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CHAIRMAN JIM SAXTON

PRESS RELEASE

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OPEC CARTEL INTENDS TO KEEP OIL PRICES HIGH

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WASHINGTON, D.C. – The oil cartel’s recent statements indicating that it will manipulate supply to maintain oil prices provide more evidence of its monopoly power, Chairman Jim Saxton of the Joint Economic Committee (JEC) said today. Saxton was responding to statements made by the president of the Organization of Petroleum Exporting Countries (OPEC) suggesting that OPEC will act to keep its price band around \$60, more than twice its previous range of \$25-\$28 per barrel.

Two recent JEC studies have documented that OPEC’s five largest members can produce crude oil at less than \$5 per barrel, but have chosen to restrict the flow of oil onto the market. OPEC’s production ceiling and its inadequate development of existing oil fields, combined with rising demand and other factors, have forced oil prices to unnecessarily high levels. Although a moderation of demand could soon lead to declines in excessive oil prices, OPEC seems poised to lower its production ceiling to prevent such an outcome.

“The recent OPEC statements, though not surprising, remind us of the harmful effects of the oil cartel,” Saxton said. “Although there are a variety of factors affecting the oil market, one of the constants is the reluctance of OPEC to adequately develop its oil fields and supply oil at a competitive price. Instead, the cartel attempts to manipulate the market by forcing the price of oil far above its cost of production.

“The bottom line is that OPEC controls nearly 70 percent of known world oil reserves, but accounts for only 40 percent of world oil production. Even though the cartel’s actions have cost consumers in excess of a trillion dollars over the years, OPEC is preparing to exploit them further. OPEC is an open conspiracy against the public, and should be treated accordingly,” Saxton concluded.

For more information, please see the following JEC research papers: *OPEC and the High Price of Oil*, and *OPEC’s 902 Billion Barrel Oil Reserve*, available on our website at www.house.gov/jec

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