while the final financial arrangements are being resolved.

UNITED STATES RAILWAY ASSOCIATION

The bill allocates $23.9 million for the administrative expenses of USRA and $550 million for the purchase of ConRail securities. The committee is conscious of the need to hold down litigation costs and feels that the recommended amount is sufficient to effectively litigate the issue of valuation of the assets transferred from the bankrupt railroads to ConRail.

The committee is concerned about the windfall which has inured to many ConRail employees as a result of title V employee protection payments. Consequently, we have placed a limitation in the bill which prevents payments from passing under title V after December 31, 1979, unless an employee has been actually deprived of employment, or if one's employment has been materially diminished.

WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

Finally, our bill provides for an increase of $14,187,000 over the budget estimate for fiscal year 1980 for WMATA. Prior to the distribution of these funds, the Secretary is permitted to establish terms and conditions that the local government must meet in order to obtain these funds. This is consistent with the need to exercise close control over the financing of the necessary capital and operating costs of the system.

THE SAINT LAWRENCE SEAWAY

The Saint Lawrence is recommended to receive the full Presidential budget request of $1,372,000 to pay for the operation and maintenance of the St. Lawrence Seaway between Montreal and Lake Erie.

CONCLUSION

Due to the recent upsurge in mass transit ridership, and the ever constricting energy supply and hints of a future recession, the subcommittee has felt it necessary to alter its original recommendation and urge the increased funding of this labor intensive enterprise; therefore, the subcommittee is requesting an additional funding of $242.5 million. Likewise, Amtrak has also felt these same pressures, and the subcommittee is urging additional funding of $40 million. The cumulative impact of these major amendments is an increase of $282.5 million over the committee's original request.

I say to my colleagues this represents, in my judgment, a well balanced budget for fiscal year 1980 for the Department of Transportation and related agencies.

Before yielding the floor, let me express my gratitude for the manner in which the distinguished chairman of the Appropriations Committee (Mr. WHITTEN) has carried out his responsibilities this year. He has done a remarkable job in seeing that the hearings, markups and so-forth of appropriations bills are conducted in a manner that enables the appropriations process to meet the many deadlines and schedules that are set for us.●

● Mr. OBERSTAR. Mr. Chairman, during the markup of the Coast Guard fiscal year 1980 authorization, I offered an amendment in the Merchant Marine and Fisheries Committee to authorize $500,000 for a fixed aid-to-navigation in the St. Mary's River in Michigan.

The Subcommittee on Transportation Appropriations met to consider the fiscal year 1980 appropriations bill prior to enactment of this authorization. The legislation before the House today does not appropriate any funds specifically for the fixed aid-to-navigation.

The committee report does, however, note the authorization and state that sufficient unobligated funds exist in the Coast Guard appropriation to install the fixed aid-to-navigation. I will be working in the new fiscal year to encourage the Coast Guard to act to install the fixed aid. The Coast Guard itself has identified the need for 10 fixed aids in conjunction with the extended shipping season program on the Great Lakes.

In authorizing one fixed aid, the Merchant Marine and Fisheries Committee recognized the critical importance of the Pt. aux Frenes site. In recent years, two ore boats have grounded in late season with estimated damages in excess of $3 million. The weather conditions of late fall and winter require the fixed aid at Pt. aux Frenes.

The Coast Guard has a suitable design for the fixed aid.

While the initial cost of the aid is, of course, higher than the buoys, the maintenance costs are far less. The fixed aids are not removed in late fall and returned in the spring as the buoys are. The buoys also suffer considerable damage from ice at the end of the navigation season.

The fixed aid would be a wise use of unobligated funds.●

Mr. DUNCAN of Oregon. Mr. Chairman, I have no further requests for time.

Mr. COUGHLIN. Mr. Chairman, I have no further requests for time, and I yield back the balance of my time.

Mr. DUNCAN of Oregon. I yield back the balance of my time.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

H.R. 4440

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for the Department of Transportation and related agencies for the fiscal year ending September 30, 1980, and for other purposes, namely:

Mr. DUNCAN of Oregon. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. MURTHA) having assumed the chair, Mr. STUDDS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4440) making appropriations for the Department of Transportation and related agencies for the fiscal year ending September 30, 1980, and for other purposes, had come to no resolution thereon.

GENERAL LEAVE

Mr. DUNCAN of Oregon. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks on the bill, H.R. 4440.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Oregon?

There was no objection.

EXPORT ADMINISTRATION ACT AMENDMENTS OF 1979

Mr. BINGHAM. Mr. Speaker, I move that the House resolve itself into the Committee of the Whose House on the State of the Union for the consideration of the bill (H.R. 4034) to provide for continuation of authority to regulate exports, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from New York (Mr. BINGHAM).

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. CARNEY. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER pro tempore. Evidently a quorum is not present.

The Sergeant at Arms will notify absent Members.

