It has been noted that your committee has now heard testimony on across-the-board quotas for imports and is presently hearing witnesses on establishing quotas for specific commodities and industries. It has been indicated that tariffs on petroleum imports might be increased or limited to a percentage of an antecedent or estimated base. We are opposed to limiting petroleum imports by way of tariff regulations. In our opinion such action would serve only to raise prices of petroleum products to consumers as well as increase the crude oil costs for small oil refiners.

As you know the existing mandatory oil import program is predicated upon national security objectives under the provisions of the Trade Expansion Act of 1962. It is our recommendation that the basis for this program be continued.

In event your committee decides to report out legislation with respect to the import control program imposing certain policy guidelines, we respectfully suggest that such an act encompass the following items:

1. No rigid or fixed percentage limitation related to an antecedent or estimated base be placed in such act. It is felt that any legislated percentage, as previously stated, would eventually result in increased consumer prices. It is imperative, if fixed limits are set by laws, that the act contain authority for the President to adjust such fixed percentage within definitive limits based upon his review and study of domestic economic and industry conditions.

2. Clear guidelines requiring that allocations of permissible imports be distributed on a graduated, sliding scale based upon the size of individual companies. Such graduated allocations do not, as is sometimes alleged, amount to a windfall or a special deal for small refiners, as each refiner, including all majors and regardless of size, gets exactly the same benefits for any given bracket. The graduated scale serves to distribute the benefits attached to crude oil imports equitably among all refiners. This equalization is necessary since it is recognized that tremendously large integrated enterprises actually wield a disproportionate amount of economic power. These giant international oil companies have tremendous amounts of domestic crude oil production. The price they realize for these domestic crude oils has increased because of import limitations on crude oils. They also receive additional benefits from foreign tax credits and from depletion allowances based upon higher domestic crude oil prices. Such benefits are available mostly to the large integrated refiners.

3. In order to prevent small oil refiners from having their benefits under the graduated scale curtailed or eliminated, the act should provide for a separate set-aside for refiners who process less than 30,000 barrels a day in their facilities. Similar preference for small businesses of all types is a well established policy under several Federal statutes. The amount of imports required to provide this economic assistance would be a very small percentage of any total permissible imports.

We believe, insofar as legally possible, using the oil import program for special treatments to assist social and environmental purposes, should be eliminated, thus assuring permanence and stability in the