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CHAIRMAN JIM SAXTON

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FTC REPORT FINDS COLLUSION IN CRUDE OIL PRODUCTION

WASHINGTON, D.C. – A new study from the Federal Trade Commission (FTC) identifies the collusion of the Organization of Petroleum Exporting Countries (OPEC) as a major factor contributing to high oil prices, Chairman Jim Saxton said today. As the FTC notes, "OPEC is a functioning cartel whose activities would be illegal if undertaken by private companies." Elsewhere, the study notes that OPEC "plays a significant role in the pricing of crude oil and, accordingly, in the pricing of gasoline." Last November, Saxton released a JEC study examining the efforts of the OPEC cartel to manipulate the oil market.

"The OPEC cartel's bias against expansion of oil production has created a dangerous situation aggravated in recent years by Asian oil demand, natural disasters, political instability, and terrorist threats," Saxton said. "Despite very low production costs, key OPEC members are squeezing world oil consumers, including those in poor countries. According to a study cited by *The Economist*, OPEC has overcharged consumers by at least $1 trillion in recent decades.

"OPEC controls over two thirds of the world's conventional oil reserves, but chooses to produce only 40 percent of world output. OPEC's bias against expanded production has led to underinvestment in its oil production capacity. OPEC denies that it is a cartel, but continues to maintain production ceilings, or quotas. If OPEC wants market forces to operate freely, then as a first step it should end its production ceilings," Saxton concluded.

For a copy of the JEC study, *OPEC and the High Price of Oil*, please visit our website at www.house.gov/jec

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