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FOR RELEASE AT 8:00 AM LOCAL TIME
MONDAY, NOVEMBER 14, 1983
(6:00 PM EST SUNDAY, NOVEMBER 13, 1983)

JOINT STATEMENT
BETWEEN
HIS EXCELLENCY CHUN DOO HWAN
PRESIDENT OF THE REPUBLIC OF KOREA
AND
THE HONORABLE RONALD W. REAGAN
PRESIDENT OF THE UNITED STATES OF AMERICA

1. At the invitation of President Chun Doo Hwan, the President of the United States and Mrs. Ronald W. Reagan paid a state visit to the Republic of Korea from November 12 to 14, 1983. The two Presidents met at the Blue House on November 12 and again on November 13 for discussions of both bilateral and world affairs. The talks were held in a most cordial and open atmosphere.

President Reagan addressed the National Assembly, visited field installations of both the Korean and the United States Armed Forces, and also met with senior Korean officials, other Korean citizens, and a group of American businessmen.

2. President Chun expressed his appreciation to President Reagan for America's steadfast support in the wake of the tragedies which the people of Korea have endured so recently: the September 1 Soviet attack on a Korean civil airliner, and the October 9 North Korean terrorist attack in Burma which tragically claimed the lives of 17 innocent Koreans, among them any of the nation's most important leaders in economics, diplomacy, and politics.

Both Presidents noted the thorough and conclusive investigation by the Government of Burma of the Rangoon bomb atrocity, which has produced unequivocal evidence that the North Korean regime perpetrated this deliberate act of state terrorism. They agreed that such acts cannot be tolerated, and called for effective international sanctions against North Korea. President Reagan affirmed his admiration for the resolution and courage of the Korean people and their leaders in the face of these barbaric acts.

President Chun expressed his condolences to President Reagan and the American people on the tragic loss of life caused by the October 23 attack on the United States Marine Barracks in Beirut. President Chun and President Reagan joined in declaring the unswerving opposition of the Korean and American peoples to such acts of terrorism, and pledged continued efforts to remove the scourge of terrorism from the earth.

3. The two Heads of State exchanged views on a variety of international issues of mutual concern. President Reagan outlined United States determination to strengthen the defenses of the United States and its allies around the world, to bring about a reduction of tensions in volatile regions such as the Middle East, and to reach an agreement with the Soviet Union to reduce the global deployment of strategic weapons.

President Chun explained in detail the overall security situation on the Korean peninsula with particular reference to the continuing threat from North Korea, reflected in its military buildup and aggravated by its domestic problems.

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Both President reaffirmed the importance of maintaining deterrence and stabilit on the Korean peninsula, thereby suring peace there and i ortheast Asia, a region of criti . strategic significance.

President Reagan stated that the United States would continue to fulfill its role and responsibilities as a Pacific power, dedicated to maintaining peace and stability in the region. President Chun avowed his full support for those efforts.

4. In particular, President Reagan, noting that the security of the Republic of Korea is pivotal to the peace and stability of Northeast Asia and in turn, vital to the security of the United States, reaffirmed the continuing strong commitment of the United States to the security of the Republic of Korea. The two Presidents pledged to uphold the obligations embodied in the Republic of Korea-United States Mutual Defense Treaty signed in 1953, noting the success of that alliance in deterring aggression for more than thirty years.

President Reagan stressed that the United States would continue to maintain United States forces in Korea and to strengthen their capabilities. President Chun reaffirmed his support for the presence in Korea of American military forces as part of the United Nations and Combined Forces Commands.

President Reagan noted that Korea spends six percent of its GNP on defense and further noted the efforts of the Republic of Korea to modernize and upgrade its defense capabilities. The two Presidents concurred that this program is essential if peace is to be maintained. President Reagan reconfirmed that the United States will continue to make available the weapons systems and technology necessary to enhance the strength of Korea's armed forces.

5. President Chun explained the Korean government's continuing efforts for the resumption of dialogue between South and North Korea and its policy for peaceful reunification with a view to easing tensions on the Korean peninsula, and achieving the Korean people's long-cherished aspiration for peaceful reunification. Expressing support of the United States for the sincere and patient efforts of the Republic of Korea, President Reagan especially noted President Chun's comprehensive Proposal for Democratic Reunification through National Reconciliation put forth on January 22, 1982.

President Reagan reconfirmed that the United States would not undertake talks with North Korea without full and equal participation of the Republic of Korea. The two Presidents reaffirmed that any unilateral steps toward North Korea which are not reciprocated toward the Republic of Korea by North Korea's principal allies would not be conducive to promoting stability or peace in the area.

6. President Reagan expressed his admiration and support for the expanding and increasingly active international diplomacy of the Republic of Korea, and took note of the determination of the Republic of Korea to pursue an open door policy of dialogue with all nations.

The two Presidents noted the significance of their respective nation's role as the hosts to important global gatherings and events, including the Los Angeles Olympics of 1984 and the Seoul Olympics of 1988. Both countries will abide by their commitments to admit representatives of all nations to participate in these international events.

7. Recognizing the growing importance of the Asia-Pacific region and also the growing sense of community among the Pacific rim countries, the two Presidents agreed that frequent exchanges at all levels among the nations of the Pacific are necessary to enhance regional cohesion. They also agreed that multilateral relations among the countries in the region should be further strengthened in the fields of trade, finance, science, technology, culture, and tourism.

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8. The two P[illegible]idents expressed their belief t[illegible] the Republic of Korea should be accepted in the United Nations pursuant to the principle of universality of the U.N. and that the entry of the Republic of Korea to the U.N. would contribute both to the reduction of tensions on the Korean peninsula and the maintenance of international peace. President Reagan promised continuing support for the entry of the Republic of Korea into the U.N.

9. The two Presidents affirmed the importance of defending and strengthening freedom and the institutions that serve freedom, openness and political stability.

10. President Chun and President Reagan exchanged views on a range of economic issues. They noted the importance of ensuring that global economic recovery not be hindered by reversion to protectionism. In particular, President Reagan welcomed the trade liberalization measures being undertaken and planned by the Korean government, despite its continuing deficit in foreign trade and the global trend of protectionism. Both Presidents agreed that such steps are an example of the positive actions all trading nations must take to defend the world trade system against protectionist attacks and recognized an urgent need for concerted international efforts in this direction.

Both Presidents noted with satisfaction the continued expansion of bilateral trade, which totaled over $11 billion in 1982, making the Republic of Korea one of the United States' most important trading partners and fifth largest market for United States agricultural products, and the United States the Republic of Korea's largest trading partner in exp[illegible]ts as well as imports. They agreed that this continued growth of bilateral trade attests to the vitality of U.S.-Korean economic relations.

President Chun also expressed his appreciation for President Reagan's strong commitment to free trade and hoped that the Republic of Korea's major export commodities will be given greater access to the United States market with the continuation of the Republic of Korea's eligibility for GSP benefits on a non-discriminatory basis. President Reagan took note of President Chun's views on these issues. In this regard, both Presidents recognized the necessity of coordinated actions by their respective governments to reduce various tariff and non-tariff barriers.

11. President Chun explained the recent efforts by the Korean government to create a more favorable environment for foreign investment in the Republic of Korea and invited the United States to take advantage of such improved opportunities. Both Presidents noted that a hospitable climate for foreign investors in both countries will continue to contribute to the flow of technology and to an expansion of employment opportunities in the Republic of Korea and the United States. Both Presidents also noted that the continued participation of American firms in the Republic of Korea's major development projects by providing competitively-priced and high-quality goods and services is another indication of the strong and cooperative economic ties that link the Republic of Korea and the United States.

12. President Chun and President Reagan discussed prospects for further broadening cooperation in the fields of technology and energy. They agreed to further promote programs for scientific and technological cooperation.

President Reagan assured President Chun that the United States will remain a reliable supplier of energy resources and energy technology, and in particular, that the United States will seek to assist the Republic of Korea to obtain stable energy supplies in the event of a security emergency. In this regard, President Reagan noted positively the Korean governmentss efforts to build up energy reserves for economic

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emergencies. President Chun expressed his appreciation for the United States' pledge, and the Republic of Korea's interest in the purchase and development of energy resources in the United States.

13. President Chun and President Reagan took note of the strong and myriad bonds of friendship and cooperation that have linked the United States and the Republic of Korea in the post-war era, and judged those ties to be in excellent condition. As one reflection of the expanding scope and importance of those relationships, President Reagan informed President Chun of the intention of the United States to establish in the near future a consulate in Pusan, Korea's second greatest city and a focal point of the U.S.-Korean economic intercourse. President Chun welcomed that decision.

President Chun and President Reagan pledged to carry forward the full range of security, political, economic, scientific and cultural meetings and consultations on our joint agenda, in order to maintain and deepen our already excellent relations in these diverse fields.

14. The two Presidents underscored the necessity for the promotion of mutual understanding and exchanges between the Korean and American peoples, and agreed to work toward expanded cultural and educational exchanges. The two Presidents expressed their satisfaction with the promotion of American studies in the Republic of Korea as well as of Korean studies in the United States.

15. President and Mrs. Reagan expressed their deep appreciation to President and Mrs. Chun for the warm welcome they receive in the Republic of Korea, and their heartfelt thanks to the people of the Republic of Korea for the hospitality, graciousness and good will they had been shown.

The two Presidents agreed that exchanges of visits between the two Presidents have contributed to the further development of the existing friendly relations between the two countries. In that context, President Reagan asked President Chun to visit Washington again at a mutually convenient time, and President Chun accepted that invitation with appreciation.

# # #

MEMORANDUM

TO: File

FROM: Jim Clark

DATE: February 28, 1985

RE: Canadian Oil

I have now had two conversations with Doug Perry, who is the energy person in the Basic Industry Office of the U.S. Department of Commerce. Perry confirmed that Canada will decontrol its crude oil and that this could cause market shifts between Canada and the U.S. Perry says that Canada's oil producing provinces (Alberta and Saskatchewan) are working out the details of Canadian decontrol with the non-producing provinces, the Canadian Federal Government and the oil producers. It is anticipated that the problems will be resolved some time during the second quarter of this year and that Canadian crude oil will then be available for export.

Oil moving from Alberta to eastern Canada must pay a substantial transportation cost. Accordingly, once decontrol occurs, it is very likely that Canadian crude oil will be moved into the mid-western United States. This will have two effects: (1) there will be a reduction of Canadian oil moving into Quebec and Ontario and (2) U.S. crude oil now sold in the mid-west will be displaced.

It is possible to move U.S. crude oil through the Portland (Maine) pipeline into Quebec from the United States. There is not a direct link to Ontario but pipelines are in place so that arrangements could be made to ship U.S. oil into Ontario. Both provinces will be interested in having a source of U.S. crude oil so that they will not be at the mercy of Albertan oil.

How the oil in fact moves will take some time to ascertain. While any type of oil analysis based on free market assumptions will lead to certain theoretical conclusions, the existing contracts and competitive factors will weigh heavily in determining what <u>actually</u> happens. Even though this is the case, it seems to me that certain of the oil companies will contact their representatives and request assistance in exporting the crude oil to Canada so that they have the option to compete when decontrol occurs. In other words, how the markets are impacted, in fact, will be determined on other than free market theory, the political positioning will be based on free market assumptions. This means that it would make sense for the State of Alaska to attempt to determine which U.S. oil companies would want to be in a position to ship oil to Canada as Canadian decontrol occurs, so that we can join with that group in a larger coalition. The larger coalition would be in favor of crude oil going to its natural market - a position with which Alaska can easily agree.

Perry says that there are no public documents describing these oil shifts either from the U.S. Department of Commerce or from Canada's National Energy Board. He says the Canadians simply do not want to discuss it until they have everything arranged. Certainly, part of the reason for secrecy is that this will put further downward price pressure on OPEC.

Given the impact this could have on economic relations between the U.S. and Canada, we should anticipate that it will come up in the March 17, 1985 discussions between President Reagan and Prime Minister Mulroney.

Jon —

Plz give me a call after you've read this

Jim

THE WHITE HOUSE
Office of the Press Secretary
(Tokyo, Japan)

For Immediate Release November 11, 1983

JOINT STATEMENT BY THE PRESIDENT AND PRIME MINISTER NAKASONE ON JAPAN-U.S. ENERGY COOPERATION

Prime Minister Nakasone and President Reagan share the view that further progress be made in energy trade and cooperation in oil, natural gas and coal between Japan and the United States as outlined in the following Joint Policy Statement recommended by the Japan-United States Energy Working Group!

Taking account of the energy prospects for the entire Pacific basin, the two countries agree that the sound expansion of the U.S.-Japan energy trade will contribute to the further development of the close economic and energy security relationship which exists between the two countries.

They will continue to discuss and find ways of developing this trade for the mutual benefit of both countries, noting the importance of long-term cooperation, the central role of the private sector, and the need for a balance between economic cost and energy security.

Both countries consider Alaska to be a particularly promising area for joint development of energy resources. Both governments will encourage private sector discussions regarding the possibilities for such development.

With regard to trade in oil, gas and coal, we have agreed on the following next steps:

A. The U.S. and Japan recognize that if legislative barriers can be removed, the U.S. has the potential to ship substantial quantities of crude oil to Japan, thereby increasing economic incentives for U.S. oil production and helping to diversify Japan's energy sources. The U.S. will continue to keep under review the removal of restrictions on exports of domestic crude oil.

B. The U.S. and Japan will encourage private industry in both countries to undertake now the pre-feasibility or feasibility studies necessary to determine the extent to which Alaskan natural gas can be jointly developed by U.S. and Japanese interests.

C. The U.S. and Japan will encourage private industry in both countries to discuss the possiblity of concluding long-term coal contracts and jointly developing mines and transportation systems to make American coal more competitive in the Japanese market.

D. In this regard, the two countries welcome the examinations underway of the technical and economic reports of several steam coal projects by private companies concerned on both sides. As economic recovery proceeds, Japan will encourage its industries to consider purchase of more competitively priced U.S. steam coal to meet future demands not already covered by existing contracts. In addition, Japan will invite the private sector concerned to explore the possibility of further increasing substitution of coal for oil in electrical generation.

E. With regard to metallurgical coal, both sides noted that the proposed state of world steel manufacturing had reduced demand for traded coal. However, in view of the fact that the U.S. has been a major supplier to the Japanese market, both sides will endaavor to maintain the level of Japanese imports of U.S. coal. Japan expects that imports of competitively prices U.S. matallurgical coal will not continue to decline; and will encourage its steel industry to increase U.S. coal imports when conditions in the industry permit.

F. As a first step toward developing U.S.-Japan coal trade, from a mid- to long-term prospective, a mission composed of representatives of major Japanese coal users and other appropriate interests will visit the U.S. to meet with major coal mining and transportation interests. The purpose of this mission will be to explore the possibility of expanding coal trade between the U.S. and Japan, and the possibility of conducting a major study of the opportunities for reducing the delivered price in Japan of U.S. coal.

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BILL SHEFFIELD
GOVERNOR

State of Alaska
OFFICE OF THE GOVERNOR
WASHINGTON, D.C.

RECEIVED
JAN 2 - 1984
...TSON, MONAGLE,
...UGH & BRADLEY
JUNEAU, ALASKA

December 26, 1984

The President
The White House
Washington, D.C.

Mr. President:

Because you will soon be meeting with Prime Minister Nakasone of Japan, I thought it would be helpful to provide you with recent information on Alaska's efforts to expand our trade with Japan. I would also like to discuss the implementation of the Joint Statement on Japan-U.S. Energy Cooperation issued by Prime Minister Nakasone and you on November 11, 1983.

Oil Exports

The Joint Statement provided that "the U.S. will continue to keep under review the removal of restrictions on exports of domestic crude oil." Your administration has completed several analyses on the subject, including a report recently released by the Federal Trade Commission. To our knowledge, all these investigations concluded that easing existing restrictions on the export of Alaska North Slope crude oil would result in significant national benefits, including greater federal tax revenues, a reduced trade deficit with Japan, and the production of more Alaska oil at lower prices.

The authorization of the Export Administration Act is still pending in Congress. I respectfully urge you to follow through on the results of your Administration's studies of oil exports and actively assist our efforts to ease existing restrictions on the export of Alaska oil. To do so would be entirely consistent with your Administration's support for free trade and U.S. energy development. I believe that it would be timely for you to do this during the 99th Congress, since Congress has expressed an interest in obtaining your views on the matter.

On September 30, 1983 I wrote to let you know of our willingness to offer a portion of the State's royalty oil for export to Japan. From our discussions with interested parties in Japan, I believe that the quantity of royalty oil available - 50,000 barrels a day - is an appropriate amount to consider at this time. You may also wish to discuss the issue with Prime Minister Nakasone in order to judge its current importance to Japan.

Natural Gas Exports

Progress has been made in assessing the viability of marketing Alaska's enormous North Slope natural gas reserves in the Pacific Rim. As proposed in the Joint Statement, study teams have been organized in the U.S. and Japan, thanks in part to the leadership provided by the Department of State. I offer you the full cooperation of the State of Alaska for any aspect of the study where we might be of assistance. Further, we believe that the study should be expedited as much as possible so that the results can be utilized in future decision-making regarding the export of North Slope natural gas, which our analyses indicates would be of significant benefit to Alaska and the Nation.

Coal Exports

I am also encouraged by the long-term coal contract that the Usibelli mine in Healy, Alaska recently signed with the Korean Electric Power Company. The Beluga and Matanuska fields contain substantial steam coal reserves that are easily accessible and have potential interest to Japan. Accordingly, we are hopeful that future U.S.-Japanese discussions will focus on the economic and other benefits which would accrue from increased trade in Alaska coal.

Fisheries

Currently, approximately five percent of our Nation's trade deficit is related to seafood products. Much of this is attributable to a trade imbalance with Pacific Rim countries, particularly Japan. To counteract this, the State has been working diligently to accomplish import substitutions by establishing a larger domestic market for Alaskan seafood. We are also endeavoring to domesticate as quickly as feasible the harvesting and processing of those species, such as groundfish, which have traditionally been utilized by foreign nations and then exported back to the U.S.

An annual meeting is held between representatives of the U.S. and Japanese fishing industries to discuss business relations, in particular with respect to groundfish. At this year's recently concluded meeting, an agreement was reached for the 1985 fishing season which will increase the volume of product delivered by U.S. fishermen to Japanese processors in "over-the-side" joint venture operations. Even more importantly, the agreement also provides for the importation by Japan of approximately 7,000 and 20,000 metric tons of finished product which will be manufactured by U.S./Alaskan processors in 1985 and 1986, respectively. This sale of finished product to Japan, most likely surimi, will help stimulate a primary and secondary processing industry that will ultimately employ several thousand Americans.

Critical to the successful implementation of this agreement will be the ability of Japanese companies to import U.S. produced groundfish products. Current Japanese import quotas greatly restrict U.S. imports, while Japanese surimi exports to the U.S. are continuing to dramatically expand. Your insistence that the Government of Japan relax its fish-related tarrif and import barriers would be useful in assuring the success of this industry-to-industry agreement which will have a beneficial impact on the U.S. balance of trade.

On another fish-related problem, recent studies have demonstrated that continued Japanese high-sea harvest of Alaska spawned salmon is seriously affecting the national harvest and management of this resource by Americans. We will be working through Alaska's Congressional delegation to encourage the U.S. State Department to initiate bilateral discussions with the Japanese which will be necessary to stop this deleterious practice.

Timber Exports

The timber industry in Alaska is geared to trade with Japan and the Pacific Rim. As a result, the Alaska industry is increasing its promotional activity in Japan. The State is working through its Alaska Asia Office in Tokyo to assist in the promotion of Alaska forest products and products made from Alaska timber in Japan.

To date, Alaska's spruce round logs and cants are selling well in Japan. However, there is a need to improve hemlock sales to Japan, as sales of hemlock products are currently reduced from previous years' totals. In another troubling area, South Africa, which has lower environmental standards and dramatically cheaper labor costs than Alaska, has captured an increasingly larger share of Japan's dissolving sulfite pulp markets from the United States, particularly

Alaska. Any assistance which your Administration could provide to enhance Alaska's market share of hemlock, as well as to restore the U.S. and Alaska's share of the dissolving sulfite pulp market would be appreciated.

The State and industry are also working to formulate a plan to make attractive foreign investment in the development of Alaska's Interior timber resources. We will advise your Administration on the details of this plan when it is completed.

We very much support your efforts to expand trade with Japan and stand willing to help in any way. If you would like any additional information on our own efforts to increase trade with Japan, we would be pleased to provide it.

Thank you for your consideration of our views.

Sincerely,

Bill Sheffield

Bill Sheffield
Governor

cc: The Honorable Ted Stevens, U.S. Senate
The Honorable Frank Murkowski, U.S. Senate
The Honorable Don Young, U.S. House of Representatives
The Honorable George Schultz Secretary, U.S. Department of State
The Honorable Malcolm Baldridge, Secretary, U.S. Department of Commerce
The Honorable William Clark, Secretary, U.S. Department of the Interior
The Honorable Max Hodel, Secretary, U.S. Department of Energy
William Brock, U.S. Trade Representative
David Stockman, OMB Director

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Introduced: 1/30/85
Referred: House Special Committee on Oil & Gas and Resources

IN THE HOUSE **BY MARTIN AND MARROU**

HOUSE JOINT RESOLUTION NO.15

IN THE LEGISLATURE OF THE STATE OF ALASKA

FOURTEENTH LEGISLATURE - FIRST SESSION

Relating to the export of Alaska oil.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS all states are created equal in the United States of America; and

WHEREAS the State of Alaska is the only state prohibited from exporting petroleum; and

WHEREAS the United States currently exports 600,000 barrels per day of refined petroleum products, including 10,000 barrels per day to the Soviet Union; and

WHEREAS the export of Alaska crude oil would significantly improve the defensive capabilities of our allies that are Pacific Rim nations; and

WHEREAS, due to the International Energy Agreement, if a world-wide oil shortage were to occur today, the United States would be required to export 500,000 barrels per day to Japan and other participating countries; and

WHEREAS the current and prospective trade balance deficit is detrimental to the economy of the United States; and

WHEREAS Japan, Korea, and Taiwan have each expressed interest in obtaining Alaskan crude oil to diversify their oil sources and moderate the panic buying in the spot market that results in exorbitant price increases for everyone; and

WHEREAS a trade-off of importing an equal amount of oil exported from Mexico and Venezuela would enhance the financial stability of our southern neighboring countries and help them pay their debts to the American financial market and the World Bank; and

WHEREAS it costs $4 per barrel more to ship oil from Alaska through the Panama Canal and to the Gulf Coast than to ship directly to Japan; and

WHEREAS for every dollar saved on transportation $.60 goes to the federal government, and hence indirectly to American taxpayers; and

WHEREAS exporting only one tanker of oil a day would net the Federal Treasury another $175 million a year and would decrease the national trade deficit with Japan by $2 billion a year; and

WHEREAS the American consumer, the federal government, and the State of Alaska are all losing because the maritime industry is being subsidized for inefficient service; and

WHEREAS the cost of shipping Alaska's oil to the Gulf and Eastern States is an unnecessary burden on the consumers of those states; and

WHEREAS the Alaska oil export ban is special interest legislation that hurts the entire country;

BE IT RESOLVED that the Alaska State Legislature requests Congress to lift the ban on export of Alaskan ~~natural~~ crude oil.

COPIES of this resolution shall be sent to the Honorable Ronald Reagan, President of the United States; the Honorable George Bush, Vice-President of the United States and President of the U.S. Senate; the Honorable Thomas P. O'Neill, Jr., Speaker of the U.S. House of Representatives; the Honorable Robert Dole, Majority Leader of the U.S. Senate; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress; the National Conference of State Legislatures; and the Council of State Governments.

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United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS
WASHINGTON, D.C. 20510

February 7, 1984

The Honorable Frank Murkowski
United States Senate
Washington, DC 20510

Dear Frank:

It was good of you and Ted to discuss with me your proposed amendment to Section 7(d) of the Export Administration Act (EAA), that would authorize the export of 200,000 barrels a day of oil produced in Alaska. You made some rather cogent arguments in support of the amendment, but I find myself unable to support it for several reasons.

As you know, the renewal of the Export Administration Act has been a very controversial item and S. 979, the bill unanimously reported by the Banking Committee, is the result of compromises that forged a consensus view. The bill constitutes an integrated package of amendments to the EAA and includes a six-year extension on the prohibition of Alaskan oil. I am concerned that adding a 200,000 barrel a day exemption would complicate the consensus on our package. I believe my concern is real in light of the fact that 10 members of our Committee are among the 45 cosponsors of S. 1159, a bill to make the current ban on Alaskan oil exports permanent.

With these factors in mind, I do not believe that your amendment could be included in our bill without a roll call vote. Even if the amendment were passed in the Senate, which is unlikely, it is not an item that we could win in conference. I say this because a majority of the House members has already cosponsored a companion bill to S. 1159 that extends controls on the export of Alaskan oil for six more years.

I also have very serious doubts about the substance of your amendment. Selling 200,000 barrels a day of Alaskan oil to the Japanese would reduce our bilateral trade deficit with Japan by $2 billion, and thus assist in disguising the true nature of our trade problem with the Japanese. As the AFL-CIO has persuasively argued before our Committee, authorizing oil exports to Japan would enable the Japanese to continue to take our raw materials while sending us their higher value-added manufactured goods. What we need to straighten out our trade problem with the Japanese is (a) for them to open up their markets to our manufactured exports, and (b) for us to reduce our budget deficit to bring down interest rates and the bloated value of our dollar which is destroying our ability to compete internationally.

I appreciate very much the points you made to me on this issue, and regret that because of the above considerations I cannot support your amendment.

Sincerely,

William Proxmire
Ranking Minority Member

Jim Clark

FEB 27 1984
ROBERTSON, MONAGLE,
EASTAUGH & BRADLEY
JUNEAU, ALASKA

Let Alaska's Oil Flow Naturally

By law — indeed, five laws — the United States prohibits exports of Alaskan oil. The nominal reason is national security. The controlling reason is protectionist politics. The ban should be repealed.

Alaska's Senators, Frank Murkowski and Ted Stevens, want to amend the Export Administration Act to authorize at least some sales abroad. To win votes, they've conceded too much to protectionism. Nonetheless, because the House has already voted to extend this senseless embargo, their amendment offers the only hope for reducing its harm.

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Alaska currently pumps out 1.6 million barrels a day. The idea behind the ban was that it's more efficient — and serves the national interest — to direct that oil to West Coast refineries, a short run down the coast. In fact, those refineries have been able to use only half of it. The rest goes through the Panama Canal and a Panama pipeline to refineries on the Gulf of Mexico, or all the way around South America to the Virgin Islands. What a waste, and discouragement, to Alaska's oil development.

The cost of the long-distance transportation runs as high as $5.25 a barrel. Shipment to the logical buyers in the Pacific basin — Japan, South Korea and Taiwan — would cost $1 or less.

The benefit would be twofold. Gulf and Caribbean refineries could get their crude oil at lesser cost from Mexico, Venezuela and Nigeria. And Alaskan oil across the Pacific would become more competitive, and thus stimulate more exploration.

What about national security? It is said that the Arab oil embargo and resulting escalation of oil prices proved the value of holding on to every drop of American oil. So why let others buy it?

The question turns the issue upside down. Exporting Alaska's oil would enhance national security, not hurt it. The countries that would buy this oil are important allies whose access to oil is vital to American security interests. They have no oil of their own. An assured supply is especially necessary for Japan. By reducing Japanese dependence on the Middle East and also stimulating more production in Alaska, two important interests would be served.

The Murkowski-Stevens amendment would permit exports of 200,000 barrels a day and let the President stop all exports if ever the oil is needed in the United States. That's a reasonable concession to get the amendment approved but of no realistic consequence. If cut off by the Persian Gulf, Japan is not likely to be cut off also by America.

What is objectionable is the Murkowski-Stevens requirement that all exports be shipped in American vessels and that the vessels be maintained and repaired in American shipyards. These concessions, to win over the maritime unions, would increase the cost of shifting transportation patterns and reduce their value. But the ban offends economics in larger ways and violates security. Even at that price, it's worth relaxing.

NY Times 2/23/84

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STATE FOR EAP/K DLAMBERTSON

E.O. 12356: N/A
TAGS: ENRG, EPET, ETRD, OREP, KS
SUBJECT: AMBASSADOR'S REPLY TO LETTER FROM SENATOR FRANK H. MURKOWSKI

DEAR FRANK:

THANK YOU VERY MUCH FOR YOUR LETTER OF JANUARY 27. YOUR VISIT WAS FAR TOO BRIEF. WE LOOK FORWARD TO YOUR RETURN IN APRIL.

I HEARTILY AGREE WITH THE SENTIMENTS EXPRESSED IN YOUR LETTER. WE UNDERSTAND THAT KOREA IS THE DEVELOPING COUNTRY MOST DEPENDENT ON IMPORTED OIL FROM THE MIDDLE EAST TO MEET ITS ENERGY REQUIREMENTS. DURING 1983 THESE IMPORTS AMOUNTED TO MORE THAN 139 MILLION BARRELS, OR 74 PERCENT OF KOREA'S TOTAL CRUDE OIL IMPORTS OF 188 MILLION BARRELS.

FOR A LONG TIME KOREA HAS BEEN TRYING TO DIVERSIFY ITS SOURCES OF IMPORTED CRUDE OIL IN ORDER TO REDUCE DEPENDENCE ON THE MIDDLE EAST. THE OIL SHOCKS OF THE 1970'S WERE EXTREMELY DIFFICULT FOR EVEN THIS VERY PROSPEROUS ECONOMY TO DIGEST. THE KOREANS HAVE BEEN TRYING, WITH LIMITED SUCCESS, TO INCREASE OIL IMPORTS FROM LATIN AMERICA AND INDONESIA. THEY HAVE BEEN CONSIDERABLY MORE SUCCESSFUL IN REDUCING THEIR DEPENDENCE ON IMPORTED CRUDE OIL BY BOOSTING THEIR NUCLEAR PLANT CONSTRUCTION PROGRAM AND SWITCHING FROM DIESEL TO COAL POWERED PLANTS FOR GENERATING ELECTRICITY. NEEDLESS TO SAY, HOWEVER, THESE PROJECTS ARE EXPENSIVE AND TAKE TIME.

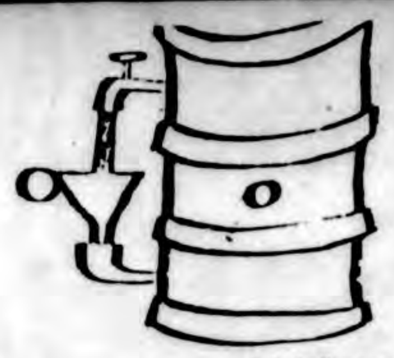
DESPITE THESE BOLD EFFORTS, KOREA, FOR A LONG TIME TO COME, WILL NEED TO IMPORT LARGE AMOUNTS OF OIL. THE KOREANS WOULD LIKE VERY MUCH TO BUY EVEN A SMALL AMOUNT OF THEIR REQUIREMENTS FROM ALASKA IN ORDER TO REDUCE FURTHER THEIR DEPENDENCE ON THE MIDDLE EAST. I AGREE THAT EVEN LIMITED KOREAN IMPORTS OF ALASKAN OIL WOULD CONTRIBUTE IMPORTANTLY TO REDUCING OUR TRADE DEFICIT WITH THIS COUNTRY WHICH EXCEEDED DOLS 1.2 BILLION IN 1983, A RECORD HIGH. YOUR APPROACH TO THE ISSUE, TO OBTAIN A LIMITED EXEMPTION TO THE CURRENT BAN ON ALASKAN OIL EXPORTS, AND AUTHORIZATION FOR UNLIMITED EXPORTS AS NEW PRODUCTION COMES ON LINE, SEEMS TO ME TO BE QUITE SENSIBLE.

SELLING ALASKAN OIL TO KOREA OBVIOUSLY WOULD ENHANCE THE SECURITY OF AN IMPORTANT ASIAN ALLY AND WOULD BE CONSISTENT WITH OUR MILITARY COMMITMENT TO THIS COUNTRY. THE VULNERABILITY OF THE KOREAN ECONOMY AND ITS DEFENSE CAPABILITIES TO ANOTHER MIDDLE EASTERN CRISIS WOULD BE REDUCED ACCORDINGLY. I WISH YOU EVERY SUCCESS.

BEST REGARDS,

RICHARD L. WALKER
AMBASSADOR
WALKER

THE WASHINGTON POST, FRIDAY, FEBRUARY 10, 1984



By Zarko Karabatic

Bill Sheffield

Free Alaska's Oil

American energy consumers have a large stake in the existing federal restrictions on the export of Alaska crude oil. Because Congress must soon act on an extension of the ban, its rationale and costs deserve scrutiny. I share the considered opinion of most economists and of the federal Department of Energy that the United States would produce more oil at lower prices if the export restrictions were lifted.

The origins of the oil export ban lie in the December 1973 authorization for construction of the Trans-Alaska Pipeline System, a project that currently carries some 20 percent of U.S. oil production. Energy security concerns became paramount in the wake of the October 1973 OPEC embargo, and Congress chose to restrict the destination of oil shipped through the pipeline. At that time, when U.S. ability to obtain any imported oil was in question, the restrictions made political sense.

The energy supply picture for the United States has changed during the past 10 years, however. About half of Alaska's oil production of 1.6 million barrels a day is in excess of West Coast needs. As a result, this oil must move to the larger market of the Gulf of Mexico and the East Coast. Unfortunately, this journey is an expensive one, costing four times as much as the tanker run to California. This additional transportation cost means reduced federal tax revenues and reduced incentives for expanding Alaska oil production. Higher trade deficits and diminished national security also result from the ban on our allies.

America's Pacific Rim allies, in close proximity to Alaska, would very much like to purchase this surplus oil to diversify their sources away from the Middle East, but are prohibited from doing so by federal law. The ban is particularly unfair because no other U.S. oil production is barred from export, and the United States currently ships overseas in excess of 700,000 barrels a day of domestically produced refined petroleum products.

Along with Alaska's congressional delegation, I have proposed that Congress relax the existing export ban on Alaska oil to allow 200,000 barrels a day to be shipped to Japan on U.S.-flag tankers. Most knowledgeable observers agree that the federal government and energy consumers in the United States would experience significant benefits from the adoption of this proposal:

- The federal Treasury would realize almost $200 million per year in increased tax revenues as a result of the higher value of oil shipped to the Pacific Rim.
- The oil industry would have a greater incentive to develop currently marginal fields on Alaska's high-cost North Slope and to explore for additional oil and gas in northern Alaska.
- The pricing power of OPEC would be moderated by the entry of Alaskan oil into Asian markets.
- U.S. national security interests would be protected by diversifying the energy supply of key U.S. allies who currently must seek energy from OPEC and Russia.
- The existing trade deficit with Japan would be reduced while the United States would gain a bargaining tool to use on other trade issues.
- Opportunities for financially troubled countries, such as Venezuela and Mexico, to sell oil to the United States would be expanded by providing possibilities for cost-efficient oil exchanges.

In light of these convincing arguments, why does the export ban remain in effect? The Alaska oil trade currently supports a substantial portion of the U.S. merchant marine fleet. Any action that reduces the amount of time Alaska oil must spend in U.S. tankers is therefore fiercely opposed by the owners and workers supported by these ships. To accommodate their concerns, the proposal I am making would sharply limit exports, and would require the use of U.S.-flag tankers manned by American seamen and maintained in American shipyards.

Those of us who live in Alaska strongly believe in the importance of a healthy merchant marine, given our heavy reliance on waterborne commerce. Nevertheless, the Alaska oil export ban is an expensive and ineffective means of achieving it. In a recent draft report, the U.S. Department of Energy said most of the problems likely to confront the U.S. tanker fleet in the future will occur whether or not export restrictions are eased. To forgo substantial federal tax revenues, national trade benefits, improved national security and increased oil production primarily to protect narrow merchant marine interests is not sound public policy.

The writer is governor of Alaska.

PRESIDENT REAGAN'S PRESS CONFERENCE: February 22, 1984

Jim Clark
(101)

Selling Alaskan Oil

Q. Back home, Mr. President — this week the Senate will consider amendments to the Export Administration Act. One will be to lift the ban on the export of Alaskan oil, allowing it to be sold to markets in the Far East. If a change in the law were to take place, it would reduce our trade deficit with Japan, it would reduce the Federal deficit by generating new revenues and increase domestic exploration and production, provide safer and cheaper transportation, instead of going through the Panama Canal, and many other things. Your Administration has privately supported this. Will you campaign aggressively when it's being considered by Congress?

A. Well we're still looking and studying at this. There are still some problems about it, and I share the view that it would be an asset to the United States to do this.

Q. May I ask you if one of your problems to making a final decision is the opposition that the maritime unions have expressed?

A. Well, I have to say that consideration of our Merchant Marine — the maritime force — has to be one because they are essential to our national defense, and as an adjunct to the Navy. And we want to make sure that there is a Merchant Marine in existence in this country.

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ATTACHMENT A

Minutes from the Congressional Record of March 1, 1984
about the Export Ban on Alaska Crude Oil

OUTLINE

the financial plight of American farmers. Indeed, the people who live in those areas, whether farmers or not, are being caught in this economic bind.

Mr. President, the Senator from Nebraska and I serve on the Senate Budget Committee. We are indeed concerned about the deficits that are confronting our Nation.

I made a comment the other day when I was in one of our Western States, not my own, about the farm program of last year. It was in response to a question about the cost of that program.

Mr. President, I pointed out to the audience I was addressing that had they let a handful of us in the Senate design that program we could have come up with one that cost half as much and did twice as much good for the farmers.

I would like to mention one of the things that has not been mentioned precisely on the floor today, a fact about the Melcher amendment.

Out in North Dakota we will call it the Melcher-Andrews amendment, while they undoubtedly call it the Melcher-Exon amendment in Nebraska.

Let me point out one of the things that may have been overlooked in this body that I think is worthwhile pointing out while the Secretary of Agriculture is engaged in negotiations with one of our Members and will appear before one of our subcommittees in about 25 minutes. That is the fact that the CBO has given us the figures that this amendment, if passed, will result not in an additional cost to the taxpayers but a net saving of $3.273 billion over the next 5 years.

What we are doing is not increasing the costs; we are designing a better program. We are cutting back from 30 percent to 20 percent in set-aside. We asked the farmers to take 30 percent of their land out of production for free. Try going into a downtown area of one of the big cities and tell them to take 30 percent of their rental units out of the production of payments and see how long they could survive that.

The savings come about because of the modest adjustments to the target price and the interplay with what would happen otherwise if many farmers refused to sign up for the program.

Yes, Mr. President, these figures from CBO, at $3.273 billion, might well be modest. It would be my anticipation that if nothing is done, and if we do indeed and in fact stubbornly move ahead as is, come August or September, given the predicted wheat surplus that would exist then, you would see a mass movement on the part of the administration and both sides of the political aisle to try to correct it with a make-do, quick-fix program that would, as the quick-fix PIC program last year, add billions of dollars to the cost.

Mr. President, I say again that hopefully this amendment will be adopted, and even more hopefully it will be put into the program with the Secretary's discretion, which he can do, and we can later modify the target prices that are addressed in this amendment to come up with a net savings to the Treasury as well as a significant program improvement to America's farm families.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HEINZ. Mr. President, I believe the Senator from Alaska seeks the floor.

The PRESIDING OFFICER. The Chair recognizes the Senator from Alaska.

Mr. MURKOWSKI. Mr. President, I thank the floor manager.

Mr. President, has the Melcher amendment indeed been set aside temporarily?

The PRESIDING OFFICER. It has not yet been set aside.

Mr. MURKOWSKI. With the permission of the floor manager, Senator HEINZ, I ask unanimous consent that the Melcher amendment be temporarily set aside.

The PRESIDING OFFICER. Is there objection?

Mr. MURKOWSKI. I direct the question to the Senator from Pennsylvania.

Mr. HEINZ. Mr. President, will the Senator restate his question? I apologize; I was otherwise engaged.

Mr. MURKOWSKI. I asked unanimous consent that the Melcher amendment be temporarily set aside.

Mr. HEINZ. The Senator from Pennsylvania understands that the amendment has been temporarily set aside.

Mr. MURKOWSKI. I questioned the Chair and was advised otherwise.

Mr. FORD. As long as it is temporarily set aside, we have no objection.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

Mr. MURKOWSKI. I thank the Chair.

AMENDMENT NO. 2766

(Purpose: To permit crude oil exports pursuant to a treaty)

Mr. MURKOWSKI. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Alaska (Mr. MURKOWSKI) proposes an amendment numbered 2766.

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 39, line 13, after the period insert the following: Section 7 of the Export Administration Act of 1979 is also amended by inserting in the second sentence of paragraph (1) of subsection (E) the word "working" between "5" and "days".

Mr. MURKOWSKI. Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. MURKOWSKI. Mr. President, this amendment is simple and straightforward.

Today, the Secretary of Commerce has only 5 days, upon receipt of a petroleum product export license application, to notify Congress of specific intentions of that export. Given the frequent number of recesses of this body and considering the fact that Congress and Federal agencies respect 3-day weekend holidays, and even sometimes 4-day weekend holidays, I feel it is only appropriate that we give the Secretary 5 full working days to notify Congress of an exporter's intention.

This amendment, Mr. President, makes that change by inserting the word "working" into the text of existing law.

AMENDMENT NO. 2767

(Purpose: To prohibit the export of refined petroleum products)

Mr. MURKOWSKI. Mr. President, I now send to the desk an amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The legislative clerk read as follows:

The Senator from Alaska (Mr. MURKOWSKI) proposes an amendment numbered 2767.

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On line 5 after the period insert the following: Section 7 of such Act is further amended—

(1) by striking out "transported by pipeline" and all that follows through "reenters the United States)" in paragraph (1) of subsection (d);

(2) by striking out ", including exchanges" in paragraph (2)(A) of subsection (d);

(3) by striking out "or exchanges" in paragraph (2)(A)(ii) of subsection (d);

(4) by inserting "or refined petroleum products" after "oil" each place it appears in subsection (d);

(5) by striking out paragraph (3) of subsection (e); and

(6) by inserting "and subsection (d)" after "this subsection" in paragraph (4).

Mr. MURKOWSKI. Mr. President, today, we will begin debate on the issue of allowing the export of Alaskan oil, and by now we are certainly aware of the views of oil export proponents. But I would like to point out briefly that this particular issue of Alaskan oil export is not an effort by me and my senior colleague, Senator STEVENS, to attempt to right a wrong against the State of Alaska.

At this time I submit for the RECORD letters and editorials in support of crude oil exports, and will refer briefly to those editorials.

I quote from the Los Angeles Times of February 22, 1984, "Better Use of Alaskan Oil," the last paragraph:

The rigid ban on Alaskan oil exports has proved to be expensively foolish. Now is the time to end it through a feasible oil-swapping arrangement.

Mr. President, from the New York Times of February 23, 1984, an editorial entitled "Will Alaska's Oil Flow Naturally?" I read the last paragraph:

What is objectionable is the Murkowski-Stevens requirements that all exports be shipped in American vessels and that the vessels be maintained and repaired in American shipyards. These concessions, to win over the maritime unions, would increase the cost of shifting transportation patterns and reduce their value. But the ban offends economics in larger ways and violates security. Even at that price, it's worth relaxing.

Last, in the Boston Globe, the last paragraph of an editorial entitled "Knot in the Oil Line":

Spawned in fear and maintained in quest of wasteful subsidy, the oil export ban is blatant protectionism in an era when the world is in danger of reembracing that wasteful and counterproductive practice. By ending the ban, Congress could reduce that waste and provide a clear signal that it is not being dragged back into the paralyzing era of mindless trade barriers.

Mr. President, Members of this body cosponsored legislation to permanently ban the export of Alaska's crude oil. They have argued this ban is essential to this Nation's energy security, and to the security of our country. Their concern is limited to the national interest. However, their arguments fail the test of logic and commonsense.

I understand this concern. Unfortunately, neither logic nor the facts support it. However, I believe this body should have an opportunity to vigorously debate the wisdom of exporting oil and its oil products from our shores. I also believe we should at the same time attempt to establish a coherent national policy on oil export, based not on the narrow concerns of the special interests but on broad public interest of what is best for the people of this great Nation.

To accomplish this task, Mr. President, I believe we must carefully examine the total picture regarding the export of American petroleum products. To insure that this body has an opportunity to carefully review existing policy—and to establish consistent national policy regarding petroleum exports—I intend to offer two amendments to the Export Administration Act. I also intend to ask for back-to-back votes on these amendments, so that the American people can clearly determine what our national policy is regarding refined products and crude oil exports, and where each Member of this body stands on this important issue.

The first amendment I intend to offer will propose a ban on the export of all refined petroleum products from this country. Presently, we export about 460,000 barrels per day—with about 7,000 barrels per day going to the Soviet Union and Eastern bloc countries. Mr. President, if it is in the interest of national security to prohibit the export of Alaska crude oil to our allies such as Japan and Korea—as many of my colleagues assert—it logically follows that it is also in the national interest to ban the export of refined products, assuming their argument is correct. Of course, anyone familiar with this issue knows that commonsense and the facts show just the opposite, that the export of petroleum products is in the national interest. However, in the interest of establishing a consistent national policy, I believe this body should have the opportunity not only to vote on the further export of Alaska crude oil but also on the present situation in which we export hundreds of thousands of barrels of refined products daily. If those who oppose the export of Alaska crude oil are truly concerned with our national security, they will have no choice but to vote for my amendment to ban the export of refined petroleum products. If the export ban proponents are correct in their arguments regarding crude oil, then these same arguments must apply in spades to a ban of refined oil products. Certainly, those who are for banning the export of Alaska crude oil would also be against the export of refined products to our adversaries of the Eastern bloc nations.

When the vote is finished on the amendment to ban the export of refined petroleum products, I intend to offer a second amendment to allow the export of Alaska crude oil. My intent is to insure that through voting on these two amendments, this body will clearly decide on a consistent national policy regarding petroleum exports.

A BAN ON REFINED PRODUCTS EXPORTS: WHY NOT?

Mr. President, in my efforts to ease restrictions on the export of Alaska crude oil, I have become intrigued by the fact that refined petroleum products represent a growing export commodity for the United States, at a time when there is substantial support for banning the export of even a small fraction of that volume as crude oil.

There is an exception I would like to point out that does exist at this time. Approximately 70,000 barrels of oil per day leave Alaska in foreign vessels, under an exemption, and that oil is moved from Valdez to the Virgin Islands. So there is already an additional inconsistency above and beyond the question of refined products vis-a-vis crude oil.

Congressional proponents of maintaining the ban on Alaska crude oil exports argue that Alaska oil must be kept exclusively for domestic use. They contend that banning the export of crude oil reduces our reliance on imported oil, lowers oil product prices to consumers, and insures a healthy domestic maritime fleet, which we would need in an energy or defense emergency.

Since 1973, Congress has responded to these claims, on numerous occasions, by tightening restrictions on Alaska oil exports until an effective ban on Alaska crude oil exports was created.

Yet, Mr. President, my next amendment, which provides for up to 200,000 barrels a day to be available for export, is only 12 percent of the total production through the trans-Alaska pipeline.

I wish to point out that that proposed amendment will also necessitate the movement of crude oil in U.S. vessels and that those vessels involved in that traffic must be prepared in U.S. yards and, of course, the President has the authority to cancel export contracts if indeed there is a national emergency.

Mr. President, given the apparent support for the crude oil export ban, this body may want to take its convictions one step further. To the extent we benefit from the crude oil export ban, would we not also benefit from banning the export of refined products?

If we are concerned with lower product prices, why do we permit the export of products that people actually buy—such as heating oil, diesel fuel or aviation fuel? Why not let product surpluses drive the prices down?

If we are concerned with emergency requirements, why do we permit the unlimited export of products which could be immediately useful in an emergency? Obviously, crude oil is not that desirous because it cannot be immediately used while the refined product can.

If we are concerned with providing more business for the domestic fleet, why do we deprive the maritime industry of hundreds of thousands of barrels a day of potential tanker business?

If we are concerned with energy independence and our reliance on imported oil, why do we permit product exports when we are importing large volumes of these same products each day?

And I might mention it is estimated that approximately 25 percent of the production that we import from Mexico is in refined products. Are we subsidizing the Mexican refineries?

THE ECONOMIC COSTS AND BENEFITS OF A REFINED PRODUCTS EXPORT BAN

How well would an export ban on refined products achieve these benefits of lower consumer prices, more energy security, and a stronger merchant marine? Let us examine briefly the refined products markets to see what the economic consequences would be.

First, refined product exports result from the inescapable realities of chemistry and the equally inescapable high cost of altering that chemistry.

Refineries are not always able to generate the precise mix of products in demand by the local market. Thus, a market imbalance is created, requiring imports in one area and exports in others. For instance, Alaska crude on the west coast produces less gasoline and more heating oil. And that is just the mix of the oil. It is much more efficient that way. Californians need more of the former gasoline and less of the latter heating oil, so there is a surplus of heating oil on the west coast.

According to August 1983 DOE data, the west coast and Alaska—known to the Department of Energy collectively as PADD—produced 231,806 barrels per day of refined products in excess of demand. Those products, 61 percent of which are fuel oils—used in home heating and as fuel for agricultural machinery, are exported.

Then, Mr. President, it is exported in foreign vessels because there is absolutely no restriction on the export of refined products, only on crude oil, another inequity and a glaring one, I point out.

The balance on the east coast is entirely different, in part because refiners use higher quality imported crude which produces less heating oil and more gasoline. So, while the west coast exported 141,483 barrels per day of distillate and residual fuel oils, the east coast had to import 698,161 barrels per day from foreign sources.

Because oil markets are very competitive, it is safe to assume that export is the most profitable marketing option for west coast refiners. If it were not, the refiners would not be exporting. Likewise on the east coast, if import were not the cheapest source of supply for certain products, oil product distributors would not be buying imports.

If we banned these west coast exports, refiners would have to choose from among several less profitable courses of action:

First, they could invest heavily in capital equipment to alter their product mixes;

Second, they could sell the surplus products at much lower prices; or,

Third, they could ship the surplus products eastward by tanker through the Panama Canal, or by truck across country.

If we look at the last option first, it is really the same option that the Alaska North Slope crude producers have been forced to adopt up to this point.

Let us look at the last option first, for it is the same option that ANS crude producers have been forced to adopt.

It would cost a great deal to ship refined products eastward. But, do not assume for a moment that anyone on the east coast would be willing to pay a patriotic premium for U.S. refined products simply because transportation costs are expensive for the refiner. Americans are certainly not fools. They know U.S. heating oil does not warm a house any better than Dutch heating oil or Saudi Arabian heating oil. Thus, U.S. consumers are willing to pay the world market price—and absolutely no more.

As a result, the action of the market would force refiners to absorb the cost of more expensive domestic shipping. Their profits would be less and their ability to compete with huge new refinery complexes abroad would be reduced.

Increasing capital costs would also hurt profits. So would reducing prices. Lower profits mean that, sooner or later, some west coast refiners might go out of business—a result that benefits no one in the long term.

However, in the short term, as a result of the refined export ban, some truckers or tankers would be awarded—by act of Congress—some business which they did not deserve based on competitive criteria. Increased demand for those services would push prices up for other companies who ship from West to East.

With spotty exceptions, oil product consumers would not be affected in the short term—they would pay the market price for products no matter what. This also means that, in an oil crisis, consumers would receive no economic protection from the refined products ban—U.S. refined products would be sold at the competitive market prices, regardless of how high they might go. In some cases, consumers would benefit from short-lived discounts, as refiners seek to avoid the high cost of domestic shipping.

And, some refiners would have their profits squeezed to the point where they could go out of business.

In the long-term, the benefits to the truckers and tankers would vanish, as the refinery shutdowns reduce the surplus. Consumers would pay higher prices because there would be less refining capacity. The energy independence of this country would be lessened, for the ban reduced the ability of U.S. refiners to earn competitive rates of return. Less domestic refining capacity means more vulnerability in a true crisis.

These would be the benefits and costs associated with banning export of refined products. I leave it to you to judge how well this inevitable chain of events meets the goals often attributed to such a policy.

THE OPPORTUNITY TO LEARN FROM EXPERIENCE

In making a decision on a refined products export ban, Congress has the luxury of learning from earlier experience. We can gain valuable insights by examining the consequences of the ban on the export of Alaska crude oil.

While refined product surplus are the result of chemistry, crude surpluses are the result of geology.

