



Industrial Energy Consumers of America

The Voice of the Industrial Energy Consumers

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February 12, 2019

The Honorable Chuck Grassley
U.S. Senate
135 Hart Senate Office Building
Washington, DC 20510

Re: S. 370, the "No Oil Producing and Exporting Cartels Act of 2019"

Dear Senator Grassley:

On behalf of the Industrial Energy Consumers of America (IECA), we are supportive of S. 370, the "No Oil Producing and Exporting Cartels Act of 2019." As large consumers of natural gas, it is important to us that the legislation makes it illegal for any foreign state or agents of a state from acting collectively whether by cartel or through the use of other government backed agents, to set or influence the price of liquefied natural gas (LNG). For LNG, there can be market manipulation by controlling production and/or the purchase of LNG. Multinational LNG producing companies, and LNG producing countries, have linked the price of crude oil to the LNG price to keep the LNG price high. Your legislation addresses this problem as well.

The legislation is also important because the global LNG market is not a "free-market." The primary buyers are state-owned enterprises (SOEs) and regulated gas and electric utilities of countries that are not price sensitive with automatic cost pass through. With few exceptions, both production and consumption of natural gas is largely controlled by government-controlled agents.

For LNG, we find that Asian SOEs and government-backed electric utilities are cooperating through memorandum of understandings (MOUs) on the purchase of LNG. And, through the years, LNG exporting countries have consistently met to discuss the potential to form a cartel and/or discuss market cooperation.

Thank you for your leadership on this important issue. Please let us know how we can be helpful in moving this legislation.

Sincerely,

Paul N. Cicio
President

cc: Senate Committee on the Judiciary
Senate Committee on Energy and Natural Resources

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$1.0 trillion in annual sales, over 3,700 facilities nationwide, and with more than 1.7 million employees. It is an organization created to promote the interests of manufacturing companies through advocacy and collaboration for which the availability, use and cost of energy, power or feedstock play a significant role in their ability to compete in domestic and world markets. IECA membership represents a diverse set of industries including: chemicals, plastics, steel, iron ore, aluminum, paper, food processing, fertilizer, insulation, glass, industrial gases, pharmaceutical, building products, automotive, brewing, independent oil refining, and cement.