

106TH CONGRESS
2D SESSION

S. 2182

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 SENATE OF THE UNITED STATES

MARCH 6, 2000

Mr. GRASSLEY introduced the following bill; which was read twice and referred to the Committee on Foreign 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 The 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 of 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 a 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 in oil price fixing to the detriment of
17 the United States economy an explanation whether
18 that determination rests on a finding that the coun-
19 try is not engaged in oil price fixing, or a finding
20 that it is engaged in oil price fixing but that price
21 fixing is not detrimental to the United States econ-
22 omy.

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

25 Not later than 10 days after the date on which the
26 President transmits to the Congress the report pursuant

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

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

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

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

23 (c) REPORT ON DIPLOMATIC EFFORTS.—Not later
24 than 90 days after the date of enactment of this Act, the
25 President shall transmit to the Congress a report describ-

1 ing the United States diplomatic efforts undertaken in ac-
2 cordance with subsection (a) and (b), and the results
3 achieved by those efforts.

4 **SEC. 7. DEFINITIONS.**

5 In this Act:

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

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

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