The vote was taken by electronic device, and there were—yeas 217, nays 5, not voting 212, as follows:

[Roll No. 370]

YEAS—217

Abdnor	English	Kostmayer
Akaka	Erdahl	Kramer
Ambro	Ertel	Lagomarsino
Anderson, Ill.	Evans, Ind.	Leach, Iowa
Annunzio	Fenwick	Lehman
Atkinson	Findley	Leland
Bafalis	Fisher	Levitas
Bailey	Fithian	Lewis
Barnard	Flippo	Livingston
Barnes	Florio	Loeffler
Bauman	Foley	Long, La.
Beard, R.I.	Fountain	Lowry
Bedell	Fowler	Lujan
Benjamin	Frenzel	Lungren
Bennett	Fuqua	McClory
Bereuter	Gaydos	McCloskey
Bethune	Gephardt	McCormack
Bevill	Ginn	McHugh
Biaggi	Gonzalez	McKinney
Bingham	Gore	Maguire
Blanchard	Gradison	Markey
Boggs	Gramm	Marlenee
Bonior	Grassley	Mathis
Bonker	Guarini	Mazzoli
Bouquard	Guyer	Mica
Bowen	Hall, Ohio	Mikulski
Brademas	Hamilton	Miller, Calif.
Brodhead	Hance	Miller, Ohio
Brooks	Hansen	Mineta
Brown, Calif.	Harkin	Mitchell, N.Y.
Brown, Ohio	Harris	Moffett
Carter	Hawkins	Mollohan
Cavanaugh	Hightower	Montgomery
Chappell	Hinson	Moore
Coelho	Hopkins	Moorhead, Calif.
Collins, Tex.	Horton	Murphy, Pa.
Conable	Hubbard	Murtha
Corcoran	Hyde	Myers, Ind.
Corman	Ichord	Natcher
Coughlin	Ireland	Neal
Courter	Jacobs	Nichols
Daniel, R. W.	Jeffords	Oakar
Dannemeyer	Jeffries	Oberstar
Daschle	Jenrette	Obey
de la Garza	Johnson, Calif.	Paul
Deckard	Jones, N.C.	Pease
Dingell	Jones, Okla.	Perkins
Dixon	Jones, Tenn.	Peyser
Donnelly	Kastenmeier	Pickle
Drinan	Kazen	Price
Duncan, Oreg.	Kelly	Pritchard
Duncan, Tenn.	Kemp	Rangel
Edgar	Kildee	Ratchford
Edwards, Calif.	Kogovsek	

Highway Administration we have provided nearly $107 million. Despite the fact that this is approximately $6.3 million over the budget, it represents a decrease of $144 million below the fiscal year 1979 level.

The increase over the budget is largely due to the committee's recommendation of an appropriation of $35 million for the construction, reconstruction and improvement of public highways, not on the Federal aid system. The Administration recommended zero funding for this program. The committee received considerable testimony on the importance of this program to local communities. Other programs in this account include motor carrier safety, $13.7 million; highway safety, research, and development, $9.5 million; railroad highway crossing demonstration projects, $20 million; and territorial highways, $6.6 million. In addition to these programs, the bill includes an increase of $4 million over the budget for the bicycle program which was authorized by section 141 of the newly enacted Surface Transportation Assistance Act.

NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION

We have provided $82.6 million for the National Highway Traffic Safety Administration, which is $4.9 million below the administration's request and $752,000 below the fiscal year 1979. In recommending a reduction of $4.9 million, the committee expressed its belief that sufficient resources will be available for the significant automobile saftey and fuel economy programs proposed by the National Highway Traffic Safety Administration. The reductions are comprised as follows:

Rulemaking programs, $900,000;
Enforcement, $250,000;
Highway safety, $1.6 million;
Research and analysis, $1.8 million; and
General administration, $294,000.

The committee's recommendation includes neither the program to develop crashworthiness ratings for automobiles, nor funds for the public participation program.

The committee directs the National Highway Traffic Safety Administration to determine to what extent duplication or potential for duplication exists among its many data collection systems. As part of this exercise, the National Highway Traffic Administration is to implement a plan to eliminate duplication of effort and unnecessary costs, and to report to the committee before January 1, 1980, the results and justifications for each data system retained.

FEDERAL RAILROAD ADMINISTRATION

For the Federal Railroad Administration, we have provided nearly $1.538 billion which is nearly $133 million less than the administration's request, but $65 million above the fiscal year 1979 budget. The amount includes $25.9 million for railroad safety. Nearly $54.7 million for railroad research and development, and $92.2 million for rail service assistance. This amount includes $75 million for local rail assistance, which is an increase of $8 million over the budget request. This is a good program which I believe deserves this additional funding. The budget request included $250 million for a new railroad restructuring assistance program to replace the existing title V preference share program. Such restructuring assistance legislation has not been considered by the Congress during this session, therefore, the committee has not approved any of the funds requested for this program.

The committee recommends the full budget request for $481 million for the reconstruction and improvement of the railroad plant and right-of-way between Boston, Massachusetts, and Washington, D.C. As the report language indicates we were concerned about serious slippage in meeting the project's construction goals. As a result of the goals established in the redirection study, the committee believes that the steps that have been taken are in the right direction. Testimony indicates that the performance during the 1978 construction season was substantially better than during the previous season.

URBAN MASS TRANSPORTATION ADMINISTRATION

The recommended funding for UMTA for 1980 amounts to $3.5 billion, including $2.78 in direct appropriations, and $775 million in contract authority. With respect to the administrative expenses the bill includes an appropriation of $19.3 million. This amount, plus the use of $1.6 million of unrestricted authorities, should provide sufficient funds for UMTA's personnel and support requirements. This is $56.4 million more than the budget request and $62.2 million more than the fiscal year 1979 level.