In the perfect world, Prudhoe Bay would have been discovered somewhere in Texas, New Jersey, or Ohio—near refineries and near markets. This is not a perfect world.

Nine billion barrels of oil were found about as far away from the major U.S. refiners and markets as you can get—6,700 sea miles and 800 land miles away from the country's refining centers on the gulf coast and even further from the east coast.

To compound the problem, the volume of Alaska crude, plus new west coast production, has overwhelmed the demand of the nearest domestic market—the west coast. So, the problem has arisen of what to do with it all.

Mr. President, what we are doing with it is moving it, moving it some 4,500 miles from the west coast to the Panama Canal where it is unloaded and shipped through the pipeline across Panama and is again loaded on ships and, Mr. President, the average volume of movement has been in the area of 700,000 barrels per day since that pipeline went on line a year ago last February.

The problem has become complicated because, for some inexplicable reason, nationality becomes important when people talk about crude oil.

Even though folks in Minnesota and Massachusetts know that U.S. heating oil does not heat a house any better than heating oil from anywhere else, politicians have been led to believe there is something special about Alaska crude. So special in fact, that we must keep it all for our own use, even at the cost of billions of dollars in Federal revenues, reduced domestic reserves, and damaged relations with key trading partners.

Many people do not understand the transportation advantages associated with the savings offered by the export of some, some 12 percent, 200,000 barrels of Alaska's oil.

The unintended consequences of well-meaning legislation—in this case the crude oil export ban—has been well documented, by the Department of Energy, various energy experts and other policymakers.

High transportation costs reduce wellhead values. Thus, there is less incentive to develop new oil fields in Alaska. Less developed oil in Alaska means less non-OPEC production and more instability in world supplies. Lower wellhead values mean lower Federal windfall profits tax receipts as well as reduced royalty and bonus payments from future leases.

We have been feeling these negative impacts for the last 5 years, and will continue to bear these costs as long as the crude oil export ban is in effect.

Mr. President, it appears that the strongest arguments in support of a refined products ban are that, in the short run: First, it may permit a few west coast consumers to get some discounts on certain products and it may help some truckers and maritime interests to pay higher than competitive wages or earn higher than competitive rates of return. In the long run, refinery closing would raise west coast prices and eliminate that legislated windfall for the transportation sector.

When you think of it, those are probably the only arguments that can be made for the crude oil export ban— it benefits a few, for a short period of time, while damaging the short-term interests of most Americans and hurting all of us in the long term.

And yet, it is intriguing to me that there is such a great deal of support among my colleagues for the crude oil export ban.

I must assume that there is some reason for this obviously strong conviction that the best interests of all Americans can be served by banning trade in vital commodities, though that reason has eluded me.

If you really believe that the crude oil export ban serves America's best interest, I offer you an opportunity to further demonstrate your conviction by banning the export of refined petroleum products as well. My amendment would, therefore, ban the export of all refined petroleum products from our Nation.

Mr. HEINZ. Mr. President, at the appropriate time I am going to move to table the Murkowski amendments that are now pending. But before I do—and there may be some Senators who wish to be heard on this; I do not want to preclude Senators from being heard—I want to just speak to the amendment that is before us; namely, the Murkowski amendment to prohibit the export of refined products.

The Senator from Alaska himself said in his remarks that there would be very grave consequences to the ban he proposes in this amendment. I think we understand his rationale for proposing it; it being more tactical than it is substantive. I hope my colleagues will join in overwhelmingly defeating his amendment.

But, just so there is no mistake, Mr. President, there is a parallel between the decision taken and the 1973 Alaskan Pipeline Act not to permit, except under special circumstances, the export of Alaskan oil and the Senator's amendment, which is to prohibit from anyplace in the United States the exportation of refined products. Let us be very clear that if you are going to compare those two, you are comparing apples and oranges.

When you talk about the source of oil, you are talking about a lifeline to a nation in the modern world. And, frankly, when we export refined products, we are someone else's lifeline. But if we export crude, say, to Japan, and then have to import more crude from the Middle East, which is exactly what we would have to do, our lifeline becomes long and it becomes dangerously extended because today the Middle East is far more volatile than it was in 1973.

It was far more volatile when the Banking Committee confronted this issue in 1979. The ayatollah had not taken over Iran at the time the Banking Committee last considered this issue in 1979 and there was certainly no Iran-Iraq war and threats and counterthreats being exchanged daily and intelligence reports of every kind of uncertain events breaking on a daily basis.

The fact is that it is a lot better to export refined products than it is to import Middle Eastern crude. So I hope our colleagues will bear in mind that that is one critical difference.

The second critical difference, Mr. President, can best be described as, a deal is a deal. Not every Member of this body served in the Congress, either the House or the Senate, back in 1973. Some of us on the floor did. The Senator from Alaska, being so young, was not among them. But I well remember the debate over in the House. The Alaskan Pipeline Crude Oil Act passed the House over very strenuous environmental and other opposition, including opposition from many consumers who felt that the pipeline was being built in the wrong place, was being built from Prudhoe Bay down to Valdez when it should have been built from Prudhoe Bay down into the northern Midwest where we would not have this problem.

But the Nixon administration already made a deal a couple of years before without consulting anybody in the Northeast or Midwest. The only reason that act passed over that consumer and environmental opposition was there was an agreement made. And that agreement was that we were not going to allow that oil to be exported someplace else and that it was going to be Americans who benefited from it by lessening their vulnerability to Middle East oil supplies on which we were very dependent at that time, much more so than today. And that was the agreement; that was the legislation.

Mr. PACKWOOD. Will my colleague yield?

Mr. HEINZ. In one split second.

That is why I say the other difference, Mr. President, is that a deal is a deal. I would be happy to yield to my friend.

Mr. PACKWOOD. I am curious. This so-called Alaskan oil export amendment seems to have changed daily from Monday to Tuesday to Wednesday to Thursday. As I understand it, we are not now debating the issue of exporting Alaskan oil, but whether we are going to export refined petroleum products. Is that correct?

Mr. HEINZ. The Senator is correct.

Mr. PACKWOOD. Did my colleague have any hearings on this subject?

Mr. HEINZ. The Senator can say we did not have any hearings on this subject. We did not have any hearings on the subject of the exportation of refined products.

Mr. PACKWOOD. I have a briefing book with 77 dividers prepared to argue the Alaskan oil export, which I guess I do not need. Then I also have materials of perhaps 12 or 14 pages with maybe 10 or 15 arguments designed for the amendment circulated yesterday as to the exportation of only newly discovered oil. I have nothing to argue about exporting refined products.

Pardon me. I am asking a question.

Mr. HEINZ. As I understand the Senator's question——

Mr. PACKWOOD. Nobody knows anything about this because we have had no hearings?

Mr. HEINZ. The Senator's question is entirely appropriate and I might add the answer is in the affirmative. But before he finishes asking questions, let me just say to him that in all fairness to the Senator from Alaska who has proposed this amendment that I expect to be overwhelmingly defeated, he, himself, has said, as I understood his remarks, that his amendment really is a deeply flawed amendment. He said in the short term there would be some consumers in California who would benefit because there would be a temporary surplus of refined products. But in the long run, in the next few years, all the refineries in California would go bankrupt and that would be bad. In fact, it would be catastrophic.

Mr. PACKWOOD. It might even be bad for Oregon.

Mr. HEINZ. It is possible, if anybody had taken that into account.

Mr. STEVENS. Does harm to his State govern the Senator's vote?

Mr. PACKWOOD. I do not have the floor.

Mr. HEINZ. I have not yielded to the Senator.

I would say to my colleague from Oregon that his points are well taken. What we are talking about here is really, as refineries run, they inevitably end up with surpluses of one product or another depending on the time of year. It is in our interest to dispose of our surplus at world market prices. Unfortunately, for a variety of reasons, we are importing far more than we are exporting and we need to pay those bills somehow. The smartest way is that when we are able to export a product we do not need, which does not increase our vulnerability, and which we can do because we cannot store it, the best thing to do is to get the best price for it. Of course, the amendment of the Senator from Alaska would mean we could not.

Mr. PACKWOOD. I thank my colleague.

Mr. HEINZ. Mr. President, I am going to make a motion to table in a few minutes, but not right now. I yield to the Senator from Ohio.

The PRESIDING OFFICER. The Senator from Ohio.

Mr. METZENBAUM. Mr. President, in order not to confuse the issue, my remarks will be addressed not alone to the first amendment but the amendment that I know the Senator from Alaska is about to lay down. I do not think there is any particular purpose to be served in speaking twice on the same subject.

The fact is that as we meet here today, realistically speaking, we face a very serious threat of a major oil disruption in the Middle East as the Iran-Iraq War heats up. This Nation, frankly speaking, is unprepared for that. Congress passed the mandatory allocation legislation and the President vetoed it. We have no plan in place.

As a matter of fact, a full-scale war in that part of the world could result in another major oil blockage in the Strait of Homuz. Twenty-five percent of the free world's oil passes through that strait and Khomeini keeps talking about blocking it. We say that it can be cleared.

Well, I am not a naval expert, but I do know that it would cause great havoc and have a tremendous impact upon the oil economy and our overall economy throughout this Nation and throughout the world. If a full blockage occurred, we would see oil prices more than triple from $30 per barrel to almost $100 a barrel. Gasoline prices would go up to $4 a gallon and home heating fuel prices would more than double. Industry, understandably, would hoard its supplies and gas lines would form again.

We are not prepared for such an oil crisis. Adopting the Murkowski amendment or amendments will not help us with respect to that problem. As a matter of fact, it would create more problems for us. Instead of protecting the American people with a mandatory allocation plan, which would provide a program to keep oil prices from going through the roof, which would have a standby program to allocate fuel supplies to farmers, to hospitals, to police and fire departments, which would have a program which would help the poor and the elderly on limited incomes meet sharply escalating fuel prices, the administration says, "Do not worry. The economy will take care of itself. The market will take care of it." As their own studies indicate, prices could go up to about $99 a barrel.

Now we have an amendment or two amendments that will make us even more reliant on foreign oil. This amendment would change current policy to allow 200,000 barrels per day of Alaskan oil to be shipped to Japan. I am not kidding anybody; 200,000 barrels a day is not very much in the overall scheme of things in this country. But if you can let 200,000 barrels flow out the door, then they will be back for 400,000 or 1 million barrels per day.

I am strongly opposed to this amendment. We have had this same argument made to us before on the floor of the Senate and we have turned it down. I do not believe it makes sense to ship American oil overseas, particularly at a time when we are threatened with a cutoff of Mideastern oil.

Today we consume about 15.5 million barrels of oil per day and we are importing a little more than one-third of that, about 5.5 million barrels of oil per day from other countries.

Recent testimony before the Senate Energy Committee showed that the world economic recovery will soon eliminate the temporary glut. When that happens, OPEC will again be back in the driver's seat.

The United States has diversified its import sources, becoming less reliant on oil from the Middle East. But the oil market is truly a world market. If there is a shortage of Mideastern oil, it will drive up prices for Japan and other Western countries, and that will drive up our prices.

There are other sound reasons to keep current policy and to oppose this amendment. As a matter of fact, as an aside I would like to comment on what I understand to be the next amendment of the Senator from Alaska, or an amendment to his own amendment. That has to do with changing the law with respect to the present law which makes it possible to export to countries under the IEA agreement. There is no secret about it. This Senator thinks that this Nation should not be in the International Energy Agency. There is absolutely no reason for us to be there. That is the kind of mandatory allocation plan which would provide for us to give up oil while at the same time we are not willing to share our oil with people here in this country.

But that is another issue that the Energy Committee will be considering in short order. I hope that he will join with me in opposing this Nation's further participation in the International Energy Agency. If I interpret his legislative proposal to that effect, than I commend him for that part of it, not for all of it.

This amendment would actually increase consumer prices by $3 to $4 per barrel. We should understand that Alaskan oil presently is priced below comparable grades of fuel. So under this amendment, we give up 200,000 barrels of oil a day of this lower-priced Alaskan oil, and we would then be importing from other nations the same amount of oil but at current market prices.

That is not going to help the consumer. Obviously, it will not help the American economy. But it would reduce the number of American tankers that would be used to transport oil while at the same time increasing prices to the American consumers.

Under current law, U.S. tankers carry oil from the pipeline terminal at Valdez, Alaska to the lower 48 States; 800,000 barrels of that oil goes to west coast refiners and 700,000 barrels to Panama, where the oil moves across Panama by pipeline and then by U.S. tanker to gulf and east coast refiners.

Let us take a look and see what happens if oil is shipped to Japan. Most likely, it would reduce oil shipments in U.S. tankers to the gulf and east coast refiners. They would get their oil instead from Saudi Arabia, which would be shipped on non-U.S. tankers.

Mr. President, I understand that the oil going to Japan would be shipped in American bottoms, but I do not see any gain that we make out of that. As a matter of fact, I see it as a loss.

We have a substantial interest in maintaining our tanker fleet. The U.S. Government has provided loan guarantees for their construction. And those tankers are on call by Department of Defense in case of national emergency.

This amendment to allow 200,000 barrels of oil to be shipped to Japan would displace 17 tankers presently being used. I believe we should maintain our tanker fleet, instead of reducing their number by changing current policy.

This amendment, frankly speaking, would help Japan secure American oil, but would do nothing to open the Japanese market to American products.

I recognize that Japan is an important ally, an important trading partner, and important to our national security; but we must continue to insist that Japan open its markets to our products. This amendment would undercut that effort.

Proponents argue that this amendment is needed to provide an additional incentive to North Slope producers to produce additional oil. But they already have enough incentive, and Congress has given it to them over the years.

Last year those North Slope producers earned $5 billion. That is enough. That is more than sufficient.

They do not need this amendment to help them out of their economic distress.

In conclusion, I do not believe that a convincing case has been made for changing current policy so that Alaskan oil can be shipped to Japan.

We are faced with imminent threats to our oil security.

We have invested billions of dollars in tankers, pipelines, and other facilities on the premise that Alaskan oil would be shipped to the lower 48 States.

I am opposed to this amendment, Mr. President, as well as to the amendment as amended. I urge my colleagues to join in supporting the tabling amendment, which I understand the manager of the bill intends to offer at an appropriate time.

Mr. MURKOWSKI addressed the Chair.

Mr. HEINZ. Mr. President, I think we are ready to put the question on the amendment, so I move to lay it on the table. I ask for the yeas and nays.

The PRESIDING OFFICER. Will the Senator withhold the motion to table?

Mr. MURKOWSKI. Would the floor manager allow me to make one statement?

Mr. HEINZ. By all means.

Mr. President, I withhold my motion to table. I did not wish to preclude the Senator from Alaska.

Mr. MURKOWSKI. Mr. President, the amendment which I propose and which the Senator from Ohio opposes are obviously two different amendments, but I do intend to bring up an amendment for 200,000 barrels a day after this amendment is disposed of. I would like to bring out one specific point.

My friend from Pennsylvania indicated that in this matter, indeed, we were talking about apples and oranges. I point out that you can eat both apples and oranges, and you can burn both crude oil and refined oil; but as we both know, an apple does not become an orange but oil does become a refined product. I ask my colleagues to reflect on the parallel that I have just brought up, because I think it has some merit. The argument made that it is not in this Nation's best interest to allow the export of crude oil but to allow unlimited export of refined product is, indeed, not only ambiguous but, I think, true food for thought on our Nation's energy policy if, indeed, we mean what we say with regard to consistency. After all, they are both used ultimately the same way.

I thank the floor leader for allowing me the opportunity to point this out.

Mr. HEINZ. Mr. President, I move to lay the underlying Murkowski amendment on the table. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay the first degree amendment on the table.

The PRESIDING OFFICER. The yeas and nays have been ordered. The clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Illinois (Mr. PERCY) is necessarily absent.

Mr. BYRD. I announce that the Senator from California (Mr. CRANSTON), the Senator from Ohio (Mr. GLENN), and the Senator from Colorado (Mr. HART) are necessarily absent.

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 94, nays 2—as follows:

[Rollcall Vote No. 25 Leg.]

YEAS—94

Abdnor	Bingaman	Chafee
Andrews	Boren	Chiles
Armstrong	Boschwitz	Cochran
Baker	Bradley	Cohen
Baucus	Bumpers	D'Amato
Bentsen	Burdick	Danforth
Biden	Byrd	DeConcini
Denton	Inouye	Proxmire
Dixon	Jepsen	Pryor
Dodd	Johnston	Quayle
Dole	Kassebaum	Randolph
Domenici	Kasten	Riegle
Durenberger	Kennedy	Roth
Eagleton	Lautenberg	Rudman
East	Laxalt	Sarbanes
Evans	Leahy	Sasser
Exon	Levin	Simpson
Ford	Long	Specter
Garn	Lugar	Stafford
Goldwater	Matsunaga	Stennis
Gorton	Mattingly	Symms
Grassley	McClure	Thurmond
Hatch	Melcher	Tower
Hatfield	Metzenbaum	Trible
Hawkins	Mitchell	Tsongas
Hecht	Moynihan	Wallop
Heflin	Murkowski	Warner
Heinz	Nickles	Weicker
Helms	Nunn	Wilson
Hollings	Packwood	Zorinsky
Huddleston	Pell	
Humphrey	Pressler	

NAYS—2

Mathias	Stevens

NOT VOTING—4

Cranston	Hart
Glenn	Percy

So the motion to lay on the table was agreed to.

Mr. MURKOWSKI. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The pending business before the Senate is the first- and second-degree amendments of the Senator from Montana (Mr. MELCHER).

Mr. HEINZ. Mr. President, I ask unanimous consent that the Melcher amendment be temporarily laid aside.

Mr. STEVENS. Mr. President, reserving the right to object, could I inquire what are the other amendments that would be present here today?

Mr. HEINZ. Mr. President, I will attempt to answer that. It is my understanding the Senator from Alaska (Mr. MURKOWSKI) is about to offer an amendment. There are two amendments by Senator MATHIAS and Senator BOSCHWITZ and one amendment by Senator BOREN. Then we have the Melcher amendments pending.

Beyond that the managers do not know of any additional amendments, although there could be some.

Mr. STEVENS. Mr. President, reserving the right to object, I wonder if my colleague might withhold offering that amendment for a while and let these other amendments go ahead because I am still involved in conversations concerning the version of this amendment, and I wish to pursue those conversations.

Mr. MURKOWSKI. Mr. President, I am very pleased to accommodate my colleague, the senior Senator from Alaska. Assuming that there is no objection from the floor manager, I will withdraw the amendment.

The PRESIDING OFFICER. The question before the Senate is the unanimous consent request of the Senator from Pennsylvania to temporarily lay aside the pending amendments.

Mr. STEVENS. Mr. President, I object.

The PRESIDING OFFICER. Objection is heard.

Mr. STEVENS. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. HECHT). Without objection, it is so ordered.

MELCHER AMENDMENT NO. 2763

Mr. HELMS. Mr. President, American farmers face many problems, and we must be careful to see that actions by our own Government do not compound the problems.

Our Nation's farmers have achieved levels of productivity and efficiency unparalleled in human history. Through the private sector, agriculture provides the American public with an abundance and diversity of food, fiber, and consumer products at competitive prices.

American agriculture accounts for 20 percent of the gross national product and one-fifth of our foreign exchange. Agriculture provides 24 million jobs, one-fourth of U.S. employment.

Farm exports generated nearly $35 billion worth of earnings in 1983, the largest single positive force in our balance of payments. Every $1 billion worth of farm products we export generates 30,000 jobs in the private sector.

At the same time, this vital industry of Agriculture has been hit by the upheavals of inflation, interest rates, a strong dollar, drought, worldwide surpluses, and a world recession. Farm program spending has reached new highs, and yet some farmers continue to go out of business.

It is in these perplexing circumstances that we consider this amendment.

I do want to make clear that the Secretary of Agriculture has worked hard to provide an effective program for farmers.

On July 1, 1983, Secretary Block announced general guidelines for the 1984 crop wheat program. He make this unprecedented early announcement so that farmers could made their planning and planting decisions efficiently.

This announcement was followed on July 29 by provisional details of two alternative 1984 wheat programs with the proviso that congressional action on the proposed target price freeze legislation would determine which alternate took effect.

Mr. President, the Senate Agriculture Committee adopted the proposed target price freeze as part of a package which provided $600 million of the savings to encourage farm export. Unfortunately, that measure was prevented from being considered by the

NAYS—42

Abdnor	Durenberger	Matsunaga
Andrews	Eagleton	Melcher
Baucus	Exon	Mitchell
Bentsen	Ford	Nickles
Bingaman	Hatfield	Nunn
Boren	Heflin	Pell
Boschwitz	Hollings	Pressler
Bumpers	Huddleston	Pryor
Burdick	Inouye	Randolph
Byrd	Johnston	Riegle
Chiles	Kassebaum	Sarbanes
DeConcini	Kennedy	Sasser
Dixon	Leahy	Stennis
Dodd	Levin	Zorinsky

NOT VOTING—6

Cranston	Hart	Percy
Glenn	McClure	Weicker

So the motion to table was agreed to.

Mr. MELCHER. Mr. President, I ask unanimous consent that Senator BAUCUS be added as a cosponsor to the amendment just voted upon.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MURKOWSKI addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska.

AMENDMENT NO. 2769

(Purpose: To change the number of days the Secretary of Commerce has to report to Congress)

Mr. MURKOWSKI. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Alaska (Mr. MURKOWSKI) proposes an amendment numbered 2769.

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

Mr. HEINZ. Mr. President, reserving the right to object, and I do not intend to object, is there a copy of the amendment available?

Mr. MURKOWSKI. It is at the desk.

Mr. HEINZ. Mr. President, further reserving the right to object, just so that we know, is this the study amendment or is this the 200,000-barrel amendment?

Mr. MURKOWSKI. It is a first-degree amendment.

Mr. HEINZ. The Senator intends to offer another amendment?

Mr. MURKOWSKI. I intend to offer another amendment on the 200,000 barrels.

Mr. HEINZ. Mr. President, I withdraw my reservation.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 39, line 13, after the period insert the following: Section 7 of the Export Administration Act of 1979 is also amended by striking in the second sentence of paragraph (1) of subsection (E) the word "5" and inserting in lieu thereof the word "10".

The PRESIDING OFFICER (Mr. SPECTER). The Senate will be in order. The Senator from Alaska is recognized.

Mr. MURKOWSKI. I thank the Chair.

Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second?

Mr. MURKOWSKI. Mr. President, I ask for the yeas and nays on my amendment.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The Senator from Alaska.

AMENDMENT NO. 2770

(Purpose: To modify the crude oil export prohibition)

Mr. MURKOWSKI. Mr. President, I send a second-degree amendment and ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Alaska (Mr. MURKOWSKI) proposes an amendment numbered 2770.

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On line 6 of amendment No. 2769 after the period insert the following: Section 7 of such Act is further amended—

(1) in paragraph (1)(A) of subsection (d), by striking out "as described in paragraph (2)(A)(ii) of this subsection";

(2) by striking out paragraph (2) of subsection (d) and inserting in lieu thereof the following:

"(2) Crude oil subject to the prohibition contained in paragraph (1) may be exported at a rate not to exceed 200,000 barrels per day but only if the President makes and publishes express findings that exports of such crude oil, including exchanges—

"(A) will not diminish the total quantity or quality of petroleum refined within, stored within, or legally committed to be transported to and sold within the United States;

"(B) will be made only pursuant to contracts which may be terminated if the crude oil supplies of the United States are interrupted, threatened, or diminished;

"(C) are in accordance with the provisions of this Act;

"(D) will occur on vessels built and documented in the United States, with all maintenance and major repairs on such vessels occurring in United States repair facilities;

"(E) will not impair the ability of the United States maritime fleet to transport or be able to transport the amount of crude oil necessary to meet national security and military needs;

"(F) will provide substantial increases in Federal revenues;

"(G) will be made only on or after January 1, 1985;

"(H) will be made only to countries which have made substantial progress in removing trade barriers to United States imports;

"(I) will encourage increased domestic oil exploration and development; and

"(J) will enhance the international trading position of the United States."

Mr. MURKOWSKI. Mr. President, the export of Alaskan North Slope crude oil has been effectively banned by an act of Congress. The time has come for us to seriously reevaluate this ban.

Mr. President, unless we act now, we will perpetuate a policy which will serve this Nation poorly in the coming decades.

I would like to briefly review the history of this issue.

In January of 1968, 9 billion barrels of recoverable reserves were discovered in Prudhoe Bay on the North Slope of Alaska. Over the next 5 years there was an intense debate on how this oilfield should be developed. Two competing transportation plans were advanced. The first envisioned a pipeline across Canada which could deliver Alaskan crude to Midwestern refiners. The other focused on an all-Alaska pipeline which could deliver North Slope crude to a tidewater port where tankers would transport the oil to the west coast. Congress approved the latter plan. Four years later the Prudhoe Bay field began to pump oil.

At the time, the oil companies anticipated that the growing west coast demand for oil would consume most, if not all, of the Alaskan production. No one could have foreseen how quickly Americans would reduce their demands for oil in response to rising prices. Thus, ever since the oil began flowing from Alaska in 1977, there has been a surplus of North Slope crude oil on the west coast.

Mr. President, my amendment specifically addresses the concerns which have been expressed by my colleagues on the appropriateness of exporting Alaskan oil.

Specifically, the amendment provides for up to 200,000 barrels per day to be available for export. That is approximately 12 percent of the current production of the North Slope of Alaska.

It further provides that if indeed that oil is exported and if indeed there is a market, it shall move in U.S.-flag vessels.

Further, it requires that these vessels, if they do move oil in commerce from Alaska to a foreign country, be repaired in U.S. shipyards.

Lastly, the President has the authority to cancel any agreements if indeed it is in the national interest to do so.

Mr. President, there have been numerous proposals to handle the question of what to do with the excess oil on the west coast. A northern tier pipeline was proposed on several occasions but appears to be permanently abandoned.

I will say for the record that initially it was anticipated by one company, Sohio, that the excess oil on the west coast of the United States would be moved to markets on the gulf coast by utilizing existing pipelines from Long Beach, Calif., to the Texas area.

This effort was initiated by various owner companies and in the process of attempting to obtain permits from the

Long Beach area, there was a great outcry as to the effect that the concentration of tankers in Long Beach harbor would have on the air quality in that area. As a consequence, the permits were denied.

As a consequence of that action, the oil has since moved down from Alaska and the excess to the west coast has moved on to Panama where, incidentally, it was unloaded into small domestic U.S. tankers for the shuttle through the Panama Canal. Then those tankers moved the oil and dispersed it into the gulf coast ports and some east coast ports.

The interesting observation, Mr. President, is that it soon became obvious that there was a better way to move the oil through the Panama Canal than moving it by ships. So a pipeline was initiated across a foreign country to move 800,000 barrels of America's oil. This pipeline was built across the Isthmus of Panama, some 80 miles. Since the operation of that pipeline began a year ago last February, it has averaged approximately 700,000 barrels of oil a day.

The initiation of that pipeline reduced the number of domestic tankers moving oil through the Panama Canal by a substantial amount. It could be said, in response to my opponents who are concerned with this proposed amendment and the effect it would have on the merchant marine, that that, indeed, was an improvement in lowering the cost of transportation. It was also in the national interest to reduce costs to consumers and increasing profit for the oil companies.

As far as I know, Mr. President, that particular effort to build that pipeline was not objected to strenuously by the unions, even though they recognized that they would have ships that would be replaced by a pipeline.

Let me share with my colleagues one other observation that I think points out the inefficiencies, the inconsistencies, associated with our Nation's energy policy today.

Today, there is a concentration of ships in Long Beach harbor. Those ships are engaged in the movement of oil from Alaska to Panama, where the oil is unloaded for transmission through the pipeline.

The reason ships are in Long Beach harbor today is that Long Beach is the only port that has fueling capabilities for the ships that are involved in the shuttle and movement of Alaskan oil. So today there are as many ships, for all practical purposes, in Long Beach harbor as there would have been had we allowed them to unload their oil in the first place when the volumes of oil excess to the west coast were made known. So we have made a complete circle on this issue the the detriment of the U.S. consumers.

I think it is interesting to note that today, we have a new California-to-Texas oil pipeline proposed that could indirectly boost revenues by hundreds of millions of dollars yearly. This pipeline cleared a major hurdle this week: California's South Coast Air Quality Management District approved a needed air quality permit that will allow oil tankers to unload crude oil in Long Beach, the western terminus of the proposed pipeline. The ruling removed a major stumbling block to the 4-year-old proposal by the Pacific-Texas Pipeline Co. to build a 1,026-mile pipeline to Midland, Tex. This new 42-inch line will be capable of carrying up to 900,000 barrels a day of Alaska and offshore California crude oil to the gulf and east coast refiners.

That is a quote from the Pacific-Texas president, Cecil Owens, made from Los Angeles.

The Pacific-Texas group estimates its tariff for oil deliveries will be less than half the cost of transporting oil by tanker to Panama for transport through the Panama pipeline and north to the refiners.

Mr. President, this difference will cut the transportation costs by $2 to $3 per barrel for some 800,000 barrels of Alaskan oil that is excess to the west coast of the United States.

The president of the company said the financing for this $1.6 billion project has been completed. He said his company is about to finish negotiations with the oil companies to confirm the line's crude oil supply. He said he hopes to finish the necessary environmental impact statements this summer.

Mr. President, I think it is interesting to point out that the cash flow generated from a savings of $3 billion is $2.4 million daily—$2.4 million daily, Mr. President, in transportation savings. It is interesting to note that with these transportation savings, this pipeline which is proposed to be built at a cost of $1.6 billion will be paid for in approximately 2 years.

It is like wishing indeed that we should not have a 747 aircraft for the efficiencies that it offers not only to consumers but the owners as well. Indeed, if we outlawed 747's in this country and required the smaller 737's that could carry 100 people, we would have more jobs, certainly. We would have more people involved in servicing those aircraft. But we has to relate to the realities associated with efficiencies in this country. Frankly, that is what we are talking about when we propose the export of Alaskan oil. We are talking about efficiencies in transportation. It costs less to move Alaskan oil to our allies—Japan, Korea, Taiwan—than it does to move it the route that half of it is currently being moved over.

Mr. President, the TAPS Authorization Act of 1973 first restricted the export of Alaskan oil. These restrictions have been tightened in subsequent legislation over the last decade. Because export to closer Asian markets has been effectively banned, this surplus Alaska crude, as I have indicated, has been shipped to Panama, transferred through the Panamanian pipeline, then moved again.

Since 1977, the adverse impact of the oil embargo in the United States has become increasingly clear to energy exporters and policymakers. I wish to point out, Mr. President, what the ban on the Alaska oil export does. It really costs the American taxpayer hundreds of millions of dollars each year in lost taxes and billions of dollars more in lost royalties on Federal oil and gas leases. If we reflect on production forecasts of our OCS lease sales, we are looking at revenues which will offset the growing deficits of our Nation.

Mr. President, the oil export ban discourages new oil development in Alaska, thereby raising the price consumers will pay for oil in the future. It certainly undermines an important trade and defense relationship with our Asian neighbors, notably Japan.

Mr. President, during the course of my remarks I plan to describe in detail each of these impacts and examine why the time is right to ease this wrong, to ease this trade restriction. I also plan to advance a proposal for limited export, which I hope will receive your serious consideration.

Let me note that the arguments in favor of export are simple and convincing. Unfortunately, as too often happens in the public policy arena, this issue has become complicated by political rhetoric and emotional appeal. We spent the last 10 years trying to rationalize a questionable decision made in response to the first oil shock, a decidedly emotional time when tempers flared in the long lines at gas pumps across the country. The ban also created a windfall for a vocal, well-financed interest which has fanned the public fear about oil supplies and inundated policymakers with this leading rhetoric, and now our sense of impatience with the Japanese over their trade policies further frustrates efforts to analyze our Alaska oil export policy on its merits alone.

If we look at the issue of trade with out Pacific neighbors it is not difficult to recognize that indeed we have serious deficits. Our deficit balance of payments with Japan is $21.6 billion; with Taiwan, $6.5 billion; Korea is over $1 billion. Yet we fail to recognize, Mr. President, all of these allies are dependent on importation of raw material in the form of energy, but with the exception of a little coal virtually none of the energy that goes into those countries comes from the United States. And I would ask you why, Mr. President, if we are serious about doing something to offset the deficit balance of payments, are we not initiating trade in regard to the surplus energy items which we have?

Mr. President, for the duration of my remarks I would ask to have my colleagues set aside any preconceived notions on this issue and consider the arguments in favor of limited export from a fresh perspective. I am confident that you will find these arguments appealing. Let me begin first with some basic facts about marketing Alaska's crude oil.

First, the U.S. west coast is the most profitable market for Alaska's crude, and even if the ban were eliminated totally the west coast would continue to have first claim on North Slope crude produced.

That said, however, it is far, far cheaper to export the west coast surplus than it is to force it over an inefficient route across Panama and on to the U.S. gulf coast. Japan, for instance, is 3,300 miles from Alaska. The gulf coast is twice as far, Mr. President, twice as far—6,700 miles. The trip to Japan is much simpler because it involves no immediate pipeline transit across Panama. Also, greater economies of scale can be achieved on an export route because it is feasible to use much larger tankers.

Mr. President, there is one thing a lot of people do not understand about Alaskan oil, and that is Alaskan oil is the highest priced oil in the world from the standpoint of production. It comes from a harsh area above the Arctic Circle where drilling costs are extremely high. In addition, the oil has to move through and amortize the largest construction project in the history of the world, and that was the Trans-Alaska Pipeline, built at a cost of approximately $7.5 billion. Oil from the North Slope moves through that pipeline, amortizes field development costs and pipeline construction costs, and then is loaded on U.S.-flag vessels and moves down to Panama. Then it is unloaded from those ships, goes across the Isthmus of Panama in a pipeline and is loaded again on U.S.-flag vessels and still marketed at competitive prices with oil from other points in the world.

Oil is like water, Mr. President. It finds its own level, and Alaskan oil can be marketed in spite of these high costs, but my specific point is that if you reduce the transportation cost you induce the exploration effort, and I will get into more on that point in my remarks later.

Shipping a barrel of North Slope crude to the gulf coast costs about $4.50 while it costs roughly 60 cents to $1.10 per barrel to ship that oil to the Orient. The export ban forces producers to pay as much as nine times more for North Slope transportation than they need to. In total, North Slope producers spend over $1 billion for unnecessary oil transportation to the gulf each year. This is substantiated by my earlier reference to the proposed California to Texas oil pipeline, initiated to pick up the transportation savings that can be realized. So the question comes up, Who is paying the tab? Contrary to what most people think, it is the American taxpayer and the average consumer, not the oil companies. Since 1980, Congress has allowed the oil companies to shift the immediate high cost of transportation under the export ban to the average taxpayer. Today most North Slope production comes from the Prudhoe Bay field which is flowing at 1.5 million barrels a day. Unlike other North Slope fields, it is subject to the windfall profits tax. However, the windfall profits tax statute allows most of the transportation costs to be deducted before the taxable value of the oil is calculated. When other Federal and State taxes are included, the impact of this tax deduction is truly astounding. For every dollar spent on transportation, the owner companies reduce their tax liability by approximately 91 cents.

In other words, for every dollar the oil companies pay for a transportation scheme that is inefficient and unnecessary, the American taxpayer loses 91 cents in tax revenues.

So much, Mr. President, for capturing windfall profits. Fewer Federal tax revenues mean higher Federal deficits, higher interest rates, and heavier personal income tax burdens for constituents all over America.

On the other hand, Mr. President, for every dollar that companies would save on transportation through export, State and Federal taxpayers would capture that 91 cents. I am sure that would appeal to my colleagues who are concerned about our growing deficits.

Over the long term, Mr. President, the economic burden that the ban imposes on the taxpayer and the consumer is going to grow heavier. I would like to explain it. The royalties and bonus bids that oil companies pay for acccess to federally owned oil and gas resources is a significant source of Federal revenues. In Alaska, the most attractive new areas for oil development are not on State lands. They are on Federal lands. But because the ban reduces the wellhead value of North Slope crude it decreases the projected profits from exploring and drilling on these Federal lands. Depending on the size of the field, lower projected profits force the oil companies to pay the Federal Government less for development rights or for developing a lease that they already hold. The Department of Energy estimates that over the life of the new field the Treasury would receive an additional $10 billion—that is in today's dollars—in royalties and bonus bids if the export ban were lifted on new field production only. So even though the American public is irate over disposal of other federally owned resources that have been referred to as "fire-sale" prices, we in Congress continue to rubberstamp policy which depresses by billions of dollars the value of Federal oil leases in the State of Alaska.

Over the long term, the ban will also force average consumers to pay higher prices for oil and oil products. The export ban triggers a chain of events which hurts every sector of the economy—households, farmers, utilities, truckers, you name it. Lower wellhead prices result in less production, and less production results in higher oil prices. Less non-OPEC production also increases the instability of the world oil market, making the United States more vulnerable to supply disruptions.

The negative impact of lower wellhead values on consumers was confirmed by testimony before the Federal Energy Regulatory Commission regarding the level of the trans-Alaska pipeline tariff, one component of ANS crude transportation costs. In his testimony on behalf of the Justice Department, Alfred Kahn, a former Chairman of the Civil Aeronautics Board, reports that a $3 per barrel change in the TAPS tariff could affect future North Slope production by about 150,000 barrels a day or more. He reports that estimates have been made which show that increasing production by this amount would reduce world oil prices by between 13 and 26 cents a barrel, saving U.S. consumers on the order of $1 billion a year.

While Mr. Kahn was talking about reducing the TAPS tariff, exporting Alaska oil is another way of reducing North Slope crude transportation costs. It would save North Slope producers between $3.30 and $3.90 a barrel. Clearly, as Mr. Kahn's testimony confirms, the potential exists for such transportation savings to yield welcome additions to the world's crude supply.

As I will discuss later, the export ban benefits a very small group of people greatly. I find it very hard to defend any policy which forces the average American consumer and taxpayer, to support the lifestyle of those we have made immune from competition. How do we justify considering tax increases, when we ignore revenues which could be generated simply by increasing efficiency in the North Slope trade? And, in time of record deficits, how do we justify a policy which costs the Federal Treasury billions of dollars?

I can see no justification for imposing these unnecessary costs on the American economy, at a time when we are attempting to regain our competitiveness in the world marketplace.

As I indicated by my previous amendment, which I put before this body to simply point out the inconsistencies of our policy, we allow the export of refined products with no restrictions of any kind. Refined products are shipped even to our neighbors in the Eastern bloc. Some 7,000 barrels of refined products go to the Soviet Union daily. Yet, we restrict crude oil exports. I trust that my colleagues observed this inconsistency.

BAN IS COUNTERPRODUCTIVE IN TERMS OF ENERGY SECURITY

Let me turn now to the impact of the export ban on this Nation's energy security.

After each oil crisis, we reaffirm our ban on exports using the rhetoric of "energy independence." With this "Doublespeak," we are deluding ourselves and our constituents. The export ban does nothing to help the United States withstand international oil supply disruptions and actually discourages development of new domestic reserves.

We owe it to our constituents, and our children's generation to stop perpetuating this sham.

The suggestion that the ban on Alaska oil exports has helped us in past supply disruptions or will help us in the future is a myth. The adverse impact of a supply disruption comes from a rapidly rising price, not availability per se. In a supply disruption, the world oil price will reach a new level based on the size of that disruption, regardless of where Alaska oil is shipped.

Exxon, Sohio, Arco, and the other North Slope producers will sell their oil at the world price, regardless of whether that sale is made in Yokohama or Houston, Tex. Thus, the ban does not protect this country from the economic effects of an oil supply disruption. In fact, over the long term, the ban will actually increase the vulnerability of the United States and its oil-consuming allies to future supply disruptions because it is a disincentive to new production.

In 1968, this continent's largest oil field was discovered at Prudhoe Bay. Only 5 years from now, in 1989, three-quarters of that oil will have been produced and consumed.

Even though Alaska is the premier area for new oil production in this country, no Alaska oil fields have been found, or are being developed, which will replace even a small fraction of Prudhoe Bay's production.

Make no mistake, Mr. President, there are billions of barrels of oil left to be developed in Alaska. The Department of Energy has substantiated those figures, as has the Department of the Interior. However, future development will involve smaller fields—which are still giant by lower-48 standards—immense technological challenges and much, much higher costs.

The Lisburne Field, which overlies Prudhoe Bay and is larger, is proposed for production and will require new technology because it is heavy oil embedded in sand. We also know that oil is where you find it; but in Alaska when you find it, you had better find a lot of it or you will never be able to afford to bring it to market.

The harsh reality of oil exploration on the North Slope was brought home to us in December. Sohio and its drilling partners paid $1.5 billion for leases on the much-touted Mukluk field. The first well drilled on the field was a dry hole—a $140 million dry hole.

Mukluk was expected to be the next Prudhoe Bay. It was not. Yet, within a 30-day period, another find was discovered at Seal Island. Seal Island is very close to pump station 1. Yet, there is no assurance that this find will ever find its way into the commercial market, because infrastructure costs are so high.

We must maintain a climate to promote the development of new fields for America's energy independence, and the only way to do that is to reduce the crude oil transportation costs every place we can.

The cost of developing new Alaska fields will be higher and the fields themselves will be smaller. The only incentive to develop new North Slope fields will be higher wellhead prices. Easing export restrictions will raise these prices by removing the transportation cost penalty currently imposed by the export ban.

Wishful thinking will not produce more oil from Alaska. Higher prices at the wellhead, as a result of increased transportation efficiency will.

It is important to remember that it takes 8 to 10 years to develop an Alaska oil field. In the next oil crisis, development potential will not heat homes, fuel automobiles or stabilize the world oil price. We must develop Alaska's oil potential to protect against the next oil supply disruption. The export ban stacks the deck against such development.

I ask all of you to recognize that the economics of new field development cannot be compared with those of Prudhoe Bay. Prudhoe Bay is unique. It is a once-in-a-lifetime windfall for our Nation. Prudhoe Bay is such a huge field that it has been able to absorb high operating and development costs as well as the high cost of subsidizing the domestic maritime industry. New fields will not be able to assume that double burden.

The choice is clear. Do we continue to forsake long-term domestic energy production for the short-term interests? Or, do we separate the two issues and work for answers which will insure both long-term domestic oil supplies and a healthy merchant marine? This is the crux of the debate on oil export.

ADVERSE IMPACT ON ASIAN TIES

In addition to imposing domestic penalties, the export ban also imposes penalties in the international sphere.

I think we tend to underestimate the growing importance of the Pacific Rim and choose to focus, instead, on the concerns of Western Europe, the Middle East and the Soviet Union. This is the natural result of proximity as well as our deep cultural ties with that part of the world.

This notwithstanding, I urge my colleagues to recognize that our interests in the Pacific Rim are as important, if not more important, than those in the Atlantic. Lest we forget, the United States is a major Pacific Rim country with a genuine interest in the region's stability and prosperity.

The U.S. trades more with Asia than it does with Western Europe; Japan is our single largest and most important trading partner—it purchased $21 billion in goods and services in 1982 from this country.

Think about these facts for a moment. The time has come when we must all acknowledge that the economic growth and stability of Asia is absolutely vital to improving our own standard of living.

This area is also clearly vital to our national security. Japan, in particular, occupies a key strategic position in Asia for it controls the maritime exits of the Soviet navy from the Sea of Japan into the Pacific Ocean. In addition, U.S. bases in Japan are important to the security and stability of East Asia, particularly South Korea. And, because Soviet military power is growing in the Pacific, the importance of Japan, South Korea and our other Asian allies is increasing.

Mr. President, I think it appropriate to read into the RECORD a letter from our Ambassador to Japan the Honorable Ambassador Mike Mansfield. This letter was dated February 8 and reads as follows:

Hon. FRANK H. MURKOWSKI,
U.S. Senate, Washington, D.C.

DEAR FRANK: I am pleased that the Congress will consider easing restrictions on the export of Alaskan oil. This step would benefit American consumers and taxpayers, improve relations between the United States and Japan, and strengthen U.S. security. I hope the Congress will act soon to approve it.

The economic reasons for allowing the export of at least a portion of Alaskan oil production are straightforward and well understood:

Alaskan oil production is now much more than west coast refineries can use, and it could grow in the future.

Shipping costs for delivering Alaskan oil to U.S. gulf and east coast refineries are now $4.00 to $5.00 a barrel as compared to $1.00 or less per barrel for oil supplied from Mexico, Venezuela, and other countries.

Alaskan oil could be shipped to Japan and other Asian markets for about $0.50 per barrel, or around $1.00 in U.S. tankers.

Allowing the export of Alaskan oil to Japan will also further the security of the United States. Japan is the most important Pacific ally of the United States, the foundation for U.S. defense efforts in East Asia, and a base for the U.S. Seventh Fleet and other U.S. military forces. Japan's energy security is, thus, inseparable from our own—Japanese refineries supply fuel for all U.S. forces in the area. I cannot conceive of the United States not assisting Japan in the event of an international energy crisis and note that we have obligated ourselves to do so under the international energy agreement.

Japan's solidarity with the United States on energy security is a matter of record. Japan was the only country that paid a price for its support of our policies in Afghanistan and Iran. While the hostages were being held in Iran, Japan, at our urging, refused an Iranian request for a $2.50 increase in the price of oil. As a result, Iran, which had been supplying 13 percent of Japan's oil, cut off oil shipments to Japan.

While I would be the first to acknowledge that the United States has trade problems with Japan, those problems are being addressed by the Administration under the coordination of Vice President Bush and a continuation of the prohibition on oil exports will not help to solve them; it will only raise questions about the sincerity of our efforts to reduce the bilateral trade deficit with Japan.

I would note, in addition, that the U.S. oil market is of vital importance to Mexico and Venezuela. The United States looks to these countries to provide stability and economic growth in the Caribbean. Oil imports from these countries are beneficial to both them and us.

The proposal to allow limited export of current Alaskan production and unlimited export of new field production is an excellent one; it would open the possibility of future export from new fields, encouraging development of those fields and enabling Japanese companies to make long range plans to increase their imports from Alaska without disturbing current oil supply arrangements in either country to any significant degree.

Placing a limit on exports from current Alaskan production should also protect the interests of the U.S. maritime industry and unions by preventing a fall in domestic shipments of Alaskan oil. The economic and other benefits from exporting Alaskan oil would still be substantial, even if use of U.S. ships were to be required for a portion or even all of the oil exported.

Sincerely,

MIKE MANSFIELD.

As you will recall, Mr. President, that is precisely what my amendment says.

We must regard these Asian countries as some of the most important allies we have. We must be concerned about how the export ban affects them.

And really, Mr. President, the crude oil export ban is directed against them. We can ship our refined products, but we cannot ship crude oil to Japan, and we cannot ship crude oil to Korea, and they are very much aware of that. I strongly believe that this trade restriction works against their security interests—hence our own—and undermines our efforts to improve trading relationships.

One of the primary threats to the security of Japan and South Korea, is their reliance on unstable sources of imported energy.

Japan relies totally on imported oil, over 70 percent of which comes from the volatile Persian Gulf. Overall, it must import 90 percent of its energy—oil, coal and natural gas. In contrast, the United States must import only about 10 percent of its total energy requirements.

It is interesting to note, Mr. President, at the current time we import approximately 3 percent of our oil supply from the Mideast. South Korea and Taiwan are even more resource poor and must rely heavily on energy imports. But again, Mr. President, we do not supply any of those countries with energy. The export ban forces Japan and other allies into energy relationships with China and the Soviet Union. We know that such relationships are fraught with geopolitical risks. For example, the recent downing of the Korean airliner occurred over Sakhalin Island, home of a joint Soviet-Japanese energy project.

The Japanese are there because they are not energy self-sufficient. They are looking for energy and willing to buy from any source available. Just as it is not in our interests for European allies to depend on Soviet natural gas, it is not in our interests for the Japanese or the South Koreans to rely on energy projects in the Soviet Union or China.

The export ban also raises doubts about our commitment to share oil supplies with the Japanese in an energy emergency. Iraq has threatened to blow up a major Japanese oil project in Iran, Japan's largest single supplier of oil. Because Japan is the world's second largest oil importer, disruptions in its oil supplies have ramifications for each and every one of us. As we saw in 1979, Japanese buying on the spot market drove up oil prices higher than the supply shortfall warranted.

The same thing could happen today. Prohibiting the export of Alaskan oil will not isolate the United States from such an occurance again. Owners of Alaskan oil will sell crude oil at the world market price, which is based on the price of Saudi light. This world oil price will dictate the price of Alaska crude oil regardless of how much oil you have coming in from Alaska.

We have tried to reassure the Japanese, through the International Energy Agreement, which was referred to earlier by my colleague from Ohio, that we will share our oil supplies with them in an oil emergency. But if you were Japanese, ask yourself how much faith you would put in such a promise when the United States refuses to sell to you, and I might add at a handsome profit, even a small portion of its excess west coast crude in the midst of a worldwide glut.

It is wishful thinking to believe that the United States can continue to either disregard the energy security—hence the national security—problems of our Asian allies, or to address these problems with rhetoric but no action.

I also recognize that we have important disagreements with Japan over its trade restrictions. However, this trade tension is surely not eased in any way by the existence of a ban on trade in a commodity so vital to the Japanese. I sense many people feel that since they are erecting barriers to our commodities, we are justified in having our own barriers. Unfortunately, this is an example of cutting off your nose to spite your face—no one wins and the U.S. taxpayer and consumer loses.

The problem with the oil issue is that people do not understand that Alaska crude oil competes in the world market with Saudi light or it does not compete at all. If it does not compete, it does not come into production and is not available for marketing. Nor is it available in times of short supply. Until my colleagues recognize this fact of life, they will fail to understand that what I propose will bring even more Alaska crude oil to market rather than lock it into the ground where it cannot be reached during periods of short supply.

Of course, the ban is a very expensive way of venting our frustrations with the trading practices of the Japanese, Koreans, and Taiwanese.

At some point, serious negotiations over Japanese trade barriers will ultimately have to face the stumbling block of the U.S. crude oil export ban. However, if the Congrss gives the President flexibility on this issue, it may be possible to turn a stumbling block into a negotiating tool. This will not happen, however, as long as the Congress remains rigid in its support of a complete ban.

Above and beyond our trade disputes, the United States and Japan are partners in, using Ambassador Mike Mansfield's words, "our most important bilateral relationship." In a period of increasing international tensions, we cannot afford to leave Japan unclear about our commitment to its security.

The Department of Energy, in the recently released national energy plan, endorsed—for all of these reasons—the limited export of Alaska oil. Now, it is time for Congress to take action.

I have spent quite a bit of time describing the problems that the export ban has created. Now, let us turn to the one dubious benefit the ban has yielded.

THE MARITIME CONNECTION

As with any other trade restriction, there are the few who benefit at the expense of the many. In this case, it is the ailing inefficient domestic maritime industry which has received a legislated windfall. The oil export ban constitutes a huge hidden subsidy to that industry.

Let there be no misunderstanding, I am committed to achieving the goal of a healthy, competitive domestic maritime fleet. However, even though the export ban heavily subsidizes this industry, we do not seem to be moving any closer to that goal. At the same time, as an undesirable side effect of this subsidy, we are losing ground in our efforts to increase domestic energy supplies. There has got to be a better way, and I am sure my colleagues would agree.

Mr. HEINZ addressed the Chair.

The PRESIDING OFFICER. The Senator from Pennsylvania.

Mr. MURKOWSKI. Mr. President, I will yield for a question.

Mr. HEINZ. The Senator from Pennsylvania will wait.

Mr. MURKOWSKI. I appreciate that. I probably have seven more pages.

Mr. HEINZ. The Senator is sure he is not filibustering his own amendment.

Mr. MURKOWSKI. I assure the Senator from Pennsylvania I am not filibustering my own amendment. I hope that I am making some progress in convincing my colleagues of the merits of my amendment.

Mr. HEINZ. I thank the Senator for yielding.

Mr. MURKOWSKI. Mr. President, 90 percent of the tanker tonnage in the Jones Act fleet, and about half the tanker crew, is employed in the Alaska oil trade. As long as Alaska oil is produced, the maritime industry is guaranteed work for these tankers and men. They have a monopoly on this trade and, not surprisingly, they charge monopoly prices.

As a result, we pay over $1 billion more than we need to for Alaska oil transportation. Our constituents may well wonder what this $1 billion a year is buying—besides healthy PAC contributions for Members of Congress?

This $1 billion is clearly not buying a healthy merchant marine.

I quote from an article done by the Philadelphia Inquirer of May 1, 1983:

> The U.S. merchant marine steams at nearly double the operating cost of foreign competitors with crew and officer costs that are triple the going world rate . . . Year after year, as massive aid has flowed into the maritime industry, the U.S. merchant fleet has declined. . .

