studies has estimated that $30 a barrel oil cuts the U.S. growth rate by nearly 1 percent. But millions of Americans driving to and from work found that the dra-

matic rise in gasoline prices—up 12 cents in the past two weeks alone—is beginning to cut into their disposable income. For thousands of American trucking firms the dramatic rise in diesel oil prices has already driven up their operating costs forcing many into bankruptcy.

COMMITTEE ACTION

H.R. 3822 was introduced by Representative Gilman on March 2, 2000. The bill was referred to the Committee on International Relations.

The Committee has held two hearings on the issue of oil price fixing since the beginning of 2000. On February 10, 2000, the Committee took testimony from the Assistant Secretary for International Affairs of the Department of Energy, from a Deputy Assistant Secretary of State for Economic Affairs in the Department of State, and from private witnesses. On March 1 the Committee took testimony from the Secretary of the Department of Energy, the Honorable Bill Richardson.

The Committee on International Relations marked up the bill in open session, pursuant to notice, on March 15, 2000. During its consideration, the Committee agreed to an amendment in the nature of a substitute offered by Mr. Gilman. Prior to the final vote on the amendment in the nature of a substitute, an amendment was offered by Mr. Gejdenson to the pending amendment. The Gejdenson amendment replaced certain language relating to Presidential authority to reduce, suspend, or terminate assistance. The Gejdenson amendment provided, in essence, that the only bilateral efforts to reduce, suspend, or terminate assistance under the Foreign Assistance Act or Arms Export Control Act shall be with respect to a particular defense article or service if the United States is the sole exporter of such an article or service. The Gejdenson amendment was agreed to by a record vote of 21 to 15.

Subsequently, the Committee agreed to a motion offered by Mr. Bereuter to favorably report the bill, as amended, to the House of Representatives, by voice vote, a quorum being present.

Record votes on amendments and motion to report

Clause (3)(b) of rule XIII of the Rules of the House of Representatives requires that the results of each record vote on an amendment or motion to report, together with the names of those voting for or against, be printed in the committee report. The following record vote was taken during consideration of H.R. 3822:

Description of amendment, motion, order, or other proposition (votes during markup of H.R. 3822—March 15, 2000)

Vote No. 1.— Gejdenson amendment to the Gilman substitute amendment.

Voting yes: Manzullo, Houghton, Campbell, Gejdenson, Berman, Ackerman, Faleomavaega, Payne, Menendez, Brown, Hastings, Danner, Hilliard, Sherman, Wexler, Rothman, Davis, Pomeroy, Delahunt, Meeks and Lee.

Voting no: Gilman, Goodling, Bereuter, Smith, Gallegly, Ros-Lehtinen, Ballenger, Rohrabacher, Royce, King, Chabot, McHugh, Brady, Cooksey and Tancredo.

Ayes, 21. Noes, 15.

OTHER MATTERS

Committee oversight findings

In compliance with clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee reports the findings and recommendations of the Committee, based on oversight activities under clause 2(b)(1) of rule X of the Rules of the House of Representatives, are incorporated in the descriptive portions of this report.

Committee on Government Reform findings

Clause 3(c)(4) of rule XIII of the Rules of the House of Representatives requires each committee report to contain a summary of the oversight findings and recommendations made by the Government Reform Committee pursuant to clause (4)(c)(2) of rule X of those Rules. The Committee on International Relations has received no such findings or recommendations from the Committee on Government Reform.

Advisory Committee statement

No advisory committees within the meaning of section 5(b) of the Federal Advisory Committee Act were created by this legislation.

Applicability to the legislative branch

The Committee finds that the legislation does not relate to the terms and conditions of employment or access to public services or accommodations within the meaning of section 102(b)(3) of the Congressional Accountability Act.

Constitutional authority statement

In compliance with clause 3(d)(1) of rule XIII of the Rules of the House of Representatives, the Committee cites the following specific powers granted to the Congress in the Constitution as authority for enactment of H.R. 3822 as reported by the Committee: Article I, section 8, clause 1 (relating to providing for the common defense and general welfare of the United States); Article I, section 8, clause 3 (relating to the regulation of commerce with foreign nations); and Article I, section 8, clause 18 (relating to making all laws necessary and proper for carrying into execution powers vested by the Constitution in the Government of the United States or in any Department or Officer thereof).

Preemption clarification

Section 423 of the Congressional Budget Act of 1974 requires the report of any committee on a bill or joint resolution to include a committee statement on the extent to which the bill or joint resolution is intended to preempt state or local law. The Committee states that H.R. 3822 is not intended to preempt any state or local law.

New budget authority and tax expenditures, Congressional Budget Office cost estimate, and Federal mandates statements

Clause 3(c)(2) of rule XIII of the Rules of the House of Representatives requires each committee report that accompanies a measure providing new budget authority, new spending authority, or new credit authority or changing revenues or tax expenditures to contain a cost estimate, as required by section 308(a)(1) of the Congressional Budget Act of 1974, as amended, and, when practicable with respect to estimates of new budget authority, a comparison of the estimated funding level for the relevant program (or programs) to the appropriate levels under current law.