A summary of the committee's recommendations by account are as follows:

Administration and research, $82.8 million;
Urban discretionary grants, $1.28 billion;
Rural and small urban grants, $75 million;
Urban formula grants, $1.425 million;
Waterborne demonstration, $10 million; and
Interstate transfer grants, $700 million.

With respect to the urban initiatives program, the committee is recommending a level of $80 million, of which $17 million is to be provided for the continued development of South Station in Boston, Mass. It is important to note that the funding level for urban initiatives has been reduced by $120 million because we do not believe that more than $80 million should be diverted from the basic section 3 programs which are essential if public transportation is going to survive in our Nation's cities.

With respect to implementation of the regulations issued pursuant to section 504 of the Rehabilitation Act of 1973, the committee is concerned that it might require the expenditure of vast sums with only minimal benefits to handicapped persons. Transit people estimate a cost of $8 million to implement the section 504 regulations. One study the committee read indicates that 90 percent of the cost of implementation, section 504, would benefit as few as 4,000 people. If these statistics are right, that means a cost of $1.8 million per person.

Section 321 of the Surface Transportation Assistance Act requires a study of this issue. Pending the completion of that study, the committee is recommending language which would prohibit the use of funds to retrofit any existing rail transit system to comply with the section 504 regulations.

NATIONAL TRANSPORTATION SAFETY BOARD

The National Transportation Safety Board has received $16.7 million, its full budget request. This is $1.13 million more than the amount appropriated for fiscal year 1979. This increase is primarily to cover pay costs, inflation, and additional accident investigations. NTSB serves a vital function to the public by investigating the causes and developing recommendations to prevent accidents, such as the recent airplane crashes at San Diego and Chicago. This expertise is a vital component of securing public confidence in our national transportation system.

CIVIL AERONAUTICS BOARD

We provided the CAB with $28.3 million, a reduction of $24 million below the administration's request for salaries and expenses. The committee also recommends the full budget request of $76.1 million for payments to air carriers. This includes $69.1 million for existing 406 subsidy program, and $7 million for a new section 419 program that requires the Board to guarantee with a subsidy if necessary, a minimum level of air transportation to eligible communities.

The committee is pleased to report that the Deregulation Act has increased competition, as well as reduced the price of airfare to the public.

ICC

For the ICC, we included an appropriation of $76.1 million, a reduction of approximately $5 million from the administration's request. Part of this reduction is attributable to the elimination of the rail public counsel. It is the view of our committee that the Commission has the capability of insisting that the public interest be represented within the Commission's existing resources.

Last year, Congress mandated that the Commission hire 30 additional qualified rail service agents. At the time of our hearings, the ICC had not completed that mandate and many rail service agents which were hired were not qualified. It is our recommendation that the ICC finish the hiring of 30 rail service agents, and that they all be qualified to assist the railroads in improving their freight service.

PANAMA CANAL

The funding recommendation for the Panama Canal is $255 million for operating expenses and $25.1 million for capital outlay. This appropriation is for the 6-month period from October 1, 1979, through March 31, 1980. It is essential that this appropriation be made, notwithstanding the fact that the Panama Canal implementing legislation has not been signed into law. This will provide for the continual operation of the canal

Reuss	Smith, Nebr.	Van Deerlin
Rinaldo	Solarz	Vento
Roberts	Spellman	Volkmer
Robinson	Spence	Walgren
Roth	St Germain	Wampler
Roybal	Stack	Watkins
Runnels	Staggers	Weaver
Sabo	Steed	White
Santini	Stenholm	Whitehurst
Satterfield	Stewart	Williams, Mont.
Seiberling	Stockman	Wilson, Tex.
Sensenbrenner	Stratton	Wolff
Sharp	Studds	Wolpe
Shelby	Swift	Wright
Shumway	Synar	Wyatt
Simon	Tauke	Yatron
Skelton	Taylor	Young, Mo.
Slack	Thomas	Zablocki
Smith, Iowa	Trible	

