



Western States Petroleum Association

April 15, 2008

Letter to Editor
Tri-City Herald

Re: "Cantwell calls for probe of petroleum price fix" (April 13)

To the Editor:

Senator Cantwell's latest demand for a Federal Trade Commission (FTC) investigation of petroleum markets ignores the complex international factors responsible for rising oil and gas prices.

The senator questions why crude oil costs have recently doubled despite a decrease in demand and lack of refinery problems in the United States. The fact is crude oil – which accounts for over two-thirds of the average retail cost of a gallon of gasoline according to the US Energy Information Administration (EIA) – is a global commodity, subject to market influences beyond our country's borders.

The EIA and others attribute today's record-high crude oil costs to increasing worldwide demand from rapidly industrializing nations like China and India. Other factors include political instability in oil-producing regions and the weak US dollar.

The FTC and other government agencies have conducted numerous investigations of gasoline prices and petroleum markets. They have consistently concluded that gasoline prices are determined primarily by market conditions and not illegal or anti-competitive practices by the petroleum industry.

It's also worth noting that while the FTC has extensive, frequently-exercised enforcement authority over US companies, it has no such power over foreign interests that control almost 95% of the world's oil supplies.

Sincerely,

A handwritten signature in blue ink that reads "Joe Sparano". The signature is written in a cursive, flowing style.

Joe Sparano, President
Western States Petroleum Association