May 22, 2007
(House)

STATEMENT OF ADMINISTRATION POLICY

H.R. 2264 – No Oil Producing and Exporting Cartels Act of 2007 (NOPEC)
(Rep. Conyers (D) Michigan and 5 cosponsors)

The Administration strongly opposes House passage of H.R. 2264. This bill has the potential to lead to oil supply disruptions and an escalation in the price of gasoline, natural gas, home heating oil, and other sources of energy. The Administration has proposed initiatives, like the Advanced Energy Initiative and Twenty-in-Ten, to diversify our energy resources and promote advanced technologies in order to strengthen our energy security and address environmental challenges. The Administration will continue to work with Congress to pass beneficial and effective legislation; H.R. 2264 is not such a bill.

The Administration supports a market-based international energy trade and investment system. However, the Administration believes that the appropriate means for achieving that objective lies in diplomatic efforts by the United States with the countries involved in that trade, rather than lawsuits against those countries in U.S. courts. This legislation: (1) intends to compel foreign countries that produce oil to submit to the jurisdiction of U.S. courts; and (2) purports to eliminate sovereign immunity and the "act of state" doctrine as defenses to an antitrust lawsuit brought pursuant to the bill. This would result in a targeting of foreign direct investment in the United States as a source of damage awards and would likely spur retaliatory action against American interests in those countries and lead to a reduction in oil available to U.S. refiners. Such a result would do little to achieve a free market in international trade in petroleum, would substantially harm other U.S. interests abroad, and would strongly discourage investment in the United States economy. If H.R. 2264 were presented to the President, his senior advisors would recommend that he veto the bill.

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