Our policies encourage shipowners to operate their fleets long after safety and efficiency considerations dictate scrapping them. These same policies make operators immune to the exorbitant wage and benefit demands of the maritime unions—where many crew members are paid salaries of $50,000 or more per year, for 6-months' work.

Rather than tackle the tough issues of national maritime policy, this body seems willing to forgo billions of dollars in tax revenues, and to risk our future energy security and that of our allies by using the export ban as a politically expedient way of addressing a serious national problem.

We have been using the export ban as a band-aid for this industy's problems when it really needs much more potent medicine.

We must determine if there is an effective—and cheaper—way of achieving the valid public policy objective of a modern competitive merchant marine. I wholeheartedly support constructive efforts in this direction.

I think my amendment responds positively to the concern for a strong merchant marine because, Mr. President, it dictates that if any oil is exported outside the United States it will be exported in only U.S.-built and documented vessels. I think this will ultimately provide more business for the American merchant marine.

Some of my colleagues have expressed the concern that if this amendment receives favorable consideration, although exported oil will move in U.S.-flag vessels, it will not move as far. I would again remind those with this concern of the realistic alternative of movement by pipeline, as proposed by the new California to Texas pipeline, which is now underway. And while they recognize the oil will not move as far, it may move in larger U.S. tankers than are currently used in the movement of that oil.

I would remind my colleagues of the natural efficiencies available in the movement of commodities as improvements are made.

I know some of my colleagues are concerned that some shipyards in the United States might be affected by my amendment. I have addressed that concern by requiring in my amendment that all ships involved in the carriage of oil outside the United States not have the option of repair in foreign yards. They must be repaired in U.S. shipyards. For my colleagues concerned that these larger ships may not be able to get into the currently available shipyards, I would like to point out another inconsistency.

In the State of Oregon, there is a shipyard on the Columbia River where most of the ships are repaired. That shipyard was constructed in Japan and towed to the Columbia River, where it does an outstanding job of repairing U.S.-flag vessels today. I point this out simply to illustrate the inconsistencies that are in existence in our merchant marine today.

I think my amendment is a positive one. It provides an interim period of continuing operation of U.S. ships and a new market for the maritime unions—the market opened by the export of excess crude oil from the west coast to the Far East.

I strenuously object to achieving—or worse, trying in vain to achieve—one valid public policy objective at the expense of another. That is what we are doing with the Alaska oil export ban.

I represent a State which relies on domestic shipping for the very necessities of life. I would be happy to work with others on problems faced by this industry. It is time, however, to stop creating countless economic, energy security, and foreign policy problems by satisfying the short-term interests of a few.

Now, in the context of our consideration of the Export Administration Act, I believe that the time has come to inject some flexibility into the way we think about, and regulate, Alaska oil.

THE TIME IS RIGHT

The Senate last considered the oil export issue in 1979. Today, the world's energy situation is far different than it was then. Consider these four events of the last 5 years.

First, the worldwide oil glut has reduced oil prices, further decreasing the incentive for new development of high-cost areas such as Alaska.

Second, the west coast surplus, created by the export ban, will grow even larger in the next few years as new California production comes on line. And since the abandonment of the Northern Tier project earlier this year, producers face three alternative ways of dealing with this glut: export, "shut-in" production onshore in California, or, finally, slow further development activities in Alaska.

Third, we have learned a very expensive lesson: Japanese energy vulnerability affects the American consumer in a very tangible way. Japan, like the United States, is vulnerable to oil price changes. However, because they import 100 percent of their oil and 90 percent of their overall energy requirements, the Japanese perceive—and understandably so—that they may face the problem of getting any oil at all.

Make no mistake, the U.S. consumer will pay if Japan is forced, once again, to bid up the world price, as she did in 1979, in frantic efforts to secure oil on the spot market. It does not matter whether an oil price increase is caused by panic buying or a genuine shortfall in supplies, we all pay the new higher price. Exporting Alaska oil would reduce the Japanese perception of vulnerability, lessening the likelihood that their purchases on the spot market would increase the price we all pay for oil.

Banning the export of Alaska oil offered us no protection from the economic consequences of the 1979 supply disruption. Maintaining the ban would not offer any help in the future either. Only new oil supplies and a flexible market will minimize the impact of future disruptions.

Finally, the American public has demonstrated that it understands the way the oil markets really work. For instance, the American public is not concerned that we are importing refined products at the same time that we are exporting them. The United States is currently exporting just short of a half a million barrels a day of refined products, including 7,000 barrels a day to the Soviet Union with no restrictions at all.

I ask how many of you have received letters from constituents in an uproar that we are exporting heating oil from the coast and importing it on another? Clearly, the sky has not fallen in because of refined products exports, nor is it likely to fall if the U.S. exports some fraction of this volume as crude oil.

As the world has changed in the last decade, the need to reevaluate our export policy has become greater and the case for easing export restrictions has become more compelling than ever.

JOINT POLICY STATEMENT ON ENERGY COOPERATION

After nearly a year of study and negotiation, administration policymakers in both the United States and Japan have acknowledged the merits of promoting the export of limited amounts of Alaska oil. Last January, President Reagan and Prime Minister Nakasone announced the formation of a United States/Japan Energy Working Group to promote a cooperative relationship in energy between the two countries.

This group, and its experts—technical advisory committee—studied this issue over the past 10 months. Their deliberations formed the basis of the energy discussions held in November between the President and Prime Minister in Tokyo.

In advance of the President's trip to Japan, the U.S. members of the Energy Working Group released a report of their findings. That report reached the following conclusions:

Enhanced energy trade is one area where we can strengthen our economic presence in the Pacific Rim, improve the area's energy security and preclude further reliance on Soviet energy supplies;

Increases in U.S. energy exports mean new jobs, higher government revenues, enhanced exploration and development of the U.S. resource base, and injections of capital investment;

Therefore, U.S. energy exports are not only an energy security boon for our allies but also for us. Without exports, our energy resources, particularly in Alaska, may remain underdeveloped or undiscovered in their full potential. Exports can facilitate exploration, development, and the availability of U.S. energy for the Pacific Rim.

With respect to oil, the American contingent found that the United States "could derive substantial net benefits" through exports of Alaska oil to Japan. In fact, their report concluded:

We have weighed the costs and benefits of removing export controls, looking at options ranging from export only of oil from new discoveries to a full lifting of the ban. There are some costs to lifting the ban * * * The benefits of lifting the ban are substantially greater than these costs.

The most immediate and direct benefit is the savings in transportation costs * * * Substantial added benefits accrue as the value of new Alaskan and West Coast leases increases; oil exploration and development (and jobs in that industry) increase; and, federal and state revenues are enhanced from these activities. U.S. energy security will improve as increases in domestic production cause net imports to drop, and the diversification of supplies will enhance the energy security of key Pacific Rim allies.

Significantly, President Reagan and Prime Minister Nakasone announced agreement on a "Joint Policy Statement on Energy Cooperation." The importance of this document, which was the culmination of the hard work of the United States/Japan Energy Working Group, for United States-Japan relations should not be underestimated.

The document begins by stating that:

Taking account of the energy prospects for the entire Pacific Basin, the two countries agree that the sound expansion of U.S.-Japan energy trade will contribute to the further development of the close economic and energy security relationship which exists between the two countries.

Specifically noting the potential for Alaska oil exports, the United States and Japan acknowledged that U.S. legislative barriers stood in the way of both countries realizing the gains from this trade. The United States pledged to "continue to keep under review the removal of restrictions on exports of domestic crude oil."

I believe that this bilateral statement gives us yet another reason why the time is right to reevaluate our oil export policy.

I fear that unless we support the progress of the United States and the Japanese negotiators on the issue of energy, specifically oil, it will be difficult for the President to pursue the critical trade issues which are so important to many other American industries.

Clearly, oil is an issue which must be dealt with in a constructive way during wide-ranging trade discussions. However, if we simply rubber stamp an extension of the ban, we will tie the hands of the President on these other trade issues.

AMENDMENT TO ALLOW LIMITED EXPORTS

Mr. President, I do not advocate a wholesale unraveling of web of laws Congress has enacted governing the sale and taxation of Alaska oil.

Instead, I propose an amendment which enables our country to achieve many of the benefits associated with freer trade in energy while at the same time addressing the fundamental concerns of an industry which has come to rely on this legislated hidden subsidy.

This amendment would ease restrictions on the export of Alaska crude oil. It would allow limited exports of up to 200,000 barrels per day from Alaska's North Slope, 12 percent of current ANS production; delay the start of exports for 1 year, giving the President time to use export as a bargaining chip in trade negotiations; require a Presidential finding that export has, indeed, been a factor in advancing trade negotiations; mandate export on U.S.-flag tankers, and require that those tankers be repaired in U.S. shipyards; encourage new production, with the accompanying positive effects on both the level and stability of world oil prices; and diversify the energy supplies of a key Asian ally, such as Japan or South Korea, and enhance the credibility of our assurances of emergency aid. As I noted earlier, Japan's energy vulnerability is our Achilles heel. If we truly want to reduce the threat of an oil supply disruption to the Japanese—which poses a very real threat to the United States—we must take action to address her energy security dilemma. Limited crude oil exports would be a good first step.

Let me also be clear about what easing export restrictions would not do.

Export would not increase the price of oil or oil products in the United States. We would continue to pay the world price for oil, just as we do now for Alaska crude or any other.

Export would not decrease the availability of oil or oil products. Other suppliers—closer to the gulf coast—would replace any exports at the same world market price.

Export would not damage the merchant marine's defense capability. This amendment mandates that export can occur only as long as it does not impair the defense capabilities of the merchant fleet. Given the minimal impacts and the additional Federal revenues generated by export, the Department of Defense can insure that it has the vessels available that it may need in an emergency.

This amendment minimizes any adverse impact on the martitime industry and offers some tactical advantages for the United States in trade negotiations with the Japanese.

With respect to the maritime fleet, the modest reduced domestic demand for tankers and crew will be absorbed through natural attrition. As most of you are aware much of the Jones Act fleet is an old fleet, old crew and old tankers. It is important to remember that the average crew member is 50 years old; of the 14,400 tanker crew in 1982, 2,376, 16.5 percent, were 60 or older. Most crew retire—to lucrative pensions—at 62. So you can see that these retirements will more than compensate for any reduction in crew demand due to export.

As I noted earlier, the Alaska North Slope trade has been encouraging tankers to stay in service long after they were fully depreciated, contrary to the interests of the environment, crew safety, and efficiency. Limited export would permit the vessel retirements which are long overdue.

In addition, using U.S.-flag ships for export provides a benefit to the U.S.-flag fleet as it would employ some heavily subsidized U.S. tankers, which are now foundering in the glutted world market.

With respect to trade relations, this amendment offers U.S. negotiators a tactical advantage. Delaying exports for 1 year allows the President an opportunity to offer Alaska oil to Asian trading partners in return for some reduction in barriers to U.S. exports. Right now, the political opposition to any crude oil exports appears so formidable that the President is effectively precluded from using oil in negotiations. The planned delay in implementation also allows the Congress an opportunity to change its mind on limited export if suitable trade progress is not forthcoming, or if the energy situation changes.

To conclude, export of some Alaska oil has always made good economic sense. It has always made sense in terms of our commitments to our allies and our commitment to free trade. Unfortunately, as I noted earlier, good economics and good policy have been overwhelmed by the force of public misconceptions and fears which have been fed by special interest rhetoric.

Seven years after the first production from the North Slope, I think we can assess the impacts of the export ban: It has cost the U.S. Treasury billions of dollars and will continue to cost both the Treasury and the consumer billions of dollars more; it discourages new domestic oil production; and it damages our relationships with our allies. The negative repercussions of the export ban clearly make this an issue which requires our attention.

We have been willing, over the last few years, under administrations of both parties, to look at countless laws and regulations to see if they still provide the benefits we once associated with them. We, in Congress, have been wisely skeptical of our ability to—once and for all—legislate an answer to any problem in these changing times.

I ask my colleagues to consider applying a dose of the same healthy skepticism to their review of the way we have chosen to regulate the export of Alaska crude oil.

I think this amendment offers a sound alternative to a simple extension of the current restriction. I believe it allows the United States to take advantage of its natural resource wealth in a way which benefits other U.S. industries, as well as the U.S. Treasury.

Mr. President, I think it is in the best interests of this country and should merit the serious consideration of my colleagues.

I ask unanimous consent that I may suggest the absence of a quorum and retain the floor at the termination or withdrawal of the quorum call.

The PRESIDING OFFICER (Mr. ABDNOR). Is there objection?

Mr. HEINZ. Reserving the right to object, will the Senator restate that?

Mr. MURKOWSKI. I ask unanimous consent that I may suggest the absence of a quorum and retain the floor at the withdrawal or termination of the quorum call.

The PRESIDING OFFICER. Is there objection?

Mr. HEINZ. Mr. President, reserving the right to object, the Senator from Pennsylvania does not intend to object, even though it is an unusual request. I hope there will not be a similar request a second time.

Mr. MURKOWSKI. I respectfully advise my friend from Pennsylvania that I would like to have about 4 minutes.

Mr. PACKWOOD. About how long?

Mr. MURKOWSKI. About 4 minutes.

Mr. PACKWOOD. Would the Senator be willing—I have some comments I would like to make. Would he let me make some comments and he can have the floor back when I am done?

Mr. MURKOWSKI. I shall be happy to relinquish the floor, with the understanding that I do not lose my right to the floor, to my friend from Oregon.

Mr. HEINZ. Mr. President, as I understand the unanimous-consent request it is that the Senator from Alaska has asked unanimous consent to yield to the Senator from Oregon (Mr. PACKWOOD) for not to exceed 5 minutes, without the Senator from Alaska losing his right to the floor.

Mr. MURKOWSKI. That is correct.

Mr. HEINZ. Mr. President, I have no objection to that.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. PACKWOOD. Mr. President, the Senator from Alaska touched upon a great many points. One of the points he touched upon, however, was the fact that drilling in Alaska, production in Alaska, distribution in Alaska, is very, very expensive; therefore, it is necessary to get a slightly higher price for the oil overall. Bear in mind that the transportation costs are deducted from the wellhead price and therefore the companies get slightly more money. They need more money to drill. The Department of Energy has estimated that if we export the oil they are talking about, the average price will go up 9 to 13 cents per barrel of oil.

Bear in mind that oil is now $26 a barrel, give or take a dollar from time to time on a spot market. Mr. President, I came to the Senate in 1968. I see my distinguished colleague from Wisconsin is here. He came in the late fifties. As I recall, when he came to the Senate, oil was probably $1 a barrel. I doubt it was more than $2 a barrel when I came.

Mr. PROXMIRE. Let me say to my good friend, I never bought oil by the barrel. When I came, gasoline was about 22 cents a gallon. I am sure we could relate the two prices.

Mr. PACKWOOD. The point I was making is that I know in 1973, just before the boycott, oil was about $3 a barrel. The first boycott drove it up to $12 per barrel; the second drove it up still further.

The Senator from Wisconsin can recall the arguments that have been made time and time again before this body and before the Committee on Finance and other bodies that have to do with tax incentives, that the oil producers need a little more money, a little more something, if we could just get oil to $3 a barrel, $4. When oil shale was just beginning to seem feasible, we were going to produce it in quantities.

Mr. PROXMIRE. I do not know of any industry that has gotten the kind of concessions, especially substantial concessions, out of the Congress as oil has. There is no stopping them.

Mr. PACKWOOD. At the outside, we had a 300-percent increase in inflation from the time the Senator from Wisconsin came to the Senate.

Mr. PROXMIRE. That is right. It is not my fault.

Mr. PACKWOOD. None of which was his fault, I might add.

Mr. HEINZ. If the Senator will yield, perhaps he can recall the former president of Standard Oil, Emiglio Corado, made a speech back then in which he said: "One more dollar." The thesis of that speech was if the price of oil went up $1 more, we would not import a single barrel more because we would make it out of coal.

Mr. PACKWOOD. That argument is still around, but we are $2 short.

Mr. HEINZ. $10 or $20 short, but that is inflation.

Mr. PACKWOOD. No matter what the price of oil is, it is never enough, never enough to quite turn coal into oil, never enough to quite find oil shale, never quite enough. My fellow colleagues, it is never going to be enough. It will not matter if it is $50, $60, or $70. We will still be $3 short of being able to produce it from some alternative that means we would not have to import at all from the Middle East.

I am not going to dwell at length on the limitations and the weaknesses of the amendment of my good friend from Alaska. We had a good debate on this on his previous amendment. All I can simply say is that it is going to raise the cost of oil to Americans, it is eventually going to cause the American tanker fleet to be repaired in Japan that is now repaired in this country, and I do not care what kind of exculpatory clauses they have.

Let us understand most of all what the purpose of this amendment is. Alaska receives money from oil produced in Alaska based upon the wellhead price, and the wellhead price is figured at a price less transportation. Consequently, if the oil can be transported to Japan, as it can, cheaper than it can be transported to the United States, Alaska is going to generate more revenue for their State, depending upon whether it comes off of Federal land or off of Alaska State land and their so-called royalty oil. We are looking at a windfall for Alaska of someplace between $75 million and $250 million a year additional to what they get now.

Now, if I was from the State of Alaska I would feel very strongly in favor of this amendment because it again helps shift part of the cost of energy in this country on to us—additional cost, more windfall for the State of Alaska. I sympathize with the cost of production, but I will say again in concluding—and I thank my distinguished colleague from Alaska for giving me the time—this is going to hurt the American merchant fleet. It is going to hurt the ship-repair yards on the west coast. It is going to raise the cost of oil to the United States, and it is going to cause Alaska to have a significant increase, a windfall in their treasury at the expense of all other Americans. I do not find that to be in the interest of this country.

Mr. HEINZ. Will the Senator yield just briefly?

Mr. PACKWOOD. I yield the floor.

Mr. DURENBERGER. Mr. President, today we are considering an amendment to the Export Administration Authorization Act which would lift the ban currently in place on exporting Alaskan crude oil.

What we are talking about here is section 7(d) of the Export Administration Act. Let me briefly summarize what this does. Section7(d) provides that before Alaskan oil can be sold abroad, the President must formally find that the exports would not reduce the quantity or quality of U.S. crude oil and that consumers will come out ahead; refiners' crude-buying costs must go down and three-fourths of the savings must be passed through to consumers. It also requires a Presidential finding that the national interest would be served.

In passing the Trans-Alaska Pipeline Authorization Act in 1973, Congress first established the policy that Alaska oil should be used domestically. In 1977 and 1979 we reaffirmed this policy by tightening the restrictions on Alaskan oil exports. Now we are debating the issue again. I, for one, believe these restrictions should be kept in place.

Proponents of lifting the ban contend that exports of Alaskan crude would result in cheaper oil for many American consumers, who could instead receive Mexican oil, which costs less to transport. I have also heard the argument that shipping Alaskan oil to Japan and replacing it with Mexican oil would enhance strained relations with Japan, improve the United States ability to cope with emergencies because of the much shorter transportation time from Mexico and help spur petroleum expansion in Alaska through the lure of higher prices.

I do not need a geography lesson to understand that Mexico is closer to the gulf and Alaska is closer to Japan than either to the other. I also understand that the differences in these distances, in terms of transportation costs, should make a difference in the price available to consumers.

As I understand it, what we are proposing to do is to offer to sell Alaskan oil to Japan and replace it in the U.S. market with oil from Mexico.

Now, I ask, will this reduce the quantity or quality of U.S. crude oil? Yes.

Will consumers come out ahead? No.

Will exporting Alaskan crude oil to Japan be in the national interest? No.

First, oil exports would reverse a long-standing goal toward achieving energy independence. The United States still imports 30 percent of its daily needs. Alaskan oil provides 11 percent of our daily needs. If we export this oil, our percentage of imported oil will increase by 15 percent.

Our dependence on Middle East oil will increase. Exported Alaskan crude would most probably be replaced with Saudi Arabian crude, whose characteristics are very similar to those of Alaskan oil.

Mexico is already producing near capacity and could not make up for the volume of Alaskan oil which would be exported. Further, it is Mexican policy not to export more than 50 percent of output to anyone country whenever possible. Finally, U.S. refineries would have to be substantially modified—which would be both expensive and time consuming—to refine additional quantities of Mexican crude.

The way I see it, exporting Alaskan oil will reduce not only our quantity of crude oil, but our quality as well.

Second, it is extremely doubtful that consumers will come out ahead. In the short run, maybe, but not in the long run.

Although transportation costs would be less, and foreign flag shipping less expensive than using U.S. Jones fleet, these costs savings will not be passed on to consumers.

Alaskan oil has been selling for approximately $3.80 per barrel less than imported oil in eastern markets. On the west coast it enjoys a $2 per barrel discount.

Through increased import costs, loss of the $2 discount and possible rising oil prices, the exporting of Alaskan oil could cost consumers around $2 billion per year.

This price tag does not take into account other costs which will be ultimately borne by consumers. Increased reliance on foreign supplies of oil poses a hazard to U.S. consumers. We think we have an oil glut but remember, a revolution created the last crisis and you can hardly say that the politics of the Persian Gulf have become more stable since then.

How much do you pay for national security? Who pays for national security?

If we export Alaskan oil our transportation infrastructure could crumble. A significant portion of the U.S. Jones fleet and Trans-Panama pipeline would go out of business. As the infrastructure crumbled, so would one key element of our national security, for, if there came a time when it was necessary to use Alaskan oil for domestic purposes, we would no longer possess the tankers and terminal facilities necessary to move that oil, and the pipeline that makes its transportation across Panama economical and efficient.

The Federal Government also comes out on the short side of the balance sheet when adding up the costs it would incur through exporting Alaskan oil.

Although the Federal Government would experience a significant windfall in revenues, some $600 million in Federal debt guarantees for ships under the Jones Act would be risked if the tanker market collapses we would be without a means of transporting Alaskan oil in the case of an emergency.

Mr. President, I ask you, is it in the national interest to export Alaskan crude oil? To increase our dependence on Middle East oil? To lose our transportation infrastructure? To be caught in the middle of a world oil crisis without any oil?

I certainly do not think so and will not vote in favor of removing section 7(d) from this legislation.

I thank the Chair.

Mr. HATFIELD. Mr. President, I rise today in opposition to the amendment offered by the Senator from Alaska. I compliment him for his efforts to assuage and protect the American maritime industry, an industry which is vital to American economic and national security interests. However, I want to point out that the matter of exporting Alaskan oil goes much deeper than just protecting an important American industry.

The United States has suffered two severe oil shortages and resultant price hikes since 1973, the most recent occurring in 1979 following the fall of the Shah of Iran. The results of those disruptions and price hikes have been catastrophic, with consumers not only being unable to buy petroleum products, but having to pay dearly for doing so. The 1973 Arab oil embargo was a significant part of the severe inflation rates through which this nation suffered in the 1970's. During that period, the United States economy was turned upside down, and everyone suffered as a consequence. Congress responded by enacting many new energy conservation and renewable energy measures which complemented efforts already underway by private citizens and industry to save energy. A bold new synthetic fuels industry was born in 1980, and America was on the way to a new energy savings consciousness.

Mr. President, there is good news and bad news to report on America's thirst for petroleum. The good news is that U.S. oil consumption is at its lowest level since 1970, and oil imports are less than half the amount we were importing in 1977. Last year, oil imports provided an estimated 12 percent of U.S. energy consumption, compared to 24 percent in 1977. The stranglehold placed on the United States by OPEC has been broken also. In the first three quarters of 1983, OPEC imports represented only 12 percent of U.S. oil demand. By contrast, we derived 20 percent of our oil needs from OPEC in 1982, and 34 percent in 1977.

The bad news is that U.S. oil consumption is on the rise again. The Department of Energy predicts that U.S. oil consumption is expected to increase by 3 to 5 percent in 1984. With domestic production expected to remain unchanged, this means the increase will have to come from imports, expected at a level of 4.7 to 5.3 million barrels per day, excluding the strategic petroleum reserve. Coupled with the expected rise in imports is the sad fact that U.S. lower 48-State oil production is on the decline, and there is a general concensus that Alaskan oil production will begin to decline by the late 1980's or early 1990's. The State of Alaska, for example, projects the decline beginning in 1988, dropping to approximately 700,000 barrels per day in 1999.

Mr. President, I have been and will remain a strong supporter of energy conservation and development of alternative energy resources outside of nuclear power. Energy conservation is working and will continue to save precious nonrenewable energy resources in the future. Oil price reductions of late have dampened the development and enthusiasm for solar, wind, and geothermal energy, but it is only a matter of time before these and other renewable energy sources make a significant contribution to our overall energy mix. However, I am also a realist. Oil is, and will remain for many years, a primary element of our energy consumption, powering our economy, running our cars and heating our homes. It is a nonrenewable energy resource and should be used wisely and conservatively.

In recent testimony before the Senate Energy and Natural Resources Committee, Energy Secretary Don Hodel predicted that some type of disruption would occur in the world this year that would affect our oil imports. Whether or not that disruption is real or perceived, or even occurs at all, is not important. What is important is, regardless of what happens, our reliance on foreign oil suppliers will continue in the future.

Mr. President, Congress and the Department of Energy have made significant strides in filling the Strategic Petroleum Reserve. It now contains over 380 million barrels of oil—nearly 90 days of our estimated 1983 net oil imports and almost 1,000 days of our estimated 1983 imports from the Persian Gulf region. The stratetic petroleum reserve is good insurance against future oil disruptions, and I will continue to support reasonable fill rate levels until the SPR is filled, hopefully in 1990. Because of this commitment, it makes no sense to spend over $2 million annually to fill the strategic petroleum reserve, while at the same time exporting American oil overseas. We cannot have it both ways.

Three times in the last 11 years, both the Senate and House have voted by large majorities to impose restrictions on the export of Alaskan oil. S. 979, as reported by the Senate Banking Committee, contains a clear statement of conditions and four basic tests that must be met before oil exports are to be allowed: First, a tangible consumer benefit; second, preservation of national energy security; third, inclusion of contractual provisions permitting cessation of exports in an emergency; and fourth, general enhancement of the national interest. The law also provides a sensible and balanced procedure for determining if and when the conditions have been met—a Presidential finding followed by congressional approval within 60 days.

Mr. President, the amendment offered by the Senator from Alaska fails on all accounts. Exporting Alaskan oil is not in the national interest—not now, not ever. I, along with 44 of my colleagues, have introduced S. 1159, which retains the prohibition on the export of Alaskan oil indefinitely. These restrictions are prudent. These restrictions are in the national interest. The economic future of this Nation will be determined by the foresight with which we address the future today.

It makes no sense to export oil from Alaska, no matter what the amount, and at the same time, increase our oil imports on the west and gulf coasts. What do we gain by such a move, other than to enrich the coffers of some foreign government? Certainly this is not in the national interest.

Although the amendment is structured to protect the American maritime industry, it fails to recognize certain things that would happen, should limited exports of Alaskan oil be allowed to commence. First there is a general concensus that the oil will be shipped to Japan and Korea in supertankers, not the smaller tankers that are currently supplying the west coast. What this means, of course, is that the larger, generally automated supertankers will replace many tankers currently in service. The Department of Transportation's Maritime Administration predicts that as many as 14 to 17 smaller tankers would be idled by the passage of this amendment. Hundreds of jobs would be lost, and west coast ship repair facilities would lose business. I certainly do not find this to be in the national interest.

Mr. President, in conclusion, I do not believe that now is the time to even think of exporting a precious national resource. The restrictions are as relevant today as they were when they were first imposed 11 years ago. I urge my colleagues to vote against this amendment.

Mr. HEINZ. Mr. President, I ask unanimous consent that the material I now send to the desk be printed in the RECORD at this point, following the remarks of Senator HATFIELD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

TRANSPORTATION INSTITUTE,
Washington, D.C., February 6, 1984.

Hon. MARK O. HATFIELD,
Hart Senate Office Building,
Washington, D.C.

DEAR SENATOR HATFIELD: The Senate is scheduled to soon consider legislation relating to the Export Administration Act. This legislation contains language which would extend the current restrictions on the export of Alaska oil for six years. On behalf of the Transportation Institute, I urge you to add your support to the effort to retain this critical natural resource.

In 1973, Congress established a clear-cut national policy that Alaska oil should be reserved for domestic use when it passed the Trans-Alaska Pipeline Authorization Act. Since that time, Congress has voted twice, in 1977 and 1979, to reaffirm and strengthen this policy by amending the Export Administration Act to restrict the export of Alaska oil to certain limited situations.

During the last year, several arguments have been circulated for allowing either a wholesale or limited export of Alaska oil. Proponents of export argue that allowing full or limited export would bring increased revenue to the federal treasury, reduce our trade deficit with Japan, and result in lower domestic energy prices. These contentions simply do not hold up when the facts are examined.

Alaska oil has been consistently priced below imported oil since federal price controls expired in January of 1981. Alaska oil currently costs $3.00 per barrel to $4.00 per barrel less than imported oil. Exporting this oil could only result in higher petroleum prices for the American consumer. At a time when the United States is still importing approximately one third of its oil requirements, it is questionable whether export of this critical natural resource should even be discussed. In addition, for a variety of reasons, the oil that would replace Alaska oil would most likely come from the Persian Gulf. It is curious that the United States would contemplate export of oil at a time when even the Saudis are stockpiling oil reportedly because of the volatile situation in the Middle East.

Undoubtedly, exporting Alaska oil to Japan would reduce our current bilateral trade deficit. But at what cost? Our trade deficit with Japan refects many real problems in our trade relationship. A glossing over of the trade deficit would only reduce the pressure on Japan to meaningfully reduce barriers to U.S. manufactured and agricultural exports. Thus, Japan could continue to exploit our open markets while enjoying the fruits of their protectionist policies. Additionally, the overall U.S. balance of trade would worsen since more expensive foreign oil would have to be imported.

The removal of export restrictions would also be costly to the federal treasury. Tax revenues from U.S. shipping companies and their employees who would be forced out of work would be sacrificed. These losses have been estimated at approximately $300 million a year. Title XI federal loan guarantees totaling up to $2.0 billion would be called if U.S. tankers in the Alaska trade were laid up. Additional revenues would also be lost because of unemployment that would be triggered in related industries.

Export of Alaska oil would also seriously weaken U.S. national security. Over one half of the U.S.-flag tanker tonnage could be displaced and laid-up if Alaska oil were exported. These vessels would be severely missed in a national emergency when ocean transport of fuel, oil, and other petroleum products would be needed. The United States would be dependent on foreign-flag tankers and foreign crews controlled by other countries.

On behalf of the Transportation Institute, representing 174 member shipping companies operating in the nation's foreign and domestic trades, I respectfully urge you to support the extension of the restrictions on the export of Alaska oil. Any type of export proposal, whether it calls for full or limited exports, would be detrimental to the United States and to U.S. national security.

Sincerely,

PETER J. LUCIANO,
Executive Director.

MARITIME TRADES DEPARTMENT,
Washington, D.C. February 6, 1984.

Hon. MARK O. HATFIELD,
Hart Senate Office Building,
Washington, D.C.

DEAR SENATOR HATFIELD: As you know, Congress has temporarily extended the expiration date of the Export Administration

Act (EAA). Legislation to reauthorize and amend the EAA for a full six years is scheduled to soon be considered on the floor of the Senate. In reauthorizing the EAA, this legislation would also extend the restrictions on the export of Alaska North Slope oil for the same period. Without this legislation, the Alaska oil export restrictions will expire along with the EAA. On behalf of the Maritime Trades Department, AFL-CIO, representing 43 affiliated unions comprised of eight and one half million workers, I strongly urge you to support this legislation, and to ensure that the restrictions on the export of Alaska oil are not relaxed or eliminated.

Present law does not absolutely ban the export of Alaska oil. The language contained in Secton 7 of the Export Administration Act states that Alaska oil should be reserved for domestic use unless the President and the Congress find that it is in the national interest to export it. Clearly, Alaska oil has not been exported to date because both the President and the Congress have consistently found that it is in the national interest to keep Alaska oil here.

Recently, proponents of exporting Alaska oil have proposed a limited export which, they argue, is an action which will not adversely affect the United States. However, this is simply not the case. Limited exports would be just as damaging to our nation as a total elimination of the current export restrictions. The United States is still dependent upon imported oil for nearly one-third of its energy consumption.

Exporting currently produced Alaska oil, or increasing its production for export, would just accelerate the depletion of this critical U.S. resource. Every drop of oil exported is oil which could be used domestically to lessen the amount of foreign oil imported. Exporting ANS oil would only increase our dependence on foreign energy sources, and would be a step backwards from increased national security and U.S. energy independence.

It has been ten years since the Arab oil boycott of 1973 shocked the United States into a realization that a dependence on unreliable sources of oil was dangerous. It is questionable, however, whether that lesson has been learned. While much has been accomplished in energy conservation and domestic production of a number of energy sources, the United States still remains entirely too dependent upon imported oil. The Iranian Crisis in 1979 demonstrated all too clearly the continued danger posed by this situation. Exporting Alaska oil would increase this dependence on foreign oil, especially oil from the very unstable Persian Gulf region.

In our view, the American consumer would feel immediate and direct adverse effects if Alaska oil were exported. Since oil prices were decontrolled in 1981, the delivered cost of Alaska oil to U.S. refiners has been significantly lower than the cost of comparable imported oil. If it were necessary to import greater amounts of foreign oil to replace any exported Alaska oil, this added cost would be passed on by the refiners directly to the American consumer. It is estimated that Alaska oil exports would raise consumer petroleum costs by $1.2 to $2.0 billion per year on a nationwide basis.

Export proponents have also argued that exporting Alaska oil would improve our trade deficit and overall trade relationship with Japan. This argument is very misleading. While oil exports may somewhat reduce our current balance of payments deficit with Japan, this benefit would be more than negated by offsetting factors. A lower trade deficit with Japan would act to greatly reduce the pressure on the Japanese to open their markets to U.S. manufactured and agricultural exports, and would thereby allow Japan to continue to exploit the U.S. market while denying U.S. exporters similar access. Furthermore, the overall U.S. balance of payments for all world trade would suffer, since any Alaska oil which is exported would have to be replaced in the U.S. by more expensive imported oil.

If Alaska oil were to be exported, the U.S.-flag tanker fleet would be dealt a devastating blow. Over 40 U.S. tankers would be scrapped, laid-up, or forced into the reserve fleet. This would cost the U.S. government millions in additional funds as tax revenues from maritime companies and personnel are lost, and as companies are forced to default on U.S. Government construction loan guarantees. The vessels which would be idled and lost are considered by the Navy to be a critical aspect of our military sealift capabilities, and are irreplaceable should an emergency arise. Perhaps more importantly, should these vessels be lost, the skilled manpower needed to operate the vessels in an emergency would no longer be available.

Exporting Alaska oil, which is a secure domestic source of oil, would also undermine the entire premise upon which the Strategic Petroleum Reserve was established. Does the U.S. government really believe that the United States is no longer vulnerable to an oil supply disruption, especially at a time when even the Saudis are stockpiling oil? It is believed that the Saudis have been motivated to store oil to protect themselves from a potential Mideast political eruption. Is our government prepared to send a signal to the U.S. public that our energy problems are over?

It is expected that proposals for full or limited exports of Alaska oil will be debated on the Senate floor during consideration of the Export Administration Act. I solicit your support in opposing any efforts to relax the current export restrictions or to allow a limited export, including any proposals to export oil on U.S.-flag ships. If the United States is ever to become energy self-sufficient, we cannot now knowingly increase our dependence on foreign imports.

Sincerely,

FRANK DROZAK, *President.*

NATIONAL MARINE ENGINEERS' BENEFICIAL ASSOCIATION,
Washington, D.C., February 6, 1984.

Hon. MARK HATFIELD,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HATFIELD: On behalf of the National Marine Engineers' Beneficial Association, I would like to thank you for the strong support you have given to maintain existing restrictions on the export of Alaskan oil. Your co-sponsorship of S. 1159 has been a particularly important demonstration that is deeply appreciated. The fact that there are 45 co-sponsors in the Senate, and more than 235 in the House for a similar bill, indicates that public support for these restrictions is unusually widespread.

We are, as you know, coming to the critical moment. S. 979, which re-authorizes the Export Administration Act of 1979, will come to a vote soon. This bill would extend the oil export restrictions for six years.

There will be proposals for "compromises" on the Alaskan oil export issue. One would allow the export of a "small" amount, some 200,000 barrels a day. We firmly and unequivocally oppose all of these so-called compromises. They offer few of the alleged benefits of unrestricted exports yet contain most of the liabilities. They would require a complex regulatory bureaucracy to administer. And, most important of all, these "limited" exports are just a foot-in-the-door, a smokescreen—crafted with the goal of unlimited exports in mind.

More than ever—with increased unrest in the Middle East, with U.S. oil demand and imports up (and U.S. production slipping) it is clear that prohibiting the export of Alaskan oil is vital to our consumers, our economy, and our defense. Now is not the moment to reverse ten years' prudent policy and put America's energy supplies and transportation network in jeopardy.

That is why the support you have given and your continuing support are so vital to seeing that this issue is resolved clearly and unquestionably in the interest of our country, its consumers, its industries and agriculture, and above all its security—by adopting S. 979 with no amendments that would weaken existing restrictions on the export of Alaskan oil.

Again, we thank you. We are grateful for your help.

Sincerely yours,

J. M. CALHOON, *President.*

DISTRICT 2, MARINE ENGINEERS BENEFICIAL ASSOCIATION, ASSOCIATED MARITIME OFFICERS, AFL-CIO,
Washington, D.C., February 3, 1984.

DEAR SENATOR HATFIELD: A proposal to export Alaskan North Slope crude is once again before Congress. Time and again, Congress, in its wisdom, has blocked any effort to export this valuable national resource.

The House version of the Export Administration Act had 237 co-signers. The Senate currently has 46 co-signers on the EAA bill, S. 979. The Murkowski-Stevens amendment seeks to destroy that which Congress has long protected. This amendment would profit only the citizens of one state—Alaska. The lower 48 states, however, would suffer from a loss of $245 million in independent tanker revenues, and a reduction of employment for American seamen and workers in related industries.

If adopted, the amendment would also idle more than 25 tankers, drive down vessel rates and reduce the gross national product by at least $245 million annually. The members of District 2, MEBA-AMO, AFL-CIO urge your support of S. 979 and your opposition to the Murkowski-Stevens amendment.

Sincerely,

JOHN F. BRADY,
Executive Vice President.

JOINT MARITIME CONGRESS,
Washington, D.C., February 6, 1984.

Hon. MARK HATFIELD,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HATFIELD: As you know, the Senate is expected to take up consideration soon of S. 979, the Export Administration Act Amendments. Although many of the provisions have evoked much controversy, there is strong bipartisan agreement on one provision which prohibits the export of Alaskan oil unless it is in the public interest to do so. We urge you to vote against any efforts to change this provision in any way.

The requirement to keep domestic oil in this country is not new and the need to maintain a secure source of oil has not changed. Indeed most experts believe that it is even more important today than ever before. Iran's attacks and military maneuvers in the Persian Gulf area that is crucial to the production and distribution of much of the world's oil supply make stronger the argument that America needs a reliable source of oil not subject to international tensions and disruptions.

Some are suggesting so-called "compromises" on this issue by which a "limited" amount of oil could be exported. We strongly oppose these "compromises." we cannot be fooled by the suggestions that if we export a limited amount of oil we are somehow protecting ourselves from the liabilities associated with high volume exports. In fact, the Federal Government stands to gain very little from a limited export since this would largely be Alaska royalty oil which is not subject to federal taxation. The truth is that these proposals for "limited" exports are really designed to facilitate eventually the export of unlimited amounts of Alaskan oil.

We thank you for the support you have already shown on this issue and we look forward to your continued support when the Senate considers this legislation.

Sincerely,

DAVID A. LEFF,
Executive Director.

AMERICAN MARITIME OFFICERS SERVICE,
Washington, D.C., February 2, 1984.

DEAR SENATOR HATFIELD: American Maritime Officers Service, which represents 44 American ship owners and operators, supports enactment of S. 979, the Export Administration Act. This legislation contains an extension of the Alaska North Slope oil export ban.

A small, self-concerned group proposes to amend S. 979, to the benefit of Alaska. The rest of the nation would pay the price. Exporting this national resource would have a long-term devastating impact on consumers, America's workers, national security, the economy and the Merchant Marine. Neither the U.S.-controlled oil companies nor the administration are aggressively pursuing a policy change on the Alaskan oil issue, despite lengthy consideration of the matter.

Two-hundred-eighty-three members of Congress have co-signed the legislation that would extend Section 7 (d)(2) of the Export Administration Act, 1979. I am sure after your deliberate and thoughtful consideration, you will concur with their decision.

Sincerely,

GORDON SPENCER,
Legislative Director.

CITIZEN/LABOR ENERGY COALITION,
Washington, D.C., February 6, 1984.

DEAR SENATOR HATFIELD: When the Export Administration is debated on the Senator floor, the Citizen/Labor Energy Coalition requests that you support the retention of restrictions on the export of Alaskan oil. While those restrictions do not prohibit export, they do ensure that sales could occur only if it would not jeopardize U.S. supplies and prices to consumers.

The Energy Coalition believes that the findings required under Section 7(d) of the Export Administration Act are necessary to prevent the unwise depletion of our nation's limited oil resources and to ensure that consumers benefit from lower prices. We are particularly concerned that a weakening or elimination of the Section 7(d) requirements would increase our dependence on foreign suppliers, including the OPEC nations, at a time when imports are already expected to rise. According to the November "Short-term Energy Outlook" published by the Department of Energy, net imports this year are projected to increase 26 percent over 1983 levels, up to 5.5 million barrels a day. Given this expected increase in imports, allowing the export of Alaskan oil in the absence of careful review would make us even more susceptible to international supply disruptions.

There is no reason to allow the export of Alaskan oil without first determining that it would be in the national interest and would provide price benefits to oil users. This is especially true given the precarious political situation in the Middle East. Again, we ask that you support preservation of the Section 7(d) safeguards and oppose any weakening amendment.

Sincerely,

ROBERT M. BRANDON,
Executive Director.

AMERICAN MARITIME ASSOCIATION,
Washington, D.C., February 7, 1984.

Senator MARK O. HATFIELD,
Hart Building,
Washington, D.C.

DEAR SENATOR HATFIELD: As a follow-up to my letter of October 28, 1983, on behalf of the American Maritime Association I want to reiterate that my organization supports maintaining the current restrictions on the export of Alaskan crude oil contained in Section 7(d) of the Export Administration Act of 1979.

In the near future, you will be asked to vote on an amendment designed to alter, if not eliminate, those restrictions. In particular, you may be asked to allow the export of a "limited" amount of Alaskan crude oil on the order of between 50,000 and 200,000 b/d, conditioned upon it being exported on American flag bottoms. We urge you to oppose any and all amendments designed to weaken Section 7(d), in particular this so-called "compromise."

As I indicated in my letter, limited exports, even if conditioned on the use of American flag bottoms, would seriously and adversely affect independent shipping companies by idling vessels and by pushing lower the shipping rates on those vessels that remain in the trade. Given the currently depressed world market, displaced vessels would have to be scrapped, further exacerbating one of the worst periods ever faced by our industry. Moreover, the idling of so many vessels could have a detrimental impact on our national defense, for the very ships idled would be the ones most needed in a time of war.

The American Maritime Association believes that the current restrictions in Section 7(d) are reasonable and should be preserved. We urge you to support an extension of Section 7(d) and to oppose any efforts to weaken Section 7(d) during the upcoming debate on S. 979, the reauthorization legislation for the Export Administration Act.

Sincerely,

MIKE KLEBANOFF, *President.*

AMERICAN INSTITUTE OF MERCHANT SHIPPING,
Washington, D.C., February 22, 1984.

Hon. MARK O. HATFIELD,
Hart Senate Office Building,
Washington, D.C.

DEAR SENATOR HATFIELD: I am writing to urge your support of Section 7(d) of S. 979, the Export Administration Act (EAA). Section 7(d) of the EAA states that Alaskan North Slope oil should be reserved for domestic use unless the President and Congress find that it is in the nation's interest to export this valuable asset. We urge your support for this provision without any weakening amendments when this issue is considered on the floor. The Senate Banking Committee thoroughly considered this matter after a series of hearings and concluded that extending the provisions of Section 7(d) without amendment was indeed in the nation's best interest.

Vessel owners in these trades have invested billions of dollars of capital toward the construction of modern, efficient tankers based on this Congressional policy, and have knowingly done so despite substantial risks. To unexpectedly overturn this long-standing policy based on the capricious rationale advocated by the proponents of export would cause irreparable injury to United States flag shipping companies, their employees, consumers and to the Nation.

Proponents of change have recently called for the limited export of 200,000 b/d, but even under the pretense of limited exports it would be these same tankers that are scrapped and permanently lost to the military. moreover, limited exports would actually cost the government millions of dollars as companies are forced to default on U.S. Government construction loan guarantees.

The Export Administration Act may soon be on the Senate floor and a proposal for limited export may be offered and debated. We urge you to reject this proposal and any weakening amendments and to support the language in Section 7(d). It surely cannot be in the best interest of the nation to become more dependent on foreign imports. We have learned this painful lesson from past experience. The extension of the current export provision found in Section 7(d), without amendment, deserves your support.

Sincerely,

THOMAS J. LENGYEL, *President.*

DISTRICT 2, MARINE ENGINEERS BENEFICIAL ASSOCIATION, ASSOCIATED MARITIME OFFICERS, AFL-CIO,
Brooklyn, N.Y., February 2, 1984.

DEAR SENATOR HATFIELD: On behalf of the members of District 2, Marine Engineers Beneficial Association, Associated Maritime Officers, AFL-CIO, I urge you to support the enactment of S. 979. This bill extends Section 7(d) of the Export Administration Act of 1979, which prohibits the foreign export of Alaska North Slope Crude.

The lifting of that ban, as proposed by the Murkowski amendment, would profit less than 4.4 percent of the American population (including Alaska's residents) and one foreign-controlled oil company. The remaining 95.6 percent of America would be adversely affected. Furthermore, the Murkowski proposal would export 200,000 barrels a day plus any new oil. This seemingly innocuous wording could result in total exports of up to 500,000 b/d/

Over one-half of the U.S. Congress has co-signed the legislation to extend the band on the export of Alaska's oil. These congressmen realize that once the flow of America's oil to the Pacific rim begins, it will be all but impossible to stop, leaving our defense and economy vulnerable. In the American tradition of majority rule, we urge you to support this legislation.

Sincerely,

RAYMOND T. MCKAY,
President.

NORTHVILLE INDUSTRIES CORP.,
Melville, N.Y. October 19, 1983.

DEAR SENATOR HATFIELD: When the Export Administration Act is addressed on the Senate floor, we urge you to support an extension of the current restrictions on the export of Alaskan oil.

Through a cooperative venture with the Government of Panama and another United States company, Chicago Bridge & Iron Industries, Northville manages Petroterminal de Panama ("PTP"), the Panamanian company which owns and operates the oil pipeline across the Isthmus of Panama. In this capacity, we have been intimately concerned with the Alaskan oil export issue since the founding of PTP in 1976.

Northville and its partners undertook the $400 million pipeline project in reliance upon the United States Government's long-standing decision to restrict the export of Alaskan oil. If the government now abruptly changes direction and permits the export of even a portion of Alaskan oil, it would severely impact, if not bankrupt, this venture as well as similar ventures of others who have invested in transportation, storage and refinery infrastructure.

Proponents of a relaxation of the current restrictions on export have argued that such a relaxation would provide the United States with certain advantages in its negotiations with Japan over a variety of international trade and foreign policy issues. We disagree. Because the export of a significant amount of Alaskan oil to Japan would have the effect of bringing our overall balance of trade figures with Japan into something closer to balance, that mathematical change could in fact make it more difficult for us to object to the imbalance in manufactured and agricultural products which is at the core of our trade problems with Japan. Furthermore, according to recent media accounts, the Petroleum Association of Japan ("PAJ") hardly considers the lifting of export restrictions a major concession by the United States. In fact the group as quoted in Platt's Oilgram on Friday, October 14th explicity set these conditions for importing Alaskan crude: "Such deals must be made on a purely commercial basis, with the Japanese retaining rights to choose carriers and with United States guarantees to continue the supply even in emergencies."

Most importantly, this foreign policy argument effectively ignores the impact on the Government of Panama of a relaxation of export restrictions. Panama is an important ally in an unstable region. The canal is a resource vital to our security. If Alaskan oil is no longer shipped across the Isthmus of Panama, the Panamanian Government will not only lose a source of employment for many Panamanians, but annual revenues in excess of $100 million vital to that country's economic and social development programs.

If we permit Alaskan North Slope oil to be exported, America's dependence on other sources of supply—particularly the Persian Gulf—will be increased. This can have only one result: it will make this nation, its economy and its Midwest foreign policy more vulnerable to supply disruptions, whether caused by logistical foul-ups, political instability, or direct political pressure directed against us and our allies.

Replacing Alaskan oil with foreign oil of the same quality is likely to involve increased costs and a lessening of the downward pressure on imported oil prices now created by the assured availability of Alaskan oil. The lower cost of crude oil in America today, with its consequential benefits for our rate of inflation, is clearly related to this country's increasing energy self-sufficiency.

Furthermore, any export of domestic crude oil surely would be viewed by the United States public as inconsistent with any further public support for filling the Strategic Petroleum Reserve, for developing our coal and alternative energy resources, for a military capacity to protect Persian Gulf oil and for promoting voluntary energy conservation.

Finally, Section 7(d) of the Export Administration Act contains a carefully thought out, long-standing and entirely rational set of criteria for determining when it is in the national interest to export Alaskan oil.

We urge you to support the extension of these restrictions.

Sincerely,

HAROLD P. BERNSTEIN,
Chairman of the Board.

AMERICAN PUBLIC POWER ASSOCIATION,
Washington, D.C., October 14, 1983.

Hon. MARK O. HATFIELD,
U.S. Senator, Hart Senate Office Building, Washington, D.C.

DEAR SENATOR HATFIELD: The American Public Power Association urges your support for the restrictions on export of Alaskan oil which are contained in S. 979, the Export Administration Amendments Act of 1983. APPA is the national organization representing more than 1,750 municipal and other local public power systems.

We understand that an amendment may be offered during Senate consideration which would permit unrestricted export of some Alaskan oil. Under current law, exports must be found to be in the national interest and to benefit American consumers. This public policy requirement is reasonable and sound for all Alaskan oil production. We urge you to oppose any weakening of the current restrictions of law to allow "Limited" exports without regard to consumer and national interest considerations.

Enclosed for your information is APPA's policy resolution on Alaskan oil exports, approved by the Association's general membership in May, 1983.

Sincerely,

ALEX RADIN,
Executive Director.

CONTINUING THE EXPORT RESTRICTIONS ON ALASKAN OIL

Whereas, established national policy preserves for domestic purposes the use of petroleum from the North Slope of Alaska, and, under the Export Administration Act of 1979, oil may not be exported unless the President finds, and Congress concurs, that: such export is in the national interest; will result in lower oil acquisition costs to refiners; and most savings will be passed on to consumers, and

Whereas, the Act's export restrictions will expire on September 30, 1983, and H.R. 1197 and S. 1159 have been introduced in the House and Senate which would extend these export restrictions, and

Whereas, the Adminstration has proposed to allow the Act's export restrictions to expire in order to permit the sale of Alaskan oil to Japan, and

Whereas, Alaskan oil now provides 1.6 million barrels per day for domestic use, or 20 percent of total U.S. oil consumption, at a price of $2.50 per barrel less than imported oil, and

Whereas, the United States still imports one-third of its oil supply, and exporting Alaskan oil would increase foreign oil imports by 15 percent; would reverse the long-standing goal of achieving energy independence; and could adversely affect national security goals, in view of the instability of the world oil market, and

Whereas, the substitution of more expensive foreign oil for Alaskan supplies would increase oil costs to U.S. consumers by $1.7 billion annually, including $600 million on West Coast markets and $1.1 billion on Gulf Coast markets. Now, therefore, be it

Resolved, That the American Public Power Association supports enactment of H.R. 1197 and S. 1159, which amend the Export Administration Act of 1979 to extend the provisions relating to the export of domestically produced crude oil.

NOVEMBER 4, 1983.

Senator ALAN CRANSTON,
Senator MARK O. HATFIELD,
Hart Senate Office Building, Washington, D.C.