NAYS—5

Carney	Holt	Mitchell, Md.
Derwinski	McDonald	

NOT VOTING—212

Addabbo	Fascell	Nedzi
Albosta	Fazio	Nelson
Alexander	Ferraro	Nolan
Anderson, Calif.	Fish	Nowak
	Flood	O'Brien
Andrews, N.C.	Ford, Mich.	Ottinger
Andrews, N. Dak.	Ford, Tenn.	Panetta
	Forsythe	Pashayan
Anthony	Frost	Patten
Applegate	Garcia	Patterson
Archer	Giaimo	Pepper
Ashbrook	Gibbons	Petri
Ashley	Gilman	Preyer
Aspin	Gingrich	Pursell
AuCoin	Glickman	Quayle
Badham	Goldwater	Quillen
Baldus	Goodling	Rahall
Beard, Tenn.	Gray	Railsback
Bellenson	Green	Regula
Boland	Grisham	Rhodes
Bolling	Gudger	Richmond
Boner	Hagedorn	Ritter
Breaux	Hall, Tex.	Rodino
Brinkley	Hammer-schmidt	Roe
Broomfield		Rose
Broyhill	Hanley	Rosenthal
Buchanan	Harsha	Rostenkowski
Burgener	Heckler	Rousselot
Burlison	Hefner	Royer
Burton, John	Heftel	Rudd
Burton, Phillip	Hillis	Russo
Butler	Holland	Sawyer
Byron	Hollenbeck	Scheuer
Campbell	Holtzman	Schroeder
Carr	Howard	Schulze
Cheney	Huckaby	Sebelius
Chisholm	Hughes	Shannon
Clausen	Hutto	Shuster
Clay	Jenkins	Snowe
Cleveland	Johnson, Colo.	Snyder
Clinger	Kindness	Solomon
Coleman	LaFalce	Stangeland
Collins, Ill.	Latta	Stanton
Conte	Leach, La.	Stark
Conyers	Leath, Tex.	Stokes
Cotter	Lederer	Stump
Crane, Daniel	Lee	Symms
Crane, Philip	Lent	Thompson
D'Amours	Lloyd	Traxler
Daniel, Dan	Long, Md.	Treen
Danielson	Lott	Udall
Davis, Mich.	Luken	Ullman
Davis, S.C.	Lundine	Vander Jagt
Dellums	McDade	Vanik
Derrick	McEwen	Walker
Devine	McKay	Waxman
Dickinson	Madigan	Weiss
Dicks	Marks	Whitley
Diggs	Marriott	Whittaker
Dodd	Martin	Whitten
Dornan	Matsui	Williams, Ohio
Dougherty	Mattox	Wilson, Bob
Downey	Mavroules	Wilson, C. H.
Early	Michel	Winn
Eckhardt	Mikva	Wirth
Edwards, Ala.	Minish	Wydler
Edwards, Okla.	Moakley	Wylie
Emery	Moorhead, Pa.	Yates
Erlenborn	Mottl	Young, Alaska
Evans, Del.	Murphy, Ill.	Young, Fla.
Evans, Ga.	Murphy, N.Y.	Zeferetti
Fary	Myers, Pa.	

□ 1450

So the motion was agreed to.

The result of the vote was announced as above recorded.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 4034, with Mr. SEIBERLING in the chair.

The Clerk read the title of the bill.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from New York (Mr. BINGHAM) will be recognized for 30 minutes, and the gentleman from California (Mr. LAGOMARSINO) will be recognized for 30 minutes.

The Chair recognizes the gentleman from New York (Mr. BINGHAM).

Mr. BINGHAM. Mr. Chairman, I yield myself 9 minutes.

(Mr. BINGHAM asked and was given permission to revise and extend his remarks.)

Mr. BINGHAM. Mr. Chairman, H.R. 4034 is the product of a great deal of consultation and mutual accommodation with the executive branch and among various individuals and groups within the Congress.

I want to express my appreciation for the support of the chairman of the full committee, the gentleman from Wisconsin (Mr. ZABLOCKI), and the other members of the committee, particularly the members of the subcommittee who worked very hard on this legislation. I would particularly like to express my appreciation to the ranking minority member, my friend and colleague, the gentleman from California (Mr. LAGOMARSINO), who offered many constructive amendments to this legislation and who devoted a great deal of time and attention to it. We have a better bill before the House today because of his efforts and willingness to resolve problems constructively.

The subcommittee received suggestions and useful comments from many public groups, and the subcommittee appreciates the work of each of those organizations. In particular, however, I would like to mention the helpful suggestions and support we received from the National Governors Association, which took a very active interest in this legislation. The association, I am happy to say, strongly supports this legislation, as do other groups which I will mention later.

Mr. Chairman, this bill would accomplish the first major reform of the export control system in 10 years—a reform more of procedures than of policies. It would extend the export control authority, which would otherwise expire September 30 of this year, to September 30, 1983. The bill extends, without any change whatsoever, the legislation approved by the Congress in 1977 restricting American participation in foreign boycotts against countries friendly to the United States. It also retains congressional veto over any action by the executive branch to restrict the export of agricultural commodities. It contains an even tighter restriction than existing law upon any export of Alaskan oil. Finally, in title II, it authorizes funds for the collection of foreign investment data under the Foreign Investment Survey Act.

Perhaps the most important reform in this bill is that for the first time a clear distinction or separation is made between controls on U.S. exports for national security reasons and controls for foreign policy reasons. The current statute, which evolved over the past 30 years, tended to confuse those two very different kinds of controls. This has resulted in frustrations and misunderstandings in the American business community and has tended to discredit and weaken the extire export control process.

Under this legislation, exporters will know when they are dealing with foreign policy controls and when they are facing possible controls for national security reasons. With the exception of export of nuclear items, procedures for which are contained in the Nuclear Non-Proliferation Act, controls exercised under this act will be clearly for foreign policy or for national security purposes, with greater constraints on the executive branch in restricting exports for foreign policy than for national security reasons.

The Subcommittee on International Economic Policy and Trade, which I have the honor to chair, has been studying export administration since 1976. The first result of that study was the Export Administration Amendments of 1977, passed overwhelmingly by the House. H.R. 4034 seeks to carry forward the reforms begun with the 1977 amendments. The bill is the product of 15 days of hearings, at which witnesses of all persuasions and opinions were heard, and 8 days of markup in both the subcommittee and the full Committee on Foreign Affairs. It now carries the sponsorship, I am proud to say, of 15 of the committee's 22 Democrats and 6 of the committee's 12 Republicans.

