



Bipartisan Legislation Introduced Today Seeks to Foster Competition and Reduce Oil & Gas Prices

-- Senator Feinstein cosponsors bill to promote competition in the oil and gas industries --

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Washington, D.C.— Today a bipartisan group of Senate Judiciary Committee members introduced legislation that seeks to promote competition in the oil and gas industries in order to reduce fuel costs.

This legislation would keep fuel prices low by preventing companies from withholding oil and gas in an effort to raise prices. A joint federal and state task force is also created by the legislation to investigate information sharing between oil companies to determine if that practice has encouraged anti-competitive pricing.

Additionally, the legislation aims to foster competition by requiring the antitrust enforcement agencies (Department of Justice, the Federal Trade Commission) to consider whether future consolidations need closer scrutiny. Furthermore, the legislation permits OPEC members to be sued for conspiring to control output and fix prices for crude oil. The Senate has already passed anti-competitive provisions in this bill that stem from the bipartisan NOPEC legislation that the Judiciary Committee has approved several times. Those provisions were added to last year's energy bill that passed the Senate. While these provisions have been passed by the Senate previously, they have never been passed by the House of Representatives and signed into law.

The legislation is sponsored by Senator Arlen Specter, Senate Judiciary Committee Chairman, and Sen. Herb Kohl (D-WI). The legislation is co-sponsored by Senators Mike DeWine (R-OH), Richard Durbin (D-IL), Dianne Feinstein (D-CA), and Patrick Leahy (D-VT) the Judiciary Committee's ranking member.

“Over 2,600 mergers have occurred in the U.S. petroleum industry since the 1990's, including transactions involving the largest oil and gas companies in the nation,” said Sen. Specter. “With the high fuel prices the American consumer is enduring, it is time for an examination of what oil and gas industry consolidations have done to prices. This legislation takes a firm stand in an attempt to protect the American consumer from enormous increases in gasoline prices and oil prices.”

News reports are stating that Americans could pay as much as \$3 or more per gallon of gas this summer. With prices continuing to skyrocket, increased competition among companies, which this legislation promotes, is needed to ensure that Americans are paying a fair price at the pump.

“Oil companies are reaping record profits at the same time that gasoline prices are skyrocketing. The cost of a gallon of gas is nearing 40 cents more than a year ago and it is expected to climb much higher during the summer months. Something is wrong. It is time that Congress takes a closer look at the mergers and market consolidation that the federal government has allowed over the last decade. Competition needs to be encouraged and oil and gas companies must not be allowed to manipulate the market at the expense of consumers,” said Senator Feinstein.

“Congress should pass this bill immediately instead of waiting until the price at the pump skyrockets any higher. OPEC has America over a barrel, and we should fight back,” said Leahy, who has co-sponsored the NOPEC legislation. “It is wrong to let OPEC producers off the hook just because their anti-competitive practices come with the seal of approval of this cartel’s member nations.”

“High fuel costs are affecting every family, whether they’re driving across town, or heating their homes,” said Senator DeWine, Chairman of the Judiciary Subcommittee on Antitrust, Business Rights, and Competition. “This bill would help ensure oil and gas industry mergers are not contributing to rising costs, and allow government agencies to take action to prevent collusive price-fixing by oil producing nations.”

"There is much debate about the causes of high gas prices. It's clear that worldwide demand and supply limitations play a role. But our investigation in the Judiciary Committee has made plain the facts that make many of us suspect that oil and gas markets are not behaving in a truly competitive fashion," Kohl said. "And the oil industry has unquestionably enriched itself during this period of high prices."

The Committee has held two hearings on February 1, and March 14, 2006 to examine this issue and review the draft legislation. At both hearings, the Committee heard significant testimony indicating that companies in the oil and gas industry have the ability to exercise market power.

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