

**OPENING STATEMENT-  
SENATE GOVERNMENTAL AIRS COMMITTEE  
RE: RISING OIL PRICES  
March 24, 2000**

Mr. Chairman, thank you for the opportunity to come here today to speak on the very important topic of rising oil prices. Over the past several years, oil prices have been particularly volatile. The 1997 Asian economic recession, among other factors, led to a decrease in global demand for oil. As the market became saturated, the price per barrel of crude oil plummeted. At the beginning of 1999, consumers enjoyed the lowest real-dollar price for gasoline in history. However, these events caused domestic oil production to be curtailed to extremely low levels. In fact, by July 1999, domestic oil output had fallen to levels last seen in 1946.

All of these events compounded to amplify the devastating effect when, in March 1999, the Organization of Petroleum Exporting Countries (OPEC) adopted production quotas to reduce the global supply of petroleum. By cutting output as much as 4 million barrels per day, OPEC was successful in driving the cost of gasoline up as much as 33 cents per gallon in a single year. This sharp increase in oil prices has caused undue hardship for many of our industries in Georgia, and elsewhere, not to mention those individuals who must rely on home heating oil for warmth in the winter months.

Over the last several weeks, I have been contacted by many of my constituents who have expressed their serious concerns about the impact of the recent dramatic increase in petroleum prices. Among other concerns, propane dealers are facing significant difficulty in trying to purchase and market their product. In several areas of my state, propane provides vital fuel for home heating. Also, propane is heavily integrated into the management of Georgia's poultry operations, a leading industry in the state. The high costs and lack of product have caused economic hardships to these industries which rely on propane for daily operations.

Because of my concern regarding the continued rise in oil prices, I contacted President Clinton to request the Administration's assistance in addressing this problem. I also called on the President to examine the release of petroleum from the Strategic Petroleum Reserve (SPR). While a release of petroleum from SPR is one possibility, I believe we must consider any and all policy options which may serve to alleviate the increasing cost of oil, including strong diplomatic pressure on those oil-producing nations which rely on the United States as a market for their products and as the guarantor of their security. We should also take a close look at several legislative proposals to reduce or temporarily suspend the tax on gasoline and diesel fuel. Senator Campbell has introduced S. 2090, America's Transportation Recovery Act, to place a one-year moratorium on the 24.3 cent/gallon tax on diesel fuel (effective only if the price per barrel remains above the December 31, 1999 market value), followed by a permanent reduction in the tax to 4.3 cents to begin on October 1, 2005.

I want us to do what is right, prudently and wisely. However, there is a very palpable air of near-crisis when I go home and see the very real effects the rising oil prices are having on average, working Americans. When they have to fill up the gas tank to drive car pool, when they buy airline tickets to visit friends or family or when they are paying their monthly utility bills, our constituents are getting socked where it hurts- in the wallet- every single day. When I go home to Georgia every weekend, people want to know what we're doing in Washington to address the incredibly high gas prices. Mr. Chairman, I am grateful for this hearing today so that we can review what's being done, and possibly come to a consensus on what else is appropriate. I know this is a very delicate global situation, but it is having very painful consequences on Georgians and on Americans. We must all recognize the severity of the situation and the need to act swiftly. The American public is looking to us to produce an effective bipartisan response to this challenge.