Section 104 of the bill, which runs from page 6 to page 40, is the heart of it. While appearing complex, its two purposes are simple. The first is to increase the effectiveness of exports controls by: clarifying the statutory authority of the Defense Department; requiring the development of a list of "military critical technologies" for export control purposes; strengthening the 15-nation export control coordinating system known as COCOM; improving the monitoring of technology transfers through technology cooperation agreements; and requiring accountability in the exercise of foreign policy controls.

The second is to remove obsolete controls and to increase the efficiency of the licensing procedures by: establishing procedures for multiple exports of routinely approved items with just one application; requiring greater attention to foreign availability; encouraging periodic removal of controls as goods and technology become obsolete from a national security point of view; requiring more frequent and more open list reviews; and imposing procedural requirements and time limits for processing export license applications in order to reduce the long delays which frequently occur under current practice.

□ 1500

In the world in which we live, we cannot afford to relax our controls on technology exports which our adversaries could use to reduce the military technology gap which is the key to the superior performance of U.S. weapons systems. At the same time, considering the unprecedented trade deficit which is sapping our economic strength and vitality, we cannot afford to continue controling products which are being exported by other advanced free-world countries. Nor can we afford inefficiencies and delays in the licensing system which act as needless barriers to exports. I believe H.R. 4034 makes the necessary trade-offs between these considerations. I believe it is a balanced bill.

Mr. Chairman, I will include a summary of the bill at the end of my remarks, and will not go into further detail at this time. In conclusion, let me touch on an important point at issue in this bill. Recently there have been charges that U.S. technology is flowing freely to the Soviet Union and being diverted to the Soviet military. If you listen carefully, you will not hear much evidence to back up these charges, because they are wrong. The well-known fact is that the United States has the most restrictive East-West technology transfer policies of any Western nation, with the result that the Soviets get most of their imported technology from our allies. But as the debate proceeds, I would ask you to keep the following points in mind:

First, the law is very clear: exports "which would make a significant contribution to the miiltary potiential of any other nation or nations which would prove detrimental to the national security of the United States" are not permitted. All agencies involved seek faithfully to implement that provision. It happens to be a fact that no technology export to a Communist country has taken or can take place without the concurrence of DOD.

Second, technology—the knowledge of how to product things—exists in people's minds. There is no way you can stop its transfer forever. Other countries have it, too. The Soviets can develop their own, or get it from other sources. Just because the Soviets possess a capability does not mean we gave it to them. Beware of allegations on this floor that because the Soviets know how to do something, they must have learned it from us.

Third, we will be talking here about export controls on so-called dual-use items—that is, items which are civilian in character but, by their nature, can be used to support military activities. Beware of the proposition that because an item could conceivably be used for military purposes, it should be banned from export. Everything exported under this act probably could be put to military use for example—common tools, boots, and so forth. The whole reason we have a licensing system is to distinguish between those that can be safely exported and those that cannot.

The licensing process is run by human beings. They are required by the law to make excruciatingly difficult judgments. I am not going to stand before you and say they have never made a mistake in the 30 years that the licensing system has been in operation. But what I want to impress upon you is that the only way to avoid mistakes is to remove discretion by banning all exports. Since no other country is prepared to do this, it would solve nothing. There is no way to get around the necessity for judgment. In this situation, we have a licensing system that errs on the side of caution, as it should. But those who will suggest to you that with organizational tinkering they can remove all risk are claiming the impossible.

Mr. Chairman, the United States exports only 8 percent of its gross national product—compared with 27 percent for Germany and 14 percent for Japan. We have only 13 percent of the West's technology exports to the Soviets; last year, we had only 1 percent of the machine tool exports. We are not exporting our technology to the East; we are exporting our jobs to our competitors. We bring before you a bill which responds responsibility to this problem, fully protecting the national security while increasing U.S. competitiveness in the international marketplace.

I am proud that the bill is endorsed by the National Governors Association, the U.S. Chamber of Commerce, the National Association of Manufacturers, the Emergency Committee for American Trade, the American League for Exports and Security Assistance—chaired by our former colleague, Joe Karth—and by six major advanced technology industry associations. I am honored that the bill is supported in a recent "Dear Colleague" by the ranking member of the Appropriations Committee (Mr. CONTE), the minority whip (Mr. MICHEL), the chairman of the Congressional Campaign Committee (Mr. VANDER JAGT), the chief deputy majority whip (Mr. ROSTENKOWSKI), and the chairman of the Export Task Force (Mr. ALEXANDER), and in another "Dear Colleague" by Northeast-Midwest Coalition chaired by the gentleman from Pennsylvania (Mr. EDGAR). The bill is also consistent with the recommendations of two major GAO reports. I believe it is a good bill, and worthy of your support. I urge you to vote for the bill and against any restrictive amendments.

In closing, let me address some particular issues that have arisen. Much has been made recently of the fact that some end products of the Kama River truck factory in the Soviet Union, which includes some of our technology, are being used by the Soviet military. Those end products are common diesel engines and general purpose trucks.

What Kama River illustrates is that U.S. export control policy tolerates some military use of commonly available end products produced from U.S.-origin technology. That was our policy in 1971 when the Kama River decisions were made. It has been our policy since President Nixon implemented détente and the Congress accordingly amended the Export Administration Act in 1969. It is our policy today. This legislation (H.R. 4034) does not change that policy.