DEAR SENATORS HATFIELD and CRANSTON: I and my firm, Robert R. Nathan Associates, have examined carefully the economic and financial consequences of exporting Alaskan crude oil, an issue now before the Senate. In our May 1983 report and my testimony before the Subcommittee on East Asian and Pacific Affairs of the Committee on Foreign Relations of the United States Senate in July, I concluded that exports of Alaskan oil would result in net economic costs to the United States.

I understand there may be proposals before the Senate to permit a token export of 40,000 to 50,000 barrels per day of Alaskan royalty oil, and further that these exports be carried on American flag tankers. While it may appear to some that such levels of exports cannot be harmful, my analysis clearly indicates that this would not be so.

The State of Alaska would be the only U.S. institution to gain financially, and then not more than $30 million annually.

The domestic maritime industry would still incur annual financial losses of $40 million or more.

All the impacts on the national economy, though small in magnitude, would be negative: a $40 million decline in GNP, employment losses of 1,000 and a balance-of-payments cost of about $50 million annually.

Furthermore, this token opening of exports would have no significance in U.S. trade and foreign relations with Japan and other Pacific rim countries precisely because it would be perceived as no more than a token.

The most serious consequence of such token exports is the uncertainty that would be created. The signals to the petroleum industry and the domestic transportation industry would be unclear, affecting both investment and operating decisions for years to come. This would not provide a healthy economic environment for a critical U.S. energy resource.

The issue of the disposition of Alaskan crude oil is an important matter of national economic policy which ought not to be masked by proposals for token exports. I would be pleased to have the opportunity to discuss with you or your staff the basis for the conclusions stated in this letter and my earlier report and testimony.

Sincerely,

JOHN C. BEYER,
President.

Mr. HEINZ. I think the Senator from Oregon (Mr. PACKWOOD) has made four excellent points to which I would add just two more. One is the point I made earlier about every barrel of oil that we export from Alaska to Japan is one more barrel of oil we have to import from someplace else, probably from the Middle East through the Strait of Hormuz, which has never been more threatened politically than it is today by the Iran-Iraq conflict.

Second, every time we allow our trading partners, the Japanese, to have a little more oil, they are going to be able to say, "Aha, we reduced our $20 billion trade deficit with you," and that way they will be able to do one of two things, and maybe both. They will be able to argue that they need to sell more cars here or the alternative is they are going to buy less Pennsylania coal, which I feel substantially more strongly about even than cars. But what it will do, regardless of these parochial kinds of interests, quite seriously, is it will give the Japanese one more reason not to do anything about their nontariff trade barriers, which the administration has just about broken its pick on in the last month or two. You do not have to take my word for it. It is in all the newspapers. I thank the Senator for yielding.

Mr. PACKWOOD. I thank the Senator from Alaska.

Mr. HEINZ. Mr. President, I ask unanimous consent that the material I now send to the desk be printed in the RECORD at this point, following the remarks of Senator PACKWOOD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

AMERICAN FEDERATION OF LABOR AND CONGRESS OF INDUSTRIAL ORGANIZATIONS,
Washington, D.C., October 17, 1983.

DEAR SENATOR: The AFL-CIO urges your support for S. 979, the Export Administration Amendments Act of 1983, which will soon be scheduled for Senate Action. Of particular concern in this legislation are the restrictions on the export of Alaska oil.

During the floor debate on this bill, an amendment may be offered by Senator Frank Murkowski, R-Alaska, which would seriously weaken the current restrictions on the export of Alaska oil. S. 979 continues the decade-old policy of requiring the President to find that any proposed export of Alaska oil would benefit both national and consumer interests. These findings, which must be presented to Congress for its approval, were adopted in 1973 and reinforced in 1979 in order to assure a domestic preference for the use of Alaska oil.

Over the past 10 years, the restrictions on the export of Alaska oil have worked to benefit all Americans. Every drop of oil produced on the North Slope of Alaska is being used in the lower 48 states. It has helped to fuel our cars, heat our homes and fill the Strategic Petroleum Reserve. It has also sold for lower prices than comparable domestic and imported crude oil, thus benefitting American consumers. And it has helped to bring revenues and jobs to American ports and the regions which surround them. Oil companies have made investments in refinery and shipping capacity in reliance on the longstanding congressional policy of restricting exports of Alaska oil. Those investments will be placed in jeopardy if the restrictions are relaxed. Equally important, the effective domestic use of Alaska oil has helped us to maintain a vital merchant marine, with the ships and the trained seagoing manpower we would need in time of national emergency.

Some have suggested that limited amounts of Alaska oil should be exported to Japan without being required to meet the national and consumer interest requirements of current law. Such a proposal would provide no increased Federal revenues, since the oil to be exported would be Alaska royalty oil to which the Windfall Profits Tax does not apply. On the other hand, limited exports would require the United States to import more oil from such insecure sources as the Middle East. This will not save American consumers a cent, but it will subject our country to increased reliance on foreign sources of oil.

The AFL-CIO urges you to oppose any amendment that would modify or dilute the national and consumer protections contained in the Alaska oil export regardless of whose ships would carry the Alaska oil.

Sincerely,

RAY DENISON,
Director, Department of Legislation.

AFL-CIO MARITIME COMMITTEE,
Washington, D.C., May 13, 1983.

DEAR SEN. PACKWOOD: Exporting of Alaskan North Slope oil to Japan is now being considered by some within the Administration. The exportation of this oil to a foreign source would be detrimental to our national interest.

The Export Administration Act of 1979 which expires this September stipulates that this Alaskan North Slope oil can only be exported to a foreign source if the President, with the approval of Congress, determines that to do so would be in the national interest.

On April 27, 1983, Senators Hatfield and Cranston, along with 17 additional colleagues, introduced S. 1139 which would amend the Export Administration Act of 1979 to extend the provision relating to the export of Alaskan oil.

We ask that you join these Senators in cosponsoring S. 1159, which will protect existing restrictions on oil exports and preserve energy security for the United States.

Respectfully,

TALMAGE E. SIMPKINS,
Executive Director.

THE WILDERNESS SOCIETY,
Washington, D.C., February 7, 1984.

DEAR SENATOR: This week, S. 979, the reauthorization bill for the Export Administration Act is expected to go to the floor for action. Section 7(d) of the Act contains provisions restricting the export of Alaskan oil. The Wilderness Society urges you to extend those provisions without any weakening amendments.

When the Alaska crude oil pipeline was constructed, firm commitments were made that Alaskan oil would not be used for exports except upon the most stringent of conditions. Not only did federal policies restrict the export of Alaskan oil, but the private parties and local government that most directly benefited from the route of the pipeline pledged that they would not seek to export the oil.

Over the past decade those commitments have been strengthened and extended. Above all, Congressional consultation and oversight over this valuable national resource have been reinforced. This consultative process must be maintained with neither branch of government having a free hand to make rash decisions.

Those who are presently trying to weaken the provisions of the Act as an inducement to accelerated drilling are trying to short circuit the careful deliberative process that should govern the development of natural resources in one of this nation's most environmentally sensitive areas. The short term benefits they hope to reap would impose irreparable, long term damage. There is simply no justification to accelerate the depletion of American natural resources in our wilderness areas to meet the energy needs of foreign nations. Furthermore, an amendment to allow the export of American oil is particularly inappropriate at this time when Congress and the American people are so concerned with reducing American dependence on foreign sources of oil.

We urge you to vote for Section 7(d) of the Export Administration Act and reject all weakening amendments.

Sincerely,

WILLIAM A. TURNAGE,
Executive Director.

NATIONAL FARMERS ORGANIZATION,
Washington, D.C., February 6, 1984.

DEAR SENATOR: Our organization, consisting solely of farmers and ranchers, strongly supports maintaining section 7(d) of the Export Administration Act, which restricts exports of Alaskan oil. We urge you to oppose any and all amendments to weaken this section.

Our concern with these provisions stems from the currrent inequities in U.S. Japan trade relations. As you know, the push to lift the restrictions on exports is generated by proposals to export Alaskan oil to Japan. We believe that because such an exchange would cut our trade deficit with Japan subsequently, any incentives Japan might now have to reduce its trade barriers to our agricultural products would be drastically reduced, if not totally eliminated.

It should be noted, moreover, that our overall balance-of-trade picture would not be improved if exports were to occur. Indeed, based on the current prices of oil imports compared to Alaskan oil prices, our balance-of-trade situation could be worsened.

American farmers have been financially strapped for several years. Higher energy bills based on a policy which would encourage exports of our domestic oil and imports of Middle Eastern oil would not be positively received by this sector of the economy.

We appreciate your help on this issue.

Sincerely,

CHARLES L. FRAZIER,
Director, Washington Office.

CONSUMER FEDERATION OF AMERICA,
Washington, D.C., May 19, 1983.

DEAR SENATOR: The Consumer Federation of America urges you to oppose any and all amendments to the current restrictions on the export of Alaskan oil which are part of the Export Administration Act. These restrictions provide significant long-term benefits to U.S. consumers while also permitting Alaska oil exports that benefit our national interest.

The existence of the current restrictions has provided American consumers with Alaskan oil that is priced lower than comparable domestic or imported crude oil. They have also made Alaska oil available for our Strategic Petroleum Reserve. Thus, the restrictions have provided current, tangible benefits to consumers (and our economy as a whole) while increasing our capacity to respond to possible oil import disruptions in the future.

The restrictions also assure that Congress will have the opportunity to give full consideration to any proposal to export Alaskan oil. In addition, they require that any export be made subject to a contract that can be terminated in the event of a U.S. national emergency.

No other statute provides the kind of consumer and national interest protections as contained in the Alaska oil export restrictions of the Export Administration Act. When this issue comes before the Senate Banking Committee within the next few days, we urge you to oppose any and all amendments to the current restrictions.

Sincerely,

STEPHEN BROBECK,
Executive Director.

CONSUMER ENERGY COUNCIL OF AMERICA,
Washington, D.C., October 19, 1983.

DEAR SENATOR: In the next several days, the Senate will consider S.979, the bill reauthorizing the Export Administration Act (EAA). This bill extends the existing restrictions on the export of Alaskan oil contained in Section 7(d) of the EAA.

We strongly urge you to support the extension because these restrictions ensure that exports will occur only if they are clearly in the national and consumer interest. To date, no President or Congress has been able to say that exports of Alaskan oil would meet these tests.

We believe the reasons for not exporting Alaskan oil today are even more compelling than they were in the past. Specifically, if Alaskan oil is exported, consumers will pay $1-2 billion more per year for oil. Simultaneously, our vulnerability to oil price shocks will increase. With imports on the rise and tensions mounting in the Middle East, this is no time to alter a sound energy policy adopted a decade ago and reaffirmed and strengthened several times since.

We urge you to vote for the Alaskan oil provisions as they are and reject all efforts to change the criteria governing the export of Alaskan oil or to lift the criteria for some Alaskan oil. Offers to lift the ban which stipulate that exports would be carried on American flag vessels are not relevant, since the fundamental issue is a consumer price and energy security issue. Any exports on any vessels would do serious damage.

There is one change that must be made, however. In light of the recent Supreme Court decision, the legislative veto provision must be amended so that Congress maintains its oversight of exports.

Sincerely,

ELLEN BERMAN,
Executive Director.
MARK COOPER,
Research Director.

NORTHVILLE INDUSTRIES CORP.,
Melville, N.Y., July 15, 1983.

DEAR SENATOR: When the Export Administration Act is addressed on the Senate floor, we urge you to support an extension of the current restrictions on the export of Alaskan oil, which are due to expire on September 30th.

Through a cooperative venture with the Government of Panama and another United States company, Chicago Bridge & Iron Industries, Northville manages Petroterminal de Panama ("PTP"), the Panamanian company which owns and operates the oil pipeline across the Isthmus of Panama. In this capacity, we have been intimately concerned with the Alaskan oil export issue since the founding of PTP in 1976.

Northville and its partners undertook the $400 million pipeline project in reliance upon the United States Government's long-standing decision to restrict the export of Alaskan oil. First articulated ten years ago in the TransAlaska Pipeline Act, that decision to restrict Alaskan oil exports in particular has time and again been strengthened and reaffirmed. In 1976, the Ford Administration ruled out the export of Alaskan oil. In 1977, Congress tightened the restrictions on exports, and two years later Congress further stiffened those restrictions. Finally, in 1981, the Reagan Administration decided not to advocate the export of Alaskan oil.

If the government now abruptly changes direction and permits the export of even a portion of Alaskan oil, it would severely impact, if not bankrupt, this venture as well as similar ventures of others who have invested in transportation, storage and refinery infrastructure. Moreover, as that infrastructure crumbled, so would one key element of our national security; for, if there came a time when it was necessary to use Alaskan oil for domestic purposes, we would no longer possess the tankers and terminal facilities necessary to move that oil, and the pipeline that makes its transportation across Panama economical and efficient.

At the core of the current restrictions on the export of Alaskan oil lies a profound concern for America's energy security. It is no answer to that concern to argue that we are participants in a world oil market and to point out that the theoretical niceties of the laws of supply and demand should determine our access to vital oil resources in the years to come. With regard to oil, those supposed laws have failed all too often. Particularly in times of short supply, destination restrictions are placed on tankers for reasons wholly inconsistent with a free oil market.

If significant quantities of Alaskan North Slope oil are exported, America's dependence on other sources of supply—particularly the Persian Gulf—will be increased. This can have only one result it will make this nation, its economy and its Mideast foreign policy more vulnerable to supply disruptions, whether caused by logistical foul-ups, political instability, or direct political pressure directed against us and our allies.

Replacing Alaskan oil with foreign oil of the same quality is likely to involve increased costs and a leasing of the downward pressure on imported oil prices now created by the assured availability of Alaskan oil. The lower cost of crude oil in America today, with its consequential benefits for our rate of inflation, is clearly related to this country's increasing energy self-sufficiency.

The impact on the Government of Panama should also not be ignored. Panama is an important ally in an unstable region. The canal is a resource vital to our security. If Alaskan oil is no longer shipped across the Isthmus of Panama, the Panamanian Government will lose projected revenues in excess of $100 million a year. This could have a diplomatically and economically destabilizing effect. Surely the need to avoid destabilization of a peaceful and vital democracy in Central America and to preserve a secure environment for the Panama Canal outweighs today any marginal foreign policy advantages cited in favor of export.

Finally, Section 7(d) of the Export Administration Act contains a carefully thought out, long-standing and entirely rational set of criteria for determining when it is in the national interest to export Alaskan oil.

We urge you to support the extension of these restrictions.

Sincerely,

HAROLD P. BERNSTEIN,
Chairman of the Board.

Mr. MURKOWSKI. I yield the floor to my senior colleague from Alaska (Mr. STEVENS). I have a substitution after the Senator has completed his remarks.

Mr. STEVENS addressed the Chair.

The PRESIDING OFFICER. The Senator from Alaska is recognized.

Mr. STEVENS. I commend my colleague from Alaska for the work he has done on this matter. I cannot add further. I do not intend to repeat what he has said. I would like to be sure the Senator from Oregon understands the impact of what he has just said, however. Alaska is the only State in which the wellhead price is determined by subtracting the costs of transporting the oil to its final destination from the price at which the oil is sold at the final destination. Nowhere else in the world is that the case.

Despite the fact that up to 50 percent of the potential oil to be discovered in the United States and offshore of the United States is Alaskan oil we now have a situation where oil exploration in Alaska is starting to decline. The reason is that Congress has gone out of its way to put impediments in front of the development of Alaska resources. In bringing supplies to Alaska to support resource development, we can only use Jones Act vessels. Forty percent of all the Jones Act tonnage goes to one State that has about 450,000 people. In transporting one of our major resources, the oil produced on the North Slope, we must use Jones Act vessels, and we can sell that oil only in the United States. This means that much of that oil is shipped in tankers down to the Panama Canal area; is pumped through a pipeline that was constructed solely for our oil; is transferred back into tankers; and winds up on the east coast. In the end, that oil actually traveled further than oil that comes in from Saudi Arabia. Nevertheless, its price to the consumers is exactly the same, as the Saudi crude. As a result of these unnecessary transportation costs, however, wellhead prices and exploration and production incentives in Alaska are reduced.

The argument that this bill has anything to do with the price to consumers is totally fallacious. The east coast people, the gulf coast people, the west coast people pay prices based upon the cost of imported oil, the world price for oil, not on the price of Alaskan oil at wellhead. As I said, the wellhead price in Alaska is determined by taking the price of the oil when it reaches its destination and then subtracting the costs of getting the oil to that destination. The wellhead price of Alaska oil has nothing to do with the price consumers ultimately pay at the final destination.

Just think of this also. A discovery like Prudhoe Bay in Montana would have no restrictions on export and would have no restrictions on rights-of-way, and yet people stand on the floor of this Chamber and say that Alaska is seeking some special privilege when it says to the country that unless an additional incentive in the form of increased wellhead prices through lower wellhead transportation costs is given, additional reserves sufficient to keep that pipeline of ours filled after 1989 will not be developed.

By 1989, the throughput of the Alaska pipeline will start dropping off and it will dramatically decrease. We have had a hard time up to now finding new reserves for the pipeline. The Mukluk field, as Senator MURKOWSKI has indicated, was a dry hole. The whole field has been abandoned. The recent discovery at Seal Island flows at a rate of 5,000 barrels a day. But, as Senator MURKOWSKI said, the Seal Island discovery, although significant, and close to the pipeline may not be economical to produce. It may not generate enough revenue to bring the oil ashore, let alone to the east coast at high transportation rates.

As I stand in my office in Anchorage, I am closer to Tokyo than I am to Washington, D.C., by air, and yet Alaska oil must travel the complete length of the west coast of the United States, all the way down to the Panama Canal, all the way across the breadth of the United States, across the gulf and up the east coast to reach its destination. The people who pay in the long run for this unnecessary transportation are the consumers because there will be no further oil to fill the Alaska pipeline unless some incentive for further exploration and production is provided.

Now, there is a tremendous amount of oil, I feel, in the Alaskan Arctic, onshore and offshore. It is unfortunate we have been unable to work out some sort of a modification of Senator MURKOWSKI's export approach that could win enough support to pass. I know enough, and so does he, to count the votes around here. We know what is going to happen today with regard to the motion to table his amendment. But the day will come when Americans will start reading what the people of the editorial pages say in this country. Look at the editorials from every part of the country. We do not write them, and I can assure the Senators that the newspapers printing them are not friendly to us usually. And yet whether it is in the New York papers or Los Angeles papers, or the Boston papers, the people have looked into this and said: "wait a minute. If there is not an incentive to produce oil, if there is not a market beyond what exists now, then how can you discover the new reserves that we will need when the current production declines?"

I do believe that the time will come when people will understand the economics of dealing with an area that is so far removed from the everyday lives of the people whom the other Senators in this Chamber represent.

But whether the issue is our Federal lands, whether it is our resources, such as our fisheries, our seals—there is a meeting going on in another part of the building today about our seals and the complete misunderstanding that exists concerning the fur seal population off our shores—our timber, our oil and gas, our minerals, we are constantly the target of legislation offered by someone here to protect the interests in their own States regardless of the cost to us and the Nation. Today, individuals oppose Alaska oil exports without real knowledge of what is going to happen to the interests of their States if they prohibit the development of Alaska's full potential. If there ever has been a misunderstanding, there is certainly one here today.

Mr. President, there is more than $1 billion spent for the maritime industry to keep the oil and gas exploration and development production effort going in Alaska. Yet, it is the people in the maritime industry who oppose this amendment because of its alleged effect on shipyards. We have met that objection. This amendment provides that every tanker used for export be built in the United States, manned by U.S. people, and maintained and repaired in U.S. shipyards.

The pipeline, as my colleague from Fairbanks, Senator MURKOWSKI, said, which may be built between Los Angeles and Texas, would move Alaska oil into Texas and into pipelines there that currently are not filled. This is another thing people ought to take a look at. The throughput of oil in Texas pipelines is not presently enough to keep them filled. The pipeline distribution pattern in the Lower 48 was built for Texas and Oklahoma oil, and that is not where the production is coming from. The substantial new production is coming from Alaska.

If a discovery like Seal Island, with a 5,000 barrels per day flow rate, were found in Texas, everybody would be out on a binge. They have the pipelines to get the oil to market at a reasonable price.

Up our way, we go for the aspirin when we find a Seal Island, because the revenues it generates may not cover the cost of getting its production to market. The impact of this cost on oil and gas exploration and development in Alaska does not seem to be understood here.

I am not going to belabor this debate. I do believe that the time will come when there will be a better understanding of this matter, and the Senate will be asked to address it again in days to come, or months to come, or years to come. The time will come when the Senate will understand the economics of developing Alaskan resources and will not rely upon the opposition of those who fear the future. If Alaskans had shared this fear, there would be no oil and gas development in the State now.

Alaska was a territory, as we all know, until just 25 years ago. The land that was developed and is now known as Prudhoe Bay was under the Federal Government's jurisdiction for almost 100 years, and no exploration activity was allowed. It was not until we became a State and sought the right to select and develop this land that exploration was possible. The first major discovery on the North Slope, the main discovery, is on State lands. That should indicate to the rest of the country that we know our State and that those people who interfere in the management our resources from Washington do not.

If the country wants the development of Alaska's resource base, wants our resources to be available, then the Senate and the House of Representatives will have to listen to those of us who have been sent here by Alaskans to tell you what is in the public interest so far as the development of our resources is concerned. Unfortunately, that does not seem to be the case today, and I see no reason to belabor it.

Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MURKOWSKI. Mr. President, I believe that my good friend and colleague from New York has a statement to make. I relinquish my right to the floor, pending his statement.

The PRESIDING OFFICER. The Senator from New York.

Mr. D'AMATO. I thank my good friend and colleague, the distinguished Senator from Alaska (Mr. MURKOWSKI).

Mr. President, I rise this afternoon to express my opposition to the pending amendment to S. 979, the Export Administration Act, which would permit the exportation of Alaskan North Slope crude oil. Adoption of such a proposal would seriously affect this Nation's energy security.

Section 7(d) of the Export Administration Act currently restricts the exportation of Alaskan crude. As reported by the Senate Banking Committee, of which I am a member, S. 979 extends the existing restrictions on the export of North Slope oil for 6 years.

Mr. President, I think that is a wise extension—6 years. During the course of that time, we can see if some of the concerns, justified concerns, of my two colleagues from Alaska have come to fruition. At that point, we can always move to amend or alter that prohibition.

Today, the United States remains the single largest importer of crude oil and petroleum products in the world, relying upon imports for nearly one-third of our energy supplies. I think that is worthwhile noting. Some people say: "Well, Japan is the greatest importer." I thought it was, but that is not the case. It is the United States of America that is the world's largest importer. The dependence of this Nation upon foreign sources of oil is all too familiar to each of us.

Oil supply and price disruptions have imposed massive costs on the United States. The oil supply disruption of the 1970's—both of which were small in terms of quantities of oil lost, yet significant in terms of the price increases they caused—demonstrate the difficulty of the market to adjust. Wellhead prices today are 15 times higher than they were just 10 years ago. These price increases have sent tremors throughout our economy, affecting virtually every sector. According to the Department of Energy, we lost an average of $40 to $50 billion of GNP per year during the 1970's as a result of the energy crisis. A comprehensive study by the Department indicates that energy disruption contributed an additional 2 to 3 percentage points of inflation per year during the decade of the seventies. Furthermore, we lost 1 to 2 million jobs per year.

Despite some improvement, the United States still remains very vulnerable to energy and price problems. This is particularly significant when one considers the instability of the world oil and energy system. Our energy policy should be designed to insulate us from potential shocks in the world system and increase our flexibility. Export of Alaskan oil would do just the opposite.

In an attempt to enhance the energy security of the Nation, the Federal Government established the strategic petroleum reserve, which will eventually have a capacity of 750 million barrels of oil. However, the target date for completion of this important program is late in the 1980's. We have already made a significant investment in the reserve and should not abandon it now. From 1980 through 1982, 31.4 million barrels of Alaskan oil were used to fill the strategic petroleum reserve. Our national interests would clearly not be served by exportation of this oil.

In addition, the export of Alaskan crude would devastate our domestic shipping industry. Nearly 65 percent of the domestic shipping fleet is engaged in Alaskan oil trade. Exporting this oil would drydock as much as half of the U.S. tanker fleet. In the process, 20,000 Americans would lose their maritime-related jobs. We would effectively dismantle our shipping infrastructure and render ourselves incapable of moving oil supplies during a national emergency. This point is of particular concern to me because of the heavy reliance of the Northeast upon imported oil, and the important role which the maritime industry plays in our national security.

For these reasons, I joined as a cosponsor of S. 1159, legislation to extend indefinitely the ban on the exportation of Alaskan oil and I oppose the pending amendment. I would, in the interest of our energy security, encourage my colleagues to reject any proposal which would increase America's vulnerability as the pending amendment would do.

To alter the present policy would be extremely bad energy policy and very shortsighted, counterproductive economic policy. Exportation of Alaskan oil would increase our dependence upon imports from foreign nations and would not lead to a significant increase in domestic oil production.

Needless to say, I think that my constituents, particularly those in the Northeast who are so dependent upon imported oil, could find themselves very adversely affected if we found a diminution in the world's oil supply, if a tragic event might take place to cut off the supply of oil from the Middle East to Western Europe and the United States. In the Northeast, we are very dependent on foreign oil.

I think that this amendment offered by my distinguished colleague from Alaska is ill advised.

Mr. MURKOWSKI. I thank the Chair.

Mr. President, it is certainly an issue that I feel requires a great deal of understanding. It seems indeed as we examine the merits that there is a question of whose best interests are at stake, not necessarily the question of what is in the best interests of our country.

I certainly commend my colleague from New York for the remarks he has made and his opinions. I regard them just as I do the feelings expressed of my colleague from Ohio, Senator METZENBAUM. But we find my colleague, Senator PACKWOOD from Oregon, also has a particular interest. And we begin to look at the special interest associated with this issue, and none has recognized or responded to the specific reality of what is taking place today with regard to the current movement, excess oil from the west coast of the United States.

As additional crude oil comes down from the North Slope as a result of additives being put into the pipeline, increased production from the Kuparuk field, and the decision to develop an additional field, Milne Point, realities dictate that the capacity of the pipeline across Panama will be exceeded. I have been told by the companies involved before the year is out, the small ships will be back, shuttling oil through the Panama Canal, in addition to the funneling of the oil through the pipeline, beneficiaries of the export ban.

We move over to the other special interest groups associated with this, and we find the entrepreneurs from California, the California-Texas pipeline, which, as I have indicated in my statement, proposes to move 800,000 barrels of oil a day from Long Beach, Calif., to the Gulf States at a savings of some $3 per barrel which amounts to $2.4 million per day.

Mr. President, that is the American system at work. It is the reality that there is a better way to do things, so people develop better proposals. As we look at the concerns of my colleague from Oregon, with regard to the shipyard in the Columbia River, all of those tankers that operate from Valdez to Panama are indeed repaired in that shipyard. That is a very efficient American shipyard. My amendment meets the specific concern, of my colleague because it dictates that those vessels will be repaired in American shipyards.

Unfortunately, there may be some ships involved that are so large that they cannot fit into the Columbia River shipyard. So obviously again the special interests of my colleague are affected.

But when we recognize that that shipyard was built in Japan and hauled over from Japan to the United States, and the reason it was not built in the United States is that it would have cost some $35 million or more to build in the United States, one has to reflect on what we are doing to ourselves on the exports issue by mandating the preservation of economic inefficiencies.

I have belabored my colleagues at great length today. I appreciate indeed their understanding. As I reflect back and forth on the merits of this issue, I think it is indeed unfortunate that so many public policy questions in the Senate are resolved through the influences of special interests. As a consequence, the debate that takes place on this floor, as you can see, is not participated in by a majority of the Members. I think it is sufficient to say at this particular time I am the only Member on the floor. It is indeed unfortunate that the merits of this issue have not been thoroughly examined, and I think it is significant to note that in my talks with people in the White House and every other level of Government, they have said that exports are in the national interest, but for this reason or that reason, we cannot support your proposed amendment.

The maritime unions are against it. I understand charity begins at home, but I have already indicated that maritime industry needs help. I am not proposing to harm the maritime industry. On the contrary, I am proposing to provide new jobs in the maritime industry and other industries by encouraging the export of oil, which will increase the incentives for oil and gas exploration in Alaska and elsewhere. If you think the oil companies are going to develop Alaska because they love it, you are entirely mistaken. They are up there because they are looking for a return on their investment, and they have to have an incentive.

I do not care whether you talk about the benefits to Alaska or the benefits to the Federal Government in revenues; the realities dictate that the incentive for industry has to be there, and the incentive can only come in this particular scenario by reducing the transportation costs. You cannot argue with the realities.

The question continually comes up if we export 200,000 barrels we are going to have to import 200,000 barrels. Absolutely. The logical place to import it from is Mexico. They sit right next to us. The transportation costs are nothing more than moving the oil through a pipeline a few hundred miles. In addition, Mr. President, as we reflect on our situation with Mexico it is kind of interesting to note that Mexico's production from 1980, when it was 1.9 million barrels per day, has gone up to 2.6 million in 1983. Reflecting further on that production, I would like to point out that 25 percent of the production coming into the United States from Mexico is refined products. Think of the merits of that. We have unused refining capacity in this country. Why not bring crude oil in from Mexico to be refined in our refineries? I think this subject deserves a little more examination by this body.

Mr. President, we have a great concern about the issues and the current atmosphere in Central America. It is indeed in our best interest to establish closer ties with Mexico so we can protect the investment of Americans in that country. The best way to achieve this is to buy more crude oil from Mexico—not refined products—and bring Mexican crude oil into the United States, refine it in refineries in this country, and allow the export of corresponding amounts of oil to our fine Pacific Rim allies willing to buy Alaskan oil. This will result in a stimulation to a significant degree of the industry because the inducement is there.

Mr. President, I know my colleagues' attitude on this issue. Unfortunately, this particular issue is one that is going to require additional explanation, and a knowledge we are going to have more and more crude oil on the west coast, to the point that it gets embarrassing. I have indicated that it is embarrassing now because we are going to have to go back to shuttling the ships back and forth. But the merits of an up and down vote on my amendment for 200,000 barrels a day are fraught with the political realities existing in this body. As a consequence, Mr. President, I now wish to modify the pending amendment before you. Therefore, Mr. President, I send my modified amendment to the desk and ask that it be read.

The PRESIDING OFFICER. The amendment is so modified.

The clerk will read the modification.

The bill clerk read as follows:

On page 1, on line 6, after the period, insert the following:

Section 7 of such Act is further amended by inserting after paragraph (2) of section 7(d) the following and renumbering the succeeding paragraph accordingly:

"(3) Notwithstanding paragraph (1) or any other provision of law, crude oil produced from reservoirs other than the Sadderochit and Kuparuk River reservoirs may be exported in accordance with the provisions of this Act at a rate not to exceed 200,000 barrels a day. Exports of such crude oil shall be made only—

"(A) pursuant to contracts which may be terminated if the crude oil supplies of the United States are interrupted, threatened, or diminished; and

"(B) on vessels built and documented in the United States, with all maintenance and major repairs on such vessels occurring in United States repair facilities."

Mr. MURKOWSKI. Mr. President, this amendment would permit only the export of Alaska North Slope oil from either new production from existing fields or newly developed fields. And it specifically dictates that export of this oil be on U.S.-built and documented tankers, that those flag tankers be repaired in U.S. shipyards, and that the President may cancel export contracts during time of an emergency.

This amendment proposes that an amount not to exceed 200,000 barrels of new oil be available for export. As I have indicated previously, this would encourage oil companies to produce oil in an amount equivalent to the carrying capacity of the Trans-Alaska pipeline. However, the Trans-Alaska pipeline operators believe that it is possible, through technical developments, to increase the oil throughput by as much as 200,000 barrels. Present production from Prudhoe Bay is 1,500,000 barrels per day. Another 130,000 barrels per day comes from the Kuparak field.

My amendment covers new oil from fields other than those I have mentioned. North Slope exploration and development would indeed be spurred by this amendment. It would encourage oil companies to invest in the exploration and development of these new fields. Certainly new exploration and development is in America's national interest.

For example, presently marginal fields on the North Slope of Alaska would most likely be brought into production. In addition, there would be no loss of jobs in the maritime trades because all existing oil would continue to flow as it is presently flowing in the present ships that move the oil.

So, Mr. President, this amendment can only be in the interest of all concerned. It does not impact the concern of my colleague from the State of Oregon, who is worried about the utilization of the shipyard on the Columbia River. It does not impact my other colleagues' concern over how we replace the 200,000 barrels a day of exported oil.

Mr. President, the Lisburne field may come into production if the inducement is there. The difficulty is that the oil is suspended in sand. Much of it is in permafrost. Developing techniques to extract this oil is in the formative stages. But it is in the national interest of this country that that oil be made available for development. And this amendment would provide the inducement to develop the technology necessary to make the Lisburne field a proving field.

Seal Island, as I have indicated in my previous comments, could bring in 5,000 barrels a day. Seal Island will probably not come into production unless this amendment is passed. That is just a hardcore fact. My colleagues should understand that if the return is not there on the investment, the development does not occur.

Conoco and its partners have recently announced that they hope to begin producing 30,000 barrels per day of crude oil from a small field on Milne Point.

My amendment as proposed would address new oil only. As I have indicated, the amendment would have no impact on existing Jones Act tankers or crew, because export levels are pegged at approximately the levels currently being carried by the Jones Act fleet.

The rate at which the U.S. Treasury receives revenues from the windfall profit tax on the Prudhoe Bay field will increase because of accelerated development. This would allow the American taxpayer to capture more of the windfall profit before the windfall tax expires in 1991. On exports of new oil, the Federal Government would capture an estimated $100 million to $150 million per year. So it is an opportunity, Mr. President, for this Nation to provide the incentive to look for new oil.

And I would at this time like to acknowledge the floor manager, Senator HEINZ, for his accommodation in my efforts to again bring before this body the merits associated with the development of Alaska oil. I respectfully ask for the support of my colleagues on the pending amendment, which will initiate the stimulus to develop new oil, which is obviously in the national interest.

Mr. HEINZ. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. HEINZ. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. MATTINGLY). Without objection, it is so ordered.

Mr. MURKOWSKI. May I make inquiry of the floor manager?

Mr. HEINZ. Mr. President, it is my intention to move to table the Murkowski second-degree amendment. I do not see any of our colleagues wishing further recognition at this time. I think we have debated this issue at length.

Let me just state the position of the managers of the bill. The managers of the bill are unanimously opposed to this amendment. Senator GARN, our chairman, is opposed to this amendment and supports the tabling motion.

There is a list of labor organizations a mile long which are opposed to this amendment.

Someone might ask, What is the administration position on this issue?

Mr. President, I think it can be accurately stated that at the Cabinet Council meeting on this subject 2 weeks ago, the Cabinet Council of the Reagan administration stated that they did not support this issue being considered on this bill, and that they wanted to consider the issue further. They did not want to confront it on this legislation because they agreed that this legislation deals with a number of national security issues and deals directly with the problems of technology transfer between the United States, our allies, and the Soviet Union. They did not want to get into this complex issue on this legislation.

I make that statement. I think it is a matter of record, based on what the Cabinet Council has in fact said. I think it can be confirmed by any telephone call.

So that there is no misunderstanding, I am not saying that the administration is opposed to the substance of what Senator MURKOWSKI wants to do. They have not taken a position on substance. But what they have said, at least insofar as the Cabinet Council is concerned, is that they do not support any kind of amendment in this area on this bill.

I think that is an accurate reflection of the record. I do not think my friend from Alaska would disagree with what I have just said, but I would be happy to yield to him if he chooses to disagree.

Mr. MURKOWSKI. I thank my colleague for yielding. My understanding is that the Cabinet Council did address the substance and voted 7 to 3 in favor of allowing oil exports. I have been advised by the administration, through the Assistant to the President for Legislative Affairs, as a consequence of that vote, that indeed the administration has a position, and that position is no position. [Laughter].

In an interview which occurred in Washington, D.C. on the evening of February 22, the President in a nationally-televised news conference lent his support to the export of Alaskan oil for the first time in such a widely publicized forum. I quote his remarks:

> I share the view that it (Alaskan oil exports) would be an asset to the United States to do this.

He said that in response to a question.

As a consequence of that statement, I am somewhat confused at the official administration position, which is no position. However, I can understand the delicacy of this question from a political point of view. As the floor leader has indicated, the unions have indicated there interest. But, again, I would respectfully remind the floor leader that I have addressed the union's interest in my amendment. Indeed, in this amendment we are providing new jobs for the unions because we propose to export new oil.

Mr. HEINZ. Mr. President, I yielded to my friend from Alaska for a point of clarification. I did not want him to go over the excellent points he has made on behalf of his proposition or his point of view.

I wanted to be sure that we all understood that the Cabinet Council in fact did do what I said. The Senator from Alaska is correct, that they ended up saying, "we have not taken a position and we do not support anything happening right now." He is right, it is a heck of a position for someone to take.

Mr. MURKOWSKI. Will my colleague yield for a question?

Mr. HEINZ. I would be happy to yield for a question as long as it is carefully stated.

Mr. MURKOWSKI. What is the Senator's interpretation of the Cabinet Council's vote of 7 to 3 on the substantive question of Alaskan oil?

Mr. HEINZ. I say to my friend, I cannot tell him how they came out on substance except I also know that they agreed they did not want to confront the issue at this time on this bill. That is a fact. No matter how they voted, it is still a fact. The Senator can have his facts correct, I can have mine correct, because they are different facts. They are not self-contradictory. It just may seem that way to casual observers in Washington, D.C., who have not understood the intricacies of our system.

Mr. President, I thank my friend from Alaska. He has been extremely eloquent. I hope he has not persuaded anybody of his position.

I move to table the Murkowski second-degree amendment. I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. PROXMIRE. Mr. President, I rise in opposition to the amendment to section 7(d) of the Export Administration Act, offered by Senator MURKOWSKI, which would authorize the export of 200,000 barrels of crude oil per day produced in Alaska. I believe Senator MURKOWSKI has made some appealing arguments in favor of his amendment, but I cannot support it because I am convinced it would be harmful to our Nation's international trade position.

In 1983 our accelerating trade deficit with Japan was almost $22 billion. In 1984 that deficit is expected to rise to nearly $25 billion. Selling 200,000 barrels of Alaskan oil a day to the Japanese would reduce our bilateral trade deficit with Japan by $2 billion, and thus assist in disguising the structural nature of our trade problem with the Japanese.

Most Japanese exports to our country are higher value-added manufactured goods such as automobiles, video cassette recorders, and other electronic equipment. U.S. manufactured goods, however, are denied access to the Japanese market by nontariff barriers such as restrictions, quotas, and complex inspection and licensing requirements. Even some of our agricultural products such as beef and citrus fruits are kept out of Japan by stringent import quotas as the Japanese are concerned with dislocations that would be caused to their own farmers by such imports.

Our negotiators have been striving for years, without great success, to persuade the Japanese to remove their nontariff barriers to U.S. manufactured goods and their import quotas on our agricultural products. The Japanese Government would like to reduce the pressures on them to open their market for imports of manufactured goods from our country by taking raw materials such as Alaskan oil instead. The problem for us with this Japanese strategy is that the export of oil, which is already in short supply in our own country, does not produce jobs for our workers. The export of our manufactured goods would.

What we need to straighten out our trade problem with the Japanese is (a) for the Japanese to open up their markets to our manufactured exports, and (b) for us to reduce our budget deficit to bring down interest rates and the bloated value of our dollar which is destroying our ability to compete internationally. Selling Alaskan oil is not the solution.

I should also note, in regard to Senator MURKOWSKI's amendment, that section 7(d) of the Export Administration Act does not now forbid the export of Alaskan oil. It permits such oil to be exported if the President finds, and Congress agrees, that: First, such exports are in the national interest; second, they could be terminated in the event of an emergency; third, they would not diminish the over-all petroleum supply available to the United States; and fourth, at least a portion of the increased profits made by oil companies through such exports would be passed on to the consumer. To date, no president has found that these prudent restrictions could be satisfied in exporting Alaskan oil. The amendment, offered by Senator MURKOWSKI, would solve this problem by getting rid of such restrictions. It does not provide for passing any portion of increased oil company profits to American, as opposed to Japanese consumers.

I do not believe this amendment is wise public policy for the above reasons, and I urge you to vote against it.

Mr. PRESIDENT, I ask unanimous consent to have printed in the RECORD articles from the Oil Daily of February 27, 1984, and an article from the Washington Post.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the Oil Daily, Feb. 27, 1984]

ALASKAN OIL EXPORTS ARE A BAD IDEA FOR U.S., JAPAN

(By James Akins)

New ideas are rare and usually should be cherished.

A group of Japanese businessmen, and Alaskan government officials have proposed an ingenious but simple scheme to redress the staggering trade imbalance between Japan and the United States, and to increase Alaskan state revenues.

They would sell Alaskan oil to Japan. Although exports are currently restricted by the Export Administration Act, that law is being reconsidered by Congress and the restrictions on oil exports could be removed.

Japanese businessmen and other export proponents collectively note that every 100,000 barrels per day of Alaskan oil sold to Japan would reduce our bilateral trade deficit with the country by about $1 billion annually.

These businessmen recognize that they could benefit if this new export caused the United States to reduce its pressure on Japan to liberalize other import restrictions. Another argument for importing Alaskan oil heard in Japan is that Japanese security would be enhanced by reducing imports from the Middle East and switching to the "secure" United States of America.

The State of Alaska could also benefit by selling the Japanese Alaskan oil—particularly state royalty oil. If the market were Japan, transportation costs would be lower due to the shorter transportation distance and the ability to use more economical foreign-flag ships. (Shipments to the lower 48 states must be made in American ships.)

With reduced transportation costs, Alaska would earn more for each barrel of its royalty oil. Even if oil companies exported some of their oil (a less likely proposition than Alaska selling its royalty oil), Alaskan revenues would also increase (although to a lesser extent) because Alaska taxes the value of all oil produced in Alaska. It is also argued that a Japanese market for Alaskan oil would encourage development of new oil resources in that state and for the nation.

A BAD IDEA

Should we then embrace this new idea with open arms? I think not. For upon closer examination, it makes little sense for the nation as a whole.

If the United States were a net exporter of oil and were seeking new markets for its surplus, then exporting Alaskan oil might make sense. But unfortunately, this has not been the case for 30 years and it is unlikely that it ever will be again.

Every barrel of Alaskan oil diverted from the American market and sold to Japan would have to be replaced by a barrel of imported oil. Thus, there would be no overall balance of payments benefit for the United States.

One should not begrudge the Alaskans this attempt to get greater oil wealth, but one's sense of charity is strained when we note that Alaskans already have the highest per capita income in the union, resulting in payments by the state to its citizens—a reverse income tax. If Alaska were a member of OPEC, it would rank fifth in per capita income, right behind Saudi Arabia.

Spurred on by the five-fold increase in the price of oil in the last decade, Alaska has been our main source of additional oil production. There will always be, however, a market for Alaskan oil in the United States. In fact, Alaskan oil production may peak out before the end of this decade and opening it up to the Japanese could threaten America's oil reserves.

THREAT TO RELATIONS

If we did sell Alaskan oil to the Japanese, replacement oil would almost certainly come from the unstable Middle East. If there were a cutoff in oil supplies, however, Congress could (and certainly would, in the absence of a treaty specifically prohibiting such cutoffs) pass legislation again, forbidding the export of American oil. Alaskan oil would then be shifted back to the American domestic market.

This situation would pose a serious threat to Japanese-America relations. The Japanese government understands this well and has been noticably absent from the group advocating purchase of Alaskan oil.

It is difficult to imagine anything that would more severely and permanently disrupt relations between Japan and the United States than for Japan to buy American oil and then, at the time of the first shortage, for the United States to cut it off—something no Middle East exporter would be likely to do, at least not deliberately.

OLD ARGUMENTS HOLD

Who even remembers 12 years ago when oil was discovered in Alaska and ecologists strongly opposed the pipeline construction as potentially damaging to the "fragile Arctic environment."

They archly questioned whether the oil was needed. "Will it not really be exported to Japan?" they asked. "Absolutely not," chorused government and industry. Our oil production was declining, they maintained—honestly, it may be noted—and the oil would be required by the United States.

Even the governor of Alaska, William A. Egan, testified before the Senate Interior Committee on April 19, 1973: "The companies have categorically stated that there will be none of that oil transported to Japan and it is the position of the State of Alaska that there will not be any of the oil transported to Japan."

The arguments for the pipeline proved persuasive and the pipeline was built. We needed it during the oil crises of the 1970s and we need it today.

[From the Washington Post, Feb. 25, 1984]

ONLY ALASKANS AND JAPANESE WOULD BENEFIT

The governor of Alaska recently wrote in The Post that the existing prohibition of export of Alaska oil was not in the "national interest." His arguments are grounded on unrealistic and oversimplified theories about how world trade and the world oil market work. They serve to cloak the purely parochial under the banner of U.S. national interest. I see the export prohibition differently, as do almost 300 members of the House and Senate who have cosponsored legislation to permanently ban the export of Alaskan oil.

Export of this vital national resource would weaken our already one-sided trade position with the Japanese, damage national security and blame energy consumers for the additional $2-$4 per barrel cost of more expensive replacement oil. Furthermore, it would substantially curtail our progress toward energy independence.

Exporting Alaska oil will not improve our trade posture. The overall U.S. trade deficit will not be reduced because exports will force us to import an equal amount of oil. Indeed, exports are likely to increase our $60 billion-plus trade deficit as we pay more for replacement oil that we will get for Alaska oil abroad. Most dangerously, exports will take the heat off the Japanese to lower their trade barriers and alter unfair export promotion policies. Instead of exporting goods manufactured by American labor in American factories, we would send the Japanese a scarce and irreplaceable domestic energy resource.

Furthermore, exporting our oil would be an act of contempt for the paramount goal of energy independence. Saudi Arabia is the most likely source of crude to replace exported Alaska oil because it has oil to sell and because its crude is of similar quality to Alaska oil. Mexico, Venezuela and Nigeria are unlikely sources of replacement crude. Mexico has an explicit policy against more exports to this country; Venezuela and Nigeria both are members of OPEC who are abiding by their production quotas. Thus, exporting Alaska oil would increase U.S. dependence on the Middle East. the Iran-Iraq War, instability in Lebanon and the track record of the region all point out the imprudence of exporting Alaska oil.

For consumers, Alaska oil puts downward pressure on prices in the Gulf and West Coast markets, giving significant price relief and improving our capacity to respond to a supply disruption.

The Alaskans and Japanese alone would benefit from the export of Alaskan oil. Alaskans would add $50 to $300 million a year to the $2.5 billion they currently garner annually from oil revenue. The Japanese would cover up the serious trade issues underlying our $20 billion bilateral trade deficit. U.S. trade interests, energy security and consumers would lose from export. a broad-based coalition of consumer, farm, environmental, labor and industrial interests understand this economic reality and support continued domestic use of our oil. Let's not be fooled into believing Alaska oil exports are in the "national interest."

The PRESIDING OFFICER. The question is on agreeing to the second-degree amendment. The yeas and nays have been ordered. The clerk will call the roll.

The bill clerk called the roll.

Mr. STEVENS. I announce that the Senator from Rhode Island (Mr. CHAFEE), the Senator from Idaho (Mr. McCLURE), the Senator from Illinois (Mr. PERCY), the Senator from Virginia (Mr. TRIBLE), and the Senator from Connecticut (Mr. WEICKER), are necessarily absent.

I further announce that, if present and voting, the Senator from Illinois (Mr. PERCY), would vote "yea".

Mr. BYRD. I announce that the Senator from California (Mr. CRANSTON), the Senator from Ohio (Mr. GLENN), the Senator from Colorado (Mr. HART), the Senator from South Carolina (Mr. HOLLINGS), and the Senator from Kentucky (Mr. HUDDLESTON), are necessarily absent.

I further announce that, if present and voting, the Senator from Kentucky (Mr. HUDDLESTON), would vote "yea".

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 70, nays 20—as follows:

[Rollcall Vote No. 27 Leg.]

YEAS—70

Abdnor	D'Amato	Grassley
Andrews	Danforth	Hatfield
Baker	DeConcini	Hawkins
Baucus	Denton	Hecht
Bentsen	Dixon	Heflin
Biden	Dodd	Heinz
Bingaman	Dole	Helms
Boren	Domenici	Humphrey
Bradley	Durenberger	Inouye
Bumpers	Eagleton	Johnston
Burdick	East	Kasten
Byrd	Exon	Kennedy
Chiles	Ford	Lautenberg
Cochran	Garn	Leahy
Cohen	Goldwater	Levin

Long	Packwood	Sarbanes
Mathias	Pell	Sasser
Matsunaga	Pressler	Stafford
Mattingly	Proxmire	Stennis
Melcher	Pryor	Warner
Metzenbaum	Quayle	Wilson
Mitchell	Randolph	Zorinsky
Moynihan	Riegle	
Nunn	Rudman	

NAYS—20

Armstrong	Laxalt	Stevens
Boschwitz	Lugar	Symms
Evans	Murkowski	Thurmond
Gorton	Nickles	Tower
Hatch	Roth	Tsongas
Jepsen	Simpson	Wallop
Kassebaum	Specter	

NOT VOTING—10

Chafee	Hollings	Trible
Cranston	Huddleston	Weicker
Glenn	McClure	
Hart	Percy	

So the motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I should like to take this opportunity to ascertain, if I can, how many amendments remain, how many rollcall votes we are likely to have, and then make some courageous estimate as to how long we are going to be in tonight.

I wonder if the distinguished manager on the majority side can give me his view of that situation.

Mr. HEINZ. Mr. President, I say to the distinguished majority leader that we are about to dispose of an additional amendment by Senator MURKOWSKI. We can take that on a voice vote.

I anticipate that Senator PRESSLER and Senator PRYOR will have an amendment regarding the Federal Reserve. I anticipate a brief debate on that and a motion to table, after about 10 minutes.

Senator MATHIAS has an amendment which I believe will be acceptable to the managers. No recorded vote will be required. That should take no more than 5 minutes, if my optimism is not being carried away.

Senator BOREN is working on an amendment having to do with wheat. I do not have the details on that. That could very well require a recorded vote.

Senator DODD has an amendment, if he chooses to go ahead with it, on contract sanctity, which would require a vote.

Mr. BAKER. Mr. President, that is a pretty imposing list of amendments.

I have not yet had an opportunity to discuss with the minority leader as to any additions he may have to that.

It seems to me clear that we are going to be in at least until 9 o'clock, maybe later. It is still the hope of the leadership on this side that we can finish this bill tonight. But if we cannot, it would not be the intention of the leadership to ask us to stay past 9 or 10 o'clock, and we will be on it tomorrow.

I urge Senators to be as brief as possible and to see if we can finish this bill by 9 o'clock this evening or thereabouts.

Mr. GARN. Mr. President, will the Senator yield?

Mr. BAKER. I yield to the Senator from Utah.

Mr. GARN. Mr. President, with all due respect to the majority leader, I certainly recommend that we stay for whatever time is necessary to finish. This bill has been in process for a long time. Senator HEINZ and I spent 6 months working on a very careful compromise, and what we have been doing all week has nothing to do with the Export Administration Act. We would become the first Christmas tree of 1984. It is a little early; it is only March.

Nevertheless, we have had a number of nongermane amendments which have nothing to do with a very carefully crafted act. We have been going on extensions of the Export Administration Act. There has been no regard for the importance of the basic structure of the bill.

I suggest to the majority leader that we are going to be in here tomorrow and he can expect we can go all day tomorrow and still be here late tomorrow, an innovative staff will think of more nongermane amendments.

It is the opinion of the chairman of the committee that if it takes us until 1 or 2 o'clock, we should grind it out and get back to the Export Administration and trim the Christmas tree a little bit.

Mr. HEINZ. Mr. President, will the Senator yield?

Mr. BAKER. I yield.

Mr. HEINZ. Mr. President, may I say to my friend, the majority leader, that I am afraid Senator GARN is right. It has been my experience today that as Members were reluctant in coming forward with amendments it gave staff time to cook up another half dozen amendments, and the longer we drag this out the more nongermane, lengthy amendments there will be.

I think Senator GARN may be a little conservative in estimating how much longer it will drag on.

I know we have a lot of things that I know the majority leader wishes to do, and I urge him, and second Senator GARN's motion, to stay as late as possible to finish.

Mr. DECONCINI. Mr. President, will the Senator yield?

Mr. BAKER. I yield.

