



THE WHITE HOUSE

WASHINGTON

November 17, 2021

The Honorable Lina Khan
Chair
Federal Trade Commission
Washington, D.C.

Dear Chair Khan:

I am writing to call your attention to mounting evidence of anti-consumer behavior by oil and gas companies. The bottom line is this: gasoline prices at the pump remain high, even though oil and gas companies' costs are declining. The Federal Trade Commission has authority to consider whether illegal conduct is costing families at the pump. I believe you should do so immediately.

A few months ago, at my request, the Director of the National Economic Council wrote to you asking the Commission to consider monitoring the U.S. gasoline market and addressing any illegal conduct occurring therein. I appreciate that, since then, you have directed the Commission staff to strengthen oversight of mergers in the oil and gas sector that result in less consumer choice and potentially higher prices.

However, prices at the pump have continued to rise, even as refined fuel costs go down and industry profits go up. Usually, prices at the pump correspond to movements in the price of unfinished gasoline, which is the main ingredient in the gas people buy at the gas station. But in the last month, the price of unfinished gasoline is *down* more than 5 percent while gas prices at the pump are *up* 3 percent in that same period. This unexplained large gap between the price of unfinished gasoline and the average price at the pump is well above the pre-pandemic average. Meanwhile, the largest oil and gas companies in America are generating significant profits off higher energy prices. The two largest oil and gas companies in the United States, as measured by market capitalization, are on track to nearly double their net income over 2019—the last full year before the pandemic. They have announced plans to engage in billions of dollars of stock buybacks and dividends this year or next.

I do not accept hard-working Americans paying more for gas because of anti-competitive or otherwise potentially illegal conduct. I therefore ask that the Commission further examine what is happening with oil and gas markets, and that you bring all of the Commission's tools to bear if you uncover any wrongdoing.

Sincerely,

A handwritten signature in black ink, appearing to read "J. R. Smith". The signature is written in a cursive style with a long, sweeping underline that extends to the left.