



CONGRESS OF THE UNITED STATES

JOINT ECONOMIC COMMITTEE

**Congressman Jim Saxton
Ranking Republican Member**

PRESS RELEASE

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OPEC CONTINUES TO RESTRAIN OUTPUT DESPITE RISING OIL PRICES

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WASHINGTON, D.C. –The oil cartel should remove its production ceilings immediately in the face of sky high oil prices, Congressman Jim Saxton, ranking member of the Joint Economic Committee (JEC) said today. Statements from members of the Organization of Oil Exporting Countries (OPEC) reported today indicate that the oil cartel has no intent of increasing oil production despite crude oil prices nearing \$88 per barrel and continued production restrictions by OPEC. Saxton made the following statement on OPEC’s constriction of oil production:

“OPEC officials continue to make absurd statements to the effect that the price of oil is independent of the amount of oil OPEC supplies. The truth is that an increase in the amount of oil supplied will reduce the market price, all other things being equal. There is no excuse for maintaining oil supply restrictions in general, but it is particularly egregious and abusive when oil prices are at extremely high levels, as they are now.

“Of course, there are always other factors affecting market conditions at any particular time. Although OPEC officials like to talk about market fundamentals, one of these fundamentals is supply, and this supply is being artificially capped by OPEC production ceilings. Supply and demand determine prices, despite the cartel’s ongoing attempts to distract attention away from its monopolistic practices. Looking past OPEC’s smokescreen of excuses, the bottom line is that the oil cartel is producing little more oil than it did 30 years ago, despite enormous growth in the world economy and in the demand for oil. With sky high oil prices and fragile economic conditions, the oil cartel should immediately end its production ceilings and let the forces of supply and demand set oil prices.”

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