Mr. DECONCINI. Mr. President, I pose the other side of the issue. It seems to me, I say to the majority leader, that we have tomorrow. We have extended this 30 days, I understand, sometime earlier today. I do not see the need to stay until 1 or 2 a.m. It seems this is not a dire emergency.

With all due respect to the chairman and distinguished Senator from Pennsylvania, if we need to stay here until 1 or 2 a.m., or even 9 p.m. tonight, I think we could come in tomorrow morning and finish it up.

Mr. BAKER. Mr. President, there are many Senators who would wish to finish tonight, and almost no Senators who wish to be back tomorrow doing this. I do not know which is more effective at any given time in the Senate, the carrot or the stick. We now have heard both.

Let me say that in cases of this sort, the managers of the bill are the ones who should have the first opportunity to decide whether we stay late or do not stay late. Obviously, both the chairman of the committee and the manager of the bill on the floor wish to continue, so we will continue.

Mr. HEINZ. I thank our leader.

Mr. President, I believe the Senator from Alaska has an amendment which I believe that we can accept.

Mr. MURKOWSKI. Mr. President, I thank the manager of the bill.

The PRESIDING OFFICER. The Senator from Alaska.

AMENDMENT NO. 2771

(Purpose: To establish a Presidential study commission on crude oil exports)

Mr. MURKOWSKI. Mr. President, I send a perfecting amendment to the desk and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from Alaska (Mr. MURKOWSKI) proposes an amendment numbered 2771 to amendment numbered 2769.

Mr. MURKOWSKI. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On line 6 after the period insert the following:

Section 7 of such Act is further amended—

TITLE II—CRUDE OIL COMMISSION

ESTABLISHMENT OF THE COMMISSION

SEC. 201. (a) There is established a Presidential Advisory Commission to Study the Export of Crude Oil (hereinafter referred to as the "Commission") composed of seven members appointed by the President. No person shall be appointed who has, or is a member of a company or organization which has, any direct monetary interest in domestic or foreign oil exploration, production, transportation, importation or exportation.

(b) The President shall designate from among the members a Chairman and Vice Chairman. Vacancies in the membership of the Commission shall not affect the power of the remaining members to execute the functions of the Commission and shall be filled in the same manner as the original appointments.

(c) Members of the Commission shall be appointed not later than sixty days after the date of the enactment of this Act and shall serve for the life of the Commission. Members appointed to the Commission shall take office upon the date of their appointment.

PURPOSE AND FUNCTIONS OF THE COMMISSION

SEC. 202. The Commission shall—

(1) undertake a comprehensive review of the issues and related data concerning exports of crude oil, particularly Alaska North Slope crude oil, at free market levels, under current prohibitions, and at levels of 50,000 barrels per day, 200,000 barrels per day, and

500,000 barrels per day, including, but not limited to—

(A) the effect of such exports on the energy and national security of the United States and its allies;

(B) the role of such exports in United States foreign policymaking, including international energy policymaking;

(C) the impact of such exports on employment levels in the maritime industry, the oil industry, and other industries;

(D) the impact of such exports on the average consumer;

(E) the impact of such exports on Federal Government revenues and expenditures;

(F) the effect of such exports on incentives for oil and gas exploration and development in the United States; and

(G) the legal impediments to such exports, particularly section 7(d) of the Export Administration Act of 1979;

(2) develop, after consulting with appropriate State and Federal officials and other persons at the discretion of the Commission, findings, options, and recommendations regarding the export of oil, particularly Alaska North Slope crude oil, which shall be made to the President not later than January, 1, 1985; and

(3) undertake additional related tasks and make interim reports of its activities and recommendations as the President may determine necessary.

ADMINISTRATION AND POWERS

SEC. 203. (a) The Commission may make appropriate rules respecting its organization and procedures, except that no recommendation shall be reported from the Commission unless a majority of the Commission assents.

(b) The Chairman of the Commission may appoint and compensate staff personnel, without regard to the provisions of title 5, United States Code, government appointments in the competitive services, and the provisions of chapter 51 and subchapter III of chapter 53 of such title, relating to classifications and the General Schedule pay rates.

(c)(1) Subject to paragraph (2), the members of the Commission may be reimbursed for travel, subsistence, and other necessary expenses incurred by them in carrying out the functions of the Commission.

(2) Any member may decline the reimbursement of expenses.

(d) the Commission is authorized to—

(1) obtain the services of experts and consultants in accordance with the provisions of section 3109 of title 5, United States Code; and

(2) enter into contracts with Federal or State agencies, private firms, institutions, and agencies for the conduct of research or surveys, the preparation of reports, and other activities necessary to the discharge of the duties of the Commission to the extent or in such amounts as are provided in appropriation Acts.

(e) The Commission may acquire directly from the head of any department, agency, independent instrumentality, or other authority of the executive branch of the Government, available information which the Commission considers useful in the discharge of its duties. All departments, agencies, independent instrumentalities, or other authorities of the executive branch of the Government shall cooperate with the Commission and furnish all information requested by the Commission to the extent permitted by law.

(f) The Administrator of General Services shall provide to the Commission on a reimbursable basis such administrative support services as the Commission may request.

REPORT TERMINATION

SEC. 204. (a) The Commission shall submit a final report to the President not later than January 1, 1985, concerning the findings, options, and recommendations it develops with respect to the matters described in section 202.

(b) The Commission shall terminate within thirty days following the submission of the final report.

SUBMISSION OF THE REPORT AND PRESIDENTIAL RECOMMENDATIONS TO CONGRESS

SEC. 205. In response to the Commission's report, the President shall develop recommendations on the export of crude oil, particularly on the advisability of retaining section 7(d) of the Export Administration Act. He shall submit the Commission's report and his recommendations to Congress not later than March 1, 1985.

AUTHORIZATIONS OF APPROPRIATIONS

SEC. 206. There are authorized to be appropriated in any fiscal year such sums as may be necessary to carry out the provisions of this title.

FEDERAL ADVISORY COMMITTEE ACT

SEC. 207. Except where inconsistent with this title, the provisions of the Federal Advisory Committee Act shall apply to the Commission.

Mr. MURKOWSKI. Mr. President, I submit an amendment covering the importation of a study group.

Mr. President, I understand the Senate's concern over the implications of limited export of Alaska crude oil. There are clearly strongly felt and emotional arguments on both sides.

It seems to me that, in light of this, it would make sense for all of us to stand back and take a dispassionate look at this issue. The Congress has been looking at this issue for 10 years, in the course of legislation and recently in a study by the General Accounting Office. Various administrations, including the current one, have also had this issue under study. I think the time has come to have an independent, impartial body study this issue and make recommendations to the administration and the Congress.

Mr. President, at this time I would like to introduce an amendment to the Export Administration Act which would empower the President to appoint a Presidential Advisory Commission to study the issue of exporting Alaska crude oil.

The Commission would be composed of seven members appointed by the President; the President would also appoint the chairman and vice-chairman.

To insure an impartial analysis and unbiased recommendations, no member of the Commission would have any direct, or indirect, monetary interest in domestic or foreign oil exploration, production, transportation, or distribution.

This Commission would be charged with determining the "facts of the case"—namely, the costs and benefits of exporting limited amounts of Alaska oil, and how those costs and benefits are distributed.

The Commission would study the impact of export of Alaska oil under four different scenarios: Free-market export levels, export of 50,000 barrels per day, export of 200,000 barrels per day, and export of 500,000 barrels per day. For each of these scenarios, the Commission would consider the impact of export on: U.S. national and energy security, employment in the domestic oil exploration and transportation industries, consumer oil prices and Federal royalty, and tax receipts.

A major stumbling block in previous efforts to debate the substantive merits of this issue has been a disagreement of exactly which proposal was being advanced. The Commission will provide the data to overcome this problem.

In addition, the Commission would go one step further and use this information to develop a recommendation on whether export was in the national interest, and if so, at what volume level. Because of the broad-based composition of the group, the recommendation would reflect the national interest, not the interest of any particular group in favor of or opposed to export. A majority of the Commission would have to approve any recommendations.

The Commission recommendations, and its report, would be required to be in the hands of Congress by March 1, 1985.

This Commission would have a very limited life; far be it from me to expand the bureaucracy unnecessarily. Members would serve for the life of the Commission—30 days after the submission of its final report—approximately April 1, 1985.

I believe that the work of this Commission would allow us, at last, to resolve this issue. It would be well worth the modest investment of Federal dollars. I ask for your support.

The Commission's recommendations would be reported to Congress prior to March 1985. The Commission would then expire. I believe, Mr. President, that the work of the Commission will allow us to resolve this issue, which I am sure would meet with the approval of the manager of this bill and many of my colleagues.

I think it would be well worth the modest investment, and I therefore ask your support at this time. I hope the managers of the bill will accept my amendment.

Mr. PROXMIRE. Mr. President, will the Senator yield for two or three brief questions?

Mr. MURKOWSKI. I am happy to yield to my friend from Wisconsin.

Mr. PROXMIRE. Mr. President, in the first place, the Senator intends this Commission to be bipartisan; is that correct?

Mr. MURKOWSKI. Absolutely.

Mr. PROXMIRE. Fine.

Then in the second place, what is the expected cost? I see that the amendment provides for appropriations in fiscal year such sums as may be necessary. Is there any estimate as to how much this would cost?

Mr. MURKOWSKI. I do not have a specific estimate. However, I think that the opportunity to provide the incentive for generation of new oil production would far exceed the cost. The returns to the Federal Government in terms of additional tax revenues from increased production, would be in the best interests of our Nation, and I think it would be worth something to put this issue behind us once and for all by an unbiased group.

But to answer the question of the Senator from Wisconsin, I do not have the specific amount.

Mr. PROXMIRE. Fine.

May I say to my friend from Alaska undoubtedly this has a lot of merit. I do not oppose the amendment, but I do think that in conference we would be well served if we had some estimate as to the cost and if the Senator could get that in the next few days we would be in his debt.

Mr. MURKOWSKI. I will be happy to put that in the RECORD and have it available for the conferees.

Mr. PROXMIRE. Then the final question relates to the provision on page 2 that says, "The role of such exports in U.S. foreign policymaking, including international energy policymaking." Would the Senator feel it would be wise to extend that to trade, role of exports in trade, inasmuch as much of the argument on this relates to our trade with the Japanese?

Mr. MURKOWSKI. I have no objection.

Mr. PROXMIRE. I thank the Senator. I have no objection to the amendment.

Mr. MURKOWSKI. I thank the Senator from Wisconsin for his inquiry.

Mr. HEINZ. Mr. President, will the Senator yield?

Mr. MURKOWSKI. I yield to the floor manager.

Mr. HEINZ. First, I wish, for the record, to ask one question. Is it not true that this amendment does in no way reflect current law, it does not have any repealer, and it allows the provisions of this act to execute as the committee originally intended? Is that correct?

Mr. MURKOWSKI. The floor leader is correct in his analysis.

Mr. HEINZ. Mr. President, I ask that only because there have been a number of versions to this amendment. This amendment is exactly as the Senator from Alaska describes it. It is a study amendment. I wish to say that we are prepared to accept the amendment, but more than that, I wish to commend the Senator from Alaska for having brought before the Senate in extraordinary detail and with great care, and I might say with a very high degree of eloquence, the problems faced by his State and the consequences of our present policies, not just in his State, but to the Nation. I think his approach in this study is not only thoughtful but statesmanlike. I hope our colleagues will accept it.

Mr. MURKOWSKI. I thank the floor leader, the distinguished Senator from Pennsylvania, for his remarks.

I ask that my amendment be voted on.

Mr. HEINZ. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. HEINZ. Is it correct that this is a perfecting amendment to the Murkowski amendment in the first degree?

The PRESIDING OFFICER. The Senator is correct.

Mr. HEINZ. Have the yeas and nays been ordered for the underlying amendment?

The PRESIDING OFFICER. The yeas and nays were ordered on the first-degree amendment. They have not been ordered on the second-degree amendment.

Mr. HEINZ. Mr. President, it is my understanding that the Senator from Alaska does not insist on the yeas and nays and would be willing to ask unanimous consent to withdraw them.

Mr. MURKOWSKI. If I might hopefully enlighten the floor leader, and I think what our position is, I ask unanimous consent that the yeas and nays in the first degree be vitiated.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MURKOWSKI. I therefore ask that my amendment be agreed to.

The PRESIDING OFFICER. Is there further debate on the second degree amendment?

Mr. PROXMIRE. Mr. President, will the Chair inform us as to whether the first degree amendment has been withdrawn.

The PRESIDING OFFICER. No; it is still pending.

Mr. PROXMIRE. If we vote on the Murkowski amendment, are we simply voting on that commission or voting on another amendment in addition?

Mr. HEINZ. Mr. President, may I respond to my friend from Wisconsin? I have examined the underlying amendment. It makes an extremely minor change, changing in one part of the bill the number of 5 days to 10 days.

Mr. PROXMIRE. That is fine.

Mr. HEINZ. It is a trivial underlying amendment just introduced for parliamentary purposes.

Mr. PROXMIRE. All right. Very good.

The PRESIDING OFFICER. Is there further debate on the second degree amendment? If not, the question is on agreeing to the amendment of the Senator from Alaska.

The amendment (No. 2771) was agreed to.

Mr. HEINZ. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. PROXMIRE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2769

The PRESIDING OFFICER. The question now is on agreeing to the first-degree amendment, as modified.

The amendment (2769), as modified, was agreed to.

Mr. HEINZ. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. PROXMIRE. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 2750

Purpose: To express the sense of the Congress with respect to improving international efforts toward nuclear nonproliferation)

Mr. MATHIAS. Mr. President, I have an amendment at the desk and I ask for its immediate consideration.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

The Senator from Maryland (Mr. MATHIAS) proposes an amendment numbered 2750.

Mr. MATHIAS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 53, after line 9, add the following:

POLICY ON NUCLEAR NONPROLIFERATION

SEC. 10. It is the sense of the Congress that the President should take immediate action to—

(1) confer on an urgent basis with other nuclear suppliers, as a first step toward achieving a new worldwide consensus on nuclear transfers, regarding tightening restrictions on dangerous nuclear trade through measures which include—

(A) establishing, while discussions on a new regime for nuclear trade proceed, a temporary worldwide moratorium on transfers of enrichment and reprocessing equipment and technology, even at the experimental level, to sensitive areas, including the Middle East and South Asia;

(B) limiting the size of all research reactors transferred, eliminating the use of high enriched uranium in such reactors, and obtaining the return of spent research reactor fuel to the country of origin;

(C) extending the list of sensitive nuclear equipment, including components and dual use items, whose export the suppliers only permit under safeguards, with public recording of all sales of such items;

(D) making nuclear transfers only to nations which have accepted full-scope safeguards; and

(E) imposing established sanctions in the event of violation of safeguards;

(2) develop with other members of the International Atomic Energy Agency (hereafter in this section referred to as the "IAEA") a strong and effective program for the improvement of the IAEA safeguards regime, specifically considering the practicality of—

(A) extending the concept of full scope safeguards to mean safeguards on all nuclear materials, equipment, and facilities within a non-nuclear-weapon state whether or not such materials, equipment, and facilities have been formally declared to the IAEA;

J hold for WEDNES

BILL SHEFFIELD
GOVERNOR

State of Alaska
OFFICE OF THE GOVERNOR
WASHINGTON, D.C.

DATE: 5/3/85

THE ATTACHED MATERIALS ARE TRANSMITTED TO YOU BY THE WASHINGTON, D.C. OFFICE OF THE GOVERNOR, STATE OF ALASKA.

SENT TO:

( ) GOVERNOR SHEFFIELD
( ) JOHN SHIVELY
( ) LAURIE HERMAN
( ) SANDRA BORBRIDGE
(✓) LENNIE BOSTON
( ) CAROL DERFNER
(✓) BEN HARDING
( ) MARSHA HUBBARD
( ) RAY GILLESPIE
( ) JOHN GREELY
( ) JIM KELLY
( ) MERRY TUTEN
( ) MIKE NIZICH
( ) MARV FRANKEL
( ) GOV. COORD./GROGAN
( ) STR.PLAN./HARRISON
( ) BUDGET/HOGAN
( ) OMB

( ) LT. GOV. MCALPINE
(✓) ATTORNEY GENERAL GORSUCH
( ) COMMISSIONER RUDD
(✓) COMMISSIONER LOUNSBURY
( ) COMMISSIONER NOTTI
( ) COMMISSIONER RAYNOLDS
( ) COMMISSIONER ENDELL
( ) COMMISSIONER ROSS
( ) COMMISSIONER COLLINSWORTH
( ) COMMISSIONER PUGH
( ) COMMISSIONER ROBISON
( ) ADJUTANT GENERAL PAGANO
(✓) COMMISSIONER WUNNICKE
( ) COMMISSIONER SUNDBERG
( ) COMMISSIONER NORDALE
( ) COMMISSIONER KNAPP

ALASKA DELEGATION

( ) SENATOR STEVENS' OFFICE
( ) SENATOR MURKOWSKI'S OFFICE
( ) CONGRESSMAN YOUNG'S OFFICE

(✓) OTHER ① Rep. Davis ② Rep. Pignatelli ③ Rep. Martin ④ Kay Brown, Div. of Oil & Gas

ATTN:

COMMENTS: FYI – ① article from Wall Street Journal on politics & current outlook for ANS oil export
② exchange of letters between Dept. of Commerce & Coalition to Keep Alaska Oil on Cook Inlet export

CONTACT: MWitten

car telephones from ..., ...
existing law prevents the sale.

bly go protectionist."

Maritime Unions Blockade Oil Sales To Japan—One Solution to Trade Flap

By Eduardo Lachica
Staff Reporter of The Wall Street Journal

WASHINGTON—The U.S. could cut billions of dollars from its problem trade deficit with Japan by selling Alaskan oil to its energy-short ally.

Prime Minister Yasuhiro Nakasone has offered to buy as much of the 1.6-million-barrel-a-day North Slope production as the U.S. will allow. For every 100,000 barrels Japan would buy, the U.S. could shave $1 billion off its $37 billion trade deficit with the Japanese.

This tidy solution to the nation's No. 1 trade conflict counts among its proponents Interior Secretary Donald Hodell, Ambassador to Japan Mike Mansfield and even some environmental groups that say it would reduce the threat of oil spills in U.S. waters. Its most ardent ally is Sen. Frank Murkowski (R-Alaska), who has led the fight to amend the Export Administration Act, which restricts such exports.

But dogged lobbying by the maritime unions, which contributed $2 million to the 1983-1984 campaign coffers of scores of congressmen, persuaded the Senate to shoot down the Murkowski amendment 70-20, thereby effectively banning Alaskan oil exports.

Nearly 90% of seagoing American crews depend for their livelihood on the tanker routes between Alaska and the U.S. mainland. And while union leaders are receptive to discussion, they seem disinclined to take any action.

The Reagan administration has been somewhat circumspect on the whole subject. "It (the administration) hasn't lobbied a single member of Congress as far as we know," says Howard Marlowe, executive director of the Coalition to Keep Alaska Oil. The group is funded by maritime unions and shipping and pipeline companies.

State Department aides explain that the administration does favor Alaskan oil exports to Japan, but not "immediately." The administration appears content instead to press for less-controversial coal sales while waiting for a consensus favoring oil exports to emerge.

The administration's position has been a puzzle from the start. U.S. Trade Representative William Brock wanted to put it on the agenda of a U.S.-Japan working group formed to discuss increasing U.S. energy exports. But the first day the group met in Tokyo, Allen Wallis, the undersecretary of state for economic affairs, dropped the item from the agenda.

"You could see the Japanese faces fall apart," recalls a former U.S. member of that group. "They had earlier circulated a paper saying they were interested in that oil."

W.S.J. p. 28 4-29-85

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To the Helsinl

Alaska

b/d

April 1, 1985

Mr. William T. Archey
Acting Assistant Secretary
for Trade Administration
U.S. Department of Commerce
Room 3898B
14th Street between Constitution Avenue
and E Street, N.W.
Washington, D.C. 20230

Re: Exportation of Cook Inlet Crude Oil

Dear Mr. Assistant Secretary:

We understand that the State of Alaska intends to seek authority to export 2.2 million barrels of Cook Inlet crude oil per year. As you are aware, any such sales could only occur following an application for and the issuance of a validated license pursuant to 15 C.R.F. § 377.

The Coalition to Keep Alaska Oil represents a broad and diverse group of entities, including labor, consumer, environmental, agricultural, and business organizations. The Coalition believes exports of our limited reserves of crude oil would be contrary to the consumer, economic, and security interests of the United States.

As you probably are aware, the State of Alaska has continually sought to export crude oil. Congress, however, has consistently placed restrictions on such exports. In 1973, when Congress passed the Trans-Alaska Pipeline Authorization Act, it established a clear-cut national policy that Alaskan crude oil should be used domestically. Congress reaffirmed and strengthened that policy in 1977 and 1979 by amending the Export Administration Act to restrict the export of Alaskan North Slope crude oil to certain limited cases and only pursuant to specific Presidential findings and subsequent Congressional approval. Most recently, in 1984, the U.S. Senate voted 70-20 against even limited exports of Alaskan North Slope crude oil and 272 Members of the House of Representatives co-sponsored legislation to indefinitely extend the restrictions contained in section 7(d) of the Export Administration Act of 1979. Pending legislation to reauthorize the Act would extend these restrictions for 5 years.

Exports of Cook Inlet crude oil are likely to be inconsistent with the national interest and to harm members of the Coalition. Given our continued concern about exports and the immediate and irreparable harm even limited exports are likely to cause, we request that we timely be advised of the receipt by the Department of Commerce of any application for a validated license to export Cook Inlet crude oil and that we be afforded an opportunity to comment while the application is being reviewed.

I myself or a member of the Coalition will telephone your office to arrange a mutually convenient time when we can meet to discuss our concerns and to agree upon a method for ensuring that your agency has an opportunity to consider our views should it receive a validated license application.

Sincerely yours,

Howard Marlowe, Director

HM:kac

cc: The Honorable Malcolm Baldrige
The Honorable Donald P. Hodel

UNITED STATES DEPARTMENT OF COMMERCE
International Trade Administration
Washington, D.C. 20230

16 APR 1985

Mr. Howard Marlowe
Director
Coalition to Keep Alaska Oil
815 16th Street, N.W.
Suite 309
Washington, D.C. 20006

Dear Mr. Marlowe:

Thank you for your April 1, 1985 letter regarding a possible request to export crude oil from Alaska's Cook Inlet.

Crude oil exports are restricted by five separate and often overlapping statutes. The Department reviews and acts on all export license applications in conformance with the provisions of the appropriate statutes and the Export Administration Regulations. These applications and the supporting documentation that accompany them are treated as company confidential as required by Section 12(c) of the Export Administration Act. Accordingly, we do not discuss the content of individual applications with those who are not parties in the proposed transactions. Thus, we would not be able to notify you of the receipt of an application to export Cook Inlet crude oil, nor would we be in a position to discuss the details of any such application or even comment on whether we had received an application.

However, the Department's Export Administration Regulations are drafted in a manner that effectively blocks the export of virtually all domestically produced crude with the exception of certain exchanges with adjacent foreign countries to facilitate transportation. Currently, the export restrictions embodied in these statutes can only be overcome through the issuance of a national interest finding. The President would be required to issue the finding for four of the five statutes. The Secretary of Commerce would be required to issue the finding under the Energy Policy and Conversation Act (EPCA). As part of a national interest finding, we would be required to amend our regulations. Amendments of our regulations under the provisions of EPCA, the statute most applicable to Cook Inlet oil, would require a notice of proposed rulemaking before any final action is taken. You, of course, would have an opportunity to comment on our proposal at that time.

I appreciate your interest in the Department's short supply export control program. Mr. Walter J. Olson, Deputy Assistant Secretary for Export Administration, would be pleased to meet with you and other representatives of the Coalition to hear your concerns. Mr. Olson may be reached on 377-5491.

Sincerely,

William T. Archey

William T. Archey
Acting Assistant Secretary
for Trade Administration

Petroleum News

Japanese finalize deal to buy Chinese oil

Japanese oil refiners have agreed to purchase 8 million tons of Chinese crude oil this year, about the same volume as last year.

The negotiations for the contract were held between the Importers' Conference of Chinese Petroleum in Japan and the China National Chemical Import & Export Corp.

Both parties also agreed to set the price for Chinese crude deliverable to Japan during the January-March quarter at $27.35 a barrel, off $1.05 from that for the preceding quarter.

While the Japanese negotiators failed to achieve their proposed market-based pricing formula, they intend to continue to urge the Chinese corporation to adopt it following the quarterly price checkup system adopted so far.

Japan has imported 8-8.6 million tons of Chinese crude oil a year since 1983 under the long-term trade agreement reached between the two countries.

DRILLING PERMITS APPROVED

ALASKA OIL & GAS CONSERVATION COMMISSION

For Week Ending 03/22/85

API Number Permit Number Permit Approved	Operator Name Surface Location Bottom Hole Objective	Well Name and Number	Classification Geologic Area Field and Pool
50-733-20376-00 85-0042 03/18 85	Amoco Production Co. 779 Ft. FNL and 713 Ft. FEL, Sec. 12, T10N, R012W, S.M. 2058 Ft. FNL and 1118 Ft. FWL, Sec. 12, T10N, R012W, S.M.	Granite Pt. St. 18742 35	Development Cook Inlet Granite Pt. Middle Kenai Oil Pool
50-029-21306-00 85-0044 03/18/85	ARCO Alaska Inc. 1066 Ft. FNL and 1952 Ft. FEL, Sec. 26, T12N, R009E, U.M. 1554 Ft. FSL and 1123 Ft. FWL, Sec. 23, T12N, R009E, U.M.	Kuparuk River Unit 1Q-13	Development Arctic Slope Kuparuk River, Kuparuk Oil Pool
50-029-21307-00 85-0045 03/18 85	ARCO Alaska Inc. 1076 Ft. FNL and 1883 Ft. FEL, Sec. 26, T12N, R009E, U.M. 987 Ft. FNL and 1183 Ft. FWL, Sec. 23, T12N, R009E, U.M.	Kuparuk River Unit 1Q-14	Development Arctic Slope Kuparuk River, Kuparuk Oil Pool
50-029-21308-00 85-0046 03/18-85	ARCO Alaska Inc. 1087 Ft. FNL and 1843 Ft. FEL, Sec. 26, T12N, R009E, U.M. 983 Ft. FNL and 1288 Ft. FEL, Sec. 23, T12N, R009E, U.M.	Kuparuk River Unit 1Q-15	Development Arctic Slope Kuparuk River, Kuparuk Oil Pool
50-029-21309-00 85-0047 03/18 85	ARCO Alaska Inc. 1098 Ft. FNL and 1775 Ft. FEL, Sec. 26, T12N, R009E, U.M. 893 Ft. FSL and 1242 Ft. FEL, Sec. 23, T12N, R009E, U.M.	Kuparuk River Unit 1Q-16	Development Arctic Slope Kuparuk River, Kuparuk Oil Pool
50-029-21310-00 85-0048 03/18-85	ARCO Alaska Inc. 1283 Ft. FSL and 109 Ft. FWL, Sec. 08, T11N, R009E, U.M. 1322 Ft. FSL and 1082 Ft. FEL, Sec. 08, T11N, R009E, U.M.	Kuparuk River Unit 2V-10	Development Arctic Slope Kuparuk River, Kuparuk Oil Pool
50-029-21311-00 85-0049 03/18 85	ARCO Alaska Inc. 1223 Ft. FSL and 108 Ft. FWL, Sec. 08, T11N, R009E, U.M. 1468 Ft. FNL and 1099 Ft. FEL, Sec. 17, T11N, R009E, U.M.	Kuparuk River Unit 2V-11	Development Arctic Slope Kuparuk River, Kuparuk Oil Pool
50-029-21312-00 85-0050 03-18 85	ARCO Alaska Inc. 1163 Ft. FSL and 107 Ft. FWL, Sec. 08, T11N, R009E, U.M. 1061 Ft. FSL and 1125 Ft. FEL, Sec. 17, T11N, R009E, U.M.	Kuparuk River Unit 2V-12	Development Arctic Slope Kuparuk River, Kuparuk Oil Pool
50-029-21313-00 85-0051 03 22 85	Sohio Alaska Petroleum 1081 Ft. FNL and 920 Ft. FEL, Sec. 35, T11N, R013E, U.M. 843 Ft. FSL and 1588 Ft. FWL, Sec. 25, T11N, R013E, U.M.	Prudhoe Bay Unit A-35	Development Arctic Slope Prudhoe Bay, Prudhoe Oil Pool
[illegible] [illegible] [illegible]	ARCO Alaska Inc. 1822 Ft. FSL and 1048 Ft. FEL, Sec. 02, T10N, R015E, U.M. 358 Ft. FSL and 2258 Ft. FWL, Sec. 35, T11N, R015E, U.M.	Prudhoe Bay Unit DS9-35	Development Arctic Slope Prudhoe Bay, Prudhoe Oil Pool

It seems ridiculous to demand that Congress repeal the ban on Alaska oil exports when our State Legislature has refused to pass a resolution to do so. In the mean time Japan finds it easier to work with a Communist country that believes in the free enterprise system.

"Free HJR 15"

From The Last Frontier

Rep. Terry Martin
State Capitol, Pouch V
Juneau, AK 99811

Representative Marco A. Pignalberi

Remarks on Floor of Alaska House of Representatives

February 8, 1985

The oil export ban is not something we should do only for increased revenue, though that is important. There are wider effects.

Repeal of the export ban could make the difference in whether or <u>not</u> the smaller, marginal oil fields on the North Slope are brought into a production.

The economics of putting these fields on line were run when world oil prices were projected at $35.00 to $40.00 per barrel, plus. Now we're down to $28.00 and falling. Some of the experts have given us forecasts as gloomy as $15.00 per barrel.

The experts, and our own revenue people, say that we can increase the value of exported barrels by $2.00 to $4.00, by lifting the export ban.

There are significant effects from this increase.

1. It would increase the feasibility of these marginal fields--Conoco/Milne, Arco/Lizburne, Sohio/Endicott, Shell/Seal Island.

2. It would raise the overall weighted average price of all ANS crude. This is the official base selling price of royalty oil and the price upon which our severance tax is based.

3. It would increase the amounts bid on state oil leases.

These are important factors that affect Alaska's revenue picture in the short and medium term. Repeal of the ban is a valid public issue for this legislature to address.

There is no doubt that common sense and economics favor the repeal of the ban.

But as one witness testified yesterday,

> "the repeal is a political decision that needs to be made by elected U.S. officials."

It's no secret that although President Reagan's Administration favors repealing the ban, the Congress does not. The reason Congress does not is because of the narrow interests the of maritime union and industry.

These narrow maritime interests will continue to block export of Alaska's oil as long as there is no, consistent, presentation of countervailing arguments.

Yes, we had a skirmish in Congress last year. Senator Murkowski did an outstanding job in raising the congressional consciousness on this issue. But we lost the issue mightily. Most of the research and lobbying expenses were paid for by potential Japanese buyers of our oil. The State's contribution was negligible.

We will continue to lose until we go directly to the constituencies of those people in Congress who now listen only to the Maritime interests. We have arguments that the people in the "lower 48" want to hear.

For Example, the West Coast is the only petroleum district in the U.S. where production exceeds market demand. New production in the next 12 to 18 months from the Santa Barbara offshore will worsen the glut. California's oil will back out some of Alaska's oil; prices will be, and are, artificially low due to the restricted market.

It is in the best interests of West Coast states to bring Alaska's marginal fields into production because the processing modules constructed in the San Francisco Bay area, Anacortes, Tacoma, and other western parts provide more jobs and more economic impact than the tanker jobs that are protected by the ban.

People in the "lower 48" are interested in decreasing the balance of payments and the national deficit. Both of these problems are somewhat ameliorated by repealing the ban.

Mr Speaker, there are other arguments and aspects to these arguments which need to be quantified and targeted for specific areas in the "lower 48". I raised this matter with the Anchorage Chamber of Commerce at the Anchorage Caucus yesterday. I believe there is support in our private sector for a sustained effort to tell Alaska's side of the story to the "lower 48"

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Mr Speaker, there are other arguments and aspects to these arguments which need to be quantified and targeted for specific areas in the "lower 48". I raised this matter with the Anchorage Chamber of Commerce at the Anchorage Caucus yesterday. I believe there is support in our private sector for a sustained effort to tell Alaska's side of the story to the "lower 48".

But Somebody has to take the lead. I submit that the Special Committee on Oil and Gas, under the dedicated leadership of the Representative from Fairbanks, is already preparing information on this subject.

I would urge the leadership of this body, you, in particular, Mr. Speaker, as we all have great respect for your tutelage, to take the initiative and marshall the legislative, executive, and private sector forces to bring about a repeal of the export ban on Alaska oil.

I, for one, am ready to assist you and to give substantial effort to achieve this goal.

ATTACHMENT B

Spending Records of the Seafarers Political Activity Donation and the Masters, Mates and Pilots Political Contribution Fund: 1977-78 and 1979-80

Source: The PAC Directory. 1982 Edition. PAC Researchers: Burke, Virginia.

SCHLITZ GOOD GOVERNMENT COMMITTEE (continued)

DETAILED INFORMATION:	Office	Party	State	District	Contributions 77-78	79-80
Sensenbrenner, F.	H	REP	WI	9	$500	$1,500

SCM PAC New York NY C00128025

SUMMARY INFORMATION:	1977-78	1979-80		1977-78	1979-80		77-78	79-80
Gross Receipts:	—	$5,186	Gross Disbursements:	—	$5,000	% of Total Contributions & Independent		
Total Contributions:	—	$5,000	Total Independent Expenditures:	—	0	Expenditures to Gross Disbursements:	—	100.0%

OF CONTRIBUTIONS TO ALL CANDIDATES:	Number of Candidates 77-78	79-80	Amount 77-78	79-80		Number of Candidates 77-78	79-80	Amount 77-78	79-80		Number of Candidates 77-78	79-80	Amount 77-78	79-80
Democrats	—	—	—	—	Republicans	—	7	—	$5,000	Other	—	—	—	—
President	—	—	—	—	Senate	—	2	—	$2,000	House	—	5	—	$3,000
Incumbents	—	1	—	$500	Challengers	—	4	—	$3,000	Open Seat	—	2	—	$1,500
Winners - Gen. Elec.	—	4	—	$3,500	All Losers/Others	—	3	—	$1,500					
RANGE OF $1-499	—	—	—	—	$1000-4999	—	3	—	$3,000					
$500-999	—	4	—	$2,000	$5000 & UP	—	—	—	—					

SCOTT PAPER COMPANY PAC (SCOTTPAC) Philadelphia PA C00097220

SUMMARY INFORMATION:	1977-78	1979-80		1977-78	1979-80		77-78	79-80
Gross Receipts:	$5,300	$24,363	Gross Disbursements:	$4,300	$20,750	% of Total Contributions & Independent		
Total Contributions:	$2,800	$21,000	Total Independent Expenditures:	0	0	Expenditures to Gross Disbursements:	65.1%	100.0%

OF CONTRIBUTIONS TO ALL CANDIDATES:	Number of Candidates 77-78	79-80	Amount 77-78	79-80		Number of Candidates 77-78	79-80	Amount 77-78	79-80		Number of Candidates 77-78	79-80	Amount 77-78	79-80
Democrats	1	9	$500	$2,700	Republicans	7	42	$2,300	$18,300	Other	—	—	—	—
President	—	—	—	—	Senate	3	14	$1,500	$9,450	House	5	37	$1,300	$11,550
Incumbents	1	29	$500	$9,100	Challengers	5	17	$1,700	$9,400	Open Seat	2	5	$600	$2,500
Winners - Gen. Elec.	5	41	$1,500	$17,300	All Losers/Others	3	10	$1,300	$3,700					
RANGE OF $1-499	5	32	$1,300	$7,750	$1000-4999	—	4	—	$4,800					
$500-999	3	15	$1,500	$8,450	$5000 & UP	—	—	—	—					

DETAILED INFORMATION:	Office	Party	State	District	Contributions 77-78	79-80
Symms, Steve	S	REP	ID			$1,800

SEAFARERS POLITICAL ACTIVITY DONATION –SPAD– Brooklyn NY C00004325

SUMMARY INFORMATION:	1977-78	1979-80		1977-78	1979-80		77-78	79-80
Gross Receipts:	$577,570	$1,030,216	Gross Disbursements:	$579,209	$884,255	% of Total Contributions & Independent		
Total Contributions:	$396,052	$685,248	Total Independent Expenditures:	$4,000	0	Expenditures to Gross Disbursements:	69.0%	77.4%

OF CONTRIBUTIONS TO ALL CANDIDATES:	Number of Candidates 77-78	79-80	Amount 77-78	79-80		Number of Candidates 77-78	79-80	Amount 77-78	79-80		Number of Candidates 77-78	79-80	Amount 77-78	79-80
Democrats	246	292	$374,502	$619,898	Republicans	20	49	$21,550	$64,850	Other	—	1	—	$500
President	—	2	—	$15,000	Senate	28	59	$139,352	$243,480	House	238	281	$256,700	$426,768
Incumbents	190	255	$249,000	$520,928	Challengers	37	54	$73,950	$93,730	Open Seat	39	33	$73,102	$70,590
Winners - Gen. Elec.	186	232	$237,400	$390,728	All Losers/Others	80	110	$158,652	$294,520					

NON-PARTY **(Continued)**

SEAFARERS POLITICAL ACTIVITY DONATION -SPAD- (continued)

OF CONTRIBUTIONS TO ALL CANDIDATES		Number of Candidates 77-78	Number of Candidates 79-80	Amount 77-78	Amount 79-80		Number of Candidates 77-78	Number of Candidates 79-80	Amount 77-78	Amount 79-80
RANGE OF	$1-499	8	9	$1,850	$1,650	$1000-4999	114	203	$186,952	$318,884
	$500-999	121	83	$61,750	$40,280	$5000 & UP	23	47	$145,500	$324,434

DETAILED INFORMATION:

Name	Office	Party	State	District	Contributions 77-78	Contributions 79-80
Carter, Jimmy	P	DEM				$10,000
Kennedy, Edward M.	P	DEM				$5,000
Anderson, Wendell R.	S	DEM	MN		$10,000	
Barnett, Don	S	DEM	SD		$7,000	
Baucus, Max S.	S	DEM	MT		$5,000	$1,500
Bayh, Birch E., Jr.	S	DEM	IN		$1,500	$10,000
Biden, Joseph R., Jr.	S	DEM	DE		$4,000	$1,000
Bradley, Bill	S	DEM	NJ		$5,000	$3,000
Christie, Joe	S	DEM	TX		$5,000	
Church, Frank	S	DEM	ID			$10,000
Cranston, Alan	S	DEM	CA			$6,500
Culver, John C.	S	DEM	IA			$4,000
D'Amato, Alfonse M.	S	REP	NY			$1,500
Dixon, Alan J	S	DEM	IL			$3,000
Dodd, Christopher J.	S	DEM	CT			$10,000
Durkin, John Anthony	S	DEM	NH			$10,000
Eagleton, Thomas F.	S	DEM	MO			$7,500
Edmondson, Ed	S	DEM	OK		$5,000	
Flaherty, Pete	S	DEM	PA			$5,000
Flowers, Walter	S	DEM	AL		$4,852	
Ford, Wendell H.	S	DEM	KY			$5,000
Glenn, John	S	DEM	OH			$5,000
Gojack, Mary L.	S	DEM	NV			$2,500
Gravel, Mike	S	DEM	AK			$5,000
Gunter, Bill	S	DEM	FL			$5,000
Hart, Gary W	S	DEM	CO			$5,000
Haskell, Floyd K.	S	DEM	CO		$10,000	
Hathaway, William D.	S	DEM	ME		$5,000	
Heflin, Howell Thomas	S	DEM	AL		$5,000	
Hollings, Ernest F.	S	DEM	SC			$9,000
Holtzman, Elizabeth	S	DEM	NY			$9,500
Huddleston, Walter D.	S	DEM	KY		$1,500	
Inouye, Daniel K.	S	DEM	HI			$4,000
Javits, Jacob K	S	REP	NY			$5,000
Johnston, J. Bennett.	S	DEM	LA		$6,000	
Krueger, Robert	S	DEM	TX		$5,000	
Levin, Carl	S	DEM	MI		$10,000	$250
Long, Russell B	S	DEM	LA			$5,000
Magnuson, Warren G	S	DEM	WA			$10,000
Martin-Trigona,	S	DEM	IL			$5,000
Mathias, Charles	S	REP	MD			$7,000
McGovern, George	S	DEM	SD			$10,000

Name	Office	Party	State	District	Contributions 77-78	Contributions 79-80
Melcher, John	S	DEM	MT			$5,000
Metzenbaum, Howard	S	DEM	OH		$5,000	
Miller, Andrew P.*	S	DEM	VA		$6,000	$-720
Miller, Zell	S	DEM	GA			$7,500
Moynihan, Daniel	S	DEM	NY			$5,000
Nelson, Gaylord A.	S	DEM	WI			$9,500
Packwood, Bob	S	REP	OR			$6,000
Pell, Claiborne	S	DEM	RI		$2,000	
Pettigrew, Richard A.	S	DEM	FL			$5,000
Randolph, Jennings	S	DEM	WV		$7,000	
Ravenel, Charles D.	S	DEM	SC		$7,000	$1,000
Roy, William R.	S	DEM	KS		$3,000	
Sarbanes, Paul S	S	DEM	MD		$3,000	
Sasser, James Ralph	S	DEM	TN		$2,500	
Schulz, William R	S	DEM	AZ			$5,000
Stevens, Ted	S	REP	AK		$7,500	
Stewart, Donald	S	DEM	AL		$5,000	$14,000
Talmadge, Herman	S	DEM	GA			$3,000
Addabbo, Joseph P	H	DEM	NY	7	$2,050	$6,500
Albosta, Donald	H	DEM	MI	10		$4,000
Allegrucci, Don	H	DEM	KS	5	$1,500	
Ambro, Jerome A.	H	DEM	NY	3	$1,000	$1,500
Anderson, Glenn M.	H	DEM	CA	32	$1,500	$1,500
Ashley, Thomas L.	H	DEM	OH	9	$500	$5,500
Aucoin, Les	H	DEM	OR	1	$4,000	$7,500
Bailey, Donald Allen	H	DEM	PA	21	$1,000	$2,800
Baldus, Alvin	H	DEM	WI	3		$1,500
Barnes, Michael Darr	H	DEM	MD	8	$1,000	$2,500
Barragan, Polly Baca	H	DEM	CO	4		$2,500
Bauman, Robert	H	REP	MD	1	$1,000	$6,000
Baumann, Archie	H	DEM	MN	6		$1,500
Baumann, James L.	H	DEM	OH	12	$1,500	
Biaggi, Mario	H	DEM	NY	10	$2,000	$3,750
Boggs, Lindy (Mrs.	H	DEM	LA	2	$2,000	$2,500
Bolling, Richard	H	DEM	MO	5	$500	$1,500
Bonior, David E	H	DEM	MI	12	$1,000	$2,500
Burlison, Bill D.	H	DEM	MO	10		$3,000
Burstein, Karen S	H	DEM	NY	5		$7,500
Burton, John	H	DEM	CA	5	$2,000	$5,000
Carney, Charles	H	DEM	OH	19	$1,500	
Clark, Arthur Joseph	H	DEM	MA	4		$2,790
Clay, William L.	H	DEM	MO	1	$2,000	$1,000

Name	Office	Party	State	District	Contributions 77-78	Contributions 79-80
Corcoran, Brian John	H	DEM	WA	2	$2,500	
Corcoran, Dan	H	DEM	CA	37	$1,500	
Corman, James C.	H	DEM	CA	21	$500	$3,000
Daschle, Thomas	H	DEM	SD	1	$4,500	$3,000
Dellums, Ronald V	H	DEM	CA	8		$2,150
Denton, Lane	H	DEM	TX	11	$3,000	
Dicks, Norman D.	H	DEM	WA	6	$2,000	$2,750
Dingell, John D.	H	DEM	MI	16	$1,500	$1,000
Dixon, Julian C.	H	DEM	CA	28	$500	$1,500
Donnelly, Brian J	H	DEM	MA	11	$500	$3,500
Dorgan, Byron L	H	DEM	ND	At Large		$2,000
Dyson, Royden P.	H	DEM	MD	1		$2,000
Eckhardt, Robert	H	DEM	TX	8	$1,500	$3,000
Eilberg, Joshua	H	DEM	PA	4	$3,000	
Fazio, Vic	H	DEM	CA	4	$1,000	$1,500
Ferraro, Geraldine A	H	DEM	NY	9	$1,500	$5,934
Fithian, Floyd J.	H	DEM	IN	2	$3,500	$3,000
Flippo, Ronnie Gene	H	DEM	AL	5	$500	$1,500
Florio, James J	H	DEM	NJ	1	$1,500	$5,500
Foley, Thomas S.	H	DEM	WA	5	$500	$3,000
Ford, Harold E.	H	DEM	TN	8		$2,000
Ford, William David	H	DEM	MI	15	$1,100	$1,500
Frost, Martin	H	DEM	TX	24	$3,800	$1,300
Gammage, Robert A	H	DEM	TX	22	$3,500	$500
Gaydos, Joseph M.	H	DEM	PA	20	$1,000	$5,500
Gray, William H III	H	DEM	PA	2	$500	$1,500
Green, Mark J	H	DEM	NY	18		$5,000
Guarini, Frank J.	H	DEM	NJ	14	$500	$2,000
Hall, Tony P.	H	DEM	OH	3		$2,000
Hannaford, Mark W	H	DEM	CA	34	$1,850	
Hertel, Dennis M	H	DEM	MI	14		$2,000
Hindes, Gary E.	H	DEM	DE	At Large	$1,500	$-500
Hollenbeck, Harold C	H	REP	NJ	9		$2,500
Howard, James J.	H	DEM	NJ	3	$1,500	$5,500
Huckaby, Thomas	H	DEM	LA	5	$1,500	$500
Johnson, Harold T	H	DEM	CA	1	$500	$2,500
Kogovsek, Ray	H	DEM	CO	3		$4,500
Lantos, Thomas P	H	DEM	CA	11		$2,000
Leach, Claude 'Buddy'	H	DEM	LA	4		$1,500
Lederer, Raymond F	H	DEM	PA	3	$1,000	$1,625
Leland, George	H	DEM	TX	18		$1,500
Lieberman, Joseph	H	DEM	CT	3		$2,500

*See Section IV for independent expenditures made by this PAC during 1979-80 in support of or against the candidate

NON-PARTY **(Continued)**

SEAFARERS POLITICAL ACTIVITY DONATION -SPAD- (continued)

DETAILED INFORMATION:

Name	Office	Party	State	District	Contributions 77-78	Contributions 79-80
Lloyd, Jim	H	DEM	CA	35	$1,000	$2,000
Long, Clarence D.	H	DEM	MD	2	$500	$1,500
Long, Gillis W	H	DEM	LA	8	$3,000	$1,500
Luken, Thomas A	H	DEM	OH	2	$1,000	$2,000
Matsui, Robert T.	H	DEM	CA	3	$1,500	$1,000
Mavroules, Nicholas	H	DEM	MA	6	$2,000	$4,500
McFall, John J.	H	DEM	CA	14	$2,000	
Meeds, Lloyd*	H	DEM	WA	2	$1,550	
Mikulski, Barbara Ann	H	DEM	MD	3	$500	$1,625
Miller, George	H	DEM	CA	7		$1,500
Moakley, John Joseph	H	DEM	MA	9	$1,500	$1,000
Mollohan, Robert	H	DEM	WV	1	$500	$2,500
Murphy, John M.	H	DEM	NY	17	$8,000	$7,000
Murphy, Morgan F.	H	DEM	IL	2	$2,000	
Musto, Raphael	H	DEM	PA	11		$3,000
Myers, Michael	H	DEM	PA	1	$1,200	$3,000
Nix, Robert N. C.	H	DEM	PA	2	$1,500	
Nolan, Richard	H	DEM	MN	6	$3,000	$1,000
O'Neill, Thomas	H	DEM	MA	8	$500	$5,000
O'Reilly, Kathleen F	H	DEM	MI	2		$2,500
Oberstar, James L.	H	DEM	MN	8	$500	$2,500
Olsen, Kirsten	H	DEM	CA	12	$5,000	
Ottinger, Richard L.	H	DEM	NY	24	$500	$2,500
Patterson, Jerry M.	H	DEM	CA	38	$1,500	$500
Peck, Carey	H	DEM	CA	27	$2,250	$4,500
Pepper, Claude	H	DEM	FL	14	$5,000	$1,000
Randolph, John F.	H	DEM	NY	1	$2,000	
Ravenel, Charles D.	H	DEM	SC	1		$2,500
Reibman, Jeanette F.	H	DEM	PA	15		$1,500
Richardson, William B	H	DEM	NM	1		$3,000
Robinson, David L.	H	DEM	IL	20		$2,000
Roe, Robert A.	H	DEM	NJ	8	$2,500	$3,500
Rooney, Fred B.	H	DEM	PA	15	$1,500	
Rostenkowski, Don	H	DEM	IL	8	$1,250	$1,500
Schumer, Charles	H	DEM	NY	16		$7,500
Shelby, Richard C.	H	DEM	AL	7	$1,000	$1,700
Slack, John M.	H	DEM	WV	3	$1,500	
Solarz, Stephen J.	H	DEM	NY	13	$1,000	$4,994
Sprik, Dale Robert	H	DEM	MI	5		$2,000
Stofferahn, Kenneth D.	H	DEM	SD	2		$1,500
Swift, Allan Byron	H	DEM	WA	2	$1,000	$1,700
Thompson, Frank, Jr.	H	DEM	NJ	4	$2,000	$5,000
Tonry, Richard	H	DEM	LA	1	$3,500	
Tucker, James Guy, Jr.	H	DEM	AR	2	$2,500	
Udall, Morris K.	H	DEM	AZ	2		$4,500
Watlington, Janet B.	H	DEM	VI	At Large	$7,000	$500
Weaver, James	H	DEM	OR	4	$2,000	$1,500
Wenstrom, Gene	H	DEM	MN	7	$500	$2,750
Wilson, Charles H	H	DEM	CA	31	$3,000	$1,500
Wolff, Lester L.	H	DEM	NY	6		$1,500
Wolpe, Howard	H	DEM	MI	3	$1,500	$11,000
Wright, Jim	H	DEM	TX	12	$1,000	$2,500
Yatron, Gus	H	DEM	PA	6		$1,500
Young, Don	H	REP	AK	At Large	$3,000	$1,750
Zeferetti, Leo C*	H	DEM	NY	15	$5,000	$7,000

SEA-LAND GOOD GOVERNMENT FUND SEA-LAND INDUSTRIES INC Winston-Salem NC C00100495

SUMMARY INFORMATION:

	1977-78	1979-80		1977-78	1979-80		77-78	79-80
Gross Receipts:	$1,650	$17,330	Gross Disbursements:	$200	$16,275	% of Total Contributions & Independent		
Total Contributions:	$200	$14,275	Total Independent Expenditures:	0	0	Expenditures to Gross Disbursements:	100.0%	87.7%

OF CONTRIBUTIONS TO ALL CANDIDATES:	Number of Candidates 77-78	Number of Candidates 79-80	Amount 77-78	Amount 79-80		Number of Candidates 77-78	Number of Candidates 79-80	Amount 77-78	Amount 79-80		Number of Candidates 77-78	Number of Candidates 79-80	Amount 77-78	Amount 79-80
Democrats	2	23	$200	$8,800	Republicans	—	12		$5,475	Other				
President	—	—	—	—	Senate		6		$5,200	House	2	29	$200	$9,075
Incumbents	2	32	$200	$12,875	Challengers		2		$1,200	Open Seat	—	1		$200
Winners - Gen. Elec.	2	26	$200	$9,925	All Losers/Others	—	9		$4,350					
RANGE OF $1-499	2	26	$200	$5,400	$1000-4999		6		$7,000					
$500-999	—	3	—	$1,875	$5000 & UP		—							

DETAILED INFORMATION:

Name	Office	Party	State	District	Contributions 77-78	Contributions 79-80
Magnuson, Warren G	S	DEM	WA			$1,500
Murphy, John M	H	DEM	NY	17	$100	$1,500

SEARLE PAC Skokie IL C00111484

SUMMARY INFORMATION:

	1977-78	1979-80		1977-78	1979-80		77-78	79-80
Gross Receipts:	—	$27,745	Gross Disbursements:	—	$27,250	% of Total Contributions & Independent		
Total Contributions:	—	$21,100	Total Independent Expenditures:	—	0	Expenditures to Gross Disbursements:	—	77.4%

OF CONTRIBUTIONS TO ALL CANDIDATES:	Number of Candidates 77-78	Number of Candidates 79-80	Amount 77-78	Amount 79-80		Number of Candidates 77-78	Number of Candidates 79-80	Amount 77-78	Amount 79-80		Number of Candidates 77-78	Number of Candidates 79-80	Amount 77-78	Amount 79-80
Democrats	—	14	—	$6,500	Republicans		30		$14,600	Other				
President	—	—	—	—	Senate		12		$7,250	House		32		$13,850

*See Section IV for independent expenditures made by this PAC during 1979-80 in support of or against the candidate.

