Calendar No. 718

95TH CONGRESS 2d Session | SENATE | REPORT No. 95–787

OIL IMPORT FEES

MAY 9 (legislative day, APRIL 24), 1978.—Ordered to be printed

Mr. MOYNIHAN, from the Committee on Finance, submitted the following

REPORT

[To accompany S. Con. Res. 73]

The Committee on Finance, to which was referred the concurrent resolution (S. Con. Res. 73) to express the sense of the U.S. Congress regarding the imposition of import fees on crude oil by the President of the United States, having considered the same, reports favorably thereon with an amendment to the preamble and an amendment to the text and recommends that the concurrent resolution as amended do pass.

I. SUMMARY

Senate Concurrent Resolution 73 expresses the sense of the Congress that additional fees should not be imposed on imported oil by the President under section 232 of the Trade Expansion Act of 1962.

II. GENERAL EXPLANATION

Present law

Section 232 of the Trade Expansion Act of 1962 (19 U.S.C. 1862) 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 the limit imports include quantitative restrictions (quotas) or monetary assessments (tariff or fees).

Among the factors the President must consider in determining whether imports threaten to impair the national security, the Trade Expansion Act of 1962 specifically identifies the following:

(1) Domestic production needed for projected national defense requirements;

(2) The capacity of domestic industries to meet projected national defense requirements; and

(3) The quantity, availability, character, and use of the imported goods as these affect industries essential to the national defense and the capacity of the United States to meet national security requirements.

Currently, specific import license fees of 21 cents and 63 cents are imposed on each barrel of imported crude petroleum or petroleum products, respectively. Statutory import duties of 5 or 10 cents per barrel, depending on the specific gravity of the oil, are also imposed. The tariffs are deducted from the amount of the license fees.

The Trade Act of 1974 delegates to the President discretionary authority to modify duties on imports under certain circumstances. Title I of the act authorizes the President to increase or impose U.S. import duties pursuant to trade agreements with foreign countries if he determines that such duties are unduly burdening U.S. foreign trade and are interfering with the development of mutually beneficial trade between the United States and foreign countries.

Committee action

The committee ordered favorably reported Senate Concurrent Resolution 73 with an amendment. The resolution, as amended, states the sense of the Congress that additional import fees on imported oil should not be imposed by the President of the United States as a way to reduce imports of crude oil. In addition, if fees are not imposed on imported crude oil and if a crude oil equalization tax is not imposed on domestically produced crude oil, then the President should not impose additional fees on imported refined petroleum products. Finally, prior to imposing additional import fees on imports of refined petroleum products, the President should hold open public hearings to assess, and mitigate, the effects of such fees on the economic wellbeing of affected regions and industries.

Reasons for action

The committee believes that the Congress bears the ultimate responsibility for the regulation of foreign imports. Although the committee recognizes that sudden or severe situations, such as war, require delegation of authority for import adjustments to the President in order that any necessary changes in quotas or duties be made swiftly, the Congress should itself determine any fundamental adjustments of imports critical to the national economy, particularly imports of petroleum or petroleum products.

The committee believes that the imposition of additional import fees would cost consumers $12 billion per year without significantly reducing U.S. imports of oil. Such action would have a severe inflationary effect on the U.S. economy.

Further, regions, such as the Northeast, where no substitute fuel is available, would be subjected to severe dislocations by a sudden, significant, increase in oil import duties. The committee believes significant increases in oil import fees may severely disrupt certain industries which necessarily rely on imported crude oil as a raw material.

The committee also believes that the imposition of such fee would provide the Organization of Petroleum Exporting Countries cartel with a clear indication that the United States is prepared to pay an even higher price than the existing price for imported crude oil.

III. VOTE OF THE COMMITTEE IN REPORTING THE RESOLUTION

In compliance with section 133 of the Legislative Reorganization Act of 1946, the committee states that the concurrent resolution was ordered reported by the following rollcall vote:

Ayes (11): Messrs. Ribicoff, Byrd, Hathaway, Matsunaga, Moynihan, Curtis, Hansen, Dole, Roth, Laxalt, and Danforth.

Nays (6): Messrs. Long, Talmadge, Nelson, Gravel, Bentsen, and Haskell.