

September 27, 1974

Office of the White House Press Secretary

NOTICE TO THE PRESS

The attached Proclamation signed by President Ford today reduces the existing import fees for importation into the United States of all natural gas products. This action was recommended by the Administrator of the Federal Energy Administration as a means of supplementing and increasing natural gas supplies, thereby increasing its availability and stabilizing prices.

Questions should be directed to the Public Information Office at FEA.

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THE WHITE HOUSEMODIFYING PROCLAMATION NO. 3279, RELATING TO IMPORTS
OF PETROLEUM AND PETROLEUM PRODUCTS, PROVIDING FOR
THE LONG-TERM CONTROL OF IMPORTS OF PETROLEUM AND
PETROLEUM PRODUCTS THROUGH A SYSTEM OF LICENSE
FEES AND PROVIDING FOR GRADUAL REDUCTION OF
LEVELS OF IMPORTS OF CRUDE OIL, UNFINISHED
OILS, AND FINISHED PRODUCTS-----
BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

I am advised by the Administrator of the Federal Energy Administration that certain technical changes to Proclamation No. 3279, as amended, are required. Among these technical changes are the clarification of certain definitions, a provision to eliminate conflict between the Oil Import Control Program and the Mandatory Petroleum Allocation Program, and the establishment of added capacity as the basis for import allocations to new, expanded, and reactivated refineries and petrochemical plants. In addition, the Administrator informs me that lowering the import fee schedule on natural gas products to the level assigned to crude oil will make United States interests more competitive in obtaining this valuable commodity in the world market.

The Administrator advises me that the changes set forth in this proclamation are consistent with the national security objectives of Proclamation No. 3279, as amended, and recommends that such changes be made.

I agree with the foregoing recommendations and findings of the Administrator.

NOW, THEREFORE, I, GERALD R. FORD, President of the United States of America, acting under and by virtue of the authority vested in me by the Constitution and laws of the United States, including section 232 of the Trade Expansion Act of 1962, as amended, do hereby proclaim that, effective the date of this proclamation, Proclamation No. 3279, as amended, is hereby amended as follows:

1. Subparagraph (2) of paragraph (d) of Section 2 is amended to read as follows:

"(2) Entries for consumption of imports from Canada by pipeline may be made until midnight, May 15, of the allocation period following the allocation period in which any license authorizing such imports from Canada was issued."

2. Subparagraph (3) of paragraph (b) of section (4) is amended to read as follows:

"(3) Except for (i) crude oil or unfinished oils imported under license or licenses for which a fee has been charged, (ii) crude oil sold, bought, or exchanged

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in order to comply with other Federal Energy Administration regulations, or (iii) crude oil or unfinished oils imported pursuant to specific relief granted pursuant to section 5, such regulations shall require that imported crude oil and unfinished oils be processed in the licensee's refinery or petrochemical plant, except that imported crude oil or unfinished oils other than Canadian imports may be exchanged for domestic crude or unfinished oils if such exchanges are otherwise lawful, are effected on a current basis and reported in advance to the Administrator, and if the domestic crude or unfinished oils are processed in the licensee's refinery or petrochemical plant. Canadian imports may only be exchanged for other Canadian imports, in which case the Canadian imports obtained in the exchange must be processed in the licensee's own facility."

3. Subparagraph (1) (i) of paragraph (a) of section 3 is amended to read as follows:

"(a)(1) Effective May 1, 1973, the Administrator shall, by regulation, establish a system of fees for licenses issued under allocations of imports of crude oil, unfinished oils, and finished products, over the above levels of imports established by section 2 of this proclamation. Such regulations shall require, among other appropriate provisions, that (i) with respect to imports, other than imports from Canada of motor gasoline and finished products, such fees shall be:

FEE SCHEDULE

(Cents per barrel)

	<u>May 1</u> <u>1973</u>	<u>Nov 1</u> <u>1973</u>	<u>May 1</u> <u>1974</u>	<u>Nov 1</u> <u>1974</u>	<u>May 1</u> <u>1975</u>	<u>Nov 1</u> <u>1975</u>
Crude	10.5	13.0	15.5	18.0	21.0	21.0
Natural Gas Products	10.5	13.0	15.5	18.0	21.0	21.0
Motor Gasoline	52.0	54.5	57.0	59.5	63.0	63.0
All other finished products and un- finished oils (except ethane, propane, butanes, and asphalt)	15.0	20.0	30.0	42.0	52.0	63.0

4. A new subparagraph, (4), is added to paragraph (a) of section 3 to read as follows:

"(4) Persons seeking to import natural gas products under a duly issued natural gas products license shall certify the country of origin to the appropriate customs officer at the port of entry. Such natural gas products may be commingled with crude oil or other unfinished oils for purposes of transportation and may be re-separated prior to importation or imported as a mixture; Provided, that the importer certifies the volume of natural gas products contained."

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5. Paragraph (b) of section 3 thereof, is amended by inserting a new sentence between the first and second sentences to read as follows: "In the event that such bond is terminated or the face value of the bond is reduced below the outstanding liability of licenses issued pursuant to the bond, the Administrator shall immediately revoke all licenses issued pursuant to the bond."

6. The fifth sentence of subparagraph (1) of paragraph (b) of section 4 is amended to read as follows: "Such allocations shall not exceed 75 percent of estimated refinery capacity or the percentage of petrochemical plant capacity applicable."

7. Subparagraphs (2), (3) and (4) of paragraph (g) of section 15 are amended to read as follows:

"(2) 'Gasoline' means a refined petroleum distillate, including naphtha, jet fuel, or other petroleum oils, (but not benzene which meets the ASTM distillation standards for nitration grade or cumene, ethylbenzene, isoprene, meta-xylene, ortho-xylene or para-xylene having a purity of 95 percent or more by weight) derived by refining or processing crude oil or unfinished oils, in whatever type of plant such refining or processing may occur, and having a boiling range at atmospheric pressure which falls completely or in part between 80° F and 400° F.

"(3) 'Kerosene' means any jet fuel, diesel fuel, fuel oil, or other petroleum oils derived by refining or processing crude oil or unfinished oils, in whatever type of plant such refining or processing may occur, which has a boiling range at atmospheric pressure which falls completely or in part between 400° F and 550° F.

"(4) 'Distillate fuel oil' means any fuel oil, gas oil, topped crude oil, or other petroleum oils (except refined petroleum wax) derived by refining or processing crude oil or unfinished oils, in whatever type of plant such refining or processing may occur, which has a boiling range at atmospheric pressure which falls completely or in part between 550° F and 1200° F."

8. Section 12 is amended to read as follows:

"12. Commitments and obligations contained in long term allocations heretofore made shall be unimpaired by this proclamation or regulations issued thereunder."

IN WITNESS WHEREOF, I have hereunto set my hand this twenty-seventh day of September, in the year of our Lord nineteen hundred seventy-four, and of the Independence of the United States of America the one hundred ninety-ninth.

GERALD R. FORD

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