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ADVANCING TRANSFORMATIVE TRANSPORTATION
TECHNOLOGIES TO ENSURE OUR ENERGY SECURITY

April 26, 2022

The Honorable Dick Durbin
711 Hart Senate Building
Washington, D.C. 20510

Dear Senator Durbin:

For decades the United States has expended no shortage of blood and treasure to protect the Kingdom of Saudi Arabia. Yet during this moment of volatility for global oil markets, which is causing considerable hardship for ordinary Americans, Saudi Arabia has decided to support Vladimir Putin and stick to their cartel agreement to limit oil production. Given the Kingdom's leading role in the global oil market, its claim to be a responsible market manager, and its dominant leadership of the OPEC (The Organization of the Petroleum Exporting Countries) cartel, this threat to wield the oil weapon against U.S. sovereignty, prosperity, and national security must be confronted swiftly and decisively.

Accordingly, we undersigned members of the Energy Security Leadership Council (ESLC), a project of SAFE call for speedy enactment of S.977, the *No Oil Producing and Exporting Cartels Act* (NOPEC), which would give the Executive Branch the tools to respond to this Saudi threat.

Unfortunately, despite years of rising domestic oil production, the nation remains dangerously exposed to the global oil market controlled by the Saudis and their affiliate, OPEC. Oil price volatility stresses the economy on both the high and low ends; consumers and businesses struggle if prices are too high, and domestic oil producers are impacted when prices are low. Fluctuations in oil prices also affect key U.S. industries that base long-term investment decisions on oil price expectations. American automakers, airlines, and oil producers can all operate when oil is at \$30 per barrel or even \$100 per barrel, but the products and decisions they make would be very different.

The biggest driver of oil price volatility in the last decade has been due to OPEC, or more specifically Saudi Arabia. OPEC's manipulation of the oil market is well known, but in 2014 the kingdom broke from a history of claiming to be a responsible market manager and reversed course entirely to flood an oversupplied market with additional crude in order to harm U.S. producers. Saudi's actions crashed the price from \$110 per barrel in June 2014 to just \$26 by February 2016. More than 200 U.S. energy sector bankruptcies followed. In 2016, having seen that the U.S. oil industry was more resilient than the Saudis expected, and because of their need for greater revenue to plug the government's budget, OPEC reversed course. In doing so, the Saudis demonstrated that the worst market manager may be one that is inconsistent or incapable. In recent months, we have seen prices exceed \$125 per barrel, further underscoring OPEC's long record of mismanagement.

NOPEC would eliminate the loopholes in U.S. antitrust law that have kept OPEC from being subject to the same standards to which other market actors in the U.S. economy routinely are held accountable. The legislation consists of four provisions. First, it makes interference in the oil market by OPEC illegal to the extent this interference directly and meaningfully impacts the United States. Second, it makes sovereign immunity, or the inability to sue a sovereign state without its consent, inapplicable to OPEC. Third, the legislation clarifies that OPEC is not protected under the Act of State doctrine (a rule that prohibits U.S. courts from hearing suits against a foreign government for acts that government commits within its own borders). Finally, NOPEC gives only the Attorney General—but not private litigants—the ability to sue

OPEC in federal courts. This ensures there will not be a confused tangle of private suits, but that the President will have the ability to pursue litigation in accordance with U.S. national security interests.

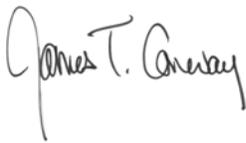
Enacting this legislation would give the government a much-needed ‘stick’ to pressure Saudi Arabia to release its spare capacity onto the global market, stabilizing oil prices as the world contends with the Russian invasion of Ukraine. The passage of NOPEC would demonstrate that the United States is serious about combatting oil market manipulation and will hold malign actors to account.

Although the principles of sovereign immunity and the Act of State doctrine are important in many areas, in the case of OPEC they have served to prevent the United States from protecting important national security interests. Accordingly, NOPEC would constitute a vital first step toward restoring full American sovereignty, which includes ending Saudi Arabia’s ability to take hostage our economy.

We appreciate your support and cosponsoring of S. 977.

For more information, please contact SAFE Founder and CEO Robbie Diamond at RDiamond@secureenergy.org.

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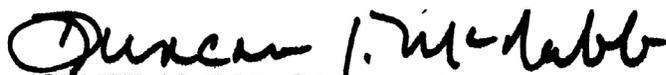
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Handwritten signature of Michael E. Ryan in black ink.

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Handwritten signature of Charles F. Wald in black ink.

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