Democrats		19		$5,[illegible]	Republicans	[illegible]	$[illegible]	Other		
President					Senate	11	$1,500	House	22	$5,400
Incumbents		30		$9,000	Challengers	3	$700	Open Seat		
Winners - Gen. Elec.	—	26	—	$7,500	All Losers/Others	7	$2,200			
RANGE OF $1-499	—	31	—	$8,200	$1000-4999	1	$1,000			
$500-999	—	1	—	$500	$5000 & UP					

MASTERS, MATES AND PILOTS POLITICAL CONTRIBUTION FUND — Washington DC — C00073056

SUMMARY INFORMATION:	1977-78	1979-80		1977-78	1979-80		77-78	79-80
Gross Receipts:	$113,448	$300,357	Gross Disbursements:	$56,079	$167,256	% of Total Contributions & Independent Expenditures to Gross Disbursements:	38.4%	68.1%
Total Contributions:	$21,550	$113,950	Total Independent Expenditures:	0	0			

OF CONTRIBUTIONS TO ALL CANDIDATES:	Number of Candidates 77-78	79-80	Amount 77-78	79-80		Number of Candidates 77-78	79-80	Amount 77-78	79-80		Number of Candidates 77-78	79-80	Amount 77-78	79-80
Democrats	14	96	$19,050	$104,450	Republicans	1	10	$2,500	$9,500	Other	—			
President	—	1	—	$1,000	Senate	3	19	$5,000	$42,000	House	12	86	$16,550	$70,950
Incumbents	11	96	$16,050	$107,300	Challengers	3	3	$4,500	$2,650	Open Seat	1	7	$1,000	$4,000
Winners - Gen. Elec.	12	72	$18,600	$65,450	All Losers/Others	3	34	$2,950	$48,500					
RANGE OF $1-499	—	2	—	$400	$1000-4999	14	32	$21,050	$48,500					
$500-999	1	66	$500	$33,550	$5000 & UP	-	6	—	$31,500					

DETAILED INFORMATION:	Office	Party	State	District	Contributions 77-78	79-80		Office	Party	State	District	Contributions 77-78	79-80		Office	Party	State	District	Contributions 77-78	79-80
Bayh, Birch E., Jr.	S	DEM	IN			$4,500	Gravel, Mike	S	DEM	AK			$5,000	Packwood, Bob	S	REP	OR			$2,500
Church, Frank	S	DEM	ID			$5,000	Inouye, Daniel K.	S	DEM	HI			$2,000	Stewart, Donald	S	DEM	AL		$3,000	$2,500
Cranston, Alan	S	DEM	CA			$2,500	Magnuson, Warren G.	S	DEM	WA			$5,000	Burton, John	H	DEM	CA	5	$1,000	$5,000
Durkin, John Anthony	S	DEM	NH			$2,000	Mathias, Charles	S	REP	MD			$2,500	Burton, Phillip	H	DEM	CA	6	$1,000	$2,000

NON-PARTY (Continued)

MASTERS, MATES AND PILOTS POLITICAL CONTRIBUTION FUND (continued)

DETAILED INFORMATION:	Office	Party	State	District	Contributions 77-78	79-80		Office	Party	State	District	Contributions 77-78	79-80		Office	Party	State	District	Contributions 77-78	79-80
Ferraro, Geraldine A.	H	DEM	NY	9		$2,000	Murphy, John M.	H	DEM	NY	17	$3,000	$6,500	Wolpe, Howard	H	DEM	MI	3		$5,000
Lowry, Michael E.	H	DEM	WA	7		$4,000	Nolan, Richard	H	DEM	MN	6	$2,000		Young, Don	H	REP	AK	At Large	$2,500	$500

MASTERS MATES & PILOTS PENSIONERS' ACTION FUND — New York NY — C00012013

SUMMARY INFORMATION:	1977-78	1979-80		1977-78	1979-80		77-78	79-80
Gross Receipts:	$21,584	$253,394	Gross Disbursements:	$167,394	$79,248	% of Total Contributions & Independent Expenditures to Gross Disbursements:	2.3%	12.9%
Total Contributions:	$3,970	$10,250	Total Independent Expenditures:	0	0			

OF CONTRIBUTIONS TO ALL CANDIDATES:	Number of Candidates 77-78	79-80	Amount 77-78	79-80		Number of Candidates 77-78	79-80	Amount 77-78	79-80		Number of Candidates 77-78	79-80	Amount 77-78	79-80
Democrats	3	2	$3,970	$10,250	Republicans					Other				
President	-	1		$10,000	Senate					House	3	1	$3,970	$[illegible]
Incumbents	2	2	$2,485	$10,250	Challengers	[illegible]		$[illegible]		Open Seat				
Winners - Gen. Elec.	2		$2,485	-	All Losers/Others	[illegible]	[illegible]	$[illegible]	$10,250					

Officials say oil ban study erroneous

By DAVID RAMSEUR
News-Miner Bureau

WASHINGTON—A new report being circulated to state legislators around the country touts the merits of exporting Alaska oil but is so riddled with errors that some Alaska officials fear it may do more harm than good.

The report, by the National Conference of State Legislators, says lifting the federal ban on Alaska oil exports could increase federal revenues, stimulate Alaska oil development and enhance America's trade posture abroad.

But it contains errors that suggest Alaska would get substantially richer with no export ban and that removing the ban would put thousands of maritime industry employes out of work.

The report has been mailed to 100 state legislators around the country who next month are scheduled to meet here to consider a resolution on the issue.

State Rep. Terry Martin, R-Anchorage, who was largely responsible for production of the report, said Thursday he was disappointed with it and is organizing an effort to counter it.

That effort includes a correction sheet to be provided to the lawmakers and a public debate in early March between Alaska Sen. Frank Murkowski and Connecticut Rep. Stewart McKinney, a leading opponent of Alaska oil exports.

The eight-page report was requested by Martin at an NCSL conference last summer. It is to accompany a resolution a panel of the national group will consider during a conference here March 7-8.

If approved by the panel, the full NCSL will take it up at a Seattle convention in August.

Martin, minority leader of the Alaska House, had hoped to use the resolution to aid the state's effort to remove the federal oil export ban.

But Martin, here for a three-day NCSL conference, said Thursday the report creates the wrong impression about the oil export issue.

For example, it says removing the ban could cost the jobs of 200,000 maritime industry workers and the loss of $300 million in federal tax dollars.

But maritime industry officials have estimated the direct job loss at only 1,700 with perhaps another 5,200 "lost job opportunities" in related fields.

The report, relying on a federal General Accounting Office study, also says Alaska would receive 60 percent of new tax revenues generated by lifting the ban.

In fact, Alaska tax laws limit the state take to about 30 percent while the federal government would get about 60 percent.

The report, which also contains a number of typographical errors, has been sent to the 100 members of NCSL's energy committee, all legislators from states across the country.

Martin said he already has begun countering the report with a mailing he made earlier this month to hundreds of state officials throughout the nation.

He said interest in the issue is increasing and said proponents of lifting the ban are picking up new allies.

3R34

House leaders sending wrong message to D.C.

4/85

To the editor:

Even though we in the House of Representatives are divided into two groups, the majority and the minority caucuses, and even though we're divided into three political parties, Republican, Democrat and Libertarian, there are certain items and issues where we unite as one, for the good of the state. There is one issue in particular that I thought we had all agreed to fight: the ban on exports of Alaska North Slope crude oil.

Some members of the House have criticized the governor for not doing enough on the issue. Others have criticized our congressional delegation for not doing enough. But what has the Democrat-led House of Representatives done? Nothing.

I once believed that we in the House were united against the ban, but now I'm not so sure. Earlier this session I introduced a resolution putting this Legislature on record as being in favor of lifting the ban. I thought it was agood idea and members of the majority caucus told me that it was. I had hoped that for this one issue, politics and special interests would take a back seat for the good of the state and the nation. Unfortunately, what I believed and hoped has not materialized.

The chairman of the House Oil and Gas Committee, Rep. Mike Davis, a Democrat from Fairbanks, has held one hearing on the bill. I repeat *one* hearing. When I testified at that hearing, I told the committee that if they wanted to change the bill, that was fine; if they wanted to amend the bill, that was fine; if they wanted to put the committee's name on the bill, that was fine; I just want to get this body on record for having done something.

Recently, I met with a member of Congressman Don Young's staff. He also met with members of the majority caucus. You might know that Rep. Young has taken an active role in the fight to lift the ban. I must admit that I was embarrassed for the Democratic-led majority when he told me that our congressional delegation might be put to task for pushing repeal of the ban when the Legislature hasn't even passed a simple resolution in favor of lifting the ban.

Early last week, the House passed a resolution requesting our congressional delegation to support legislation on the federal level. Legislation, I might add, that is totally unrelated to Alaska. Yet we refuse to support them in their efforts to allow the export of our natural resources and, more importantly, reassert the sovereignty of our state.

Having been a committee chairman myself, I believe the Oil and Gas Committee has had plenty of time to complete any work on this bill. The chairman knows enough about the issue to pass it on. I might add that when the opportunity arose for him to travel back east to Washington, D.C., to attend a meeting on the ban, he went.

Count me in the group in favor of lifting the ban. I believe this is a clear cut issue.

The Democrats who lead the majority causcus are either in favor of lifting the ban or they aren't.

The time for action on this bill is long past. As the groyp leading the House of Representatives I see the responsibility as the Democrats', and theirs alone, to guide this bill through the Legislature so the people of Alaska and the other 49 states know where we stand on this issue. Since it is well within the power of the Democrat-controlled majority to do so, anything less than passage of HJR 15 is tantamount to their proceeding hand-in-hand with the forces that seek to restrict the sovereignty of our great state.

If your readers are in favor of lifting the ban on the export of Alaska oil, I ask them to please send Public Opinion Messages to their elected leaders by calling the local Legislative Information Office.

Rep. Terry Martin
R, Anchorage

Fairbanks Clarion

STATE OF ALASKA

POUCH V
JUNEAU, ALASKA 99811
(907) 465-4941

HOUSE SPECIAL COMMITTEE ON OIL AND GAS

May 2, 1985

The Anchorage Times
P.O. Box 40
Anchorage, AK 99510-0040

Dear Editor,

I believe all Alaskans are pleased with how smoothly the legislature has conducted its business this session.

Unfortunately, Rep. Terry Martin has felt compelled to conduct a political campaign reminiscent of the antagonistic and unproductive activities of the last legislature. This is a form of reminiscense that we can all do without.

Rep. Martin claims that the House Special Committee on Oil and Gas has not passed a resolution regarding the foreign export of Alaskan crude oil because the House Majority is opposed to such a measure. The truth of the situation, though, is that the committee has been working hard to repair the damage that Mr. Martin has done to this cause.

Terry Martin traveled to Washington, D.C. this March to lobby for the lifting of the oil export ban. This lobbying effort consisted of sending materials to 100 state legislators across the nation that was so seriously flawed with incorrect and misleading information that the House Minority Leader announced he would have to get back to these legislators with correct information at a later date.

The misinformation so liberally disseminated by Mr. Martin stated that lifting the export ban would result in a windfall to the State of Alaska, and a severe loss of jobs to the maritime industry.

Ironically, these are the same claims made by lobbyists who have spent millions of dollars to keep the ban in place, and these are the claims that the Governor and the Alaskan congressional delegation have been fighting against for years.

But Somebody has to take the lead. I submit that the Special Committee on Oil and Gas, under the dedicated leadership of the Representative from Fairbanks, is already preparing information on this subject.

I would urge the leadership of this body, you, in particular, Mr. Speaker, as we all have great respect for your tutelage, to take the initiative and marshall the legislative, executive, and private sector forces to bring about a repeal of the export ban on Alaska oil.

I, for one, am ready to assist you and to give substantial effort to achieve this goal.

ATTACHMENT B

Spending Records of the Seafarers Political Activity Donation and the Masters, Mates and Pilots Political Contribution Fund: 1977-78 and 1979-80

Source: The PAC Directory. 1982 Edition. PAC Researchers: Burke, Virginia.

NON-PARTY (Continued)

SCHLITZ GOOD GOVERNMENT COMMITTEE (continued)

DETAILED INFORMATION:	Office	Party	State	District	Contributions 77-78	Contributions 79-80
Sensenbrenner, F.	H	REP	WI	9	$500	$1,500

SCM PAC New York NY C00128025

SUMMARY INFORMATION:	1977-78	1979-80		1977-78	1979-80		77-78	79-80
Gross Receipts:	—	$5,186	Gross Disbursements:	—	$5,000	% of Total Contributions & Independent		
Total Contributions:	—	$5,000	Total Independent Expenditures:	—	0	Expenditures to Gross Disbursements:	—	100.0%

OF CONTRIBUTIONS TO ALL CANDIDATES:	Number of Candidates 77-78	Number of Candidates 79-80	Amount 77-78	Amount 79-80		Number of Candidates 77-78	Number of Candidates 79-80	Amount 77-78	Amount 79-80		Number of Candidates 77-78	Number of Candidates 79-80	Amount 77-78	Amount 79-80
Democrats	—	—	—	—	Republicans	—	7	—	$5,000	Other	—	—	—	—
President	—	—	—	—	Senate	—	2	—	$2,000	House	—	5	—	$3,000
Incumbents	—	1	—	$500	Challengers	—	4	—	$3,000	Open Seat	—	2	—	$1,500
Winners - Gen. Elec.	—	4	—	$3,500	All Losers/Others	—	3	—	$1,500					
RANGE OF $1-499	—	—	—	—	$1000-4999	—	3	—	$3,000					
$500-999	—	4	—	$2,000	$5000 & UP	—	—	—	—					

SCOTT PAPER COMPANY PAC (SCOTTPAC) Philadelphia PA C00097220

SUMMARY INFORMATION:	1977-78	1979-80		1977-78	1979-80		77-78	79-80
Gross Receipts:	$5,300	$24,363	Gross Disbursements:	$4,300	$20,750	% of Total Contributions & Independent		
Total Contributions:	$2,800	$21,000	Total Independent Expenditures:	0	0	Expenditures to Gross Disbursements:	65.1%	100.0%

OF CONTRIBUTIONS TO ALL CANDIDATES:	Number of Candidates 77-78	Number of Candidates 79-80	Amount 77-78	Amount 79-80		Number of Candidates 77-78	Number of Candidates 79-80	Amount 77-78	Amount 79-80		Number of Candidates 77-78	Number of Candidates 79-80	Amount 77-78	Amount 79-80
Democrats	1	9	$500	$2,700	Republicans	7	42	$2,300	$18,300	Other	—	—	—	—
President	—	—	—	—	Senate	3	14	$1,500	$9,450	House	5	37	$1,300	$11,550
Incumbents	1	29	$500	$9,100	Challengers	5	17	$1,700	$9,400	Open Seat	2	5	$600	$2,500
Winners - Gen. Elec.	5	41	$1,500	$17,300	All Losers/Others	3	10	$1,300	$3,700					
RANGE OF $1-499	5	32	$1,300	$7,750	$1000-4999	—	4	—	$4,800					
$500-999	3	15	$1,500	$8,450	$5000 & UP	—	—	—	—					

DETAILED INFORMATION:	Office	Party	State	District	Contributions 77-78	Contributions 79-80
Symms, Steve	S	REP	ID			$1,800

SEAFARERS POLITICAL ACTIVITY DONATION -SPAD- Brooklyn NY C00004325

SUMMARY INFORMATION:	1977-78	1979-80		1977-78	1979-80		77-78	79-80
Gross Receipts:	$577,570	$1,030,216	Gross Disbursements:	$579,209	$884,255	% of Total Contributions & Independent		
Total Contributions:	$396,052	$685,248	Total Independent Expenditures:	$4,000	0	Expenditures to Gross Disbursements:	69.0%	77.4%

OF CONTRIBUTIONS TO ALL CANDIDATES:	Number of Candidates 77-78	Number of Candidates 79-80	Amount 77-78	Amount 79-80		Number of Candidates 77-78	Number of Candidates 79-80	Amount 77-78	Amount 79-80		Number of Candidates 77-78	Number of Candidates 79-80	Amount 77-78	Amount 79-80
Democrats	246	292	$374,502	$619,898	Republicans	20	49	$21,550	$64,850	Other	—	1	—	$500
President	—	2	—	$15,000	Senate	28	59	$139,352	$243,480	House	238	281	$256,700	$426,768
Incumbents	190	255	$249,000	$520,928	Challengers	37	54	$73,950	$93,730	Open Seat	39	33	$73,102	$70,590
Winners - Gen. Elec.	186	232	$237,400	$390,728	All Losers/Others	80	110	$158,652	$294,520					

NON-PARTY **(Continued)**

SEAFARERS POLITICAL ACTIVITY DONATION -SPAD- (continued)

RANGE OF CONTRIBUTIONS TO ALL CANDIDATES:		Number of Candidates 77-78	79-80	Amount 77-78	79-80		Number of Candidates 77-78	79-80	Amount 77-78	79-80
RANGE OF	$1-499	8	9	$1,85[illegible]	$1,650	$1000-4999	114	203	$186,952	$318,884
	$500-999	121	83	$61,750	$40,280	$5000 & UP	23	47	$145,500	$324,434

DETAILED INFORMATION:

Name	Office	Party	State	District	Contributions 77-78	79-80
Carter, Jimmy	P	DEM				$10,000
Kennedy, Edward M.	P	DEM				$5,000
Anderson, Wendell R.	S	DEM	MN		$10,000	
Barnett, Don	S	DEM	SD		$7,000	
Baucus, Max S.	S	DEM	MT		$5,060	$1,500
Bayh, Birch E., Jr.	S	DEM	IN		$1,500	$10,000
Biden, Joseph R., Jr.	S	DEM	DE		$4,000	$1,000
Bradley, Bill	S	DEM	NJ		$5,000	$3,000
Christie, Joe	S	DEM	TX		$5,000	
Church, Frank	S	DEM	ID			$10,000
Cranston, Alan	S	DEM	CA			$6,500
Culver, John C.	S	DEM	IA			$4,000
D'Amato, Alfonse M.	S	REP	NY			$1,500
Dixon, Alan J	S	DEM	IL			$3,000
Dodd, Christopher J.	S	DEM	CT			$10,000
Durkin, John Anthony	S	DEM	NH			$10,000
Eagleton, Thomas F.	S	DEM	MO			$7,500
Edmondson, Ed	S	DEM	OK		$5,000	
Flaherty, Pete	S	DEM	PA			$5,000
Flowers, Walter	S	DEM	AL		$4,852	
Ford, Wendell H.	S	DEM	KY			$5,000
Glenn, John	S	DEM	OH			$5,000
Gojack, Mary L	S	DEM	NV			$2,500
Gravel, Mike	S	DEM	AK			$5,000
Gunter, Bill	S	DEM	FL			$5,000
Hart, Gary W	S	DEM	CO			$5,000
Haskell, Floyd K.	S	DEM	CO		$10,000	
Hathaway, William D.	S	DEM	ME		$5,000	
Heflin, Howell Thomas	S	DEM	AL		$5,000	
Hollings, Ernest F.	S	DEM	SC			$9,000
Holtzman, Elizabeth	S	DEM	NY			$9,500
Huddleston, Walter D.	S	DEM	KY		$1,500	
Inouye, Daniel K.	S	DEM	HI			$4,000
Javits, Jacob K	S	REP	NY			$5,000
Johnston, J. Bennett.	S	DEM	LA		$6,000	
Krueger, Robert	S	DEM	TX		$5,000	
Levin, Carl	S	DEM	MI		$10,000	$250
Long, Russell B	S	DEM	LA			$5,000
Magnuson, Warren G	S	DEM	WA			$10,000
Martin-Trigona,	S	DEM	IL			$5,000
Mathias, Charles	S	REP	MD			$7,000
McGovern, George	S	DEM	SD			$10,000

Name	Office	Party	State	District	Contributions 77-78	79-80
Melcher, John	S	DEM	MT			$5,000
Metzenbaum, Howard	S	DEM	OH		$5,000	
Miller, Andrew P.*	S	DEM	VA		$6,000	$-720
Miller, Zell	S	DEM	GA			$7,500
Moynihan, Daniel	S	DEM	NY			$5,000
Nelson, Gaylord A.	S	DEM	WI			$9,500
Packwood, Bob	S	REP	OR			$6,000
Pell, Claiborne	S	DEM	RI		$2,000	
Pettigrew, Richard A.	S	DEM	FL			$5,000
Randolph, Jennings	S	DEM	WV		$7,000	
Ravenel, Charles D.	S	DEM	SC		$7,000	$1,000
Roy, William R.	S	DEM	KS		$3,000	
Sarbanes, Paul S	S	DEM	MD		$3,000	
Sasser, James Ralph	S	DEM	TN		$2,500	
Schulz, William R	S	DEM	AZ			$5,000
Stevens, Ted	S	REP	AK		$7,500	
Stewart, Donald	S	DEM	AL		$5,000	$14,000
Talmadge, Herman	S	DEM	GA			$3,000
Addabbo, Joseph P	H	DEM	NY	7	$2,050	$6,500
Albosta, Donald	H	DEM	MI	10		$4,000
Allegrucci, Don	H	DEM	KS	5	$1,500	
Ambro, Jerome A.	H	DEM	NY	3	$1,000	$1,500
Anderson, Glenn M.	H	DEM	CA	32	$1,500	$1,500
Ashley, Thomas L.	H	DEM	OH	9	$500	$5,500
Aucoin, Les	H	DEM	OR	1	$4,000	$7,500
Bailey, Donald Allen	H	DEM	PA	21	$1,000	$2,800
Baldus, Alvin	H	DEM	WI	3		$1,500
Barnes, Michael Darr	H	DEM	MD	8	$1,000	$2,500
Barragan, Polly Baca	H	DEM	CO	4		$2,500
Bauman, Robert	H	REP	MD	1	$1,000	$6,000
Baumann, Archie	H	DEM	MN	6		$1,500
Baumann, James L.	H	DEM	OH	12	$1,500	
Biaggi, Mario	H	DEM	NY	10	$2,000	$3,750
Boggs, Lindy (Mrs.	H	DEM	LA	2	$2,000	$2,500
Bolling, Richard	H	DEM	MO	5	$500	$1,500
Bonior, David E.	H	DEM	MI	12	$1,000	$2,500
Burlison, Bill D.	H	DEM	MO	10		$3,000
Burstein, Karen S	H	DEM	NY	5		$7,500
Burton, John	H	DEM	CA	5	$2,000	$5,000
Carney, Charles	H	DEM	OH	19	$1,500	
Clark, Arthur Joseph	H	DEM	MA	4		$2,790
Clay, William L.	H	DEM	MO	1	$2,000	$1,000

Name	Office	Party	State	District	Contributions 77-78	79-80
Corcoran, Brian John	H	DEM	WA	2	$2,500	
Corcoran, Dan	H	DEM	CA	37	$1,500	
Corman, James C.	H	DEM	CA	21	$500	$3,000
Daschle, Thomas	H	DEM	SD	1	$4,500	$3,000
Dellums, Ronald V	H	DEM	CA	8		$2,150
Denton, Lane	H	DEM	TX	11	$3,000	
Dicks, Norman D.	H	DEM	WA	6	$2,000	$2,750
Dingell, John D.	H	DEM	MI	16	$1,500	$1,000
Dixon, Julian C.	H	DEM	CA	28	$500	$1,500
Donnelly, Brian J	H	DEM	MA	11	$500	$3,500
Dorgan, Byron L	H	DEM	ND	At Large		$2,000
Dyson, Royden P.	H	DEM	MD	1		$2,000
Eckhardt, Robert	H	DEM	TX	8	$1,500	$3,000
Eilberg, Joshua	H	DEM	PA	4	$3,000	
Fazio, Vic	H	DEM	CA	4	$1,000	$1,500
Ferraro, Geraldine A	H	DEM	NY	9	$1,500	$5,934
Fithian, Floyd J.	H	DEM	IN	2	$3,500	$3,000
Flippo, Ronnie Gene	H	DEM	AL	5	$500	$1,500
Florio, James J	H	DEM	NJ	1	$1,500	$5,500
Foley, Thomas S.	H	DEM	WA	5	$500	$3,000
Ford, Harold E.	H	DEM	TN	8		$2,000
Ford, William David	H	DEM	MI	15	$1,100	$1,500
Frost, Martin	H	DEM	TX	24	$3,800	$1,300
Gammage, Robert A	H	DEM	TX	22	$3,500	$500
Gaydos, Joseph M.	H	DEM	PA	20	$1,000	$5,500
Gray, William H III	H	DEM	PA	2	$500	$1,500
Green, Mark J	H	DEM	NY	18		$5,000
Guarini, Frank J.	H	DEM	NJ	14	$500	$2,000
Hall, Tony P.	H	DEM	OH	3		$2,000
Hannaford, Mark W.	H	DEM	CA	34	$1,850	
Hertel, Dennis M	H	DEM	MI	14		$2,000
Hindes, Gary E.	H	DEM	DE	At Large	$1,500	$-500
Hellenbeck, Harold C	H	REP	NJ	9		$2,500
Howard, James J.	H	DEM	NJ	3	$1,500	$5,500
Huckaby, Thomas	H	DEM	LA	5	$1,500	$500
Johnson, Harold T.	H	DEM	CA	1	$500	$2,500
Kogovsek, Ray	H	DEM	CO	3		$4,500
Lantos, Thomas P.	H	DEM	CA	11		$2,000
Leach, Claude 'Buddy'	H	DEM	LA	4		$1,500
Lederer, Raymond F	H	DEM	PA	3	$1,000	$1,625
Leland, George	H	DEM	TX	18		$1,500
Lieberman, Joseph	H	DEM	CT	3		$2,500

*See Section IV for independent expenditures made by this PAC during 1979-80 in support of or against the candidate.

NON-PARTY **(Continued)**

SEAFARERS POLITICAL ACTIVITY DONATION -SPAD- (continued)

DETAILED INFORMATION:	Office	Party	State	District	Contributions 77-78	79-80		Office	Party	State	District	Contributions 77-78	79-80		Office	Party	State	District	Contributions 77-78	79-80
Lloyd, Jim	H	DEM	CA	35	$1,000	$2,000	O'Reilly, Kathleen F	H	DEM	MI	2		$2,500	Solarz, Stephen J.	H	DEM	NY	13	$1,000	$4,994
Long, Clarence D.	H	DEM	MD	2	$500	$1,500	Oberstar, James L.	H	DEM	MN	8	$500	$2,500	Sprik, Dale Robert	H	DEM	MI	5		$2,000
Long, Gillis W	H	DEM	LA	8	$3,000	$1,500	Olsen, Kirsten	H	DEM	CA	12	$5,000		Stofferahn, Kenneth D	H	DEM	SD	2		$1,500
Luken, Thomas A	H	DEM	OH	2	$1,000	$2,000	Ottinger, Richard L	H	DEM	NY	24	$500	$2,500	Swift, Allan Byron	H	DEM	WA	2	$1,000	$1,700
Matsui, Robert T.	H	DEM	CA	3	$1,500	$1,000	Patterson, Jerry M.	H	DEM	CA	38	$1,500	$509	Thompson, Frank, Jr.	H	DEM	NJ	4	$2,000	$5,000
Mavroules, Nicholas	H	DEM	MA	6	$2,000	$4,500	Peck, Carey	H	DEM	CA	27	$2,250	$4,500	Tonry, Richard	H	DEM	LA	1	$3,500	
McFall, John J.	H	DEM	CA	14	$2,000		Pepper, Claude	H	DEM	FL	14	$5,000	$1,000	Tucker, James Guy, Jr.	H	DEM	AR	2	$2,500	
Meeds, Lloyd*	H	DEM	WA	2	$1,550		Randolph, John F.	H	DEM	NY	1	$2,000		Udall, Morris K.	H	DEM	AZ	2		$4,500
Mikulski, Barbara Ann	H	DEM	MD	3	$500	$1,625	Ravenel, Charles D.	H	DEM	SC	1		$2,500	Watlington, Janet B.	H	DEM	VI	At Large	$7,000	$500
Miller, George	H	DEM	CA	7		$1,500	Reibman, Jeanette F.	H	DEM	PA	15		$1,500	Weaver, James	H	DEM	OR	4	$2,000	$1,500
Moakley, John Joseph	H	DEM	MA	9	$1,500	$1,000	Richardson, William B	H	DEM	NM	1		$3,000	Wenstrom, Gene	H	DEM	MN	7	$500	$2,750
Mollohan, Robert	H	DEM	WV	1	$500	$2,500	Robinson, David L	H	DEM	IL	20		$2,000	Wilson, Charles H	H	DEM	CA	31	$3,000	$1,500
Murphy, John M.	H	DEM	NY	17	$8,000	$7,000	Roe, Robert A.	H	DEM	NJ	8	$2,500	$3,500	Wolff, Lester L	H	DEM	NY	6		$1,500
Murphy, Morgan F.	H	DEM	IL	2	$2,000		Rooney, Fred B	H	DEM	PA	15	$1,500		Wolpe, Howard	H	DEM	MI	3	$1,500	$11,000
Musto, Raphael	H	DEM	PA	11		$3,000	Rostenkowski, Dan	H	DEM	IL	8	$1,250	$1,500	Wright, Jim	H	DEM	TX	12	$1,000	$2,500
Myers, Michael	H	DEM	PA	1	$1,200	$3,000	Schumer, Charles	H	DEM	NY	16		$7,500	Yatron, Gus	H	DEM	PA	6		$1,500
Nix, Robert N. C.	H	DEM	PA	2	$1,500		Shelby, Richard C.	H	DEM	AL	7	$1,000	$1,700	Young, Don	H	REP	AK	At Large	$3,000	$1,750
Nolan, Richard	H	DEM	MN	6	$3,000	$1,000	Slack, John M.	H	DEM	WV	3	$1,500		Zeferetti, Leo C*	H	DEM	NY	15	$5,000	$7,000
O'Neill, Thomas	H	DEM	MA	8	$500	$5,000														

SEA-LAND GOOD GOVERNMENT FUND SEA-LAND INDUSTRIES INC Winston-Salem NC C00100495

SUMMARY INFORMATION:	1977-78	1979-80		1977-78	1979-80		77-78	79-80
Gross Receipts:	$1,650	$17,330	Gross Disbursements:	$200	$16,275	% of Total Contributions & Independent		
Total Contributions:	$200	$14,275	Total Independent Expenditures:	0	0	Expenditures to Gross Disbursements:	100.0%	87.7%

OF CONTRIBUTIONS TO ALL CANDIDATES:	Number of Candidates 77-78	79-80	Amount 77-78	79-80		Number of Candidates 77-78	79-80	Amount 77-78	79-80		Number of Candidates 77-78	79-80	Amount 77-78	79-80
Democrats	2	23	$200	$8,800	Republicans	—	12	—	$5,475	Other	—	—	—	—
President	—	—	—	—	Senate	—	6	—	$5,200	House	2	29	$200	$9,075
Incumbents	2	32	$200	$12,875	Challengers	—	2	—	$1,200	Open Seat	—	1		$200
Winners - Gen. Elec.	2	26	$200	$9,925	All Losers Others	—	9	—	$4,350					
RANGE OF $1-499	2	26	$200	$5,400	$1000-4999	—	6	—	$7,000					
$500-999	—	3	—	$1,875	$5000 & UP	—	—	—	—					

DETAILED INFORMATION:	Office	Party	State	District	Contributions 77-78	79-80		Office	Party	State	District	Contributions 77-78	79-80
Magnuson, Warren G	S	DEM	WA			$1,500	Murphy, John M.	H	DEM	NY	17	$100	$1,500

SEARLE PAC Skokie IL C00111484

SUMMARY INFORMATION:	1977-78	1979-80		1977-78	1979-80		77-78	79-80
Gross Receipts:	—	$27,745	Gross Disbursements:	—	$27,250	% of Total Contributions & Independent		
Total Contributions:	—	$21,100	Total Independent Expenditures:	—	0	Expenditures to Gross Disbursements:	—	77.4%

OF CONTRIBUTIONS TO ALL CANDIDATES:	Number of Candidates 77-78	79-80	Amount 77-78	79-80		Number of Candidates 77-78	79-80	Amount 77-78	79-80		Number of Candidates 77-78	79-80	Amount 77-78	79-80
Democrats	—	14	—	$6,500	Republicans		30		$14,600	Other				
President	—	—	—		Senate		12		$7,250	House		32		$13,850

*See Section IV for independent expenditures made by this PAC during 1979-80 in support of or against the candidate.

	77-78	79-80	77-78	79-80		77-78	79-80	77-78	79-80		77-78	79-80	77-78	79-80
Democrats		19		$5,750	Republicans		14		$3,950	Other				
President	–	–	–	–	Senate		11		$4,300	House	–	22		$5,400
Incumbents	–	30	–	$9,000	Challengers	–	3		$700	Open Seat	–			
Winners - Gen. Elec.	–	26	–	$7,500	All Losers/Others	–	7	–	$2,200					
RANGE OF $1-499	–	31	–	$8,200	$1000-4999		1		$1,000					
$500-999	–	1	–	$500	$5000 & UP	–								

MASTERS, MATES AND PILOTS POLITICAL CONTRIBUTION FUND — Washington DC C00073056

SUMMARY INFORMATION:

	1977-78	1979-80		1977-78	1979-80		77-78	79-80
Gross Receipts:	$113,448	$300,357	Gross Disbursements:	$56,079	$167,256	% of Total Contributions & Independent		
Total Contributions:	$21,550	$113,950	Total Independent Expenditures:	0	0	Expenditures to Gross Disbursements:	38.4%	68.1%

OF CONTRIBUTIONS TO ALL CANDIDATES:	Number of Candidates 77-78	79-80	Amount 77-78	79-80		Number of Candidates 77-78	79-80	Amount 77-78	79-80		Number of Candidates 77-78	79-80	Amount 77-78	79-80
Democrats	14	96	$19,050	$104,450	Republicans	1	10	$2,500	$9,500	Other	–	–	–	–
President	—	1	—	$1,000	Senate	3	19	$5,000	$42,000	House	12	86	$16,550	$70,950
Incumbents	11	96	$16,050	$107,300	Challengers	3	3	$4,500	$2,650	Open Seat	1	7	$1,000	$4,000
Winners - Gen. Elec.	12	72	$18,600	$65,450	All Losers/Others	3	34	$2,950	$48,500					
RANGE OF $1-499	—	2	—	$400	$1000-4999	14	32	$21,050	$48,500					
$500-999	1	66	$500	$33,550	$5000 & UP	—	6	—	$31,500					

DETAILED INFORMATION:

Name	Office	Party	State	District	Contributions 77-78	79-80
Bayh, Birch E., Jr.	S	DEM	IN			$4,500
Church, Frank	S	DEM	ID			$5,000
Cranston, Alan	S	DEM	CA			$2,500
Durkin, John Anthony	S	DEM	NH			$2,000
Gravel, Mike	S	DEM	AK			$5,000
Inouye, Daniel K.	S	DEM	HI			$2,000
Magnuson, Warren G	S	DEM	WA			$5,000
Mathias, Charles	S	REP	MD			$2,500
Packwood, Bob	S	REP	OR			$2,500
Stewart, Donald	S	DEM	AL		$3,000	$2,500
Burton, John	H	DEM	CA	5	$1,000	$5,000
Burton, Phillip	H	DEM	CA	6	$1,000	$2,000

NON-PARTY (Continued)

MASTERS, MATES AND PILOTS POLITICAL CONTRIBUTION FUND (continued)

DETAILED INFORMATION:

Name	Office	Party	State	District	Contributions 77-78	79-80
Ferraro, Geraldine A	H	DEM	NY	9		$2,000
Lowry, Michael E.	H	DEM	WA	7		$4,000
Murphy, John M.	H	DEM	NY	17	$3,000	$6,500
Nolan, Richard	H	DEM	MN	6	$2,000	
Wolpe, Howard	H	DEM	MI	3		$5,000
Young, Don	H	REP	AK	At Large	$2,500	$500

MASTERS MATES & PILOTS PENSIONERS' ACTION FUND — New York NY C00012013

SUMMARY INFORMATION:

	1977-78	1979-80		1977-78	1979-80		77-78	79-80
Gross Receipts:	$21,584	$253,394	Gross Disbursements:	$167,394	$79,248	% of Total Contributions & Independent		
Total Contributions:	$3,970	$10,250	Total Independent Expenditures:	0	0	Expenditures to Gross Disbursements:	2.3%	12.9%

OF CONTRIBUTIONS TO ALL CANDIDATES:	Number of Candidates 77-78	79-80	Amount 77-78	79-80		Number of Candidates 77-78	79-80	Amount 77-78	79-80		Number of Candidates 77-78	79-80	Amount 77-78	79-80
Democrats	3	2	$3,970	$10,250	Republicans			–		Other				
President	—	1	—	$10,000	Senate					House	3	1	$3,970	$250
Incumbents	2	2	$2,485	$10,250	Challengers	1		$1,485		Open Seat				
Winners - Gen. Elec.	2	–	$2,485	–	All Losers/Others	1	2	$1,485	$10,250					

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February 22, 1983

For your info -
Paula Easley

EXPORTING ALASKA'S OIL AND GAS

INTRODUCTION

A huge resource of oil and gas is locked up in Alaska by federal legislation that prohibits its free commercial export. As a result, Alaskan oil is currently creating a glut and discouraging oil production in California. Half of Alaska's oil production therefore has to be shipped to the East Coast and Gulf Coast at considerable cost, ultimately borne by American consumers.

Removing export restrictions would gain the federal treasury about $1.5 billion per year and also increase Alaska's revenues substantially. It would reduce the nation's deficit trade balance with Japan and the Far East by up to $20 billion in potential oil and gas exports. Beyond these financial benefits, the action could help break the impasse in trade relations with Japan and ensure supplies of energy to close allies who are very vulnerable to interruptions in the flow of Middle East oil. In addition, it would render unnecessary the construction of a $2 billion pipeline from Puget Sound to the Midwest and eliminate the current costly and wasteful tanker traffic to the East Coast.

Most important, it would stimulate Alaskan producers to develop more oil for export, probably from 0.5 to 1 million barrels per day (mbd)--worth about $5 to $10 billion per year. And it would blaze the way for exports of natural gas in the form of liquid natural gas (LNG) or as raw materials for fertilizer, with great benefits to the economic development of Alaska. Gas exports of about 1 tcf (trillion cubic feet) would be worth about $5 billion per year and add the equivalent of another 0.5 mbd to the world oil market.

Changing the law that bans overseas sales of Alaskan oil will take a measure of political effort. That ban has a powerful constituency in the maritime unions. Under a 1920 law--the Jones

Act--all shipments between American ports must be made in American-flag ships, manned by American crews. All the oil that leaves the southern Alaska port of Valdez for terminals on the West and Gulf Coasts falls under the Jones Act. Even though only part of the 1.6 million barrels of oil that run through the Alaska pipeline each day might be involved in export to Japan, the maritime unions would fight to keep the law from being changed.

A second problem involves equity for the American companies engaged in northern Alaska oil production. Legally barred from selling this oil to foreign countries, Exxon, Standard Oil Company of Ohio, and Atlantic Richfield Corporation invested heavily in tankers to ship oil from Valdez to other U.S. ports. In addition, these companies are under a three-year contract to move some of the oil going to the Gulf Coast through a pipeline across Panama, offloading from tankers on the Pacific side, reloading to tankers on the Caribbean side. These investments, entered into in good faith, would have to be protected.

But on balance, more would be gained than lost if exports were permitted. Moreover, export of Alaskan hydrocarbons poses no threat whatsoever to U.S. security. On the contrary, putting another 1 mbd (or more) of non-OPEC hydrocarbons into the world market would enable the consumer nations to reduce the amount of oil imported from unreliable OPEC producers. Allowing export of Alaska oil and gas also could improve U.S. relations with Japan. Not only would it narrow the U.S.-Japan trade imbalance ($16 billion surplus for Japan in 1982), but it would go far to alleviate Japan's fears of energy dependence on unstable Middle East nations.

ALASKA'S HYDROCARBON POTENTIAL

In January 1968, roughly 19 billion barrels of oil and 26 trillion cubic feet (tcf) of natural gas were discovered at Prudhoe Bay, Alaska. In 1968-1969, Alaska sold the basic leases for about $900 million, reserving for itself a 12.5 percent royalty interest. Development of the Prudhoe Bay field and plans for an oil pipeline commenced almost immediately. Congress became involved in the decision-making process of selecting the best route for transporting Alaskan North Slope (ANS) oil to market because any oil pipeline would have to cross federal land.

While oil and natural gas have been produced at Cook Inlet since 1954--and successfully exported to Japan in the form of LNG by Phillips-Marathon--it was the 1977 opening of the Trans-Alaska Pipeline System (TAPS) to the Prudhoe Bay field that turned Alaska into a major energy supplier. Last year, Alaska averaged over 1.7 mbd of crude oil production, including over 1.6 mbd from the North Slope. Another 80,000 was added to the TAPS throughput with production from the new Kuparuk field just west of Prudhoe Bay. By the mid-1980s, the $3 billion Waterflood Project will keep up Prudhoe Bay's production by maintaining reservoir pressure through seawater injection. At the same time, Kuparuk production is expected to be at least 0.2 mbd. So production from the North Slope will come near to TAPS' capacity of 2.0 mbd this decade, even if there are no new discoveries.

Estimates of North Slope reserves have been made for the wells and production in the Prudhoe Bay and Kuparuk fields. As of August 1980, Alaska estimated its "most likely" discovered resources at 10.2 billion barrels of oil and 35.4 trillion cubic feet (tcf) of gas. Under stricter definitions, the American Gas Association (AGA) estimated (in January 1982) proven gas reserves to be 26 tcf for the North Slope and 31.9 tcf for all of Alaska. These estimates are for known, existing fields. Though not confirmed by drilling, undiscovered reserves do exist. The AGA study estimated potential gas reserves for Alaska at 145 tcf. The National Petroleum Council issued estimates (December 1981) for the North Slope and the Bering Sea using averages of other studies. They put undiscovered recoverable resources at a mean of 24 billion barrels of oil (high of 55 billion barrels) and 109 tcf of natural gas (high of 246 tcf). These estimates were based on current energy market conditions. Using historical changes in prices and technology, Heritage Foundation analysts estimate Alaska's potential oil reserves at between 48 and 124 billion barrels, with commensurate increases in potential gas reserves. (For comparison, recent annual U.S. consumption was about 5.5 billion barrels (bb) of oil, and about 20 tcf of natural gas. Note that 1 tcf of gas has a heat content of 1 quad 1,000 trillion BTU's, and is equivalent to 0.17 bb of oil.)

RESTRICTIONS ON EXPORTS

The two primary alternatives for carrying the oil to the lower 48 states were a proposed Trans-Canada pipeline, which was to deliver the oil to Midwestern refineries, and the TAPS to deliver the oil to a tanker terminal at Valdez, Alaska, from where it would be shipped south. Certain groups vigorously opposed the Trans-Alaska route, arguing that it would result in serious ecological degradation of the tundra (they were wrong) and that the West Coast would not be able to absorb all of the Alaskan oil (they were right). There were also charges by consumer groups and representatives of Midwestern and Eastern states that the ultimate purpose was oil companies' desire to ship Alaskan North Slope oil to Japan.

When the TAPS bill was passed by Congress, two weeks after the beginning of the Arab oil embargo, concerns about domestic energy security resulted in inclusion within the Act of tight limitations on domestic oil exported to noncontiguous nations, such as Japan. The Act established two broad criteria to determine whether exports should be permitted: (1) The President must make a finding that the exports would "not diminish the total quantity or quality of petroleum available to the United States and are in the national interest and are in accord with the Export Administration Act of 1967," and (2) upon such a finding, the President is required to publish and report it to Congress, which then has 60 days during which it can veto exports by passing a concurrent resolution.

Additional restrictions were put on the export of oil to noncontiguous nations by the 1977 and 1979 amendments to the Export Administration Act (EAA). The 1979 change required that both houses affirm a presidential export proposal. Restrictions on exports have become so tight that it is accurate to speak of an effective export ban for noncontiguous nations.

The reason for the increasing severity of export restrictions has been the continuing, though incorrect, assumption that exports would undermine national energy security. Clashes over the TAPS issue have only made the matter more complex and politically sensitive.

Primarily because oil prices have increased from $2.50 to over $30 per barrel, the demand for oil has not increased as much as both government and industry officials anticipated. As a result, there is an oil surplus on the West Coast. Of the 1.6 mbd of Alaskan oil leaving Valdez, only half is refined in California. The other half is carried by tankers through the Panama Canal (or trans-Panama pipeline) or around Cape Horn to refineries on the East Coast, the Gulf Coast, and the Caribbean.

The maritime industry has a vested interest in the transportation of Alaskan oil, because the Jones Act mandates that any cargo transported between U.S. ports be carried in U.S. bottoms and with U.S. seamen. Half of Jones Act traffic is devoted to Alaskan oil, and about one-quarter of Jones Act traffic would be affected if Alaskan oil were to be freely exported to other countries by cheaper foreign flag tankers.

Another development affecting the maritime industry is the longstanding effort to build a west-to-east oil pipeline. The Northern Tier Pipeline Company, for instance, proposes to construct a pipeline from Port Angeles, Washington, to Clearbrook, Minnesota. The project would cost an estimated $1.9 billion (1981 dollars). This 42" diameter line ultimately would carry .933 mbd. The original project was vetoed by Washington Governor John Spellman for environmental reasons. A new proposal would carry the oil around, rather than across, Puget Sound. Naturally, if such a line were to be constructed, the maritime industry would lose much of its Jones Act business.

Clearly, the time is right for Congress to consider all the options available for Alaskan oil and gas, including the removal of restrictions on exports.

THE SECURITY ISSUE

The maritime industry aside, the principal objection to Alaskan exports stems from security concerns. In case of an embargo or oil cut-off, the argument goes, the U.S. must be guaranteed sufficient Alaskan oil to meet American needs. This argument was born in the period of the first Arab oil embargo. It is no longer valid, if it ever was. The export of Alaskan oil would in no way compromise U.S. security. Indeed, it could enhance it, for the following reasons:

1) The Inconsistency of Oil Export Restrictions

There are no prohibitions regarding the export of oil products, such as gasoline and fuel oil. It seems strange, therefore, that there should be a prohibition against exporting crude oil. There also are no restrictions on exporting oil during emergencies to U.S. partners in the International Energy Agency. In fact, the U.S. has an agreement concerning the sharing of oil supplies during emergencies. It has never been tested, but all IEA members are bound to honor it. Why then should the U.S. not permit the export of Alaskan oil and gas during nonemergency periods?

2) Ineffective Embargoes

There are two kinds of potential embargoes. The first is an embargo declared against the United States without a production cutback. The second is an embargo coupled with a production cutback. The level of production is the critical factor; the simple declaration of an embargo would make little difference to the U.S. except for psychological pressure.

An embargo against the United States cannot be effective--and has never been effective. Oil imported from overseas comes from a number of different sources. If any one of these, or even a combination of them, should embargo oil to the United States, one or both of the following scenarios might develop: (1) the oil companies would sell the oil to another customer, say France, but oil destined to France from, say, Africa, would be diverted and shipped to the United States; (2) oil from the countries involved in the boycott would come into a transshipping terminal, such as Rotterdam, and then be shifted to the U.S. under a swap arrangement. The point is that oil is a fungible substance. Its source matters little.

An embargo would be effective in one instance: if an adversary imposed a naval blockade against the United States along both coasts. Such action would be difficult for any power to mount. But if it were successful, it would interfere with the traffic from Alaska to California and certainly to the East Coast. Short of military actions by opponents, however, the U.S. is immune to any simple embargo.

3) Production Cuts and the Market Price

But what if the embargo were coupled with production cutbacks, such that simple swapping procedures would not be possible? In that case the market could take over and adjust the available supply--now reduced--to the demand. Any production cutback thus would raise the world price, whether the production cutback were coupled with an embargo, or caused by an accident or by third parties, such as a war or sabotage. Everyone would have to pay the higher price in these circumstances--not just the United States. Indeed, the Alaskan oil exported would also command the higher price (as would all domestic oil, in the absence of price controls).

There is often talk about countries "outbidding" each other during a supply crisis, but in a free market this would not be the case. As the price went up, those persons (not countries) wishing to buy the oil would have to pay the higher price, and oil use by others would fall. This redistribution of oil would be entirely automatic, in response to normal market forces, not to government allocation efforts.

Some time could elapse before the new supply relationships were established following an oil cutoff. During this time, there could be dislocations and shortages just as there are shortages in retail outlets when the inventory is low. To soften such short-term disruption, the United States and other industrialized countries have provided for strategic reserves of petroleum. The U.S. reserve is designed to replace 90 days of imports, sufficient for orderly adjustments to take place--even if all imports were cut off. (If, on the other hand, only imports from the Middle East were affected, then the stockpile could last well over six months). The release of oil from the U.S. stockpile (or from the stockpiles of other industrialized countries) would limit any price increase due to sudden interruptions in production levels. If the supply interruption persisted, the oil market would reach equilibrium at a higher price; if it were only temporary, there would be no long-term change in price--although, of course, stockpiles would be partly depleted.

4) Two Case Studies--1973 and 1979

What happened during past embargoes? In October 1973, producers on the Arabian peninsula declared an embargo and cut back their production. The declaration itself did little but scare people. The cutback in production, however, increased the price of oil, which eventually soared from about $3 to $12 per barrel.

There was considerable market disruption in the United States in Spring 1974, characterized chiefly by long lines at gasoline stations. These lines were caused by the exaggerated reaction of the federal government, which sought to allocate gasoline and other oil products to achieve a "fair distribution."

Yet federal bureaucrats had no more success than any other planners in trying to simulate the workings of the market, and misallocation inevitably followed. "Shortages" occurred widely in 1974 because well-meaning government interference with the market process was compounded by price controls on domestic oil. Without free movement of prices, there was no reason for demand to fall to the new, reduced level of supply--other than by the forced decline in consumption because of waiting in line. (The 1974 experience has been discussed and documented in some detail by a number of authors, for example, Professors Paul MacAvoy, H.A. Merklein, and others.) But nothing was learned. In 1979, the Department of Energy again put into effect an allocation system--with predictable results: long lines at gasoline stations.

Further proof that embargoes do not work is found in the events of November 1979. When the U.S. Embassy in Teheran was occupied, President Jimmy Carter declared that the U.S. would no longer buy Iranian oil. The action was, in effect, a self-imposed embargo--a boycott. Of course, nothing happened. The Iranian oil went elsewhere, and the U.S. bought oil from other sources. There was no psychological impact either--perhaps because the word "embargo" was never mentioned.

One of the first acts of the Reagan Administration was to remove price controls on oil. Congress still believed that an allocation system had to be instituted during emergencies and tried to force the White House to agree to such a system. In vetoing the bill, President Reagan explained why the market allocates more successfully than any bureaucrat or combination of bureaucrats. The U.S. Senate upheld the presidential veto.

It should seem clear that embargoes and production cutbacks do not work, when oil prices are decontrolled and a large strategic stockpile keeps prices from moving too high. An embargo threat is little more than a psychological tool that is effective only if the victim thinks it might be harmful.[1]

Security Benefits from Alaskan Exports

There are certain security benefits that should be taken into account when contemplating export of Alaskan oil. If exports were to be permitted, the oil companies holding concessions on the North Slope would certainly increase production and put more oil into the world market. A conservative estimate is that the additional output could amount to 0.5 mbd (more optimistic estimates exceed 1 mbd), in addition to the 1.6 mbd now being supplied through the pipeline.[2] The liquid natural gas exports could exceed 0.5 mbd of oil equivalent.

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1 It should be noted that President Reagan ousted Libyan diplomats from Washington, and Libya made no effort to institute retaliatory action in the oil market against the United States; they also know that embargoes don't work.

