



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

CHAIRMAN JIM SAXTON

PRESS RELEASE

For Immediate Release
October 10, 2006

OPEC CONSPIRES AGAINST CONSUMERS -- Cartel Plans to Cut Oil Production --

Press Release #109-96
Contact: Christopher Frenze
Executive Director
(202) 225-3923

WASHINGTON, D.C. – The Organization of Petroleum Exporting Countries (OPEC) is once again conspiring to reduce oil production to keep oil prices artificially high, Chairman Jim Saxton of the Joint Economic Committee said today. According to OPEC officials, the cartel is discussing a plan to cut oil production by about 1 million barrels per day to prevent further declines in oil prices from extremely high levels. Over the last two months, oil prices have fallen about 20 percent to about \$60 per barrel, a level still over twice as high as the last OPEC target band of \$22-\$28 per barrel.

“OPEC continues to rip-off consumers by hundreds of billions of dollars, but is not yet satisfied,” Saxton said. “Even though oil prices remain far above core OPEC member production costs of less than \$5 per barrel, the cartel is again trying to thwart market forces and exploit consumers to the maximum extent possible.

“As the Federal Trade Commission has noted, ‘OPEC is a functioning cartel whose activities would be illegal if undertaken by private companies.’ The cartel has overcharged consumers by at least \$1 trillion in recent decades, according to a study cited by *The Economist*.

“OPEC accounts for nearly 70 percent of known world oil reserves, but accounts for only about 40 percent of annual world oil production. OPEC denies that it is a cartel, but continues to manipulate production ceilings, or quotas. This OPEC manipulation and price gouging has harmed consumers for many decades and contributed to the recent spike in oil prices. On behalf of all consumers, I express the hope that the latest OPEC conspiracy will fail to stop market forces from reducing oil and gasoline prices further,” Saxton said.

For more information on OPEC and energy prices, please visit our website at <http://www.house.gov/jec>.

###