

MEMBERS OF CONGRESS SEND PRESIDENT LETTER TO URGE HIM TO TACKLE OIL PRICES AT G8 SUMMIT

FOR IMMEDIATE RELEASE: July 2, 2008

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Washington, DC - Congressman

John B. Larson, Vice Chair of the Democratic Caucus, along with Congressman Bart Stupak, Chairman of the House Energy and Commerce Subcommittee on Oversight and Investigations, sent a letter to President George Bush this week urging him to bring up the global problem of rising oil prices and particularly excess speculation at the G8 Summit later this month. Because oil prices and speculation are a global problem, the signers of the letter believe that it can best be solved with cooperation across borders.

The letter states, "Without a comprehensive review of activities in the entire petroleum market, it is unlikely that a truly accurate assessment of speculative behavior and its impact on price can be made. This is particularly true in today's global economy, where strategic cooperation and coordination among nations is necessary to ensure stability and transparency in globally traded commodities."

Congressman Larson (CT-01)

said, "The G8 Summit is the perfect forum to bring up an issue that is a top priority not just for us at home, but in countries across the globe. England's Prime Minister, Gordon Brown, called oil prices 'a global shock' that requires 'global solutions.' As Congress works hard to tackle this issue, I believe it is incumbent on this President to do what he can on the international stage as well."

Congressman Stupak (MI-01) said, "Whether an individual exchange closes in New York, London or Dubai, energy markets operate globally. While U.S. regulators must do their part to investigate and address the excessive speculation artificially inflating energy prices, this truly is a global problem that requires action from all of the key players in the global economy."

Please see below for the full text of letter.

June 30
2008

The
President

The White
House

Washington DC

Dear Mr.
President:

The upcoming July 2008 G-8 Summit is an important opportunity to tackle the problem of rising oil prices on a global scale. We urge you to engage your counterparts in efforts to reduce global oil speculation and other questionable market activities that distort the supply and demand market equation and artificially distort the price of these commodities.

While we understand that global supply and demand issues as well as the weak U.S. dollar play a role in determining price - the fact remains that current supply and

demand conditions do not add up to current market price increases. Speculation, in most cases by individuals that will never take a barrel of oil into inventory, is placing a distorted premium on the price of oil. This is evident by the nearly \$240 billion growth in oil future investments since 2000. On March 4, 2008, Guy Caruso, Administrator of the Energy Information Administration testified before the Senate that speculation was currently adding as much as 10 percent to the price of oil, a relatively conservative estimate compared to some from the private sector. As far back as March 15, 2005, Exxon Mobile CEO Lee Raymond was quoted in the New York Times saying "We are in the mode where the fundamentals of supply and demand really don't drive the price." Three years later, during questioning in April 2008 before the House Select Committee on Energy Independence and Global Warming, Stephen Simon of Exxon Mobil cited speculation as one of the major causes of the exorbitant oil and gas prices we've seen, while executives from Shell, BP, Chevron, and ConocoPhillips agreed.

The U.S. is not alone facing the effects of the recent high spike in oil prices. On May 28, British Prime Minister Gordon Brown wrote in The Guardian that "a global shock on this scale require global solutions" and argued that a global strategy to address the impact of higher oil prices be on the agenda for this year's G-8 Summit. We agree with the need for greater international cooperation in bringing transparency to the global petroleum commodity and derivative markets and urge you to join with Prime Minister Brown and other G-8 leaders to discuss solutions to this critical issue.

The recent announcement by the Commodity Futures Trading Commission on May 29 that they have reached agreements with the United Kingdom Financial Services Authority (FSA) and the ICE Futures Europe for expanded information sharing on trading activities in regulated markets is a step in the right direction. However, this effort stops far short of bringing transparency to the currently unregulated markets. It ignores transactions currently excluded or exempted from CFTC oversight under Sections 2(g) and 2(h) of the Commodities Exchange Act. We remain concerned that it is impossible to draw realistic conclusions about market behavior when looking at only a fraction of the market.

Without a comprehensive review of activities in the entire petroleum market, it is unlikely that truly accurate assessment of speculative behavior and its impact on price can be made. This is particularly true in today's global economy, where strategic cooperation and coordination among nations is necessary to ensure stability and transparency in globally traded commodities. In the banking sector, the inter-governmental Financial Action Task Force (FATF) created at the 1989 G-7 conference to develop and promote national and international policies to combat money laundering and later terrorist financing has proved a successful model of international financial information exchange and policy development.

As you prepare for next month's G-8 summit, we urge you to discuss with your colleagues a similar effort focused on building international transparency in oil

commodity transactions and developing policies to thwart speculative positioning or other manipulative behavior that impacts prices and undermines market fundamentals.

Sincerely,

Rep. John
Larson

Rep. Bart
Stupak

Rep.
Betty Sutton

Rep. Jan
Schakowsky

Rep.
André Carson

Rep.
Ruben Hinojosa

Rep. Bill
Pascrell

Rep.
Louise Slaughter

Rep. Tim
Bishop

Rep. Jim
Oberstar

Rep.
Henry Waxman

Rep.
Tammy Baldwin

Rep. Joe
Courtney

Rep. Joe
Donnelly

Rep. Dale
Kildee

Rep. Hank
Johnson

Rep.
Bennie Thompson

Rep.
Jerry Costello

Rep. Russ
Carnahan

Rep. Mike
Doyle

Rep.
Jerry McNerney

Rep.
Sheila Jackson Lee

Rep.
Baron Hill

Rep.
Maurice Hinchey

Rep.
Chaka Fattah

Rep. John
Yarmuth

Rep. Raúl
Grijalva

Rep. Steve
Rothman

Rep.
Charlie Wilson

Rep.
Diane Watson

Rep.
Peter Welch

Rep.
James Langevin

Rep.
Lloyd Doggett

Rep. Phil
Hare

Rep. Sam
Farr

Rep. Paul
Hodes

Rep. Neil
Abercrombie

Rep.
Betty McCollum

Rep.
Dennis Kucinich

Rep.
Michael Michaud

Rep.
Xavier Becerra

Rep.
Albio Sires

Rep.
Ellen Tauscher

Rep.
David Wu

Rep. Gene
Taylor

Rep.
Jason Altmire

Rep. Mike
Honda

Rep.
Hilda Solis

Rep.
Carolyn McCarthy