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JOINT ECONOMIC COMMITTEE

VICE CHAIRMAN JIM SAXTON

PRESS RELEASE

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Contact: Christopher Frenze
Chief Economist to the V.C.
(202) 225-3923

SAXTON CALLS FOR IMMEDIATE RELEASE OF OIL FROM SPR

— **Administration Actions, Not Words, Needed to Counter OPEC** —

WASHINGTON, D.C. – Vice Chairman Jim Saxton today called on the Administration to immediately begin release of oil from the Strategic Petroleum Reserve (SPR). This is the third appeal Saxton has made over the last year for Administration action to undermine OPEC's strategy to raise oil prices. Saxton's concerns were most recently conveyed to the Administration in a letter to Secretary Richardson last Monday. Saxton has also introduced legislation to pressure the International Monetary Fund (IMF) to stop new loans for OPEC members and its allies.

"The time for talk is over, now is the time for Administration action to lower oil prices," Saxton said. "The Administration's energy policy has obviously failed to keep OPEC and oil prices in check. This outcome unfortunately is not surprising, since the Administration has relied so heavily on empty statements and on what one respected analyst, Philip Verleger, has described as 'the spectacle of our officials prostrating themselves before officials' from OPEC and its allies. As he noted in a recent *New York Times* article, 'Not only is this approach to oil diplomacy humiliating, but it is also completely unnecessary. We can keep prices down on our own.'

"The obvious question is why the Administration has failed to act. Rising oil prices have translated into high U.S. gas prices and extreme home heating oil prices. With winter approaching, action must be taken now to prevent major dislocations in many regions of the country. The situation last year under the current do-nothing policy was bad enough, but home heating oil and natural gas prices are expected to be even higher this winter. However, for some reason the Administration has not acted even though this situation has been building for well over a year.

"The members of OPEC and its allies include nations that have benefited from U.S. assistance in the Gulf War, as well as extensive aid including generous subsidized IMF loans. Unfortunately, the Administration has not been able or willing to effectively pressure OPEC to relax its grip on the oil market. Over the long term, new exploration and extraction technologies will continue to undermine OPEC's monopoly power, but in the short run the U.S. has a very potent weapon in the SPR and pressure exerted by the U.S. upon the IMF and World Bank. U.S. taxpayers should not be subsidizing OPEC members and its allies," Saxton concluded.

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