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NEWS from
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SENATORS ASK CONFEREES TO RETAIN DOLE BAN ON OIL IMPORT ADJUSTMENTS

WASHINGTON -- Sen. Bob Dole (R-Kan.) announced today that he and 24 other senators are sending a letter to House-Senate conferees working on the Treasury Appropriations Bill, asking that they retain an amendment by Sen. Dole prohibiting any attempt by the President to apply oil import adjustments. The Dole amendment was passed by the Senate on June 27.

The letter tells the conferees that the "the imposition of an oil import adjustment would be an expensive method to save very little energy." It also states that a $5 oil import fee would cost consumers nearly $15 billion a year and increase inflation by 1.5 percent.

President Carter threatened two weeks ago to impose oil import fees if Congress rejected his energy tax program. The Senate passed the Dole amendment in response to those threats.

"The House has delayed sending the appropriations bill to conference, and this in itself indicates there is broad support in the House for retaining this amendment," Dole said. "I hope the conference will meet and approve the amendment before President Carter goes to Bonn this weekend. The world should know that Congress is opposed to higher and higher taxes disguised as an energy policy.

"The President's threats to impose adjustments on foreign oil were nothing more than attempts to save his shattered energy tax program. There are many of us in Congress who feel that this is not the way to build a strong energy policy. We don't want the President to play politics with America's energy future."

The senators cosigning the bill are: Dole, Sen. John Durkin (D-N.H.), Sen. Lowell Weicker (R-Conn.), Sen. William Hathaway (D-Maine), Sen. William Roth (R-Del.), Sen. Edward Brooke (R-Mass.), Sen. Clifford Hansen (R-Wyo.), Sen. Orrin Hatch (R-Utah), Sen. Donald Riegle (D-Mich.), Sen. Harrison Schmitt (R-N.M.), Sen. Richard Lugar (R-Ind.), Sen. Robert Stafford (R-Vt.), Sen. Ted Stevens (R-Alaska), Sen. John Heinz III (R-Pa.), Sen. Carl Curtis (R-Neb.), Sen. Dewey Bartlett (R-Okla.), Sen. Jake Garn (R-Utah), Sen. Jesse Helms (R-N.C.), Sen. John Melcher (D-Mont.), Sen. John Chafee (R-R.I.), Sen. Richard Schweiker (R-Pa.), Sen. S.I. Hayakawa (R-Calif.) and Sen. Richard Stone (D-Fla.) Sen. Malcom Wallop(R-Wyoming), Sen. Strom Thurmond(R-South Carolina).

The following is the text of the letter:

The Administration has been threatening Congress and the American consumer with administrative action under the powers granted under Section 232 of the Trade Expansion Act of 1962 if Congress does not enact the Crude Oil Equalization Tax. The Senate amendment to the Treasury Appropriations Bill seeks to prohibit this unilateral action. We believe that the amendment should be retained by the Conference Committee.

The imposition of an oil import adjustment would be an expensive method to save very little energy. According to a number of different studies, a $5 oil import fee would cost consumers nearly $15 billion a year and increase inflation by 1.5%. An oil import fee scheme would cost between $100 and $150 per barrel to decrease imports. According to a recent report by the Congressional Budget Office, "imposition of a crude oil import fee would have not more than a minor effect on the U.S. balance of payments." Moreover, the report concluded, unemployment could rise by as much as 400,000 jobs.

Oil import adjustments, also, would have a severe regional economic impact. In these areas, principally the Northeastern United States, there is no alternative energy resource. Promises of illusory subsidies to these areas are counter-productive to the intent of inducing energy conservation by an artificial increase in price.

In recent months, the OPEC countries have announced there will be no increase in the price of imported oil for the remainder of this year. A $5 import fee on oil, however, would be a clear signal to the OPEC cartel that the American people are willing and capable of paying more for imported oil. The Senate by its vote indicated that it was not willing to have the price of imported oil soar to nearly $20 per barrel.

Import adjustments such as being discussed by the Administration have no place in a rational and economically sound energy policy. We urge you to retain the Senate amendment.