2 If production rises above 2 mbd, the pipeline's capacity can be increased at relatively little cost.

Putting more oil and gas onto the world market would be very beneficial to the United States. Not only would it improve the trade balance by about $15 billion per year, and make money for the Treasury, Alaska, and the stockholders of American oil companies, but it would weaken the power of OPEC. As American oil captured a share of the world market, it would decrease consumer dependence on OPEC oil. It would also put downward pressure on the world price by limiting what the OPEC cartel could sell.

If U.S. exports to Japan were increased by 1 mbd, for instance, Japan could reduce its imports from Mexico by a like amount, and the U.S. could replace 1 mbd of Middle East imports by more Mexican oil. Clearly U.S. security would be enhanced, Mexico would gain through lower transportation costs, and even more important, the world oil price would probably be lowered by approximately 5 percent. Since OPEC is currently earning about $200 billion a year in revenues, this would reduce the oil bill of the importing countries, including the United States, by about $10 billion a year.

ECONOMIC BENEFITS AND COSTS OF ALASKAN EXPORTS

The effective ban on exports has led to an established market of Alaskan North Slope (ANS) crude oil on the Gulf and West Coasts. About half of North Slope production is used on the West Coast; the rest is shipped to the Gulf and East Coasts on U.S. flag tankers. The exportation ban, the Jones Act, and the lack of a west-east U.S. oil pipeline mean there is no other marketing option--except not selling oil at all. Eliminating the export ban would open up other, more profitable markets for the surplus.

For an estimate of the scale of the export potential, market prices may be approximated using the price of Persian Gulf (i.e., Saudi Arabian) oil, plus the costs of its transportation to each market. The "wellhead" price which producers receive for their crude oil is the market price (say, in Houston) minus transportation costs. These costs vary with shipping distances, tanker size, and other factors.

Jones Act requirements set U.S. tanker rates well above world tanker rates. Table 1 gives some relevant tanker rates.

Table 1
CRUDE OIL TRANSPORTATION COSTS
($/barrel)

Departure Port	Destination Port	Tanker Costs
Alaska (Valdez)	West Coast	$1.47
	Gulf Coast	4.00
	Japan	.51
Persian Gulf	West Coast	1.50
	Gulf Coast	2.03
	Japan	.96

The different rates mean that ANS producers receive different wellhead prices for their oil, depending on its destination. Using market prices established by Persian Gulf oil, ANS producers would net back $2.00/barrel more for their West Coast shipments than for the Gulf Coast shipments. They could use such a price advantage to drive the West Coast price down and expand their market share by discounting. In fact, there is already increasing, although incomplete, evidence of some West Coast "discounting."

If the ban on exports were lifted, ANS producers could increase the wellhead prices of their currently Gulf Coast-bound shipments by $2.42 per barrel (i.e. $1.97 + 0.96-0.51) by changing the destination to Japan and taking advantage of lower shipping costs. At the same time, of course, a change in the destination of ANS crude would reduce the glut in the West Coast market, and West Coast crude oil prices could rise by as much as $2.00 per barrel. So there would be an increase in the netback to the ANS and to the local California producers, who were previously forced to lower their prices to match the ANS competition.

Another factor in the equation would be the reduced shipping costs associated with the Alaska-West Coast route. The reduction in the demand for U.S. tankers because of the reduced Alaska to West Coast trade and the absence of Jones Act requirements on exported oil would mean more competition along the American coastline--further raising the ANS netback. (For computation ease, it is assumed here that Alaska-West Coast shipping costs would fall by $.42 per barrel, from $1.47 to $1.05, although larger decreases have been forecast.) A summary of total possible increases in wellhead prices resulting from these factors is given in Table 2.

Table 2
ESTIMATED INCREASES OF CRUDE OIL WELLHEAD PRICES
AFTER THE LIFTING OF THE OIL EXPORT BAN
($/barrel)

Market Conditions	Originating Port	Export Ban		No Export Ban		Wellhead Increases with Export Ban Removed
		Destination Port	Wellhead Price	Destination Port	Wellhead Price	
No	California	West Coast	PG* + 1.50	West Coast	PG + 1.50	.00
	Alaska	West Coast	PG + .03	West Coast	PG + .45	.42
Discounting	Alaska	Gulf Coast	PG + 1.97	Japan	PG + .45	2.42
Full Discounting	California	West Coast	PG - .50	West Coast	PG + 1.50	2.00
(by Alaskan	Alaska	West Coast	PG - 1.97	West Coast	PG + . 45	2.42
Producers in California)	Alaska	Gulf Coast	PG - 1.97	Japan	PG + .45	2.42

*PG=Persian Gulf price

ANS oil shipments to the eastern U.S. amounted to more than 0.8 mbd in 1982. 0.82 mbd was used for calculations of gross wellhead revenue increases if the oil were exported to Japan, (and 1.1 mbd for California production). The wellhead increases would be between $804 million per year and $1,391 million per year for ANS production, and up to $803 million per year for California production. But the private producers would not receive all of these benefits. Alaskan royalty oil and severance and income taxes would take over 32 percent of ANS increases. The federal government would take 7 percent in corporate income taxes and 52 percent in windfall profit taxes for most current production. California oil producers' increases in revenue would also be taxed. Analysis suggests that the division would leave ANS producers with 8.27 percent of the increases or between $66 million and $115 million per year. The gross yearly wellhead revenue increases and its division are given in Table 3.

Table 3
ESTIMATES OF GROSS REVENUE INCREASES
AND ITS DIVISION
($ millions/year)

Market Conditions	Gross Wellhead Revenue	Yearly Increases Producer	State Profits	Gross Federal Taxes Taxes
No Discount	804	66	262	475
Full Discount				
Alaska producers	1391	115	454	822
California producers	803		626	177
Total	2194			999

Increased revenue to oil producers and the governments does mean some costs to others. Initially the wellhead gains could come at the expense of the tanker owners and crews, the new Panama pipeline, and other groups involved in the transportation of the Alaskan oil to the Gulf Coast. The West Coast refiners and their consumers would also lose the present discount. And some tax revenue would be lost from those companies and individuals.[3] But these losses would occur in any event if the proposed

3 Another cost to the federal government could be for the acquisition of U.S. tankers whose loans are guaranteed under Title XI. A U.S. Maritime Administration working paper put the one-time net government cost at $593.8 million. But this figure is based on the worst-case projection that all of the tanker tonnage is displaced permanently. This is unlikely, so the actual government cost would be less.

West-to-East oil pipeline were built. In any case, such losses would be surpassed by the savings in transportation, the new commercial opportunities of the export trade, and the long-run benefits of a freer and more efficient market.

ALASKA GAS TRANSPORTATION OPTIONS

Through the middle 1970s, the development of Alaska's hydrocarbon resources focused primarily on the state's enormous oil reserves. For nearly thirty years, a small amount of natural gas has been produced in the southern portion of the state for export to Japan in the form of LNG; but the huge gas reserves of the Alaskan North Slope remain untapped. The opening of the TAPS, which transports North Slope oil to the port of Valdez, gives the gas reserves associated with that oil a new importance. The gas has been reinjected into the formation from which it was drawn, but reinjection provides at best a temporary solution. After a time, this practice results in a reduction in oil field pressure, and an accompanying reduction in the amount of oil that would ultimately be recovered. Moreover, since up to one-third of the gas is consumed in the process of reinjection, the technique carries a high energy penalty. Still, absent a means of transporting the gas, the only other option was to burn it off, or "flare" it--as industry experts call the practice.

The Alaskan Natural Gas Transportation Act of 1976 also contains export limitations. Section 12 states that "the President must make and publish an express finding that such exports will not diminish the total quantity or quality, nor increase the total price of energy available to the United States."

The situation with respect to natural gas is somewhat similar to the oil case. The Prudhoe Bay field contains the largest discovered gas reserves on the North American continent; it represents 10 percent of proved reserves and more than a year's supply for U.S. consumers.[4] Several companies studied ways to move the natural gas to markets. Proposals were filed with the Federal Power Commission (now the Federal Energy Regulatory Commission), beginning in 1974. Of the various proposals, the one finally selected, the Alaska Natural Gas Transportation system (ANGTS) would move gas by pipeline from the North Slope to the Midwest through Canada. However, ultimately the very high cost of the pipeline, now estimated to be in excess of $40 billion, has made the proposal impractical. With higher wellhead prices for natural gas, and with a limited deregulation approaching in 1985, a great deal of gas has been developed in the lower 48 states. The various provisions of the Act can do nothing to make Alaskan gas competitive in price with gas from the lower 48.

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[4] The appraisal of undiscovered probable ANS reserves is of the order of a 10-year supply.

One of the proposals submitted to the Federal Power Commission (FPC) was by the El Paso Alaska Company to transport natural gas from Prudhoe Bay through approximately 800 miles of 42" pipeline, to a gas liquefaction plant and terminal located on Prince William Sound at Point Gravina, Alaska. There the gas would be converted to LNG and shipped via cryogenic tankers to Point Conception near Santa Barbara, California. However, the LNG could be shipped just as easily to Japan, Korea, Taiwan, and other users in the Pacific Ocean basin--but more cheaply from the Kenai peninsula than from Point Gravina. The amount would be on the order of 2.8 billion cubic feet per day or approximately 1.0 tcf per year, worth approximately $6 billion per year.

The Alaska Gas Transportation System (ANGTS) faces problems with financing, cost overruns, and doubts over the marketability of the relatively expensive Alaskan gas in the lower 48 states, which are awash with far less expensive conventional gas. As a result, Alaskans have begun to reexamine the alternatives available to them to determine if some other approach to the problem of marketing their oil and gas might be more sensible. The principal options currently under consideration include:

* To continue to pursue financing for the ANGTS project, in hopes that the use of innovative rate structuring and the decline of interest expense might make Alaskan gas more competitive at some future date.

* To select an alternative means of transporting North Slope gas in hopes that it will prove less expensive, again making the gas more competitive in the lower 48 states.

* To determine whether Alaskan producers should abandon the notion of marketing the gas in the lower 48 and instead focus on the export market.

* To examine ways of using the gas within the state to establish some sort of manufacturing base.

Determining the best solution for the North Slope gas is doubly difficult because the oil and gas market, both in the U.S. and internationally, is undergoing a period of rapid and dramatic change. As the patterns of this change become clearer, it is evident that the traditional view of the gas market is no longer valid. The policymakers currently examining Alaska's options must thoroughly understand the evolution that is taking place, as it will affect fundamentally the economics of those options.

THE CHANGING NATURAL GAS MARKET

"Shortage" into Surplus

It is easy to forget that, as recently as five years ago, the conventional wisdom held that the United States would soon run out of natural gas. Throughout the first half of the 1970s, interruptions in natural gas deliveries on the interstate market increased, and gas reserves committed to that market diminished. By the winter of 1976-77, the situation had reached crisis proportions, as regions of the Northeast and Midwest faced massive gas shortages that threatened economic chaos. Policymakers were quick to point to these shortages as evidence that the exhaustion of America's natural gas reserves was imminent. This view was embraced with particular enthusiasm by officials of the past Administration, many of whom were convinced that all of the world's resources were on the verge of exhaustion.

Against this background, Alaska's enormous North Slope gas reserves were very tempting to policymakers who believed the United States faced the prospect of running out of oil and gas. The high cost of utilizing these reserves seemed of little consequence.

As early as 1979, however, evidence began to appear that the dire assessment of gas reserves, widely taken as axiomatic, was grossly overstated. The first sign was the appearance of a so-called gas bubble--a large volume of gas that "found" its way into the market. According to the prevailing view of reserves, it should not have appeared. Analysts tried to explain it as merely a temporary "market anomaly" that would soon be absorbed, leaving the U.S. once again with the shortage. The bubble, however, did not disappear; the shortage did. In fact, in 1981, for the first time in more than a decade, the U.S. added more new natural gas to its reserve base than it used. In 1982, instead of a shortage, there was a surplus of natural gas estimated at fully 15 percent. The surplus is currently so great that gas companies, which once could not serve all of their existing customers, are now seeking new ones. But more important, the unexpected availability of natural gas has taken place at prices far below those needed to make North Slope gas economic. Should natural gas prices be decontrolled this year, even greater volumes of gas priced below an economic level for Alaskan production under current circumstances are expected to find their way into the market.

Growing Competition

Competition from natural gas produced in the lower 48 states is not the only factor limiting the marketability of Alaskan gas in the United States. The import of large volumes of natural gas from Canada and Mexico will also provide stiff competition. Both Mexico and Canada are experiencing great economic pressure to move their gas into the U.S. market. Until recently, both countries had priced gas at levels that limited its attractiveness to U.S. consumers. But these pricing policies--which seemed strangely similar--were simply the product of the seller's market for energy existing in the middle to late 1970s. With the crumbling of OPEC, the steady decline of world oil prices, and energy conservation, both Canada and Mexico have had to rethink their policies. As a result, both nations are now willing to make price concessions. Canadian gas, for instance, sells in the United States at only 65 percent of its authorized price. Despite this reduction, the volume taken is down from just a few years ago.

For Mexico, whose gas reserves far outstrip those of either the United States or Canada, increased sales of both oil and natural gas are critically important. The country's financial collapse was only a warning signal. The need to feed and find employment for its burgeoning population makes it imperative for Mexico to expand sales of its oil and gas. The United States is its most logical market, and so competition from Mexico seems likely to be an even greater barrier to the marketing of Alaskan gas in the lower 48 states than competition from domestic or Canadian gas producers.

Competition from conventional sources of natural gas, whether domestic or foreign, is not the only factor affecting the marketability of Alaskan gas to lower 48 consumers. Of equal importance will be competition from other fuels, and especially from residual fuel oil, or "resid" as it is commonly termed. Since the largest share of natural gas is consumed in the industrial boiler market, industrial consumers effectively determine the price at which gas is sold. Part of their ability to influence gas prices stems from the fact that most industrial boilers were modified to accommodate a variety of fuels during the 1970s, when natural gas supplies were subject to the federal regulators. Many of these boilers can burn either natural gas or resid. As a result, the latter's price effectively caps the price at which natural gas can be sold. At present, resid sells for roughly the equivalent of gas priced at between $4 and $4.50 per thousand cubic feet (mcf). But residual fuel oil prices are expected to decline further in the future because of oversupply.

Given the intense competition, and the probable future price trends in the natural gas market of the lower 48 states, it seems unlikely that North Slope natural gas will be competitive. Therefore, the current price structure must be modified, or an alternative market sought, if Alaska's hydrocarbon resource is to be utilized and further developed.

Reshaping the ANGTS Project

One of the reasons Alaskan gas will be so expensive in the first few years after Alaska Natural Gas Transportation System (ANGTS) comes into service is that loans made for its construction must be repaid. If the repayment schedule can be renegotiated to stretch the payments over a longer period, the selling price of the gas might be reduced. The effectiveness of this approach will hinge on two major factors.

The first is the interest rate. Since most plans to restructure the pipeline's financing call for the payment of interest, the interest rate and capital repayment schedule (even if deferred) will have to be such that the final price of Alaska gas is competitive.

The second factor, of course, is the prevailing price the lower 48 gas market. Just what this might be in the future is hard to say, but one thing is certain: if Alaskan gas expects to compete, its current projected cost of $10 per mcf (in 1982 dollars, equivalent to $60 oil) must be reduced. Recent attempts to market deep gas at a similar price have failed. In fact, several pipeline companies recently informed a group of deep gas producers that the lines would pay no more than $5 to $6 per mcf for deep gas. This seems to be compelling evidence that Alaskan gas will have to sell in the $5 range if it is to compete with alternative sources of gas.

POSSIBLE ALTERNATE ROUTES

One possible solution to the North Slope gas dilemma would be an alternate means of transportation. Everything from huge atomic submarines to a variety of pipeline routes has been suggested, but the best alternative to the ANGTS appears to be the so-called All-Alaska Pipeline, proposed several years ago by the El Paso Company, which would be built parallel to the existing oil pipeline. At the time the proposal was first put forward, estimates of its cost included funds to build a California LNG terminal and purchase eleven LNG tankers. Adjusted to current dollars, the original cost estimates for the All-America route compare favorably with the $23 billion estimate for the Alaskan segment of the ANGTS pipeline.

A simple inflation escalation of the original estimates for the All-America route, however, does not give an accurate probable cost figure for the project. There are numerous LNG tankers available on the present world market. Some have been sold just for their scrap value. Others have been converted for bulk commodities such as grain. So the current low cost of LNG tankers should be built into revised cost estimates. This factor alone would imply that the All-Alaska route should be supported, if financing for ANGTS fails to materialize. But the All-Alaska route has another, possibly more important, advantage over ANGTS: it does not restrict Alaskan gas to the domestic market, and thereby opens the prospect of Alaskan gas exports.

A committee appointed by the Governor of Alaska in January 1983 has recommended the construction of such a 820-mile pipeline to carry natural gas from Prudhoe Bay to the coast, where it would be liquefied and shipped to Japan. The scheme is a viable alternative to ANGTS.

The committee proposes that the 36-inch line follow the route of the Trans-Alaskan oil pipeline as far as Fairbanks, where it would continue west to the Kenai Penisula.[5] Cost of the line is estimated at $14.6 billion (as-spent dollars). The liquids would be removed at a $2.5 billion conditioning plant on the coast. The liquefaction plant would cost an estimated $8.3 billion. Total costs would be $25.4 billion in current dollars, $14.3 billion in 1982 dollars--a far cry from the $43 billion total anticipated for ANGTS.

The committee suggests that the project be built in three phases, with revenue from the first phase providing the cash flow for financing the rest of the project. The line's initial capacity, beginning in 1988, would be 950 million CF/day of gas, permitting export of 4.8 million tons/year of LNG. In the second phase, starting in 1990, the line would carry 1.75 billion CF/day of gas, and LNG production would be 8.9 million tons. In the third phase, set for 1992, the levels would be 2.8 BCF/day of gas and 14.5 million tons of LNG. Natural gas liquids production is projected to exceed 110,000 bbl/day by 1992.

ALASKAN NATURAL GAS AND THE EXPORT MARKET

A worldwide trend toward greater use of natural gas has been well established. The most logical export markets for Alaskan gas are the nations of the Pacific Rim, especially Japan. The Japanese already import small amounts of LNG from Alaska. Significantly, Japan is moving aggressively to make use of LNG, and recently contracted with Indonesia for major purchases of the fuel. As a result of this policy, Japan has the necessary LNG terminals in place, and already owns LNG tankers. Hence a pipeline, processing facilities, and liquefaction plant would be the only U.S. infrastructure necessary to market LNG to Japan. Japan might even be willing to help finance the project. However, the decision would have to be made quickly; otherwise Japan might find supplies elsewhere.

A number of economic advantages, beyond the obvious revenues, would be associated with the export of Alaskan gas to Japan. First, such trade would go a long way toward reducing the current U.S./Japan trade imbalance. Secondly, it would reduce Japan's dependence on fuel imported from the politically unstable Persian Gulf, and thereby greatly enhance the world's energy security. Most important, by directly reducing the world's oil consumption, Alaskan gas exports could also help to keep world oil prices down.

It would seem, therefore, that exporting Alaskan gas to foreign markets would be advantageous--for Alaska and for the world in general. These advantages would not materialize if the

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5 This location would incur less environmental risk than Point Gravina (which would have cut through the Chugach range). It would also shorten the travel time to Japan.

gas were marketed only within the U.S. Alaskan gas sold in the lower 48 would not displace foreign oil; domestic usage would have no effect on the U.S. balance of payments; and building a pipeline to transport gas domestically would be a far more expensive proposition than building a pipeline to transport gas for foreign markets. Exporting Alaskan gas would therefore appear to be the optimum solution to the North Slope gas dilemma, from a national standpoint.

DEVELOPING AN ALASKAN EXPORT STRATEGY

Gas exports could provide the catalyst for establishing a stable industrial base in the 49th state. Throughout its history, Alaska's economy has been characterized by sharp cycles. The primary reason for the erratic behavior of the Alaskan economy has been its dependence on the extraction and export of raw materials. Whether the Klondike Gold Rush or the Prudhoe Bay oil find, Alaskan resources went to the lower 48 for finishing, along with potential jobs and revenues from further processing.

In many respects, the removal of raw materials for processing has been unavoidable. Alaska's total population numbers less than half a million, and roughly half of its residents live in small communities scattered across a vast expense of wilderness. Construction costs can often range as much as 50 percent above those in more temperate climates. Nonetheless, modern technology could make local processing of some portion of the state's hydrocarbon resources a realistic possibility. If processing operations proved to be economic, an industrial base to supply continuing employment, and economic stability would finally materialize. But the shape of such a processing industry must be tailored to the state's limitations and advantages. Although Alaska's climate and small population are obvious limitations, its remoteness from America's industrial heartland is a drawback only if the U.S. domestic market is the export goal. If Korea, China, Japan, and the rest of the Pacific Rim became the principal market, Alaska's position would actually be advantageous. Furthermore, by using gas exports as a means of underwriting the cost of a pipeline to bring natural gas down from the North Slope, the other products produced from the fuel could more than offset the competitive disadvantage caused by the state's higher construction costs.

Urea and ammonia rank high on the list of products that might lend themselves to in-state fabrication for the export market. These commodities are the basic components of the fertilizers needed so desparately in the People's Republic of China. Whereas any attempt to market fertilizers produced in Alaska in the lower 48 would be doomed to failure because of the enormous cost of transporting the products to market, shipment to the Far East would entail a relatively easy haul. Moreover, the commodities could be moved in bulk, further reducing their cost. Most important of all, they could be produced in automated plants using highly skilled, well-paid workers. In sum, the production of fertilizer components would seem ideally suited to the state's unique charactertistics.

LNG is also well suited to Alaska. Like fertilizer production, modern LNG facilities are highly automated and employ a small number of skilled workers. Moreover, a pool of experienced LNG workers already exists in the state because of the LNG facility in operation on the Kenai peninsula.

CONCLUSION

The legislative restrictions on Alaskan oil exports had their origin in the fear of an oil cutoff by overseas producers. It is now clear that oil, as a fungible substance, cannot be embargoed from the United States. Any supply shortfall must be shared by all consumers through the world oil market, which will raise the world price of oil. Now that its price has been freed in the U.S., oil will be imported at the higher price in case of a supply shortfall, but Alaskan oil also will be sold at the same higher price.

Blocking the export of Alaskan oil imposes great costs, ultimately borne by the U.S. taxpayer. Shipping Alaskan oil to the East Coast leads to great economic waste, as would the construction of a special pipeline to the lower 48 states.

The optimum solution for North Slope gas appears to be its export as LNG, using a pipeline paralleling TAPS. The construction of such a system would also encourage the use and manufacture in Alaska of urea and ammonia fertilizer (for export to the Far East). The sensible option for Congress would be to remove restrictions, so that Alaskan oil and gas can be freely exported. This makes sense economically and from a foreign policy perspective as well. U.S.-Japan relations would be enhanced considerably by increased American energy sales to the Japanese.

The possibility of exports of additional oil, bringing a higher return for producers, will act as a powerful incentive for Alaskan oil producers to develop more production. By putting more oil and gas on the world market, such exports would reduce the need for OPEC oil and apply downward pressure on the world oil price--to the benefit of industrialized countries and oil-importing developing nations alike.

S. Fred Singer
Senior Fellow

Milton Copulos
Policy Analyst

David J. Watkins
Research Economist

STATE OF ALASKA

POUCH V
JUNEAU, ALASKA 99811
(907) 465-4941

HOUSE SPECIAL COMMITTEE ON OIL AND GAS

May 2, 1985

The Anchorage Times
P.O. Box 40
Anchorage, AK 99510-0040

Dear Editor,

I believe all Alaskans are pleased with how smoothly the legislature has conducted its business this session.

Unfortunately, Rep. Terry Martin has felt compelled to conduct a political campaign reminiscent of the antagonistic and unproductive activities of the last legislature. This is a form of reminiscense that we can all do without.

Rep. Martin claims that the House Special Committee on Oil and Gas has not passed a resolution regarding the foreign export of Alaskan crude oil because the House Majority is opposed to such a measure. The truth of the situation, though, is that the committee has been working hard to repair the damage that Mr. Martin has done to this cause.

Terry Martin traveled to Washington, D.C. this March to lobby for the lifting of the oil export ban. This lobbying effort consisted of sending materials to 100 state legislators across the nation that was so seriously flawed with incorrect and misleading information that the House Minority Leader announced he would have to get back to these legislators with correct information at a later date.

The misinformation so liberally disseminated by Mr. Martin stated that lifting the export ban would result in a windfall to the State of Alaska, and a severe loss of jobs to the maritime industry.

Ironically, these are the same claims made by lobbyists who have spent millions of dollars to keep the ban in place, and these are the claims that the Governor and the Alaskan congressional delegation have been fighting against for years.

Rep. Martin's misinformation served as the basis for a report that was printed and distributed by the National Conference of State Legislators. The result of this report was that a resolution requesting that the export ban be lifted was defeated by the NCSL a few weeks later.

Terry Martin's unimpressive performance in Washington, D.C. has been followed by his disinterest in the administration's efforts to export Cook Inlet crude oil to Japan, and by a hearing in the House Special Committee on Oil and Gas on his export ban resolution.

Unsurprisingly, this resolution contains language that is both inaccurate and inflammatory. Although this resolution was scheduled for a second committee hearing yesterday, Rep. Martin apparently did not feel that this issue was of great enough consequence for him to attend the meeting.

A corrected and more reasonable version of this resolution has therefore been drafted by the House Special Committee on Oil and Gas, and this resolution will be heard on May 6. The resolution will go directly from this committee to the House floor where, I have been assured, Rep. Martin will back the House Majority in supporting this measure.

Sincerely,

Rep. Mike Davis, Chairman
House Special Committee on Oil and Gas

605 Wilcox Ave.
Fairbanks, AK 99701
May 6, 1985

Dear Mike,

I have just pounded out the final draft of my oil export paper, and would like to thank you for all your assistance. Included in the material Johnathon Sperber gave me was a comprehensive list of legislation affecting oil exports which was particularly helpful.

I enjoyed myself a great deal in Juneau. Observing the Legislature in person is considerably more exciting than watching "Capital '85." As an added benefit, I came away with a clearer understanding of the need for local hire laws.

I hope to expand my knowledge of Alaskan issues when I am home this summer. I am presently trying to arrange a summer job or internship at the Washington D.C. office of the Governor.

Thanks again for your attention when I was in Juneau.

Sincerely,

Catherine Reardon

Jon ~~BPH~~

SENT: By Ginger
VIA Displaywriter
ATTN: Marie Bishop
DATE: 3/7/85

RECEIVED BY: Chee
DATE: 3/7/85

BILL SHEFFIELD
GOVERNOR

State of Alaska
OFFICE OF THE GOVERNOR
WASHINGTON, D.C.

March 7, 1985

PERSONAL & CONFIDENTIAL

MEMORANDUM

TO: THE HONORABLE BILL SHEFFIELD, Governor
THE HONORABLE NORMAN GORSUCH, Attorney General
THE HONORABLE RICHARD KNAPP, Commissioner, DOTPF
THE HONORABLE LOREN LOUNSBURY, Commissioner, DCED
THE HONORABLE ESTHER WUNNICKE, Commissioner, DNR
JOHN SHIVELY, Chief of Staff
LENNIE BOSTON, Special Assistant
BEN HARDING, Special Assistant

FROM: JWK JOHN W. KATZ, Director of State/Federal Relations and Special Counsel to the Governor

SUBJECT: EXPORT OF ALASKA OIL

This memorandum will outline a strategy for obtaining federal approval of oil exports from Cook Inlet and the North Slope, respectively.

Cook Inlet

The two accompanying memoranda detail the federal and State requirements which must be satisfied as necessary prerequisites to the export of Cook Inlet oil. The memorandum concerning State law and regulation concludes that Cook Inlet oil could be made available for export by October 1985, assuming expeditious action by State officials. The memorandum on federal law describes a stringent set of federal requirements but concludes that these requirements can be waived or satisfied in appropriate circumstances. In my opinion, the essential determinants of federal decision-making are as much political/substantive, as they are legal. Thus, assuming that a persuasive case can be made on the administrative record, it would appear that the Secretary of Commerce possesses the requisite authority to grant an export license.

With these considerations in mind, we have contacted officials in the White House, Office of Management and Budget, and in the Departments of Commerce, State, Energy, and Interior. In addition, we have been in touch with certain union and maritime leaders.

These contacts have led us to conclude that there is a clear federal predisposition in high policy circles favoring the export of Cook Inlet oil. While attitudes seem to be changing at the middle management level of the Commerce Department, there is still concern about authorizing Cook Inlet exports. This concern is premised at least partially on perceptual considerations related to the export of any American crude oil. There is no reason at this time to believe that maritime interests would launch a major campaign against a decision by the Reagan Administration to permit Cook Inlet exports. However, this posture could change if such interests perceive Cook Inlet exports as the proverbial "camel's nose under the tent" with respect to the export of North Slope crude oil. Japanese business persons with whom we have spoken seem interested in purchasing Cook Inlet oil.

Congressional reaction to a Cook Inlet export proposal is difficult to determine at this point. The statutes governing the export of this oil provide no direct role for Congress. However, strong Congressional opposition could significantly influence the administrative approval required to permit exports. Congressional reaction will likely be affected by the position of maritime interests and the Northville (cross-Panama) oil pipeline coalition. The operators of the Northville pipeline have already contacted Senator D'Amato's office to express vehement opposition to the export of Cook Inlet oil. After we explained the effect of the Cook Inlet proposal on the Northville pipeline (none), Senator D'Amato's staff indicated that he saw no reason to get involved at this time. Further monitoring of Congress by this office will be necessary as the State continues to consider the export question.

In these circumstances, we believe that there are no insurmountable impediments to the pursuit of federal approval for Cook Inlet exports. Therefore, we suggest that appropriate State officials immediately initiate the process described in the accompanying memorandum prepared by the Department of Natural Resources. If such a decision is made, this office should contact the State Department so that necessary national government to government contacts can be initiated. At a minimum, this type of communication would facilitate the solicitation process required by State law. In addition, such contacts could lead to the identification of specific purchasers on the Pacific Rim. With the exception just mentioned, it would seem that further federal contacts would not be fruitful pending progress toward the identification of an actual purchaser.*

When a purchaser has been identified, and the Commissioner of Natural Resources has made the necessary findings under State law, we will be in a better position to pursue federal approval. With a specific proposal in hand, we can then make the necessary requests and seek third party support for our position. Because the amount of State royalty oil available in Cook Inlet is relatively small (approximately 6000 barrels per day), we suggest that initiation of the State royalty oil process be accompanied by discussions with Tesoro Petroleum Company to ascertain whether oil from private sources could also be obtained.

North Slope Exports

The situation involving the export of crude oil from the North Slope is more complicated and, in our judgment, requires a different approach.

The Export Administration Act was not reauthorized by Congress last year. Pending in a conference committee was legislation which would have extended the statutory prohibition on North Slope exports for an additional five years, with an interim study of the problem to be conducted by the Office of Management and Budget. Final action on the reauthorization was delayed because of House-Senate disagreement over unrelated provisions. This Congress has already begun an effort to pass the reauthorizing legislation agreed upon last year, with the controversial aspects under consideration in separate legislation. The export ban and study is currently included in the "non-controversial" bill.

The President, by executive order, has extended the provisions of the Export Administration Act until Congress passes a reauthorization measure. Even if this administrative continuation of the ban on North Slope exports had not occurred, the stringent requirements of the

* The Reagan Administration is currently considering the question of Canadian energy exports to the United States. Prompted by a number of factors, including Governor Sheffield's recent visit to Washington, D.C. and the efforts of this office, the Cook Inlet issue is now being considered in light of these deliberations. We will monitor these discussions closely to ascertain whether additional State advocacy is necessary prior to the identification of possible purchasers of Cook Inlet oil.

Trans-Alaska Pipeline Authorization Act and other federal laws are tantamount to an absolute prohibition on North Slope exports. Further, on the basis of our discussions with officials of the Reagan Administration, we believe that it is highly unlikely that the Administration would or could approve North Slope exports given the current political and legal environment.

Renewing efforts that began in the 98th Congress, we have had extensive discussions with officials of the Reagan Administration, maritime leaders, and some members of Congress. On the basis of these discussions, we believe that the Reagan Administration is ideologically committed to the export of oil from the North Slope. However, Administration officials seem unwilling to engage in active lobbying and advocacy on Capitol Hill at this time. The reasons for this reluctance appear more political than substantive. While active monitoring of Congress by the Administration continues, there is a feeling that a battle on oil exports cannot be won in the current environment. As evidence of this conclusion, these officials and others point to a strong opposing coalition of maritime interests, consumer groups, and farmers; to apparent lack of interest or opposition by major components of the oil industry; and to strong and extensive Congressional opposition. With respect to the latter situation, the House of Representatives appears overwhelmingly opposed to North Slope exports, while the Senate is less ardent but still generally opposed.

In these circumstances, we believe that there is no quick and easy solution. The attitude of the White House is critical. Active White House advocacy seems necessary to galvanize the disparate efforts of executive agencies and to stimulate Congressional reconsideration of its current posture. Even with such strong advocacy, the objective of amending federal law will be difficult to achieve in the 99th Congress. Therefore, Alaskans should view the ultimate solution in a relatively long-term context and should be prepared to initiate a continuing, low profile level of activity.

In determining the components of such a program, I believe that the State's experience with the Alaska lands (d)2 issue and similar efforts should be carefully examined. On the basis of this experience, and an examination of the existing debate over oil exports, I think that the expenditure of large sums of money for lobbying and other purposes is unnecessary and could actually be counter-productive. Thus, a high profile, well financed effort creates a convenient target for persons who allege that the State is simply trying to overwhelm the opposition with its large financial resources.

In the alternative, it seems to me that any advocacy program initiated by the State should include the elements listed below. Some of these elements already exist. This office has been working with the Congressional delegation and others over the last two years to achieve a change in the longstanding federal approach to North Slope oil exports. Delegation cooperation will continue to be an important element of a successful effort.

The major components of a long term approach can be summarized as follows:

- Lobbying - Lobbying is an essential but cannot be the sole component of a successful effort to amend existing law. To be of maximum effectiveness, this form of advocacy in Congress and the executive agencies must occur within a context partially created by other measures.

  It is my understanding that some persons have advocated that future lobbying be accomplished through the hiring of additional personnel with a concomitant significant increase in cost. I recommend against such an approach. First, there is no evidence that existing resources are not sufficient to achieve the desired result. In addition to the capacity of this office, we currently have on retainer the prestigious and highly capable law firm of Van Ness, Feldman, Sutcliffe, Curtis, and Levenberg. This firm is well known for its expertise in advocacy on natural resource issues. Second, past experience shows that a highly visible program which is somewhat divorced from the State's usual advocacy efforts can actually be counter-productive.

- Coalition Building - Last year, the State participated in a loose coalition of individuals and organizations interested in removing the ban on oil exports. This coalition should be rejuvenated and strengthened under State leadership. Such an effort would involve the identification and participation of a gamut of groups, ranging from certain oil companies to consumer organizations. Experience gained during the Alaska lands debate shows that an effective coalition, such as the environmentalist sponsored "Americans for Alaska," can be a very important adjunct to a lobbying effort.

- Media - Experience in similar circumstances indicates that the expenditure of public monies for paid advertising is usually counter-productive. In the alternative, I would recommend a program which involves communication with editorial boards in targeted states around the country. This effort could be accomplished at little cost by utilizing the services of knowledgeable Alaskans who are traveling to the "lower 48" for other reasons -- for example, to give speeches or to participate in conventions. Editorial board work ultimately assisted the Alaska Lands effort and was utilized to some advantage over the last two years on the oil export issue. Previous efforts resulted in favorable editorials appearing in The New York Times, The Boston Globe, and The New York Daily News, among other papers, shortly before final Senate action on the Export Administration Act.

o Negotiation - There is evidence to suggest that the opponents of oil exports might be willing to consider modification of the current ban if certain quid pro quos are forthcoming. Last year, the State modified its initial export proposal by requiring the transshipment of crude oil on Jones Act tankers and by limiting the total volume to between 100,000 and 200,000 barrels per day. Unfortunately, these modifications were not sufficient to assuage the opponents of oil exports.

While the State is probably not prepared to make further concessions with respect to the items just mentioned, other quid pro quos may exist and should be explored. This effort would involve discussions with maritime leaders and others who have traditionally opposed oil exports to ascertain what items might be included in a total package. In the past, such discussions have focused on civilian manning of certain military transport vessels, enactment of cargo preference legislation, and guaranteed backhauls. Contacts made by this office and others indicate that further discussion could be fruitful. However, it must be recognized at the outset that the State, on its own, will not be in a position to provide some of the quid pro quos which may be desired.

The development of a solution which is politically palatable to some of the opposing groups appears essential. These groups can exert great influence in the Congress and Administration. It seems clear that the Administration would be more interested in actively advocating a modification of the current ban if some of the major maritime interests can concur in a total package. As indicated previously, active Administration support appears to be the linchpin of a successful effort. Further, many Congressmen who are concerned about maritime issues would also be more likely to support the State's proposal.

Please let me know if you have any questions or comments regarding the suggestions made in this memorandum. In the interim, we will continue the advocacy efforts which were initiated at the beginning of this Congress.

Attachments

bcc: The Honorable Ted Stevens, U.S. Senate
The Honorable Frank Murkowski, U.S. Senate
The Honorable Don Young, U.S. House of Reps.
Jim Clark
Bill Timmons
Bill Van Ness

BILL SHEFFIELD
GOVERNOR

State of Alaska
OFFICE OF THE GOVERNOR
WASHINGTON, D.C.

February 25, 1985

MEMORANDUM

TO: THE HONORABLE BILL SHEFFIELD, Governor
THE HONORABLE LOREN LOUNSBURY, Commissioner, DCED
THE HONORABLE ESTHER WUNNICKE, Commissioner, DNR

FROM: MW [redacted] Director

THROUGH: JWK JOHN W. KATZ, Director of State/Federal Relations and Special Counsel to the Governor

SUBJECT: FEDERAL RESTRICTIONS ON THE EXPORT OF COOK INLET OIL

At Kay Brown's request, we have investigated existing federal restrictions on the export of Cook Inlet crude oil. Cook Inlet oil is subject only to the restrictions applicable to all domestic crude oil, not to the stiffer requirements that apply to North Slope oil. Because the federal laws concerning the export of oil transported through TAPS, over federal rights-of-way, or produced from the OCS or NPRA are different, this analysis should not be construed to apply to oil produced outside Cook Inlet. If any of the Cook Inlet oil is transported over federal rights-of-way, an additional level of statutory and regulatory restrictions would apply. This fact needs to be checked in Alaska.

The authority for the restrictions on crude oil exports is contained in the Energy Policy and Conservation Act of 1975 (42 USC 6212), which requires the President to promulgate rules governing the export of crude oil. Specifically, the President is required to publish rules prohibiting the export of crude oil, except for exemptions that the President determines to be consistent with the national interest and the purposes of the Energy Policy and Conservation Act (i.e., to conserve and increase domestic supplies of fossil fuels).

At this time, the restrictions contained in the petroleum export regulations (15 CFR 377.6(d)) impose strict barriers on all domestic oil exports including those from Cook Inlet. Specifically, the regulations require that crude oil may only be exported if the export will directly result in the equivalent or greater quantity and quality importation of crude oil or petroleum products, will have a beneficial effect on consumer prices, and cannot be reasonably processed in the United States.

A series of detailed filing requirements are contained in the following section of the regulations, at 15 CFR 377.6(e). These include various affidavits that the requirements set out in 377.6(d) have been met, an explanation of the intended end-use, and a statement setting out the reasons that the President "should be asked to make and publish an express finding that the proposed export will not diminish the total quantity or quality of petroleum available to the United States, and that such an export is in the national interest and is in accordance with the Export Administration Act of 1979."

The regulations governing oil exports could be waived by the Director of Export Administration for the International Trade Administration of the Department of Commerce. Such a waiver would be discretionary under the general guidelines of the Administrative Procedures Act. The requirements of the Energy Policy and Conservation Act must still be met, but these are very broad: to protect the national interest and enhance the production and conservation of domestic fossil fuels. The exercise of waiver authority must be supported by a reasonable evidentiary basis contained in the administrative record, and cannot be compelled because it is discretionary.

We have discussed the possibility of a waiver with officials at the Department of Commerce. They informed us that such an action would have to be discussed and approved by the appropriate Cabinet officials and the President, and will be based in part on their present review of the legal and political barriers to exporting both Cook Inlet and North Slope oil. The Reagan Administration is especially concerned with how Congress would react to a decision to allow the export of a small amount of Cook Inlet oil. The maritime industry is likely to strongly oppose any oil exports as a diversion from the existing domestic Jones Act trade and a "foot-in-the-door" on the more important issue of North Slope oil exports. Ultimately, the decision to permit the export of Cook Inlet oil will be made on a political basis, and will be considered within the context of the discussion of North Slope oil exports. If a waiver is granted, it will likely be for a one-year period, with renewal possible.

A copy of the relevant statute and regulations is attached for your information. We have discussed our analysis with the Attorney General's Office. Please let us know if you have any questions.

Attachments

cc: Lennie Boston
Kay Brown
Jack Roderick
Robert Maynard
Steve Porter
Kevin Coyner
Greg Chapados
Dan Kish

NOTE: A copy of Kay Brown's memorandum on State procedures governing State royalty oil disposals is also attached for your information.

MEMORANDUM

State of Alaska

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL AND GAS

TO: Governor Bill Sheffield

DATE: February 19, 1985

Thru: Esther C. Wunnicke, Commissioner

FILE NO:

TELEPHONE NO: 276-2653

FROM: Kay Brown, Director

SUBJECT: Proposed Export Sale of Cook Inlet Royalty Oil

At your request, this memorandum briefly summarizes the major steps necessary to make a short-term, negotiated sale of Cook Inlet Royalty Oil for export to a foreign country. This memo addresses requirements of state law only; your Washington, D.C. office is researching the requirements of federal law.

1. Identify a buyer. This could be done through a public solicitation which invites proposals. Alternatively, interested parties could be identified through diplomatic channels or other means.

2. Negotiate a proposed contract; resolve price and security arrangements.

3. Draft required findings:

   a. The sale will serve the best interests of the state (AS 38.05.035(e));

   b. Competitive bidding is waived (AS 38.05.[illegible](a) and (c));

   c. The sale offers maximum benefits to state citizens (AS 38.05.183(e));

   d. The oil is surplus to in-state needs (AS 38.05.183(d));

   e. Other.

4. Publish notice of intent to make findings (AS 38.05.945); make preliminary findings and draft contract available to public; accept public comment for 30 days.

5. Make final findings. Wait 21 days (AS 38.05.035).

6. Sign the contract.

7. Nominate oil for in-kind taking from the producers.

8. Deliver oil to purchaser 6 months later.

Governor Bill Sheffield
Page 2
February 19, 1985

Timing

Steps 1-3 would take a minimum of 30 days.

Steps 4-7 would take a minimum of 60 days.

We could deliver oil to a purchaser by December 1, 1985, assuming the following:

- The requirements of federal law do not extend the timeline further;
- We start immediately on Steps 1-3;
- A public solicitation is not used to identify the buyer;
- The project is assigned priority status; and
- Everything goes smoothly.

The Cook Inlet oil is available for in-kind t[illegible] beginning October 1, 1985. By April 1, we must give notice to return the oil to in-value.

cc: Lennie Boston
Ben Harding
Mark Wittow
Steve Porter
Commissioner Lounsbury

1578K

Rep. Martin's misinformation served as the basis for a report that was printed and distributed by the National Conference of State Legislators. The result of this report was that a resolution requesting that the export ban be lifted was defeated by the NCSL a few weeks later.

Terry Martin's unimpressive performance in Washington, D.C. has been followed by his disinterest in the administration's efforts to export Cook Inlet crude oil to Japan, and by a hearing in the House Special Committee on Oil and Gas on his export ban resolution.

Unsurprisingly, this resolution contains language that is both inaccurate and inflammatory. Although this resolution was scheduled for a second committee hearing yesterday, Rep. Martin apparently did not feel that this issue was of great enough consequence for him to attend the meeting.

A corrected and more reasonable version of this resolution has therefore been drafted by the House Special Committee on Oil and Gas, and this resolution will be heard on May 6. The resolution will go directly from this committee to the House floor where, I have been assured, Rep. Martin will back the House Majority in supporting this measure.

Sincerely,

Rep. Mike Davis, Chairman
House Special Committee on Oil and Gas

Moen
4/25/85 ✓

Original sponsors: Martin and Marrou

IN THE HOUSE

BY THE HOUSE SPECIAL COMMITTEE ON OIL AND GAS

CS FOR HOUSE JOINT RESOLUTION NO. 15 (Oil and Gas)

IN THE LEGISLATURE OF THE STATE OF ALASKA

FOURTEENTH LEGISLATURE - FIRST SESSION

Relating to the foreign export of Alaskan crude oil.

BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

WHEREAS Congress is now considering legislation that includes provisions concerning the foreign export of Alaskan crude oil; and

WHEREAS there are proposals before Congress to change existing federal law that effectively prohibit the foreign export of Alaskan crude oil; and

WHEREAS the export of Alaskan crude oil would improve the national security of the United States by strengthening the defensive capabilities of our Pacific Rim allies; and

WHEREAS the export of Alaskan crude oil would encourage increased domestic oil exploration and development; and

WHEREAS Japan, Korea, and Taiwan have each expressed interest in obtaining Alaskan crude oil to diversify their energy sources; and

WHEREAS the export of Alaskan crude oil would decrease the federal trade deficit with these nations; and

WHEREAS exporting Alaskan crude oil to these nations would mitigate panic buying in the spot markets, thus moderating the cost of petroleum products for all consumers; and

WHEREAS it is far more costly to ship oil from Alaska through the Panama Canal and to the Gulf Coast than to ship directly to the Pacific Rim; and

WHEREAS the additional cost of shipping Alaska's oil to the Gulf Coast and Eastern states imposes an unnecessary burden on the consumers of those states; and

WHEREAS under the International Energy Agreement, the United States is required to export crude oil to participating nations in the event of a worldwide disruption of oil supplies;

BE IT RESOLVED that the Alaska State Legislature respectfully requests the United States Congress to enact laws providing for the export of all Alaskan crude oil; and be it

FURTHER RESOLVED that the Alaska congressional delegation is urged to continue using its best efforts to obtain passage of legislation permitting the foreign export of Alaskan crude oil.

COPIES of this resolution shall be sent to the Honorable Ronald Reagan, President of the United States; the Honorable George Bush, Vice-President of the United States and President of the U.S. Senate; the Honorable Thomas P. O'Neill, Jr., Speaker of the U.S. House of Representatives; the Honorable Robert Dole, Majority Leader of the U.S. Senate; and to the Honorable Ted Stevens and the Honorable Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Representative, members of the Alaska delegation in Congress; the National Conference of State Legislatures; and the Council of State Governments.

COMMITTEE	CANDIDATE SUPPORTED/OPPOSED	OFFICE	STATE	DST	PTY	CONTRIBU-TIONS TO	EXPENDITURES ON BEHALF OF	INDEP. EXPEND. AGAINST	ID#
SEAFARERS POLITICAL ACTIVITY DONATION (SPAD)						NON-PARTY QUALIFIED			C00004325
CONNECTED ORGANIZATION: SEAFARERS INT'L UNION OF NORTH [illegible]						MONTHLY FILER			
	YOUNG, DONALD E	[illegible]	AK	[illegible]	REP	[illegible]	0	0	H6AK00045
	YOUNG, ROBERT A	[illegible]	MO	02	DEM	[illegible]	0	0	H6MO02103
	ZABLOCKI, CLEMENT J	[illegible]	[illegible]	04	DEM	[illegible]	0	0	H6WI04022
	ZEFERETTI, LEO C	[illegible]	NY	1[illegible]	DEM	[illegible]	0	0	H6NY15050
	TOTAL					[illegible]	0	0	

SUBTOTAL-CONTRIBUTIONS TO [illegible] CANDIDATES 724[illegible]
SUBTOTAL-CONTRIBUTIONS TO [illegible] CANDIDATES 125[illegible]
SUBTOTAL-CONTRIBUTIONS TO [illegible] OTHER CANDIDATES

*LAST ITEMIZED CONTRIBUTION [illegible] -END [illegible]
*NO ITEMIZED EXPENDITURE [illegible]
*NO ITEMIZED INDEP. EXPENDITUR[illegible]
*LAST REPORTING PERIOD COVERED [illegible] END [illegible] 1982 03FEC/264/1800

SEAFARERS POLITICAL ACTIVITY DONATION (SPAD) — NON-PARTY QUALIFIED — C00004325
CONNECTED ORGANIZATION: SEAFARERS INT'L UNION OF NORTH AMERICA — MONTHLY FILER

COMMITTEE	CANDIDATE SUPPORTED/OPPOSED	OFFICE	STATE	DST	PTY	CONTRIBUTIONS TO	EXPENDITURES ON BEHALF OF	INDEP. EXPEND. AGAINST	ID#
	WIRTH, TIMOTHY ENDICOTT		CT	[illegible]	DEM	1,000	0	0	H6CO02024
	WISE, ROBERT E JR		WV	03	DEM	2,000	0	0	H2WV03025
	WOLPE, HOWARD E		MI	03	DEM	5,000	0	0	H6MI03073
	WORTLEY, GEORGE C		NY	27	REP	3,500	0	0	H6NY32055
	WRIGHT, JIM		TX	12	DEM	10,000	0	0	H6TX12029
	WYDEN, RONALD L		OR	03	DEM	3,500	0	0	H0OR03026
	YATES, SIDNEY R		IL	09	DEM	[illegible]	0	0	H6IL09038
	YATRON, GUS		PA	0[illegible]	DEM	1,500	0	0	H6PA06024
	YOUNG, C W BILL CONGRESSMAN		FL	08	REP	1,000	0	0	H6FL06035
	YOUNG, DONALD E		AK	00	REP	6,000	0	0	H6AK00045
	YOUNG, ROBERT A		MO	02	DEM	2,000	0	0	H6MO02103
	YOUNG, WENDELL W III		PA	04	DEM	0	0	0	H0PA04055
	ZEFERETTI, LEO C		NY	14	DEM	509	0	0	H6NY15050
	TOTAL					1,274,222	0	0	

SUBTOTAL-CONTRIBUTIONS TO [illegible] DEMOCRATIC CANDIDATES 1,120,802
SUBTOTAL-CONTRIBUTIONS TO [illegible] REPUBLICAN CANDIDATES 153,420
SUBTOTAL-CONTRIBUTIONS TO [illegible] OTHER CANDIDATES 0

*LAST ITEMIZED CONTRIBUTION TO CANDIDATE ENTERED - PRE-GENERAL 1984
*NO ITEMIZED EXPENDITURE ON BEHALF OF ENTERED
*NO ITEMIZED INDEP. EXPENDITURE AGAINST ENTERED
*LAST REPORTING PERIOD COVERED YEAR-END 1984 85FEC/360/4543

COMMITTEE	CANDIDATE SUPPORTED/OPPOSED	OFFICE	STATE	DST	PTY	CONTRIBU-TIONS TO	EXPENDITURES ON BEHALF OF	INDEP. EXPEND. AGAINST	ID#
MASTERS, MATES AND PILOTS POLITICAL CONTRIBUTION FUND CONNECTED ORGANIZATION: MASTERS MATES & PILOTS; INT'L							NON-PARTY QUALIFIED QUARTERLY FILER		C00073056
	HOLLINGS, ERNEST F	PRESIDENT			DEM	5,000	0	0	P40000358
	BAUCUS, MAX	SENATE	MT		DEM	6,000	0	0	S8MT00010
	BIDEN, JOSEPH		DE		DEM	[illegible]	0	0	S8DE00012
	BINGAMAN, JEFF		NM		DEM	1,000	0	0	S2NM00021
	BRADLEY, BILL		NJ		DEM	3,000	0	0	S8NJ00038
	COCHRAN, THAD		[illegible]		REP	[illegible]	0	0	S8MS00055
	D'AMOURS, NORMAN E		NH		DEM	[illegible]	0	0	S4NH00013
	DIXON, ALAN J		IL		DEM	1,000	0	0	S0IL00030
	DOGGETT, LLOYD ALTON		TX		DEM	2,000	0	0	S4TX00011
	EVANS, DANIEL JACKSON		WA		REP	2,500	0	0	S4WA00029
	EXON, J JAMES		NE		DEM	7,000	0	0	S8NE00026
	GORE, ALBERT JR		TN		DEM	5,000	0	0	S4TN00039
	GORTON, SLADE		WA		REP	2,000	0	0	S0WA00019
	GRAMM, WILLIAM PHILIP		TX		REP	2,500	0	0	S6TX00040
	HARKIN, THOMAS		IA		DEM	2,500	0	0	S4IA00020
	HATFIELD, MARK ODOM		OR		REP	5,000	0	0	S8OR00017
	HEFLIN, HOWELL THOMAS		AL		DEM	5,000	0	0	S8AL00050
	HUDDLESTON, WALTER DARLINGTON		KY		DEM	3,500	0	0	S8KY00019
	HUNT, JAMES B JR		NC		DEM	5,000	0	0	S4NC00023
	INOUYE, DANIEL K		HI		DEM	1,000	0	0	S4HI00011
	JOHNSTON, JOHN BENNETT		LA		DEM	2,500	0	0	S4LA00016
	LAUTENBERG, FRANK R		NJ		DEM	2,000	0	0	S2NJ00080
	LEVIN, CARL		MI		DEM	2,000	0	0	S8MI00158
	LONG, RUSSELL B		LA		DEM	5,500	0	0	S6LA00029
	LOWRY, MICHAEL E		WA		DEM	2,500	0	0	S4WA00037
	MCGOVERN, GEORGE		SD		DEM	250	0	0	S0SD00021
	MELCHER, JOHN		MT		DEM	2,500	0	0	S6MT00071
	OBERSTAR, JAMES L		MN		DFL	3,800	0	0	S4MN00015
	ROCKEFELLER, JAY		WV		DEM	5,000	0	0	S4WV00027
	STEVENS, TED		AK		REP	5,000	0	0	S2AK00010
	TOWER, JOHN GOODWIN		TX		REP	2,000	0	0	S2TX00023
	TSONGAS, PAUL E.		MA		DEM	2,500	0	0	S8MA00086
	WARNER, JOHN W		WA		REP	3,000	0	0	S8VA00107
	ACKERMAN, GARY L	HOUSE	NY	07	DEM	1,500	0	0	H4NY07011
	ADDABBO, JOSEPH P		NY	06	DEM	6,000	0	0	H6NY07024
	ALBOSTA, DONALD JOSEPH		MI	10	DEM	500	0	0	H6MI10045
	ALEXANDER, WILLIAM V JR		AR	01	DEM	1,000	0	0	H6AR01023
	ANDERSON, GLENN M		CA	32	DEM	1,000	0	0	H6CA32025
	APPLEGATE, E DOUGLAS		OH	18	DEM	1,000	0	0	H6OH18066

House leaders sending wrong message to D.C.

