Russian production, which was only 20 percent of U.S. output in 1955, has increased steadily and in 1967 amounted to 66 percent of United States production.

Exploration and development in Russia is expanding. There is a continuing decline in the United States.

Between 1955 an 1960, U.S. crude oil production increased 3 percent, total free world production rose 30 percent, but Soviet output more than doubled. During the interval 1960–1967, U.S. crude oil production increased by 1.8 million barrels per day, or 25 percent, while output in the U.S.S.R. rose by 2.8 million barrels per day, or almost double the U.S.S.R. production rate in 1960.

Soviet Bloc oil exports, exluding intra-Bloc trade, exceed one million barrels per day and constitute the largest trade item with free world nations. The Soviet Government arrangements for sale of petroleum to free world customers are usually made on a government-to-government basis. Terms are set to further the Soviet political and economic gains and effectively eliminate competition from other supply sources. The Soviet Union has used barter arrangements where oil is exchanged for a specified list of products. The value of oil in this arrangement varies according to the importance of the commodities received in exchange. Regular commercial sales are also made without exchange of goods with a Soviet discount sufficiently below established prices to close the deal. Petroleum exports are also arranged to satisfy trade deficits from previous imports. In addition, trade arrangements have been made wherein oil is shipped as part of a long term Soviet loan.

In view of Russia's increasing strength as to petroleum, the United States must have the assurance of adequate domestic oil supplies. This requires an effective program of limiting U.S. oil imports so that domestic production can expand in keeping with national requirements.

Mr. McClure. I think we will proceed then with Mr. Clinton Engstrand, who represents the Kansas Independent Oil & Gas Association and the liaison committee. Clint.

STATEMENT OF CLINTON ENGSTRAND

Mr. Engstrand. I am appearing in a dual role and I will cover the liaison committee first.

My name is Clinton Engstrand. I am appearing on behalf of R.A. Campbell, who is chairman of this committee, and I happen to be vice chairman.

The liaison committee is composed of representatives from 22 oil and gas associations spread throughout the United States, and I am merely going to make a short statement that we met in Biloxi, Miss., last month and voted to appear before this committee in full support of the testimony submitted by the Independent Petroleum Association of America.

The liaison committee endorses the need for congressional guidelines that will insure elimination of special treatment and volumetric loopholes in the mandatory oil imports program which now seriously threaten the program's integrity and effectiveness.

Mr. Chairman, the liaison committee strongly urges that Congress adopt legislation that would assure a sound import program free from administrative manipulation on behalf of the special interests and nonsecurity objectives.

(The liaison committee's statement follows:)

Statement of Position on the Mandatory Oil Imports Program by the Liaison Committee of Cooperating Oil and Gas Associations, R. A. Campbell, Chairman

Mr. Chairman and members of the committee, my name is Clinton Engstrand of Wichita, Kansas. I appear before you on behalf of R. A. Campbell, Chairman of the Liaison Committee of Cooperating Oil and Gas Associations. I am Vice-