Now the Members who are making an issue of Kama River disagree with that policy. That is certainly their right and privilege. But it is unfair, however, to portray Kama River as evidence that the export licensing system does not work. The system worked perfectly well. We knew precisely what we were doing—we took into account all the risks and factors. In short, Kama River is a policy disagreement, not an indictment of the export licensing mechanism.

While it is our policy to tolerate some military use of easily available end products—such as general purpose trucks, which the Soviet Union has long produced itself or could get from any COCOM country—we, of course, do not tolerate direct military use of advanced technology. We weigh the risk of such direct military use for every export of advanced technology, and deny many where the risk is simly too great, regardless of any end-use or safeguard agreements we might be able to get from the Soviets. We do not ship anything under safeguard agreements where the consequences would be great if the safeguards were violated and diversion occurred.

About the only alternative to this kind of policy, Mr. Chairman is to go back to the total embargo we had during the cold war and up until 1969. If we did not tolerate some military use of common end products we would not sell wheat, or shoes, or even buttons to the Soviets—some of which can be, and probably are, used directly or indirectly by the Soviet military. That, in essence, is what the critics of our decision of Kama River, would like to do—go back to the total embargo of the cold war. The Congress and a Republican President abandoned that approach in 1969. I urge my colleagues not to revert to the cold war now—to reject amendments based upon allegations that our export control mechanism does not work and purporting to fix up the system by putting it in DOD or increasing the scope of the controls.

Another issue which has been the subject of much discussion lately is the so-called critical technology issue. Technology is defined as the know-how used to design and manufacture products. Since 1976, DOD has been engaged in an effort to develop a list of military critical technologies which we want to take special care to control because they are the keys to the technological superiority of U.S. weapons systems. If these critical technologies can be identified, it should be possible to decontrol a significant number of end products whose export—in the absence of the knowledge of how to make them—would not pose a national security threat. This would permit our export control personnel to focus their attention better on the more significant items. and would facilitate exports on noncritical items. H.R. 4034 encourages this outcome.

The critical technology exercise is frequently misinterpreted in popular discussion as indicating that critical technologies are not now controlled—that

they are flowing freely to the Soviets until the exercise is completed and they are brought under control. This is not the case. Critical technology is controlled and always has been. But it has been controlled on a case-by-case basis, along with non-critical technology and end products. Judgments are made on each individual application, without reference to a list of what is most critical. It is desirable for this situation to change, and H.R. 4034 encourages a change. But we should not proceed in a panic, on the assumption that critical technology will be exported until controlled.

This panic is the basis for proposals that we require in the law that the critical technologies list be published immediately and that items on the list be absolutely banned for export to communist countries. Such action would be grossly premature. We do not yet know whether it will prove possible to elaborate a list of technologies we never want to export to the Soviets, let alone what such a list would look like. The current case-by-case method must continue in operation until our knowledge advances far enough to adopt a better system. Meanwhile, we can rest assured that critical technologies are being controlled.

A final issue that has arisen concerns the role of the Department of Defense in determining what is to be controlled on national security grounds and in reaching licensing determinations on those items. Some would have us believe that an export-oriented Commerce Department is shipping our technology to the communists by the boatload over the objections of the Department of Defense. These people want to put DOD in charge of export controls, on the assumption that DOD would be more conservative than Commerce and many exports would be halted.

That assumption would be correct except for one minor detail: DOD already exercises primary influence over the national security control list, and already has a veto over exports to Communist countries. In 1974 the so-called Jackson amendment was inserted into the Export Administration Act, enabling DOD to review any license application and to recommend denial directly to the President. Since that time, DOD has never been overruled.

It is true, as a general rule, DOD takes a more conservative view of exports to the East than does the Commerce Department. Export licensing is deliberately an interagency process, so a variety of viewpoints will be brought to bear on the applications. But DOD's role—both by statute and because of the natural deference accorded it by the other agencies in national security matters—is such that whenever DOD voices a national security objection to a proposed export, that export is halted unless and until DOD is satisfied.

Mr. Chairman, DOD has testified on numerous occasions that it is fully satisfied with its current role in the export control process. I append to my statement letters from Secretary of Commencer Kreps and Under Secretary of Defense Duncan stating that they favor the current division of responsibilities between the two agencies and do not seek any changes.

Mr. Chairman, I am proud that the bill is endorsed by the National Governors' Association, the U.S. Chamber of Commerce, the National Association of Manufacturers, the Emergency Committee for American Trade, the American League for Exports and Security Assistance, chaired by our former colleague, Joe Karth, and by six major advanced technology industry associations. I am honored that the bill is supported in a recent "Dear Colleague" letter by: the ranking minority member of the Appropriations Committee, the gentleman from Massachusetts (Mr. CONTE); the minority whip, the gentleman from Illinois (Mr. MICHEL); the chairman of the Congressional Campaign Committee, the gentleman from Michigan (Mr. VANDER JAGT); the chief deputy majority whip, the gentleman from Illinois (Mr. ROSTENKOWSKI); and the chairman of the Export Task Force, the gentleman from Arkansas (Mr. ALEXANDER); and in another "Dear Colleague" letter by Northeast-Midwest Coalition, chaired by the gentleman from Pennsylvania (Mr. EDGAR). The bill is also consistent with the recommendation of two major GAO reports. I believe it is a good bill and worthy of your support. I urge you to vote for the bill against any restrictive amendments.