Clause 3(d) of rule XIII of the Rules of the House of Representatives requires committees to include their own cost estimates in certain committee reports, which include, when practicable, a comparison of the total estimated funding level for the relevant program (or programs) with the appropriate levels under current law.

Clause 3(c)(3) of rule XIII of the Rules of the House of Representatives requires the report of any committee on a measure which has been approved by the Committee to include a cost estimate prepared by the Director of the Congressional Budget Office, pursuant to section 403 of the Congressional Budget Act of 1974, if the cost estimate is timely submitted.

Section 423 of the Congressional Budget Act requires the report of any committee on a bill or joint resolution that includes any Federal mandate to include specific information about such mandates. The Committee states that H.R. 3822 does not include any Federal mandate.

The Committee adopts the cost estimate of the Congressional Budget Office as its own submission of any new required information with respect to H.R. 3822 on new budget authority, new spending authority, new credit authority, or an increase or decrease in the national debt. It also adopts the estimate of Federal mandates prepared by the Director of the Congressional Budget Office pursuant to section 423 of the Unfunded Mandates Reform Act. The estimate and report which has been received is set out below.

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, March 17, 2000.

Hon. BENJAMIN A. GILMAN,
Chairman, Committee on International Relations,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for H.R. 3822, the Oil Price Reduction Act of 2000.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Sunita D'Monte.

Sincerely,

BARRY B. ANDERSON
(For Dan L. Crippen, Director).

Enclosure.

H.R. 3822—Oil Price Reduction Act of 2000

H.R. 3822 would require the President to report to Congress on the economic and security relationships between the United States and major oil exporting countries (including members of the Organization of Petroleum Exporting Countries) and whether those countries have engaged in price fixing that has harmed the U.S. economy. The bill would authorize the President to reduce, suspend, or terminate foreign assistance to any country that engages in price fixing that has harmed the U.S. economy and would require him to make diplomatic efforts to end the price fixing.

CBO estimates that H.R. 3822 would have insignificant costs resulting from the reporting requirements and possible increase in diplomatic activity. The authorization to terminate, suspend, or reduce U.S. foreign assistance to specific countries would have no budgetary impact because the President has that authority under current law. Because H.R. 3822 would not affect direct spending or receipts, pay-as-you-go procedures would not apply.

H.R. 3822 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and would not affect the budgets of state, local, and tribal governments.

The estimate was prepared by Sunita D'Monte. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

The bill may be cited as the "Oil Price Reduction Act".

Section 2. Findings

This bill contains a number of findings relating to the Organization of Petroleum Exporting Countries and its efforts to limit oil production and drive prices up from $11 a barrel to over $30 today. It notes that the price increases have caused inflationary shocks to the U.S. economy, have put our entire transportation infrastructure under stress, have harmed many Americans on fixed incomes and could threaten as well the global economic recovery now underway in Asia and Europe.

It notes that several key oil producing nations relied on the U.S. military for their protection in 1990 and 1991 and that these nations still depend on the U.S. for their security. Finally, it finds that a continuation of the present OPEC policies of withholding oil production from the market could undermine the relationship we have with the OPEC member states and other key net oil exporting countries.

Section 3. Policy of the United States

It states that it should be the policy of the United States to take into account the extent to which a major net oil exporting country engages in oil price fixing as an important determinant in our overall political, economic and security relationship. The bill also states that the U.S. should work multilaterally with other countries that are major net oil importers to bring about the dismantling of oil price fixing arrangements.

Section 4. Report to Congress

Not later than 30 days after enactment, the President shall report on the overall relationship we have with each country that is a major oil exporter, shall describe the nature of the coordination between these countries in regard to the effect that oil pricing and production has had on the U.S. economy, and shall provide detailed information on any assistance programs under the Foreign Assistance Act, FAA, or the Arms Export Control Act, AECA, including licenses for the export of defense articles and services, provided to every one of these countries.

Section 5. Determination by the President on major oil exporting countries engaged in price fixing

The report would include a determination by the President on whether or not any country described in Section 4 is engaged in oil price fixing to the detriment of the U.S. economy.

Section 6. Diplomatic efforts to end price fixing

The bill further stipulates that not later than 30 days after the President transmits this report to Congress he should (1) undertake a diplomatic campaign to convince those countries identified as engaged in price fixing that current oil price levels will have a negative impact on oil consuming and developing countries and (2) take multilateral actions with other major net oil importers, including the suspension, termination or reduction of bilateral assistance or arms sales, with the goal of dismantling of oil price fixing arrangements.

Not later than 120 days after enactment, the President shall report to Congress describing the results and achievements of these diplomatic efforts.

Finally, the bill specifies that in furtherance of these multilateral efforts or bilateral efforts when the U.S. is the sole exporter of a particular defense article or service, the President is authorized to reduce, suspend or terminate assistance under the FAA or arms sales under the AECA to any country determined to be engaged in oil price fixing.

