NEWS from
U.S. Senator
Bob Dole
(R.—Kans.) New Senate Office Building, Washington, D.C. 20510 (202) 224-6521

FOR IMMEDIATE RELEASE
TUESDAY, JUNE 27, 1978

CONTACT: BILL KATS
202-224-8947

DOLE AMENDMENT WOULD PROHIBIT FUNDING OF OIL IMPORT FEE

WASHINGTON -- Sen. Bob Dole (R-Kan.) today introduced an amendment to the Treasury Appropriations Bill providing that no funds can be used for the enforcement of an oil import fee, which President Carter has threatened to implement in the past few days.

The President late last week said that he might impose additional oil import fees as a method to induce energy conservation.

"The imposition of a $5 import fee on oil would be nothing short of disastrous," Dole said. "The real question is how effective would the higher price be in decreasing our total imports of petroleum? The analysis shows two things. First, the decrease in imports will be insignificant. Second, the cost to the American consumers will be astronomical."

Dole said consumers would be paying nearly $35 million a day to achieve the desired reduction in imports.

Following are th- floor remarks of Sen. Dole:

Mr. President, I send to the desk an amendment to the Treasury Appropriations Bill to effectively prevent the President from imposing additional oil import fees as a method to induce energy conservation.

Mr. President, the Energy Tax Bill adopted last October contained an amendment introduced by the Senator from Kansas which would prevent the President from imposing ineffective oil import fees on imported petroleum and petroleum products. Since the Energy Tax Conference has not met since December 7 of last year, that amendment is unlikely to be enacted.

Because of the continuing threat by the administration to impose oil import fees as a method of energy conservation I introduced S. Con. Res. 73 on April 4. That resolution co-sponsored by 30 other senators, expresses the sense of the Congress that the President should not impose an oil import fee on imported oil as a way to reduce imports. The Senate Finance Committee reported my resolution on May 9 by a vote of 11 to 6.

Mr. President, the centerpiece of the administration's energy program -- the Crude Oil Equalization Tax -- is unlikely to be enacted by Congress. Because the administration believes they must salvage their shattered program, they are threatening the Congress and the American public with a $5-per-barrel fee on imported oil. It now seems likely that the President might actually impose such an import fee.

It seems to me, as a senator who has had an interest in this matter for many months, that the import fee should not be imposed. When this concept was mentioned by Mr. Schlesinger last fall, many of us thought it was just a get tough tactic. It was, nevertheless, somewhat akin to balckmail, and I act to prevent such a hasty move by the administration. It was an idea born out of frustration because the Finance Committee was in the process of dismantling the administration's energy program.

Mr. President, Section 232 of the Trade Expansion Act of 1962 delegates to the President discretionary authority to adjust imports to the extent necessary so that they will not threaten to impair the national security. Adjustments to limit imports include quantitative restrictions or monetary assessments. The Senator from Kansas believes that the Congress bears the ultimate responsibility for the regulation of foreign imports.

Mr. President, the imposition of a $5 import fee on crude oil would be nothing short of disastrous. The real question is how effective would the higher price be in decreasing our total imports of petroleum? The analysis shows two things. First, the decrease in imports will be insignificant. Second, the cost to the American consumers will be astronomical.

Using the numbers that are found in the Department of Energy's own models, we have calculated that a proposed fee will decrease imports by only 0.2 to 0.3 million barrels a day, out of a total import of 7-million-plus barrels a day.

In order to achieve that reduction in imports, the American consumer will pay approximately $35 million every day. That is nearly $12 billion a year in new federal revenues.

Mr. President, the administration has stated that conservation is the cornerstone of their energy policy because it costs less to save a barrel of oil than to buy one. Using the numbers derived it is easy to determine that the oil import scheme between $100 and $150 dollars per barrel to decrease imports. As incredible as it seems, the oil-import fee is even worse than the crude oil equalization tax. Most of my colleagues need not be reminded that it costs only $14 to buy a barrel of oil.

In recent weeks the countries of the OPEC cartel have been meeting in Geneva. Due to the work of Saudi Arabians, the OPEC cartel has agreed not to raise the price of imported oil for the remainder of this year. Their decision was based largely on the fact that many of the Western economies could not absorb additional increases in price.

Mr. President, if the administration imposes a $5 import fee on oil it will be a clear signal to the OPEC cartel that the American economy is willing and able to bear additional costs for imported oil. Try to put yourself in the position of an oil minister who sees the United States paying $5 a-barrel more than he is getting for his own oil. Logically, the OPEC countries will ask why the United States Treasury should be getting an extra $12 billion a year when the $5 of money could go to his own treasury. Do we really want to show OPEC that the American system is capable of getting along with a price hike of $5 a barrel?

Mr. President, an oil import fee would have severe regional repercussions in many selected areas of the country. In these areas, principally the Northeastern United States, there is no alternative energy resource. If the administration promises they will iron out these impacts, they are only destroying what they propose to be the effect of the oil import fee. Indirect subsidy by regional impact is counterproductive to the intent of inducing energy conservation by a raise in price.

One of the principal reasons for the enactment of an oil import fee is to eliminate the complicated entitlements program. Indeed, the Administration argued before the Senate Finance Committee that one of the principal benefits of the Crude Oil Equalization Tax was the elimination of the entitlements program. However, an oil import fee will cause the entitlements program to be further complicated and will have as yet an unknown impact on the American domestic refining industry.

Mr. President, my amendment is simple. It provides that no funds shall be used for the enforcement of an oil import fee should it be imposed. The oil import fee is a bad idea whose time has not yet come. The facts indicate that without a doubt an oil import fee has no place in a rational and economically sound energy policy.