



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

CHAIRMAN JIM SAXTON

PRESS RELEASE

For Immediate Release
September 19, 2005

OPEC SHOULD INCREASE OIL PRODUCTION

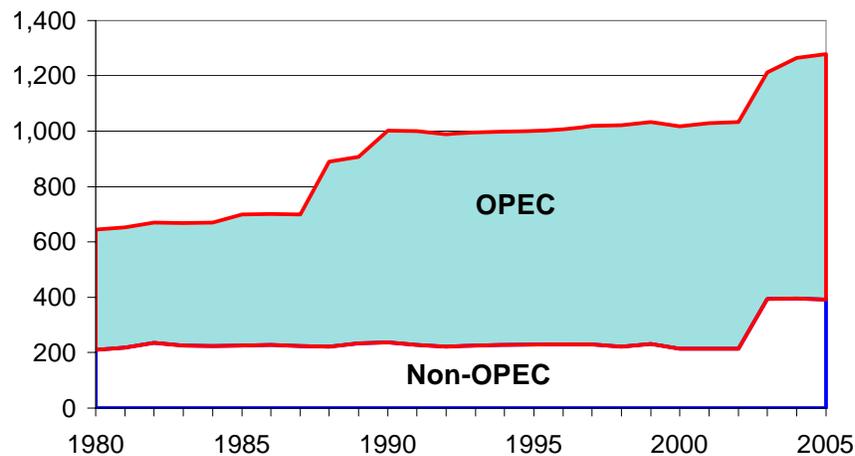
Press Release #109-36
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WASHINGTON, D.C. -- The Organization of the Petroleum Exporting Countries (OPEC) should end its restrictive policies and significantly expand its production of oil, Chairman Jim Saxton of the Joint Economic Committee (JEC) said today. Last June, Saxton released a JEC report pointing out that the OPEC cartel was a major factor explaining high oil prices, partly because its members had failed to adequately develop their vast oil fields enough to meet world demand. Although OPEC investment and output have increased somewhat recently, world oil demand has increased rapidly.

“OPEC accounts for nearly 70 percent of known world oil reserves, but accounts for only about 40 percent of annual world oil production,” Saxton said. “For decades, OPEC members have simply not invested adequately in production infrastructure. OPEC’s production restraint and underinvestment, combined with strong demand growth in recent years, have led to the current tightness and vulnerability in world oil markets.

“There is also tightness in oil refinery capacity, but this is not the primary reason crude oil prices are high, despite OPEC claims to the contrary. As respected energy economist M.A. Adelman pointed out last year, ‘the real problem’ is ‘a strong but clumsy monopoly of mostly Middle Eastern exporters cooperating as OPEC.’ Members of the OPEC cartel have not invested enough in oil production and misjudged consumer demand, creating a situation whereby high oil prices may be with us for many years,” Saxton concluded.

KNOWN OIL RESERVES
Billions of Barrels



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

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