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January 17, 1975

SUBJECT:

NEW ENGLAND HIT HARDEST
BY PRESIDENT'S PROGRAM

What is the Administration doing to counter opposition from New England regarding the President's new import fee plan?

GUIDANCE: The Administration has taken steps to reduce the impact of the President's import fee plan on New England. By our plan, individual consumers in New England will not pay any more for their petroleum products than any others in the country also using petroleum products. It is true that New England relies mainly on imported oil, and the majority of this is imported product. That is why imported products will receive a rebate. When you have a chance, you may want to look at page 33 of your Fact Sheet. As you know, there will be an import fee on crude oil and petroleum products of \$1 in February, \$2 in March, and \$3 in April. However, in order to overcome any severe regional impacts that could be caused by large fees in an import-dependent area, imported products will receive a rebate. The rebate will be approximately \$1 in February, which means, there will be no fee on imported products in February, \$1.40 in March, which means a 60¢ fee in March, and \$1.80 in April or \$1.20 total fee.

Now it is true that New England is more dependent on petroleum products than other regions of the country. However, I reiterate that they will not pay any higher prices for petroleum products than any one else in the country. They will pay more though than those persons using coal or natural gas, and you must realize that coal and natural gas is also getting more expensive.

I'd also like to point out that FEA today has requested public comment on proposed changes to their price regulations which would limit the ways in which the refineries can pass these costs through. By these proposed regulations, refineries would be particularly prevented from disproportionately loading the increased costs on to heating oil and residual oil, which are intensively used in New England. FEA will be receiving final comments by February 5, and will be reviewing the entire impact of the program on New England.

JGC