

Third, since oil import control legislation adds nothing new in the field of foreign trade, the argument that it would lead to counter-measures by other nations falls flat. Here again is a basic difference between oil and other commodities. Nations which might have been affronted by oil import controls have had a 10-year period in which to react; none of them has done so.

LEGISLATION ESSENTIAL

For the reasons stated herein, we urge the adoption of proposed legislation to spell out, by law, the intent of the Congress when it adopted the so-called Defense Amendment to the Trade Agreements Act. Recent events have convinced us that sight of the national security purpose of the program is being lost by the granting of special deals, and that legislation is essential if the program is to be returned to that purpose.

Thank you for this opportunity to present our views.
(Mr. Trueblood's statement referred to follows:)

STATEMENT R. W. TRUEBLOOD, PRESIDENT, BELRIDGE OIL COMPANY

The Belridge Oil Company is a typical non-integrated producer of crude oil in California. Because crude oil sales constitute our only source of operating income we are directly affected by changes in economic conditions which influence the marketability of crude oil. For this reason, we are qualified by experience to comment on the mandatory oil import program as it applies to Petroleum District V, the seven western states.

In our opinion, the domestic producing industry, particularly the independent producer, owes its continued existence to the adoption in 1959 of the mandatory oil import program. We believe that a continuation of this program is requisite to a viable domestic petroleum industry capable of meeting this country's needs. This does not mean to imply that we are completely satisfied with the present import program, nor that we feel that it cannot be strengthened and improved—quite the contrary. However, the incontrovertible fact remains that prior to the imposition of the mandatory oil import program in March 1959, excessive uncontrolled imports of foreign crude into District V had created such chaotic economic conditions that the welfare of not only the independent producer but also of the entire domestic industry was seriously threatened. The west coast area was being inundated by a flood of low priced foreign crude. The effect of the resultant oversupply was immediate and adverse. All phases of industry activity, including allied service industries, were curtailed with an accompanying reduction in employment and tax revenue which contributed to a marked deterioration in the general economy.

Subsequent to the adoption of the mandatory oil import program, gradual and steady improvement occurred in all generally recognized industry economic indices, except the price of crude which has never recovered and is currently severely depressed by any standard of measurement. Under the stabilizing influence of the import program it has been possible to maintain what may be termed minimal satisfactory conditions in District V. However, we are apprehensive that the recent spate of exceptions, exemptions and bonus quotas, granted to special interests in other areas by arbitrary executive order, will spread into District V, thereby seriously weakening the effectiveness of the import program here as it already has in the remainder of the country.

We believe that past history has unequivocally demonstrated the need for a continuation of the mandatory oil import program, essentially in its present form as applied to District V. Conditions in this area are particularly sensitive to an imbalance between supply and demand. Oversupply of crude is invariably accompanied by an immediate deterioration in the economic factors which affect the domestic petroleum industry and the general economy. There is an essential need for a program such as this which achieves an effective balance between domestic supply and total demand while still providing a means whereby increases in domestic production will find a ready market. Such a program is