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THE WHITE HOUSE
WASHINGTON

December 17, 1975

MR PRESIDENT:

The attached memorandum has been reviewed by the Counsel's office and they have no objection to the Statement suggested by Frank Zarb.

With your approval Frank Zarb will release this statement tomorrow, December 18.

Approve MC 7 Disapprove _____

*Minor change
first sentence*
Jim Cooper

THE WHITE HOUSE

WASHINGTON

December 18, 1975

ADMINISTRATIVELY CONFIDENTIAL

MEMORANDUM FOR:

FRANK ZARB

FROM:

JIM CONNOR *JEC*

SUBJECT:

Statement Regarding Removal of
Tariff

Confirming telephone call to your office last evening, the President reviewed your memorandum of December 11, 1975 on the above subject and approved the release of your proposed statement today. The following notation was made:

"Minor change first sentence"

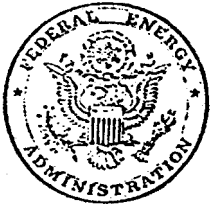
Please follow-up with appropriate action.

cc: Dick Cheney

Attachment:

Approved Statement





FEDERAL ENERGY ADMINISTRATION
WASHINGTON, D.C. 20461

OFFICE OF THE ADMINISTRATOR

December 11, 1975

MEMORANDUM FOR THE PRESIDENT

FROM: FRANK G. ZARB *FJ*
SUBJECT: STATEMENT REGARDING REMOVAL OF TARIFF

You recall we had a discussion earlier on the need to make some kind of statement regarding our intention to make a decision concerning the tariff removal effective December 1.

Alan Greenspan felt that we should place certain caveats in such a statement. We have, therefore, worked one out which has the approval of Lynn, Greenspan, Seidman and Morton. A copy is attached.

With your approval we will make a low key announcement this week.

Attachment



STATEMENT REGARDING CIRCUMSTANCES AND TIMING
RELATED TO POSSIBILITY OF TARIFF REMOVAL

Price controls under the Emergency Petroleum Allocation Act expire at midnight December 15, 1975. However, the Congress has under consideration the Energy Policy and Conservation Act which, if enacted, will extend this authority.

Under certain circumstances, the \$2 import fee on crude oil might be removed as part of the final resolution of this situation. First, if price control authority expires, the President has previously indicated that the \$2 import fee would be lifted to cushion the economic impact of immediate decontrol. Second, if the President were to decide to sign the Energy Policy and Conservation Act, the \$2 import fee would also be removed in conjunction with the new pricing policy incorporated in that bill.

Under other circumstances, it is possible that the import fee could be retained.

Because such different results may occur, importers must operate in an environment of uncertainty which, in turn, causes economic distortions. For example, prudent importers may curtail imports of crude oil in order to avoid possible inventory losses if prices subsequently fall due to the removal of the import fee.

Therefore, to eliminate possible market distortions from developing, the President has decided to make any removal of the crude oil import fee, whether as a result of immediate decontrol or a decision to sign the Energy Policy and Conservation Act, effective retroactively as of December 1, 1975.

