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FEDERAL ENERGY ADMINISTRATION

WASHINGTON, D.C. 20461

APR 25 1975

OFFICE OF THE ADMINISTRATOR

MEMORANDUM FOR THE PRESIDENT

FROM: Frank G. Zarb *g*

SUBJECT: Oil Imports

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The effect of the Arab embargo in the winter of 1973/1974 and the economic slowdown we experienced in the latter part of 1974 and early 1975 have distorted actual imported oil levels. This memorandum briefly summarizes the key trends.

Historical and Projected Imports (Millions B/D)

	<u>1972</u>	<u>1973</u>	<u>1974</u>	<u>1975</u>	<u>1977</u>
Jan.-March	4.8	6.1	5.2	6.2	
April-June	4.3	5.7	6.2	5.6*	
July-Sept.	4.4	6.2	6.2	5.6*	
Oct.-Dec.	5.2	6.3	6.7	6.7*	
Total Year	4.7	6.1	6.1	6.0**	7.5

* Estimated

**More recent revisions that account for the stimulus of the tax cut adjust this figure to 6.3.

There are several historical patterns to note.

- Imports typically are highest during the winter and drop appreciably during the mid year, as can be seen from the 1972 data.
- The pattern in 4th quarter of 1973 and 1st quarter of 1974 was disrupted by the embargo with resulting lower imports.

- In 1975 1st quarter imports were lower than expected due to weather and the economic slowdown, but are still running above last year due to the embargo.

Projections through 1975 and Beyond

- Through the summer imports will continue to decline following normal seasonal trends.
- By early fall, imports will rise following normal trends of inventory build up.
- With a growing economy in late summer, imports should rise to about 6.7 MMB/D during the last three months of 1975 and peak this winter at an all time high of up to 7.0 MMB/D.
- The yearly average for 1975 will be 6.3 and by 1977 this will rise to about 7.5 MMB/D.

Energy Policy Implications

When discussing these numbers publicly, I would suggest you make the following points.

- While imports are declining now, with the upturn in the economy they will be at all-time highs by year end.
- Even if the Middle East situation was resolved and the chance of an embargo was minimal, increasing dependence would make us vulnerable to further price increases by the Arab nations.