



# OFFICE OF SPEAKER NANCY PELOSI

## FACT SHEET

### **New Tools to Fight Record Gas Prices:** **Stopping Price Gouging & OPEC Price Fixing**

#### **Key Points:**

- **Democrats, who lead this Congress, are fighting on behalf of America's families and businesses – voting to stop oil companies from cheating consumers at the pump by authorizing the Justice Department to take legal action against OPEC state-controlled entities that conspire to limit the supply, or fix the price, of oil. Democrats are also taking action against oil companies that are gouging American consumers.**
- **The Bush Administration has threatened to veto both of these measures.**
- **If the Republican-led Congress had enacted anti-price gouging legislation when Democrats first proposed the gouging bill 18 months ago, we could have had laws on the books today against gouging and excess profits.**
- **With record U.S. dependence on foreign oil in 2006 and the U.S. importing 771,000 barrels per day from Saudi Arabia and other OPEC countries, American consumers remain at the mercy of OPEC nations in how much they pay to fill up their tanks.**
- **The President promised to end our addiction of foreign oil in his 2006 State of the Union. But the Bush Administration's energy policy has favored massive giveaways and subsidies for the oil industry -- instead of adequately investing in clean, domestic alternative energy and reducing energy costs for the consumer.**
- **This Congress is committed to a new direction of taking tough action to bring down prices in the near term, and has already passed and will build on effort to lessen our dependence on foreign oil and cut greenhouse gas emissions in the longer term.**

Today, the House will consider H.R. 1252, as amended, which investigates and punishes those who artificially inflate the price of gasoline. The bill sets criminal penalties for price gouging, and permits states to bring lawsuits against wholesalers or retailers who engage in such practices. Yesterday, the House overwhelmingly passed H.R. 2264 to authorize the Justice Department to take legal action against OPEC state-controlled entities that participate in conspiracies to limit the supply, or fix the price, of oil.

- **With Memorial Day and the start of the summer driving season only a few weeks away, drivers are paying a heavy price for the Bush Administration's failure to enact a comprehensive energy strategy. And as prices climb, so does the potential for consumers to be gouged at the pump.**
- **Families are paying an all-time record high of \$3.22 a gallon on average for regular gasoline – more than double the cost when Bush took office, up 89 cents from the beginning of the year. [EIA, 5/21/07] The jump in U.S. gasoline prices this year has so far drained consumers of an extra \$20 billion, or about \$146 for each passenger car in the country. [Government Accountability Office testimony, 5/22/07] Last**

year, families paid \$1,000 more on average for gasoline than in 2001, and each additional 10 cents per gallon of gasoline adds \$14 billion to America's annual gasoline bill. [USA Today, 5/17/07; GAO, 2006]

- In the face of record prices at the pump, the Democratic-led Congress has begun a series of hearings to address rising gas prices—focusing on the burdens on American families and businesses, exploring anticompetitive practices in the oil and gasoline industry, and getting to the causes and solutions.
- Congress is moving forward on legislation to crack down on price gouging by Big Oil companies. The Energy Price Gouging Prevention Act would provide relief to consumers by giving the Federal Trade Commission the authority to investigate and punish companies that artificially inflate the price of energy. Twenty-eight states have anti-price gouging laws
- Under the bill, the Justice Department could impose criminal penalties of up to \$150 million on corporations, and fines of up to \$2 million and jail sentences of up to 10 years for individuals. This would apply during a national emergency and would crack down on companies charging unconscionable and excessive prices. In addition, the bill would provide the FTC with the authority to bring greater transparency to oil and gas markets, and direct penalties from price gougers to the Low-Income Home Energy Assistance Program (LIHEAP).
- We are voting on bipartisan legislation (H.R. 2264) to authorize the Justice Department to take legal action against OPEC state-controlled entities that participate in conspiracies to limit the supply, or fix the price, of oil. It makes clear that OPEC and other nations are exempt from the provisions of Foreign Sovereign Immunities Act if those governments are acting in a commercial capacity and are engaged in price-fixing and other anticompetitive activities. It authorizes – but does not mandate -- lawsuits in U.S. federal court against oil cartel members by the Justice Department.
- This bipartisan bill has support in both the House and Senate. The Senate Judiciary Committee recently reported out a companion bill in April. In the last Congress, the Senate voted for the NOPEC bill as an amendment to the Energy bill, but it was later stripped out by House Republicans.
- We don't have to continue to stand by and watch OPEC – which accounts for more than two-thirds of global oil production, and about 65% of the oil traded internationally -- dictate the price of our gasoline without any recourse. It is time to put our antitrust laws to work against the OPEC cartel, like we would against any other international cartel that is fleecing American consumers.
- The six largest oil companies announced \$30 billion in profits for the first quarter of 2007. This is on top of the \$125 billion in record profits they made in 2006.
- The House, in the first month of the 110<sup>th</sup> Congress, voted to roll back \$14 billion dollars in taxpayer subsidies for Big Oil companies – already enjoying record profits. That money will be reinvested here at home in clean, alternative fuels, renewable energy and energy efficiency.
- And we are developing an Independence Day package to boldly address energy independence and global warming by rapidly expanding the production of clean, alternative fuels and increasing energy efficiency, which will lead to reduced energy costs to consumers.