by providing that imports into Puerto Rico could not be increased for the purpose of increasing shipments into the United States. Under this policy the then existing movement of about 35,000 barrels daily of light petroleum products from Puerto Rico to the United States was stabilized through 1965. This policy, however, was changed on December 10, 1965, by Proclamation 3693, which provided for the allocation of imports into Puerto Rico of feedstocks for facilities in Puerto Rico which will provide ". . . a substantial and much needed increase in opportunities for employment of its citizens . . ." Here a new criterion was interjected as a basis for action on oil imports for purposes extraneous to national security. Under this new provision, two facilities in Puerto Rico have been approved, involving the importation of 110,000 barrels daily of feedstocks into Puerto Rico and shipment of 54,300 barrels daily of gasoline, jet fuel, and other product components to the United States.

On November 4, 1967, Secretary Udall announced approval of a plan by the Virgin Island Government for establishing a petrochemical complex on the Island of St. Croix, in the Virgin Islands. Approval also was granted for shipment of 15,000 barrels daily of finished petroleum products for a 10-year period to the United States. The basis for this action was that a major petrochemical plant will upgrade the standard of living in the Islands.

On December 15, 1967, Secretary Udall granted Commonwealth Oil and Refining Company an allocation to ship an additional 10,000 barrels per day of gasoline from Puerto Rico to the East Coast of the United States. Commonwealth's present shipment of 10,000 barrels daily of gasoline to the West Coast of the United States will be terminated. Secretary Udall stated, "at the same time, this change will substantially expand employment opportunities in Puerto Rico through the further development of its petrochemical and satellite industries."

On the same date (December 15, 1967) Secretary Udall also announced that an amended application by Union Carbide for petrochemical feedstocks for its Puerto Rico plant would be approved. The amended application calls for the importation for ten years into Puerto Rico of between 39,500 barrels per day to 45,000 barrels per day, depending upon whether it is unfinished oil or crude oil respectively. Approval of the Union Carbide application involved no shipment of petroleum products to the United States. However, certain chemical intermediates produced at the plant are destined for shipment to the United States for further processing.

The application by Texaco for importation of feedstocks for a planned new refinery in Puerto Rico has not yet been acted upon.

These refineries and petrochemical plants have a preferred position in the domestic market over facilities located in the United States because of the fact that such refineries and plants have access to imports for 100 percent of their feedstock requirements whereas imports represent an average of only 13 percent of total feedstocks in the United States. It is obvious, therefore, that these changes in the Proclamation create, for purposes unrelated to national security, a strong incentive for locating petrochemical plants and refineries in Puerto Rico for shipment of products to the United States. This constitutes a serious threat to the stability of the oil import program.

6. *Imports from Canada and Mexico:* Overland imports from Canada and Mexico are included within the 12.2 percent limitation in Districts I–IV. Not being subject to formal quotas, the quantity of these imports is estimated by the Interior Department and deducted from the overall limitation to determine offshore imports. In District V, Canadian imports are also estimated for purposes of determining offshore imports subject to quotas. The following tabulation compares the estimates of imports from Canada with actual imports.

IMPORTS FROM CANADA

[Thousand barrels daily]

	Districts I–IV			District V			Total, United States		
	Estimate	Actual	Overage	Estimate	Actual	Overage	Estimate	Actual	Overage
1963	123	130	7	129	131	2	252	261	9
1964	139	150	11	143	147	4	282	297	15
1965	162	174	12	148	150	2	310	324	14
1966	180	212	32	155	172	17	335	384	49
1967	225	253	28	144	189	45	369	442	73
1968 (January and February)	280	337	57	135	167	32	415	504	89