Section 7. Definitions

The bill defines "oil price fixing" as participation in any agreement with other oil exporting countries to increase the price of oil by limiting production or establishing minimum price levels. It defines OPEC as the Organization of Petroleum Exporting Countries.

SUPPLEMENTAL VIEWS

I voted to move the "Oil Price Reduction Act of 2000" from the International Relations Committee to the floor of the House of Representatives for the purpose of giving the President the authority to restrict or stop foreign aid from the United States to countries involved in fixing the production limits of oil.

The Organization of Petroleum Exporting Countries (OPEC), which includes Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela, and the other major oil producing nations of Mexico, Norway, Oman, and Russia all agreed to restrict the production of oil, resulting in a marked increase in fuel prices. According to a memo prepared for the committee from the Congressional Research Service (CRS), countries receiving direct U.S. foreign aid include Algeria, Indonesia, Nigeria, Venezuela, Mexico, Oman, and Russia.

This conspiracy has caused multiple problems in our country. First, it will cost farmers paying sky high prices for diesel fuel more to put in and harvest their crops at a time when the price of crops is at an all time low. Second, it hurts consumers because the high cost of fuel increases the cost of transportation of food and consumer items. Third, it hurts all Americans because the inflationary spiral of increased fuel costs may spur the Federal Reserve to increase interest rates.

Additionally, in the case of Kuwait and Saudi Arabia, the United States, a little less than a decade ago, helped ensure their sovereignty during the Persian Gulf War. Have they forgotten the sacrifice of our fighting men and women?

But in supporting this bill, I wanted to express my point of view that I do not believe our export promotion programs should be included in the definition of "foreign aid" in this legislation. Technically, the Overseas Private Investment Corporation (OPIC) and the Trade Development Agency (TDA) are authorized by Congress under the overall statutory framework of the Foreign Assistance Act of 1961. Thus, they are lumped in with other foreign aid programs.

As the prime author of the Export Enhancement Act of 1999, which reauthorized OPIC and TDA and was signed into law by the President last year (P.L. 106–158), I know that these programs are not give-aways to foreign governments. In fact, they are two of the many critically important tools that helps U.S. workers win export opportunities which otherwise would have gone to foreign competitors.

For 29 years, OPIC has been the U.S. government agency providing political risk insurance and financing or projects that help America compete abroad and promote stability and development in strategic countries and economies around the world. OPIC's political risk insurance covers three main areas—expropriation (loss of

an investment due to nationalization or confiscation by a foreign government); currency inconvertibility (inability to remit profits from local currency to US dollars); and political violence (loss of assets or income due to war, revolution or politically-motivated civil strife, terrorism or sabotage). Since 1971, OPIC supported projects have generated $61 billion in U.S. exports and created more than 242,000 American jobs. And, unlike other foreign aid programs, OPIC operates totally on a user-fee self-sustaining basis by charging U.S. companies for their services, which results in no cost to the taxpayer. OPIC brought in $144 million in revenue to the U.S. Treasury last year and they expect a $220 million surplus this year. And, OPIC has $3.7 billion in reserves.

Last year, OPIC had nine projects worth $601.7 million in three countries (Indonesia, Venezuela, and Russia) potentially targeted by H.R. 3822. Foreign competitors may have won these projects if it wasn't for OPIC. By reducing, suspending, or terminating OPIC's operations in these targeted countries to show our disgust with OPEC's price fixing scheme will only boomerang on future U.S. export opportunities to these countries.

TDA develops feasibility studies designing in American specifications so that U.S. exporters can win major infrastructure projects in developing countries and emerging economies later down the road. This 43 person agency has generated $16 billion in exports since its inception in 1981. Every $1 in spending for TDA projects has led to the export of $37 in U.S. goods and services overseas. In the law that I authored, the Export Enhancement Act requires, to the maximum extent possible, the imposition of "success fees" on companies that win export deals thanks to the groundwork laid by a feasibility study conducted by the TDA. Thus, more and more companies will pay to use these services. This is certainly not an "aid" program.

Since the early 1990's TDA has been involved in 284 projects (funding feasibility studies, organizing visits to the United States, match-making conferences, etc.) worth $81.6 million in eight nations potentially covered by H.R. 3822 (Algeria, Nigeria, Oman, Saudi Arabia, Indonesia, Russia, Mexico, and Venezuela). Using TDA's calculus, the impact of these efforts will result in $3 billion of U.S. exports to these countries. It makes no sense, then, to cut off our exports by halting TDA programs in these countries to protest OPEC's behavior.

In my opinion, OPIC and TDA are not "foreign aid" programs. U.S. companies pay to use these services. They are primarily a tool to help U.S. exporters win sales that would have otherwise gone to our foreign competitors. Thus, as the Executive Branch tries to discern the will of Congress on this issue, I want to make it clear from my perspective that OPIC and TDA should be excluded from the definition of foreign assistance under the Foreign Assistance Act of 1961. These programs simply help Americans by increasing exports and job growth in this country.

DONALD A. MANZULLO.

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