4/85

To the editor:

Even though we in the House of Representatives are divided into two groups, the majority and the minority caucuses, and even though we're divided into three political parties, Republican, Democrat and Libertarian, there are certain items and issues where we unite as one, for the good of the state. There is one issue in particular that I thought we had all agreed to fight: the ban on exports of Alaska North Slope crude oil.

Some members of the House have criticized the governor for not doing enough on the issue. Others have criticized our congressional delegation for not doing enough. But what has the Democrat-led House of Representatives done? Nothing.

I once believed that we in the House were united against the ban, but now I'm not so sure. Earlier this session I introduced a resolution putting this Legislature on record as being in favor of lifting the ban. I thought it was agood idea and members of the majority caucus told me that it was. I had hoped that for this one issue, politics and special interests would take a back seat for the good of the state and the nation. Unfortunately, what I believed and hoped has not materialized.

The chairman of the House Oil and Gas Committee, Rep. Mike Davis, a Democrat from Fairbanks, has held one hearing on the bill. I repeat *one* hearing. When I testified at that hearing, I told the committee that if they wanted to change the bill, that was fine; if they wanted to amend the bill, that was fine; if they wanted to put the committee's name on the bill, that was fine; I just want to get this body on record for having done something.

Recently, I met with a member of Congressman Don Young's staff. He also met with members of the majority caucus. You might know that Rep. Young has taken an active role in the fight to lift the ban. I must admit that I was embarrassed for the Democratic-led majority when he told me that our congressional delegation might be put to task for pushing repeal of the ban when the Legislature hasn't even passed a simple resolution in favor of lifting the ban.

Early last week, the House passed a resolution requesting our congressional delegation to support legislation on the federal level. Legislation, I might add, that is totally unrelated to Alaska. Yet we refuse to support them in their efforts to allow the export of our natural resources and, more importantly, reassert the sovereignty of our state.

Having been a committee chairman myself, I believe the Oil and Gas Committee has had plenty of time to complete any work on this bill. The chairman knows enough about the issue to pass it on. I might add that when the opportunity arose for him to travel back east to Washington, D.C., to attend a meeting on the ban, he went.

Count me in the group in favor of lifting the ban. I believe this is a clear cut issue.

The Democrats who lead the majority causcus are either in favor of lifting the ban or they aren't.

The time for action on this bill is long past. As the groyp leading the House of Representatives I see the responsibility as the Democrats', and theirs alone, to guide this bill through the Legislature so the people of Alaska and the other 49 states know where we stand on this issue. Since it is well within the power of the Democrat-controlled majority to do so, anything less than passage of HJR 15 is tantamount to their proceeding hand-in-hand with the forces that seek to restrict the sovereignty of our great state.

If your readers are in favor of lifting the ban on the export of Alaska oil, I ask them to please send Public Opinion Messages to their elected leaders by calling the local Legislative Information Office.

Rep. Terry Martin
R, Anchorage

Peninsula Clarion

Feb 26/85

Sheffield sees no help ending oil ban

By DAVID RAMSEUR
News-Miner Bureau

WASHINGTON—Alaska appears unlikely to get much help from the Reagan White House this year in its efforts to permit the sale of Alaska oil abroad, Gov. Bill Sheffield said Monday following a brief Sunday night conversation with the president.

"He smiled and shrugged his shoulders a little bit," Sheffield said of Reagan, but promised no assistance in lifting the federal ban on Alaska oil exports.

According to the governor, the president reminded him that he asked Congress to remove the ban last year but the effort was opposed by the U.S. maritime industry.

Despite Sheffield's plea for help this year, he said the president offered no assistance.

"I got no indication that they would" push to change the law this year, Sheffield said.

The governor said he spoke with Reagan about Alaska oil exports Sunday night during the after-dinner coffee and drinks portion of a White House banquet for the nation's governors.

Sheffield and other state chief executives are here for a three-day conference of the National Governors' Association, which wraps up today.

Sheffield is scheduled to remain in Washington until Thursday for meetings with top federal officials.

Among those was a late Monday session with Interior Secretary Donald Hodel and six other governors on certain federal offshore oil revenues.

Alaska stands to collect up to $1 billion of the funds but a Sheffield aide this mc ning reported little progress at the meeting.

At a Monday briefing for reporters, the governor expressed frustration over the oil export issue. Last year, he said, it seemed half the Reagan cabinet supported lifting the ban on Alaska oil sales abroad but did little to push the issue.

"It was frustrating as h— at best," the governor said.

And he said this year appears to be little different.

He reported telling the president the election is over and in his second term Reagan could take on the politically unpopular issue. But he said he got little response.

Sheffield said permitting the sale of Alaska oil to countries such as Japan could help offset the trade imbalance and lead to the export of other Alaska goods such as coal, minerals and natural gas.

On other issues, Sheffield said:

- Alaska will file suit against the federal government unless a settlement is reached over disposition of the so-called "8g" outer continental shelf oil revenues.

The governors of seven coastal states including Sheffield met Monday with Hodel on the issue. But a Sheffield aide said they agreed only to meet again and present Hodel a new proposal by March 31.

- He plans to meet individually with Hodel to push for a 10-year delay on the a proposed North Aleutian federal offshore oil sale. Former Interior Secretary William Clark postponed the sale until August of this year but Sheffield wants a longer delay to study its impact on Bristol Bay fisheries.

- He and other governors are upset with Reagan budget cuts which will curtail programs in their states.

"We're out there on the firing line and we have to go home and increase taxes or cut budgets or take up the slack where the federal government drops off," Sheffield said. "It's hard to do that if you don't have any input into what they cut."

Stevens says Big Oil would fight to keep ban

JUNEAU (AP)—A much-ballyhooed campaign to lift the ban prohibiting export of Alaska oil will likely face opposition from the oil industry, U.S. Sen. Ted Stevens said Monday.

Stevens—in a meeting with reporters after a joint speech to the Alaska Legislature—said low oil prices and a glutted world market should work to discourage any effort to lift the federal prohibition.

"I think we may find real opposition from producers to lifting the ban," he said.

U.S. Sen. Frank Murkowski, R-Alaska, and Republican Congressman Don Young both told state lawmakers recently they thought a push to get the ban lifted could gain steam over the next couple of years.

Stevens—who said Reagan Administration officials support lifting the ban—acknowledged the idea might gain some momentum in Congress this session, especially through committee work slated by Murkowski and Young.

"But even if we could get the ban lifted, it might not mean the export of any oil," Stevens said.

An overabundance of oil and steadily dropping prices means it wouldn't be profitable for oil companies to ship oil to Pacific Rim countries or other world markets right now, Stevens said.

The federal ban was implemented in 1973 when U.S. fuel prices skyrocketed during an export embargo imposed by oil-producing countries of the Middle East.

U.S. House votes to ban oil exports

By BETTY MILLS ADN #4/17/85
Daily News correspondent

WASHINGTON — The House Tuesday adopted legislation which extends for five years the virtual ban on exporting Alaska oil.

The provision is included in a reauthorization of the Export Administration Act which cleared the House by voice vote after a 45-minute debate. The Alaska oil issue was only mentioned once.

Under the bill, oil produced on the North Slope can be sold abroad only if the president determines it is in the national interest and would result in lower costs to consumers. Congress must approve any such transaction.

These restrictions will remain in place until September 30, 1990.

The bill now goes to the Senate, where approval is expected shortly.

The legislation also includes an amendment sponsored last year by Alaska Sen. Frank Murkowski which orders a nine-month White House study on Alaska oil policy. The review will focus on the impact of Alaska oil exports on national security, foreign policy, employment in the maritime industry, consumers, the trade deficit and overall energy development.

The president is to develop recommendations concerning the producing and distribution of North Slope oil and submit a report to Congress within nine months of enactment of the bill.

The Alaska delegation and Gov. Bill Sheffield have pressed for a removal of the tight restrictions on exporting Alaska oil — which costs the state hundreds of millions of dollars in lost revenues.

But maritime interests and members of the House from the Northeast and Midwest have combined to retain the virtual ban on exports.

Of the 1.2 million barrels produced each day at Prudhoe Bay, about half is shipped through the Panama Canal to the Gulf and East Coasts, at additional transportation costs.

In 1973, when Congress approved the Trans Alaska Pipeline System, it required that the oil flowing through the 800-mile pipeline be used in the United States. Congress has voted repeatedly to retain the restrictions on Alaska oil exports.

But supporters of the nine-month study provision hope a comprehensive analysis of the issue by the administration will cause Congress to remove the restrictions.

In a statement inserted in the Congressional Record, Rep. Don Young, R-Alaska, said the ban on exports "results in inefficiencies in transportation to East Coast refineries and increased chances of environmental damage from tanker traffic, the leading source of oil spills in the world. Additionally, the state of Alaska and the federal government have lost hundreds of millions of dollars in revenue."

Oil export ban repeal 'up in air'

Empire 2/2/85

By JOHN CARTER
Empire Washington Bureau

WASHINGTON — Chances of getting congressional approval for the export of Alaska oil are slim this year, Capitol Hill observers said today.

"It's all kind of up in the air," an aide for Sen. Frank Murkowski said.

These remarks were echoed in statements by Rep. Don Young to the finance committees of the Alaska State House and Senate on Monday. Young told the committees it would be two years at the earliest before the ban could be removed.

Murkowski spearheaded a drive last

Continued on Page 12

Oil export...

Continued from Page 1

year to have the export ban lifted as part of the Export Administration Act reauthorization. He failed in amending the bill to lift the ban, and it was never approved by Congress anyway, so the entire battle will come up again this session.

Murkowski was successful in getting the Senate to agree to a nine-month study of the impact of exporting Alaska oil. This study was included in the export bill and will not begin until the bill is approved by Congress.

"It's up in the air because of the South Africa issue which is included in the export bill," the aide said.

Some members of Congress are hoping to use the Export Administration Act as a vehicle to punish South Africa for its apartheid policies. There are efforts to separate South Africa provisions from the export bill, "but no one's really pushing to get the bill moving," the aide said.

Even if the export bill comes up for consideration again, getting Congress to agree to lift the export ban will be difficult.

"Attitudes have to change about exporting oil," the aide said.

The export act failed to pass the conference committee after differing versions were passed by both the House and Senate last year. The Senate version included Murkowski's study, but that issue was not the roadblock stopping the conference committee from reaching a compromise, Murkowski said.

"The bill contained trade restrictions on South Africa which the House objected to. The conferees held on this issue," Murkowski said.

If the bill passes this session, Murkowski's study will examine the ramifications of oil export.

"It would examine the impact on our allies in the Pacific, the impact on employment and on the maritime industry," Alaska's junior senator said.

"The report would look at the benefits to refiners and consumers. I think it will show that there could be significant reduction to the trade deficit if we sell our oil overseas," he said.

Current law prohibits the sale of North Slope oil to anyone except American refiners. The oil is shipped on American vessels and maritime industry officials fear lifting the ban would hurt their business.

A report prepared for Gov. Bill Sheffield by his Washington office last month noted "a major effort to modify the North Slope oil export restriction foundered in the face of maritime industry opposition."

THE WASHINGTON POST, FRIDAY, FEBRUARY 10, 1984

By Zarko Karabatic

Bill Sheffield

Free Alaska's Oil

American energy consumers have a large stake in the existing federal restrictions on the export of Alaska crude oil. Because Congress must soon act on an extension of the ban, its rationale and costs deserve scrutiny. I share the considered opinion of most economists and of the federal Department of Energy that the United States would produce more oil at lower prices if the export restrictions were lifted.

The origins of the oil export ban lie in the December 1973 authorization for construction of the Trans-Alaska Pipeline System, a project that currently carries some 20 percent of U.S. oil production. Energy security concerns became paramount in the wake of the October 1973 OPEC embargo, and Congress chose to restrict the destination of oil shipped through the pipeline. At that time, when U.S. ability to obtain any imported oil was in question, the restrictions made political sense.

The energy supply picture for the United States has changed during the past 10 years, however. About half of Alaska's oil production of 1.6 million barrels a day is in excess of West Coast needs. As a result, this oil must move to the larger market of the Gulf of Mexico and the East Coast. Unfortunately, this journey is an expensive one, costing four times as much as the tanker run to California. This additional transportation cost means reduced federal tax revenues and reduced incentives for expanding Alaska oil production. Higher trade deficits and diminished national security also result from the ban on our allies.

America's Pacific Rim allies, in close proximity to Alaska, would very much like to purchase this surplus oil to diversify their sources away from the Middle East, but are prohibited from doing so by federal law. The ban is particularly unfair because no other U.S. oil production is barred from export, and the United States currently ships overseas in excess of 700,000 barrels a day of domestically produced refined petroleum products.

Along with Alaska's congressional delegation, I have proposed that Congress relax the existing export ban on Alaska oil to allow 200,000 barrels a day to be shipped to Japan on U.S.-flag tankers. Most knowledgeable observers agree that the federal government and energy consumers in the United States would experience significant benefits from the adoption of this proposal:

- The federal Treasury would realize almost $200 million per year in increased tax revenues as a result of the higher value of oil shipped to the Pacific Rim.
- The oil industry would have a greater incentive to develop currently marginal fields on Alaska's high-cost North Slope and to explore for additional oil and gas in northern Alaska.
- The pricing power of OPEC would be moderated by the entry of Alaskan oil into Asian markets.
- U.S. national security interests would be protected by diversifying the energy supply of key U.S. allies who currently must seek energy from OPEC and Russia.
- The existing trade deficit with Japan would be reduced while the United States would gain a bargaining tool to use on other trade issues.
- Opportunities for financially troubled countries, such as Venezuela and Mexico, to sell oil to the United States would be expanded by providing possibilities for cost-efficient oil exchanges.

In light of these convincing arguments, why does the export ban remain in effect? The Alaska oil trade currently supports a substantial portion of the U.S. merchant marine fleet. Any action that reduces the amount of time Alaska oil must spend in U.S. tankers is therefore fiercely opposed by the owners and workers supported by these ships. To accommodate their concerns, the proposal I am making would sharply limit exports, and would require the use of U.S.-flag tankers manned by American seamen and maintained in American shipyards.

Those of us who live in Alaska strongly believe in the importance of a healthy merchant marine, given our heavy reliance on waterborne commerce. Nevertheless, the Alaska oil export ban is an expensive and ineffective means of achieving it. In a recent draft report, the U.S. Department of Energy said most of the problems likely to confront the U.S. tanker fleet in the future will occur whether or not export restrictions are eased. To forgo substantial federal tax revenues, national trade benefits, improved national security and increased oil production primarily to protect narrow merchant marine interests is not sound public policy.

The writer is governor of Alaska.

172

United States Senate

COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS
WASHINGTON, D.C. 20510

February 7, 1984

The Honorable Frank Murkowski
United States Senate
Washington, DC 20510

Dear Frank:

It was good of you and Ted to discuss with me your proposed amendment to Section 7(d) of the Export Administration Act (EAA), that would authorize the export of 200,000 barrels a day of oil produced in Alaska. You made some rather cogent arguments in support of the amendment, but I find myself unable to support it for several reasons.

As you know, the renewal of the Export Administration Act has been a very controversial item and S. 979, the bill unanimously reported by the Banking Committee, is the result of compromises that forged a consensus view. The bill constitutes an integrated package of amendments to the EAA and includes a six-year extension on the prohibition of Alaskan oil. I am concerned that adding a 200,000 barrel a day exemption would complicate the consensus on our package. I believe my concern is real in light of the fact that 10 members of our Committee are among the 45 cosponsors of S. 1159, a bill to make the current ban on Alaskan oil exports permanent.

With these factors in mind, I do not believe that your amendment could be included in our bill without a roll call vote. Even if the amendment were passed in the Senate, which is unlikely, it is not an item that we could win in conference. I say this because a majority of the House members has already cosponsored a companion bill to S. 1159 that extends controls on the export of Alaskan oil for six more years.

I also have very serious doubts about the substance of your amendment. Selling 200,000 barrels a day of Alaskan oil to the Japanese would reduce our bilateral trade deficit with Japan by \$2 billion, and thus assist in disguising the true nature of our trade problem with the Japanese. As the AFL-CIO has persuasively argued before our Committee, authorizing oil exports to Japan would enable the Japanese to continue to take our raw materials while sending us their higher value-added manufactured goods. What we need to straighten out our trade problem with the Japanese is (a) for them to open up their markets to our manufactured exports, and (b) for us to reduce our budget deficit to bring down interest rates and the bloated value of our dollar which is destroying our ability to compete internationally.

I appreciate very much the points you made to me on this issue, and regret that because of the above considerations I cannot support your amendment.

Sincerely,

William Proxmire
Ranking Minority Member

Jim Clark

Let Alaska's Oil Flow Naturally

By law — indeed, five laws — the United States prohibits exports of Alaskan oil. The nominal reason is national security. The controlling reason is protectionist politics. The ban should be repealed.

Alaska's Senators, Frank Murkowski and Ted Stevens, want to amend the Export Administration Act to authorize at least some sales abroad. To win votes, they've conceded too much to protectionism. Nonetheless, because the House has already voted to extend this senseless embargo, their amendment offers the only hope for reducing its harm.

•

Alaska currently pumps out 1.6 million barrels a day. The idea behind the ban was that it's more efficient — and serves the national interest — to direct that oil to West Coast refineries, a short run down the coast. In fact, those refineries have been able to use only half of it. The rest goes through the Panama Canal and a Panama pipeline to refineries on the Gulf of Mexico, or all the way around South America to the Virgin Islands. What a waste, and discouragement, to Alaska's oil development.

The cost of the long-distance transportation runs as high as $5.25 a barrel. Shipment to the logical buyers in the Pacific basin — Japan, South Korea and Taiwan — would cost $1 or less.

The benefit would be twofold. Gulf and Caribbean refineries could get their crude oil at lesser cost from Mexico, Venezuela and Nigeria. And Alaskan oil across the Pacific would become more competitive, and thus stimulate more exploration.

What about national security? It is said that the Arab oil embargo and resulting escalation of oil prices proved the value of holding on to every drop of American oil. So why let others buy it?

The question turns the issue upside down. Exporting Alaska's oil would enhance national security, not hurt it. The countries that would buy this oil are important allies whose access to oil is vital to American security interests. They have no oil of their own. An assured supply is especially necessary for Japan. By reducing Japanese dependence on the Middle East and also stimulating more production in Alaska, two important interests would be served.

The Murkowski-Stevens amendment would permit exports of 200,000 barrels a day and let the President stop all exports if ever the oil is needed in the United States. That's a reasonable concession to get the amendment approved but of no realistic consequence. If cut off by the Persian Gulf, Japan is not likely to be cut off also by America.

What is objectionable is the Murkowski-Stevens requirement that all exports be shipped in American vessels and that the vessels be maintained and repaired in American shipyards. These concessions, to win over the maritime unions, would increase the cost of shifting transportation patterns and reduce their value. But the ban offends economics in larger ways and violates security. Even at that price, it's worth relaxing.

NY Times 2/23/84

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Department of State

INCOMING TELEGRAM

PAGE 01 SEOUL 01356 0807362 9820
ACTION H-03

INFO OCT-00 COPY-01 ADS-00 EA-?? /004 W
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R 0807212 FEB 84
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC 2153

UNCLAS SEOUL 01396

H PASS

STATE FOR EAP/K DLAMBERTSON

E.O. 12356: N/A
TAGS: ENRG, EPET, ETRD, OREP, KS
SUBJECT: AMBASSADOR'S REPLY TO LETTER FROM SENATOR
FRANK H. MURKOWSKI

DEAR FRANK:

THANK YOU VERY MUCH FOR YOUR LETTER OF JANUARY 27. YOUR VISIT WAS FAR TOO BRIEF. WE LOOK FORWARD TO YOUR RETURN IN APRIL.

I HEARTILY AGREE WITH THE SENTIMENTS EXPRESSED IN YOUR LETTER. WE UNDERSTAND THAT KOREA IS THE DEVELOPING COUNTRY MOST DEPENDENT ON IMPORTED OIL FROM THE MIDDLE EAST TO MEET ITS ENERGY REQUIREMENTS. DURING 1983 THESE IMPORTS AMOUNTED TO MORE THAN 139 MILLION BARRELS, OR 74 PERCENT OF KOREA'S TOTAL CRUDE OIL IMPORTS OF 188 MILLION BARRELS.

FOR A LONG TIME KOREA HAS BEEN TRYING TO DIVERSIFY ITS SOURCES OF IMPORTED CRUDE OIL IN ORDER TO REDUCE DEPENDENCE ON THE MIDDLE EAST. THE OIL SHOCKS OF THE 1970'S WERE EXTREMELY DIFFICULT FOR EVEN THIS VERY PROSPEROUS ECONOMY TO DIGEST. THE KOREANS HAVE BEEN TRYING, WITH LIMITED SUCCESS, TO INCREASE OIL IMPORTS FROM LATIN AMERICA AND INDONESIA. THEY HAVE BEEN CONSIDERABLY MORE SUCCESSFUL IN REDUCING THEIR DEPENDENCE ON IMPORTED CRUDE OIL BY BOOSTING THEIR NUCLEAR PLANT CONSTRUCTION PROGRAM AND SWITCHING FROM DIESEL TO COAL POWERED PLANTS FOR GENERATING ELECTRICITY. NEEDLESS TO SAY, HOWEVER, THESE PROJECTS ARE EXPENSIVE AND TAKE TIME.

DESPITE THESE BOLD EFFORTS, KOREA, FOR A LONG TIME TO COME, WILL NEED TO IMPORT LARGE AMOUNTS OF OIL. THE KOREANS WOULD LIKE VERY MUCH TO BUY EVEN A SMALL AMOUNT OF THEIR REQUIREMENTS FROM ALASKA IN ORDER TO REDUCE FURTHER THEIR DEPENDENCE ON THE MIDDLE EAST. I AGREE THAT EVEN LIMITED KOREAN IMPORTS OF ALASKAN OIL WOULD CONTRIBUTE IMPORTANTLY TO REDUCING OUR TRADE DEFICIT WITH THIS COUNTRY WHICH EXCEEDED DOLS 1.2 BILLION IN 1983, A RECORD HIGH. YOUR APPROACH TO THE ISSUE, TO OBTAIN A LIMITED EXEMPTION TO THE CURRENT BAN ON ALASKAN OIL EXPORTS, AND AUTHORIZATION FOR UNLIMITED EXPORTS AS NEW PRODUCTION COMES ON LINE, SEEMS TO ME TO BE QUITE SENSIBLE.

SELLING ALASKAN OIL TO KOREA OBVIOUSLY WOULD ENHANCE THE SECURITY OF AN IMPORTANT ASIAN ALLY AND WOULD BE CONSISTENT WITH OUR MILITARY COMMITMENT TO THIS COUNTRY. THE VULNERABILITY OF THE KOREAN ECONOMY AND ITS DEFENSE CAPABILITIES TO ANOTHER MIDDLE EASTERN CRISIS WOULD BE REDUCED ACCORDINGLY. I WISH YOU EVERY SUCCESS.

BEST REGARDS,

RICHARD L. WALKER
AMBASSADOR
WALKER

UNCLASSIFIED

BILL SHEFFIELD
GOVERNOR

STATE OF ALASKA
OFFICE OF THE GOVERNOR
JUNEAU

February 1, 1985

Mr. David A. Stockman
Director
Office of Management and Budget
Old Executive Office Building
Room 252
Washington, D.C. 20503

Dear Mr. Stockman:

I am writing to ask for your assistance in amending existing federal restrictions on the export of Alaska North Slope crude oil. Recent estimates by the Federal Trade Commission of the additional Windfall Profits Tax revenues accruing to the federal government as a result of lifting the ban range from 200 million to one billion dollars per year. I believe that any measure offering revenues of such magnitude deserves serious scrutiny by the President and Congress.

The enhancement in federal tax revenues from the export of Alaska oil results from reduced transportation costs. Half of North Slope production -- 800,000 barrels a day -- must undergo an expensive and inefficient journey to the U.S. Gulf and East Coasts, due to the surplus of supply on the West Coast. Reducing the transportation costs increases the wellhead value of the oil, on which taxes are based. This increase in value would also provide the oil industry with a greater incentive to develop currently marginal fields on the high-cost North Slope and to explore for additional oil and gas in northern Alaska.

Eliminating or easing Alaska oil export restrictions would also have other important national and international benefits. The existing trade deficit with Japan would be reduced while the United States would gain a bargaining tool to use on other trade issues. Opportunities for financially troubled countries, such as Venenzula and Mexico, to sell oil to the United States would be expanded by displacing Alaska oil from the Gulf and East Coasts. Finally, national security interests would be enhanced by diversifying the energy supply of key United States allies away from OPEC.

For the reasons stated above, groups as diverse as The Heritage Foundation, The Boston Globe, and The New York Times have endorsed the easing of restrictions on Alaska oil exports. However, the Administration has not conveyed a position on the issue to Congress. Your leadership in this matter is essential to ensuring that it receives proper consideration. In this regard, we have been advised by several members of Congress that the views of the Administration would be very important in their reexamination of the Export Administration Act provisions relating to Alaska oil.

I would like to meet with you to further discuss these issues in late February when I am in D.C. In the interim, please let me know if you have any questions. Thank you for your consideration of our views.

Sincerely,

Bill Sheffield

Bill Sheffield
Governor

cc: The Honorable Ted Stevens, U.S. Senate
The Honorable Frank Murkowski, U.S. Senate
The Honorable Don Young, U.S. House of Representatives
Lee Verstandig, Assistant to the President

ATTACHMENT B

Spending Records of the Seafarers Political Activity Donation and the Masters, Mates and Pilots Political Contribution Fund: 1977-78 and 1979-80

Source: The PAC Directory. 1982 Edition. PAC Researchers: Burke, Virginia.

NON-PARTY (Continued)

SCHLITZ GOOD GOVERNMENT COMMITTEE (continued)

DETAILED INFORMATION:	Office	Party	State	District	Contributions 77-78	79-80
Sensenbrenner, F.	H	REP	WI	9	$500	$1,500

SCM PAC New York NY C00128025

SUMMARY INFORMATION:	1977-78	1979-80
Gross Receipts:	—	$5,186
Total Contributions:	—	$5,000
Gross Disbursements:	—	$5,000
Total Independent Expenditures:	—	0

	77-78	79-80
% of Total Contributions & Independent Expenditures to Gross Disbursements:	—	100.0%

OF CONTRIBUTIONS TO ALL CANDIDATES:	Number of Candidates 77-78	79-80	Amount 77-78	79-80
Democrats	—	—	—	—
President	—	—	—	—
Incumbents	—	1	—	$500
Winners - Gen. Elec.	—	4	—	$3,500
RANGE OF $1-499	—	—	—	—
$500-999	—	4	—	$2,000
Republicans	—	7	—	$5,000
Senate	—	2	—	$2,000
Challengers	—	4	—	$3,000
All Losers/Others	—	3	—	$1,500
$1000-4999	—	3	—	$3,000
$5000 & UP	—	—	—	—
Other	—	—	—	—
House	—	5	—	$3,000
Open Seat	—	2	—	$1,500

SCOTT PAPER COMPANY PAC (SCOTTPAC) Philadelphia PA C00097220

SUMMARY INFORMATION:	1977-78	1979-80
Gross Receipts:	$5,300	$24,363
Total Contributions:	$2,800	$21,000
Gross Disbursements:	$4,300	$20,750
Total Independent Expenditures:	0	0

	77-78	79-80
% of Total Contributions & Independent Expenditures to Gross Disbursements:	65.1%	100.0%

OF CONTRIBUTIONS TO ALL CANDIDATES:	Number of Candidates 77-78	79-80	Amount 77-78	79-80
Democrats	1	9	$500	$2,700
President	—	—	—	—
Incumbents	1	29	$500	$9,100
Winners - Gen. Elec.	5	41	$1,500	$17,300
RANGE OF $1-499	5	32	$1,300	$7,750
$500-999	3	15	$1,500	$8,450
Republicans	7	42	$2,300	$18,300
Senate	3	14	$1,500	$9,450
Challengers	5	17	$1,700	$9,400
All Losers/Others	3	10	$1,300	$3,700
$1000-4999	—	4	—	$4,800
$5000 & UP	—	—	—	—
Other	—	—	—	—
House	5	37	$1,300	$11,550
Open Seat	2	5	$600	$2,500

DETAILED INFORMATION:	Office	Party	State	District	Contributions 77-78	79-80
Symms, Steve	S	REP	ID			$1,800

SEAFARERS POLITICAL ACTIVITY DONATION -SPAD- Brooklyn NY C00004325

SUMMARY INFORMATION:	1977-78	1979-80
Gross Receipts:	$577,570	$1,030,216
Total Contributions:	$396,052	$685,248
Gross Disbursements:	$579,209	$884,255
Total Independent Expenditures:	$4,000	0

	77-78	79-80
% of Total Contributions & Independent Expenditures to Gross Disbursements:	69.0%	77.4%

OF CONTRIBUTIONS TO ALL CANDIDATES:	Number of Candidates 77-78	79-80	Amount 77-78	79-80
Democrats	246	292	$374,502	$619,898
President	—	2	—	$15,000
Incumbents	190	255	$249,000	$520,928
Winners - Gen. Elec.	186	232	$237,400	$390,728
Republicans	20	49	$21,550	$64,850
Senate	28	59	$139,352	$243,480
Challengers	37	54	$73,950	$93,730
All Losers/Others	80	110	$158,652	$294,520
Other	—	1	—	$500
House	238	281	$256,700	$426,768
Open Seat	39	33	$73,102	$70,590

NON-PARTY (Continued)

SEAFARERS POLITICAL ACTIVITY DONATION -SPAD- (continued)

OF CONTRIBUTIONS TO ALL CANDIDATES:		Number of Candidates 77-78	Number of Candidates 79-80	Amount 77-78	Amount 79-80		Number of Candidates 77-78	Number of Candidates 79-80	Amount 77-78	Amount 79-80
RANGE OF	$1-499	8	9	$1,850	$1,650	$1000-4999	114	203	$186,952	$318,884
	$500-999	121	83	$61,750	$40,280	$5000 & UP	23	47	$145,500	$324,434

DETAILED INFORMATION:

Name	Office	Party	State	District	Contributions 77-78	Contributions 79-80
Carter, Jimmy	P	DEM				$10,000
Kennedy, Edward M.	P	DEM				$5,000
Anderson, Wendell R.	S	DEM	MN		$10,000	
Barnett, Don	S	DEM	SD		$7,000	
Baucus, Max S.	S	DEM	MT		$5,000	$1,500
Bayh, Birch E., Jr.	S	DEM	IN		$1,500	$10,000
Biden, Joseph R., Jr.	S	DEM	DE		$4,000	$1,000
Bradley, Bill	S	DEM	NJ		$5,000	$3,000
Christie, Joe	S	DEM	TX		$5,000	
Church, Frank	S	DEM	ID			$10,000
Cranston, Alan	S	DEM	CA			$6,500
Culver, John C.	S	DEM	IA			$4,000
D'Amato, Alfonse M.	S	REP	NY			$1,500
Dixon, Alan J	S	DEM	IL			$3,000
Dodd, Christopher J.	S	DEM	CT			$10,000
Durkin, John Anthony	S	DEM	NH			$10,000
Eagleton, Thomas F.	S	DEM	MO			$7,500
Edmondson, Ed	S	DEM	OK		$5,000	
Flaherty, Pete	S	DEM	PA			$5,000
Flowers, Walter	S	DEM	AL		$4,852	
Ford, Wendell H.	S	DEM	KY			$5,000
Glenn, John	S	DEM	OH			$5,000
Gojack, Mary L.	S	DEM	NV			$2,500
Gravel, Mike	S	DEM	AK			$5,000
Gunter, Bill	S	DEM	FL			$5,000
Hart, Gary W	S	DEM	CO			$5,000
Haskell, Floyd K.	S	DEM	CO		$10,000	
Hathaway, William D.	S	DEM	ME		$5,000	
Heflin, Howell Thomas	S	DEM	AL		$5,000	
Hollings, Ernest F.	S	DEM	SC			$9,000
Holtzman, Elizabeth	S	DEM	NY			$9,500
Huddleston, Walter D.	S	DEM	KY		$1,500	
Inouye, Daniel K.	S	DEM	HI			$4,000
Javits, Jacob K	S	REP	NY			$5,000
Johnston, J. Bennett.	S	DEM	LA		$6,000	
Krueger, Robert	S	DEM	TX		$5,000	
Levin, Carl	S	DEM	MI		$10,000	$250
Long, Russell B	S	DEM	LA			$5,000
Magnuson, Warren G	S	DEM	WA			$10,000
Martin-Trigona,	S	DEM	IL			$5,000
Mathias, Charles	S	REP	MD			$7,000
McGovern, George	S	DEM	SD			$10,000

Name	Office	Party	State	District	Contributions 77-78	Contributions 79-80
Melcher, John	S	DEM	MT			$5,000
Metzenbaum, Howard	S	DEM	OH		$5,000	
Miller, Andrew P.*	S	DEM	VA		$6,000	$-720
Miller, Zell	S	DEM	GA			$7,500
Moynihan, Daniel	S	DEM	NY			$5,000
Nelson, Gaylord A.	S	DEM	WI			$9,500
Packwood, Bob	S	REP	OR			$6,000
Pell, Claiborne	S	DEM	RI		$2,000	
Pettigrew, Richard A.	S	DEM	FL			$5,000
Randolph, Jennings	S	DEM	WV		$7,000	
Ravenel, Charles D.	S	DEM	SC		$7,000	$1,000
Roy, William R.	S	DEM	KS		$3,000	
Sarbanes, Paul S	S	DEM	MD		$3,000	
Sasser, James Ralph	S	DEM	TN		$2,500	
Schulz, William R	S	DEM	AZ			$5,000
Stevens, Ted	S	REP	AK		$7,500	
Stewart, Donald	S	DEM	AL		$5,000	$14,000
Talmadge, Herman	S	DEM	GA			$3,000
Addabbo, Joseph P	H	DEM	NY	7	$2,050	$6,500
Albosta, Donald	H	DEM	MI	10		$4,000
Allegrucci, Don	H	DEM	KS	5	$1,500	
Ambro, Jerome A.	H	DEM	NY	3	$1,000	$1,500
Anderson, Glenn M.	H	DEM	CA	32	$1,500	$1,500
Ashley, Thomas L.	H	DEM	OH	9	$500	$5,500
Aucoin, Les	H	DEM	OR	1	$4,000	$7,500
Bailey, Donald Allen	H	DEM	PA	21	$1,000	$2,800
Baldus, Alvin	H	DEM	WI	3		$1,500
Barnes, Michael Darr	H	DEM	MD	8	$1,000	$2,500
Barragan, Polly Baca	H	DEM	CO	4		$2,500
Bauman, Robert	H	REP	MD	1	$1,000	$6,000
Baumann, Archie	H	DEM	MN	6		$1,500
Baumann, James L.	H	DEM	OH	12	$1,500	
Biaggi, Mario	H	DEM	NY	10	$2,000	$3,750
Boggs, Lindy (Mrs.	H	DEM	LA	2	$2,000	$2,500
Bolling, Richard	H	DEM	MO	5	$500	$1,500
Bomor, David E	H	DEM	MI	12	$1,000	$2,500
Burlison, Bill D.	H	DEM	MO	10		$3,000
Burstein, Karen S	H	DEM	NY	5		$7,500
Burton, John	H	DEM	CA	5	$2,000	$5,000
Carney, Charles	H	DEM	OH	19	$1,500	
Clark, Arthur Joseph	H	DEM	MA	4		$2,790
Clay, William L.	H	DEM	MO	1	$2,000	$1,000

Name	Office	Party	State	District	Contributions 77-78	Contributions 79-80
Corcoran, Brian John	H	DEM	WA	2	$2,500	
Corcoran, Dan	H	DEM	CA	37	$1,500	
Corman, James C.	H	DEM	CA	21	$500	$3,000
Daschle, Thomas	H	DEM	SD	1	$4,500	$3,000
Dellums, Ronald V	H	DEM	CA	8		$2,150
Denton, Lane	H	DEM	TX	11	$3,000	
Dicks, Norman D.	H	DEM	WA	6	$2,000	$2,750
Dingell, John D.	H	DEM	MI	16	$1,500	$1,000
Dixon, Julian C.	H	DEM	CA	28	$500	$1,500
Donnelly, Brian J	H	DEM	MA	11	$500	$3,500
Dorgan, Byron L	H	DEM	ND	At Large		$2,000
Dyson, Royden P.	H	DEM	MD	1		$2,000
Eckhardt, Robert	H	DEM	TX	8	$1,500	$3,000
Eilberg, Joshua	H	DEM	PA	4	$3,000	
Fazio, Vic	H	DEM	CA	4	$1,000	$1,500
Ferraro, Geraldine A	H	DEM	NY	9	$1,500	$5,934
Fithian, Floyd J.	H	DEM	IN	2	$3,500	$3,000
Flippo, Ronnie Gene	H	DEM	AL	5	$500	$1,500
Florio, James J	H	DEM	NJ	1	$1,500	$5,500
Foley, Thomås S.	H	DEM	WA	5	$500	$3,000
Ford, Harold E.	H	DEM	TN	8		$2,000
Ford, William David	H	DEM	MI	15	$1,100	$1,500
Frost, Martin	H	DEM	TX	24	$3,800	$1,300
Gammage, Robert A	H	DEM	TX	22	$3,500	$500
Gaydos, Joseph M.	H	DEM	PA	20	$1,000	$5,500
Gray, William H III	H	DEM	PA	2	$500	$1,500
Green, Mark J	H	DEM	NY	18		$5,000
Guarini, Frank J.	H	DEM	NJ	14	$500	$2,000
Hall, Tony P.	H	DEM	OH	3		$2,000
Hannaford, Mark W	H	DEM	CA	34	$1,850	
Hertel, Dennis M	H	DEM	MI	14		$2,000
Hindes, Gary E.	H	DEM	DE	At Large	$1,500	$-500
Hollenbeck, Harold C	H	REP	NJ	9		$2,500
Howard, James J.	H	DEM	NJ	3	$1,500	$5,500
Huckaby, Thomas	H	DEM	LA	5	$1,500	$500
Johnson, Harold T.	H	DEM	CA	1	$500	$2,500
Kogovsek, Ray	H	DEM	CO	3		$4,500
Lantos, Thomas P.	H	DEM	CA	11		$2,000
Leach, Claude 'Buddy'	H	DEM	LA	4		$1,500
Lederer, Raymond F	H	DEM	PA	3	$1,000	$1,625
Leland, George	H	DEM	TX	18		$1,500
Lieberman, Joseph	H	DEM	CT	3		$2,500

*See Section IV for independent expenditures made by this PAC during 1979-80 in support of or against the candidate.

NON-PARTY (Continued)

SEAFARERS POLITICAL ACTIVITY DONATION -SPAD- (continued)

DETAILED INFORMATION:	Office	Party	State	District	Contributions 77-78	Contributions 79-80
Lloyd, Jim	H	DEM	CA	35	$1,000	$2,000
Long, Clarence D	H	DEM	MD	2	$500	$1,500
Long, Gillis W	H	DEM	LA	8	$3,000	$1,500
Luken, Thomas A	H	DEM	OH	2	$1,000	$2,000
Matsui, Robert T.	H	DEM	CA	3	$1,500	$1,000
Mavroules, Nicholas	H	DEM	MA	6	$2,000	$4,500
McFall, John J.	H	DEM	CA	14	$2,000	
Meeds, Lloyd*	H	DEM	WA	2	$1,550	
Mikulski, Barbara Ann	H	DEM	MD	3	$500	$1,625
Miller, George	H	DEM	CA	7		$1,500
Moakley, John Joseph	H	DEM	MA	9	$1,500	$1,000
Mollohan, Robert	H	DEM	WV	1	$500	$2,500
Murphy, John M.	H	DEM	NY	17	$8,000	$7,000
Murphy, Morgan F.	H	DEM	IL	2	$2,000	
Musto, Raphael	H	DEM	PA	11		$3,000
Myers, Michael	H	DEM	PA	1	$1,200	$3,000
Nix, Robert N. C.	H	DEM	PA	2	$1,500	
Nolan, Richard	H	DEM	MN	6	$3,000	$1,000
O'Neill, Thomas	H	DEM	MA	8	$500	$5,000
O'Reilly, Kathleen F	H	DEM	MI	2		$2,500
Oberstar, James L.	H	DEM	MN	8	$500	$2,500
Olsen, Kirsten	H	DEM	CA	12	$5,000	
Ottinger, Richard L	H	DEM	NY	24	$500	$2,500
Patterson, Jerry M.	H	DEM	CA	38	$1,500	$500
Peck, Carey	H	DEM	CA	27	$2,250	$4,500
Pepper, Claude	H	DEM	FL	14	$5,000	$1,000
Randolph, John F.	H	DEM	NY	1	$2,000	
Ravenel, Charles D.	H	DEM	SC	1		$2,500
Reibman, Jeanette F.	H	DEM	PA	15		$1,500
Richardson, William B	H	DEM	NM	1		$3,000
Robinson, David L	H	DEM	IL	20		$2,000
Roe, Robert A.	H	DEM	NJ	8	$2,500	$3,500
Rooney, Fred B.	H	DEM	PA	15	$1,500	
Rostenkowski, Don	H	DEM	IL	8	$1,250	$1,500
Schumer, Charles	H	DEM	NY	16		$7,500
Shelby, Richard C.	H	DEM	AL	7	$1,000	$1,700
Slack, John M.	H	DEM	WV	3	$1,500	
Solarz, Stephen J.	H	DEM	NY	13	$1,000	$4,994
Sprik, Dale Robert	H	DEM	MI	5		$2,000
Stofferahn, Kenneth D.	H	DEM	SD	2		$1,500
Swift, Allan Byron	H	DEM	WA	2	$1,000	$1,700
Thompson, Frank, Jr.	H	DEM	NJ	4	$2,000	$5,000
Tonry, Richard	H	DEM	LA	1	$3,500	
Tucker, James Guy, Jr.	H	DEM	AR	2	$2,500	
Udall, Morris K.	H	DEM	AZ	2		$4,500
Watlington, Janet B.	H	DEM	VI	At Large	$7,000	$500
Weaver, James	H	DEM	OR	4	$2,000	$1,500
Wenstrom, Gene	H	DEM	MN	7	$500	$2,750
Wilson, Charles H	H	DEM	CA	31	$3,000	$1,500
Wolff, Lester L.	H	DEM	NY	6		$1,500
Wolpe, Howard	H	DEM	MI	3	$1,500	$11,000
Wright, Jim	H	DEM	TX	12	$1,000	$2,500
Yatron, Gus	H	DEM	PA	6		$1,500
Young, Don	H	REP	AK	At Large	$3,000	$1,750
Zeferetti, Leo C*	H	DEM	NY	15	$5,000	$7,000

SEA-LAND GOOD GOVERNMENT FUND SEA-LAND INDUSTRIES INC — Winston-Salem NC — C00100495

SUMMARY INFORMATION:	1977-78	1979-80		1977-78	1979-80		77-78	79-80
Gross Receipts:	$1,650	$17,330	Gross Disbursements:	$200	$16,275	% of Total Contributions & Independent Expenditures to Gross Disbursements:	100.0%	87.7%
Total Contributions:	$200	$14,275	Total Independent Expenditures:	0	0			

OF CONTRIBUTIONS TO ALL CANDIDATES:	Number of Candidates 77-78	Number of Candidates 79-80	Amount 77-78	Amount 79-80		Number of Candidates 77-78	Number of Candidates 79-80	Amount 77-78	Amount 79-80		Number of Candidates 77-78	Number of Candidates 79-80	Amount 77-78	Amount 79-80
Democrats	2	23	$200	$8,800	Republicans	—	12	—	$5,475	Other		—		
President	—	—	—	—	Senate		6	—	$5,200	House	2	29	$200	$9,075
Incumbents	2	32	$200	$12,875	Challengers		2	—	$1,200	Open Seat		1		$200
Winners - Gen. Elec.	2	26	$200	$9,925	All Losers/Others	—	9	—	$4,350					
RANGE OF $1-499	2	26	$200	$5,400	$1000-4999	—	6	—	$7,000					
$500-999	—	3	—	$1,875	$5000 & UP		—							

DETAILED INFORMATION:	Office	Party	State	District	Contributions 77-78	Contributions 79-80
Magnuson, Warren G	S	DEM	WA			$1,500
Murphy, John M.	H	DEM	NY	17	$100	$1,500

SEARLE PAC — Skokie IL — C00111484

SUMMARY INFORMATION:	1977-78	1979-80		1977-78	1979-80		77-78	79-80
Gross Receipts:	—	$27,745	Gross Disbursements:	—	$27,250	% of Total Contributions & Independent Expenditures to Gross Disbursements:	—	77.4%
Total Contributions:	—	$21,100	Total Independent Expenditures:	—	0			

OF CONTRIBUTIONS TO ALL CANDIDATES:	Number of Candidates 77-78	Number of Candidates 79-80	Amount 77-78	Amount 79-80		Number of Candidates 77-78	Number of Candidates 79-80	Amount 77-78	Amount 79-80		Number of Candidates 77-78	Number of Candidates 79-80	Amount 77-78	Amount 79-80
Democrats	—	14	—	$6,500	Republicans		30		$14,600	Other				
President	—	—	—		Senate		12		$7,250	House		32		$13,850

*See Section IV for independent expenditures made by this PAC during 1979-80 in support of or against the candidate.

	77-78	79-80	77-78	79-80		77-78	79-80	77-78	79-80		77-78	79-80	77-78	79-80
Democrats		19		$5,720	Republicans		[illegible]		[illegible]	Other				
President				—	Senate		11		$4,300	House		22		$5,400
Incumbents	—	30	—	$9,000	Challengers		3		$700	Open Seat				
Winners - Gen. Elec.	—	26	—	$7,500	All Losers/Others		7	—	$2,200					
RANGE OF $1-499	—	31	—	$8,200	$1000-4999		1		$1,000					
$500-999	—	1	-	$500	$5000 & UP									

MASTERS, MATES AND PILOTS POLITICAL CONTRIBUTION FUND — Washington DC — C00073056

SUMMARY INFORMATION:	1977-78	1979-80		1977-78	1979-80		77-78	79-80
Gross Receipts:	$113,448	$300,357	Gross Disbursements:	$56,079	$167,256	% of Total Contributions & Independent		
Total Contributions:	$21,550	$113,950	Total Independent Expenditures:	0	0	Expenditures to Gross Disbursements:	38.4%	68.1%

OF CONTRIBUTIONS TO ALL CANDIDATES:	Number of Candidates 77-78	Number of Candidates 79-80	Amount 77-78	Amount 79-80		Number of Candidates 77-78	Number of Candidates 79-80	Amount 77-78	Amount 79-80		Number of Candidates 77-78	Number of Candidates 79-80	Amount 77-78	Amount 79-80
Democrats	14	96	$19,050	$104,450	Republicans	1	10	$2,500	$9,500	Other	—			—
President	—	1	—	$1,000	Senate	3	19	$5,000	$42,000	House	12	86	$16,550	$70,950
Incumbents	11	96	$16,050	$107,300	Challengers	3	3	$4,500	$2,650	Open Seat	1	7	$1,000	$4,000
Winners - Gen. Elec.	12	72	$18,600	$65,450	All Losers Others	3	34	$2,950	$48,500					
RANGE OF $1-499	—	2	—	$400	$1000-4999	14	32	$21,050	$48,500					
$500-999	1	66	$500	$33,550	$5000 & UP	—	6	—	$31,500					

DETAILED INFORMATION:	Office	Party	State	District	Contributions 77-78	Contributions 79-80
Bayh, Birch E., Jr.	S	DEM	IN			$4,500
Church, Frank	S	DEM	ID			$5,000
Cranston, Alan	S	DEM	CA			$2,500
Durkin, John Anthony	S	DEM	NH			$2,000
Gravel, Mike	S	DEM	AK			$5,000
Inouye, Daniel K.	S	DEM	HI			$2,000
Magnuson, Warren G	S	DEM	WA			$5,000
Mathias, Charles	S	REP	MD			$2,500
Packwood, Bob	S	REP	OR			$2,500
Stewart, Donald	S	DEM	AL		$3,000	$2,500
Burton, John	H	DEM	CA	5	$1,000	$5,000
Burton, Phillip	H	DEM	CA	6	$1,000	$2,000

NON-PARTY (Continued)

MASTERS, MATES AND PILOTS POLITICAL CONTRIBUTION FUND (continued)

DETAILED INFORMATION:	Office	Party	State	District	Contributions 77-78	Contributions 79-80
Ferraro, Geraldine A	H	DEM	NY	9		$2,000
Lowry, Michael E.	H	DEM	WA	7		$4,000
Murphy, John M.	H	DEM	NY	17	$3,000	$6,500
Nolan, Richard	H	DEM	MN	6	$2,000	
Wolpe, Howard	H	DEM	MI	3		$5,000
Young, Don	H	REP	AK	At Large	$2,500	$500

MASTERS MATES & PILOTS PENSIONERS' ACTION FUND — New York NY — C00012013

SUMMARY INFORMATION:	1977-78	1979-80		1977-78	1979-80		77-78	79-80
Gross Receipts:	$21,584	$253,394	Gross Disbursements:	$167,394	$79,248	% of Total Contributions & Independent		
Total Contributions:	$3,970	$10,250	Total Independent Expenditures:	0	0	Expenditures to Gross Disbursements:	2.3%	12.9%

OF CONTRIBUTIONS TO ALL CANDIDATES:	Number of Candidates 77-78	Number of Candidates 79-80	Amount 77-78	Amount 79-80		Number of Candidates 77-78	Number of Candidates 79-80	Amount 77-78	Amount 79-80		Number of Candidates 77-78	Number of Candidates 79-80	Amount 77-78	Amount 79-80
Democrats	3	2	$3,970	$10,250	Republicans					Other				
President	-	1	—	$10,000	Senate					House	3	1	$3,970	$250
Incumbents	2	2	$2,485	$10,250	Challengers	2		$2,485		Open Seat				
Winners - Gen. Elec.	2	—	$2,485	—	All Losers Others	2	2	$2,485	$10,250					