Canadian imports have consistently exceeded the estimates with the excess increasing to 49,000 barrels daily in 1966 and to 73,000 in 1967. The overage in 1968 is expected to be about 60,000 barrels daily in Districts I–IV.

Through agreement between the U.S. and Mexican governments, imports from Mexico have been stabilized at 30,000 barrels daily.

7. *Bonded Jet:* When the Mandatory Oil Import Program was established in 1959, there were no bonded imports of jet fuel. In 1968, such imports are expected to exceed 100,000 barrels per day. Such imports have never been within the Program and therefore are on top of the levels establised in the interest of national security.

For several years, IPAA has recommended that all bonded jet imports be included within the total permissible import levels. These large volumes of jet fuel, outside of the import program, circumvent the intent and goals of this program.

In addition, there are several aspects of this matter that appear to violate the letter and intent of the law governing bonded imports. For example, Section 309 of the Tariff Act of 1930 (19 U.S.C.A. 1309) permits imported bonded jet fuel to be withdrawn free of the import tax for use on aircraft which is "actually engaged in foreign trade or trade between the United States and any of its possessions."

Under this authority, the Bureau of the Customs has permitted the use of bonded jet fuel by both domestic and foreign carrers on the domestic legs of foreign flights. This seems to be improper and in conflict with the law. For example, a flight originating in Paris destined for Los Angeles with a stop in New York is permitted to use bonded jet fuel on the New York to Los Angeles leg of the flight. The same aircraft then proceeds to Los Angeles with some or all of its Paris to Los Angeles passengers, together with passenger and cargo originating at New York. Passengers are permitted to enplane or deplane at these intermediate stops just as on purely domestic flights.

According to available information, more than 20 percent of the total bonded jet fuel used in the United States is consumed on domestic legs of such flights.

Another matter which appears to be in violation of applicable law is the policy of the Bureau of Customs in permitting the use of bonded jet fuel by aircraft engaged in flights between the United States and Puerto Rico.

It would seem that the exemption in Section 309(a) of the Tariff Act of 1930 would not apply to these flights since Puerto Rico is now a commonwealth and not a possession. Nevertheless, the Bureau of Customs has rules that such flights are exempt even though the exemption only applies to aircraft actually engaged in foreign trade or trade between the United States and any of its possessions.

8. *No. 4 Fuel Oil:* Proclamation 3794, dated July 17, 1967, changed the definition of "residual fuel oil" which had been in effect since 1959. The effect of the change was to define No. 4 fuel oil, which theretofore was a product included within the 12.2 percent quota, as residual and therefore outside the quota. Thus the 12.2 percent quota is thereby violated by an amount estimated to be in the order of 25,000 barrels daily. This action was taken without a hearing or request for comments from interested or affected parties.

9. *Low Sulphur Residual Fuel Oil:* Proclamation 3794 dated July 17, 1967, for the stated purpose of abating air pollution, delegated to the Secretary of the Interior authority to permit imports in excess of the established maximum national security levels to persons who manufacture low sulphur residual fuel oil. This action is for a commendable purpose but, again, the action is unrelated to the national security. Implementing this authority the Secretary on October 4, 1967, issued a regulation with grants bonus imports of crude oil to manufacturers of low sulphur residual fuel oil in District V (States west of Rockies). On May 24, 1968, proposed regulations to grant import allocations in Districts I–IV based on production of low sulphur residual fuel oil were issued. The imports would not be within the overall 12.2 percent limitation and Secretary Udall estimated such "bonus" imports would total 300,000 barrels per day within several years. So here again the industry is faced with actions unrelated to the national security which could have a far-reaching impact on the effectiveness of the program.

10. *Asphalt Imports:* Proclamation 3779, dated April 10, 1967, delegates to the Secretary of the Interior authority to permit asphalt to be imported in excess of the maximum import levels established in the interests of national security. On August 28, 1967, the Secretary of the Interior issued proposals to implement this proclamation. The purpose of this change in the Proclamation and the pending proposals of the Secretary are extraneous to the national security objectives as to oil supplies. In addition, this change in the import program is unnecessary because