IRAA points out that the real success of the program depends not only on the overall quantitative limit on imports but also significantly upon the way in which quotas are actually distributed. This aspect of the matter, which is not touched by the presently proposed legislation, is of particular concern to independent refiners because the very survival of most independent refiners today depends upon their oil import quotas.

There was carefully developed over several years and under three Presidents a method for distributing import quotas which has been highly effective, namely, to refiners on a sliding scale basis in inverse relation to refining size. To discourage further deleterious tinkering with the program, IRAA urges the Senate Finance Committee to express its endorsement of this method of distributing these valuable import rights and to confirm the quota treatment which the independent refiner has had and must continue to have if the import program is to succeed.

Detailed reasons and views in support of IRAA's position are set forth in the current statement and in several prior IRAA statements at Congressional and Administrative hearings. These are submitted and also incorporated by reference.

STATEMENT

This statement is submitted by the Independent Refiners Association of America for two purposes. The first is to express the views of this Association in connection with the Committee hearings of October 18–20 on specific import quota proposals including oil. The second is to express IRAA's views with respect to the Committee's general review of U.S. trade policies, and the proposed extension of the trade agreements statutes, as to which hearings are yet to be convened and the Committee has asked that papers be filed in advance.

It is appropriate at the outset to identify this Association and the companies it represents. The Independent Refiners Association of America consists solely of independent oil refiners. It includes independent refiners of all types—in all parts of the country and of varying size—representing their common interests as independents.

A word about the independent refiner. The independent refiner characteristically owns or controls little of the crude petroleum which he processes and except in rare instances, has little control over the markets in which he sells the products which he manufactures. Yet without a refining element in the petroleum industry crude oil cannot be transformed into consumable products and without the independent refiner, the competitive elements in the market place which provide such products to the consumer will be removed. Moreover, the independent refiner by size and location possesses facilities not readily susceptible of destruction, in even the most grave national emergency. Further, an excess refining capacity upon which this country must depend in times of national peril exists in operable condition, immediately available, only by virtue of the existence of the plants of the independent refiner. The independent refiner is, therefore, criticially important to competition in the domestic economy and to our national security in emergencies.

Because of their position, dependent upon the purchase of crude oil for their raw material supply, independent refiners have had from the inception of oil import controls a special concern with the measures proposed to allocate foreign oil to firms in the United States. From the outset of import controls in 1959, this subject has been a matter of major interest to the Association and its members. The current importance of import controls to independent refiners is most simply illustrated by the fact that, absent the share in foriegn oil which the import control program allocates to independent refiners, most independent refiners in the United States would be operating at a loss today.

As a result of IRAA's deep concern with oil imports we have testified at all of the Congressional hearings bearing on this subject and all of the administrative hearings on this subject since the inception of the program. The impact upon independent refiners of alternative control measures and the facts in support of independent refiners' proposals (which have been largely embodied in the program as developed until recently) have been set forth previously in these various statements. The most recent of these, submitted in the Department of the Interior's general hearings on the oil import program in May 1967, brought these facts up-to-date. In the interest of brevity we incorporate by references and attach herewith certain of these key statements, to wit: Statement of May 10,