Mike Sommers
President & Chief Executive Officer
American Petroleum Institute
1220 L Street, NW
Washington, DC 20005-4070

February 5, 2019

The Honorable Lindsey Graham
Chairman, Senate Judiciary Committee
Washington, DC 20510

The Honorable Dianne Feinstein
Ranking Member, Senate Judiciary Committee
Washington, DC 20510

The Honorable Jerrold Nadler
Chairman, House Judiciary Committee
Washington, DC 20515

The Honorable Doug Collins
Ranking Member, House Judiciary Committee
Washington, DC 20515

Dear Chairmen Nadler and Graham and Ranking Members Feinstein and Collins:

The American Petroleum Institute (API)[1] opposes H.R. 948, the No Oil Producing and Exporting Cartels (NOPEC) Act, that is expected to receive a markup in the House Committee on the Judiciary soon, as well as related legislation that may be considered by the Senate. We see this legislation as creating significant detrimental exposure to U.S. diplomatic, military and business interests while having limited impact on the market concerns driving the legislation.

Cartels for any commodity are harmful to consumer interests, and this effort to restrict the market impact of member nations of Organization of Petroleum Exporting Countries (OPEC) is well-intended. However, the legislation threatens serious, unintended consequences for the U.S. natural gas and oil industry and its continued success in eroding OPEC's negative market impacts. U.S. crude oil production has reached record highs this year, helping to put downward pressure on gasoline prices for U.S. consumers and substantially diminishing the influence of OPEC nations – two of the bills' primary goals. In several ways, NOPEC legislation jeopardizes U.S. companies' ability to sustain progress in achieving these objectives.

This legislative effort represents a political act aimed at removing a sovereign nation's litigation immunity from certain U.S. laws and opens the opportunity for reciprocal or even additional action on the part of those impacted countries. This would clearly have a negative impact on our country's presence in those countries at all levels, which, given their existing geopolitical importance and capacity for U.S. investment, could create significant unintended consequences.

This potential cost is even more concerning to our members for two other reasons. First, the current Sherman Antitrust Act already covers the commercial activities of nations even for activity that takes place abroad. There is no need to create international concerns for situations already addressed. Second, the apparent

[1] API is a national trade association representing over 625 member companies involved in all aspects of the oil and natural gas industry. API's members include producers, refiners, suppliers, pipeline operators, and marine transporters, as well as service and supply companies that support all segments of the industry. API member companies are leaders of a technology driven industry that supplies most of America's energy, supports more than 9.8 million jobs and 8 percent of the U.S. economy, and since 2000 has invested nearly $2 trillion in U.S. capital projects to advance all forms of energy.

focus on the legislation – improper influence on energy markets – has been mitigated significantly in recent years. The success of America’s natural gas and oil industry coupled with continued integrations with our NAFTA partners has significantly increased the energy security and self-sufficiency of the United States. This energy renaissance has made America much less susceptible to efforts that may be undertaken by foreign organizations.

Therefore, legislative efforts that strengthen American energy production would be the best approach to insulate our markets from improper influence, and we would welcome the opportunity to work with you achieve those goals.

Sincerely,

Mike Sommers
President and Chief Executive Officer
American Petroleum Institute

Cc: Members of the House and Senate Judiciary Committees