SUMMARY OF MAJOR PROVISIONS OF THE EXPORT ADMINISTRATION AMENDMENTS OF 1979

Section 102 revises the findings of the Export Administration Act to emphasize the importance of exports for the U.S. economy and the effect on the U.S. trading position of the availability of competing goods and technology from foreign sources, while maintaining the finding in the Act of the continuing need to restrict exports for national security and other purposes.

Section 103 restates the three basic purposes of the Act in order of their importance, and adds two new policy statements to section 3 of the Act: that it is U.S. policy to apply export controls in cooperation with U.S. allies; and that exports are a high priority and should not be controlled except when the controls are essential, will clearly achieve their objectives, are administered according to basic standards of due process, and are justified annually to Congress and the public.

Section 104 adds four new sections to the Act, numbered 4, 5, 6, and 10.

New section 4 establishes validated and general export licenses, currently in use, in the law, and establishes a new kind of export license, a "qualified general license," which would authorize multiple exports of certain goods and technology, subject to appropriate end-use controls and other conditions, without individual application for each transaction. The purpose of this provision is to provide administratively simpler licensing procedures for routinely approved exports, thereby reducing the paperwork and delays associated with validated license applications.

New section 5 consolidates the existing national security control authorities of the Act into a single section and makes several reforms in the exercise of those controls, among them the following. The Secretary of Defense is specifically authorized to identify goods and technology to be controlled for national security purposes. There is to be continuous review of the list of items controlled for national security purposes, prompt issuance of revisions to the list, and opportunity for interested parties to suomit their views. The Secretary of Defense is required to develop a list of military critical technologies for use for export control purposes. The Secretary of Commerce is to limit validated license controls insofar as practicable to certain stated situations, and to employ qualified general license procedures to the maximum extent practicable. The Secretary of Commerce is required to establish a capability within the Commerce Department for the continuous review of foreign availability, and to remove validated license controls on, and approve applications for the export of, goods and technology with respect to which foreign availability has been established, unless the President determines that such action would be detrimental to the national security, in which case the Secretary must publish that determination along with a statement of its basic and estimated economic impact. The Secretary is encouraged to establish an "indexing" system providing for periodic removal of controls as goods and technology become obsolete from a national security point of view. The Secretary of Commerce is required to investigate certifications of foreign availability made by the industry-government Technical Advisory Committees established under the Act, and to remove controls where such availability is determined to exist. The President is required to enter into negotiations with a view toward improving the effectiveness of the 15-nation export control Coordinating Committee (COCOM). U.S. organizations (except educational institutions) entering into certain technical cooperation agreements with government agencies in controlled countries are required to report those agreements to the Secretary of Commerce, in order to facilitate monitoring of technology transfers which might take place under such agreements.

New section 6 consolidates the existing foreign policy control authorities of the Act into a single section and makes several reforms in the exercise of those controls, among them the following. Before imposing such controls, the President is required to consider their likely effectiveness, their compatability with U.S. foreign policy objectives and with overall U.S. policy toward the country which is the target of the controls, their likely effects on U.S. export performance and international competitiveness and on U.S. companies and their employees and communities, and the government's ability to enforce the controls effectively. Before imposing such controls, the Secretary of Commerce is required to consult with affected U.S. industries, and the President is required to determine that reasonable efforts have been made to achieve the purpose of the controls through negotiation or other means. The President is required to consult with Congress before imposing foreign policy controls and to report the imposition of any new control to Congress, and Congress can disapprove the control by Concurrent Resolution. Controls imposed pursuant to treaties or other international obligations are exempted from several of the requirements of this section.

New section 10 provides procedural requirements for processing export license applications, in order to reduce the long delays which frequently occur under current practice. Although the intent of Congress is stated that licensing determinations should be made to the maximum extent possible by the Secretary of Commerce without interagency review, it is provided that any agency may review any license application if it so requests.

An overall maximum of 180 days is provided for U.S. government review of applications, as follows. Within 30 days, the Commerce Department is to either approve

or deny an application, or refer it to other agencies for review. The other agencies are to submit their recommendations to the Commerce Department within 30 days or be deemed to have no objection to approval, unless the head of any such agency requests more time, in which case a further 30 days is provided. The Commerce Department then has 30 days to consider the agency recommendations, reach a decision, and issue or deny the license. Any agency which submitted recommendations to the Commerce Department may appeal the Department's decision to the Secretary of Commerce, in which case the Secretary has 30 days to consider the appeal, reach a decision, and issue or deny the license. Any agency which appealed to the Secretary may appeal the Secretary's decision to the President, in which case the President has 30 days to consider the appeal and reach a decision, or else the decision of the Secretary is final.

Apart from these procedures, special national security procedures, currently provided in the Act and retained in the bill, provide that the Secretary of Defense may, within 30 days, recommend denial of any application directly to the President, in which case the President has 30 days to sustain or overrule the recommendation.

After U.S. government review is completed, 60 days are provided for COCOM review if necessary; in the absence of COCOM action within the 60-day limit, the license is required to be issued. A comparable 60-day period is provided for U.S. review of export requests by other COCOM members.

