order of $36 million dollars annually. Also, this action rewards Middle East nations by restoring markets in the United States for oil denied to this country during the 1967 crisis.

Appendix E.—U.S. Balance of Payments and World Oil Trade

Oil is the largest item in world trade. Analysis of world oil trade reveals two significant facts: (1) that oil imports into U.S. constitute our largest trade deficit item; and (2) that the Mandatory Oil Import Program does not prevent a very healthy growth rate in the principal foreign oil producing countries.

OIL AND U.S. BALANCE OF PAYMENTS

Despite the Administration's program to improve the balance of payments, persistent deficits continue.

The deficit in U.S. petroleum trade is a significant item in our chronic balance of payments problem. Oil is now the Nation's No. 1 commodity import, dollar-wise. Petroleum imports last year were valued at $2.1 billion according to the Department of Commerce. Even this reported total is understated since the values are based on the market value in the foreign country, or f.o.b. port of loading. The reported total does not include tanker freight payments to foreigners to haul the oil or U.S. military purchases abroad. If these payments are added the total outlays for foreign oil becomes $2.6 billion in 1967.

A summary of the dollar value of U.S. petroleum imports and exports as reported by the Department of Commerce for the last ten years is as follows:

U.S. PETROLEUM TRADE BALANCE

[In millions of dollars]

	Exports, petroleum and products	Imports, petroleum and products	Petroleum trade balance
1956	762	1,286	−524
1957	992	1,548	−556
1958	557	1,615	−1,058
1959	480	1,529	−1,049
1960	479	1,534	−1,055
1961	445	1,637	−1,192
1962	443	1,729	−1,286
1963	446	1,782	−1,336
1964	419	1,873	−1,454
1965	418	2,052	−1,634
1966	436	2,104	−1,668
1967	539	[1] 2,089	−1,550

[1] Suez crisis caused a reduction in imports.

A stabilization in the volume of oil imported and the diversion of a portion of military purchases from foreign to domestic sources are two practical means of making a substantial contribution toward alleviating our balance of payments deficit. Equally important, such actions would serve the interest of national security by assisting in the restoration of vitality to the domestic petroleum industry so that adequate availability of oil and gas would be assured.

Unfortunately, rather than stabilizing imports, the Department of the Interior, through recent actions and inactions, has permitted imports over and above the 12.2 percent ceiling in the amount of about 240,000 barrels daily in 1968 with the result that the balance of payments has been adversely affected in the amount of about $240 mililon annually.

OIL HAS CONTRIBUTED MORE THAN ITS FAIR SHARE

It is submitted that no one domestic industry should be called upon to contribute more than its fair share to the stimulation of foreign trade.

The history of oil imports shows that oil has made a disproportionate contribution.