Still pending is an application by Texaco involving facilities that Texaco proposes to construct in Puerto Rico.

5. Canada

In recent years the quantity of exempt overland oil moving from Canada into the United States has increased dramatically.

In 1966 exempt overland Canadian oil imports into Districts I–IV were estimated by the Interior Department at 180,000 barrels per day. Actual imports exceeded 210,000 barrels daily during that year. In 1967 the estimate was increased to 225,000 barrels per day but imports actually jumped to over 250,000 barrels per day. For the first half of 1968 Interior estimated that the overland movements of crude oil from Canada into the United States would total 280,000 barrels per day, but imports have been exceeding this estimate by about 60,000 barrels daily. These overages effectively displace substantial quantities of oil that could be produced from reserves in the southwest. Future growth in Canadian shipments of oil into the United States should level off to some reasonable amount.

6. Carryover of unused 1967 licenses

The Middle East War of last June disrupted the normal flow of oil to world markets and resulted in a substantial decrease in the amount of licensed imports experienced during the year 1967.

The deficiency of imports into Districts I through IV during the year totaled 51,700,000 barrels or about 141,761 barrels per day for the full year.

In mid-February the Secretary of the Interior announced that half of the unused 1967 import licenses would be valid for the year 1968 and the remaining half would be valid in the year 1969. Interior further announced that one-half of the unused licenses would be within the 12.2% ceiling. This decision will result in about 36,000 barrels per day of oil being imported "above the 12.2% ceiling" for the next two years.

7. The "import-for-export" plan

During mid-1967 a group of nine large international chemical companies known as the "Chemco" group pushed for government approval of a plan publicized as the "Chemco" Plan that would permit unlimited shipments of foreign petroleum products (primarily naphtha) into the United States.

In addition to unrestricted access to foreign feedstocks the Chemco Plan contained a separate provision that would permit imports of foreign petrochemical feedstocks equivalent to the quantities of feedstock consumed to manufacture products that are exported.

At a press conference on December 28, Secretaries Udall and Trowbridge jointly announced that the "unlimited access" feature of the "Chemco Plan" has been rejected.

During the same press conference the two Secretaries announced their desire to adopt a new "import-for-export" plan for both the petrochemical and petroleum industries. Quotas to be assigned as a result of this plan were designated "bonus" quotas. The status of the "import-for-export" plan is still pending. Also unanswered is whether the quotas granted under such a plan would be within or on top of the 12.2% ceiling.

In my judgment, the largest single exception threatening the program is the proposal to "exempt" quotas to the petrochemical industry from the Mandatory Oil Import Program. This industry has claimed a need for access to foreign feedstocks both as a matter of competitive capability and as a matter of equity.

Neither of these claims has any basis in fact. An authoritative study by Stanford Research Institute last year indicated that adequate supplies of domestic petrochemical feedstocks are and will continue to be available in the United States at internationally competitive prices. The net petrochemical export position of the United States, the study showed, will improve—irrespective of the level of feedstock imports—from about $1.3 billion to $2.3 billion by 1975. Thirdly, the study indicated, changes in import quotas for petrochemical feedstocks will not measurably affect the positive trade balance for the industry.

The offshore territories provision, that allows increases in imports of crude and unfinished oils into Puerto Rico to promote expansion of employment and conservation, is likewise a major loophole in the program. Under the provision, petrochemicals made from crude and unfinished oils imported into Puerto Rico can enter the United States without restriction. Hence, the right to import petro-