With notification to Congress and the applicant, any time period prescribed by this section may be extended in order to permit negotiations on possible modification of an application to meet national security objections.

An applicant may appeal any license denial to the Secretary of Commerce. In any case where any time limit is violated, the applicant may petition the Secretary of Commerce to correct the situation and, if the processing of the application has not been brought into conformity with the requirements of this section within 30 days, may bring an action in United States district court to require compliance with such requirements. At all stages of the process, the applicant is to be kept fully informed to the status of his application. The applicant is to be accorded an opportunity to respond to objections to his application, and is to be informed of the reasons for any denial.

Section 105 provides that one of the factors on the basis of which export licenses are to be allocated in the case of export controls for short supply purposes is the extent to which a country engages in equitable trade practices with respect to United States goods and treats the United States equitably in times of short supply.

Section 106 strengthens the short supply monitoring provisions of the Act.

Section 107 strengthens the prohibitions of the Act on the export of Alaskan oil, and provides an exemption from these prohibitions in order to fulfill a bilateral international oil supply agreement entered into by the U.S. prior to May 1, 1979. The only such agreement in effect on that date was between the U.S. and Israel.

Section 108 repeals the prohibition in the Act on exports to Uganda.

Section 109 facilitates barter arrangements whereby goods in excess supply in the domestic economy are exchanged for goods in short supply.

Section 110 phases out exports of unprocessed western red cedar logs, a vanishing species, over a four-year period.

Section 111 provides that any product which is standard FAA-certified equipment in civil aircraft and is an integral part of such aircraft, and which is to be exported to a noncommunist country, shall be subject to controls under the Export Administration Act rather than the Arms Export Control Act.

Section 112 exempts certain export controls for nuclear nonproliferation purposes from certain of the requirements of the bill. In essence, controls and procedures currently in effect are "grandfathered" in order to avoid any possible disruption of the controls.

Section 113 increases the penalties for violations of the Act.

Section 114 amends the confidentiality provisions in section 7(c) of the Act to require the Secretary, with certain exceptions, to maintain the confidentiality of information which would reveal the parties to a transaction, the type of good or technology being exported, or the destination, end use, quantity, value, or price of the good or technology.

Section 119 authorizes the appropriation of $7,070,000 for fiscal year 1980 and $7,777,000 for fiscal year 1981 to the Department of Commerce to carry out the Act.

Section 120 extends the authority granted by the Act to September 30, 1983.

Section 201 authorizes $4,400,000 for fiscal year 1980, and $4,500,000 for fiscal year 1981, to carry out the International Survey Act.

Other sections are more or less technical in nature.

THE SECRETARY OF COMMERCE,
Washington, D.C., July 23, 1979.

Hon. JONATHAN B. BINGHAM,
Chairman, Subcommittee on International Economic Policy and Trade, Committee on Foreign Affairs, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: When H.R. 4034 is considered on the House floor, it is anticipated that a number of amendments may be offered. I am authorized to say that the Administration is opposed to any amendment which would alter the existing array of responsibilities within the Executive Branch with respect to the administration of export controls, and we prefer that there be no additional restrictions on export controls.

Sincerely,

JUANITA M. KREPS,
Secretary of Commerce.

THE DEPUTY SECRETARY OF DEFENSE,
Washington, D.C., July 20, 1979.

Sen. ADLAI E. STEVENSON,
U.S. Senate,
Washington, D.C.

DEAR SENATOR STEVENSON: In response to your letter of July 19, 1979, the Department of Defense supports the administration's position on the amendments which are expected to be offered to S. 737, the Export Administration Act of 1979.

Most of these proposals do not impact directly on the Department of Defense. Two, however, do and we are opposed to both of them. One would tend to reverse the relative roles of the Secretary of Defense and Secretary of Commerce in reviewing and revising export controls maintained for national security purposes. While the intent appears to be to insure that the Department of Defense has an adequate role in the export control system, it is our judgment that the Secretary of Defense already has and exercises adequate authority in this area.

The other amendment would authorize inclusion in the Defense budget of funds especially appropriated for export control functions. Our opposition to this proposal is that such an authorization is not currently needed

By means of a separate letter, I plan to answer the other questions you raised about the adequacy of U.S. export controls maintained for national security purposes. In the meantime, I thought it might be helpful to let you know at once where we stand on the amendments issue.

Sincerely,

C. W. DUNCAN, Jr.

ASSISTANT SECRETARY OF DEFENSE,
Washington, D.C., July 20, 1979.

Hon. ADLAI E. STEVENSON III,
U.S. Senate,
Washington, D.C.

DEAR SENATOR STEVENSON: We have reviewed your 19 July 1979 letter in which you requested Department of Defense views on several amendments which are expected to be offered to S. 37. Our views on the questions raised in your numbered paragraphs are as follows:

1. The Kama River Truck Plant licenses for the foundry and production machinery were issued during the Nixon Administration and contained no restrictions so far as we know limiting the use of the trucks and engines produced in the factory. Accordingly, use by the Soviet military of the trucks produced at Kama or inclusion of the engines in military vehicles would not constitute a violation of U.S. export control restrictions. Whether and if so to what extent Kama River engines are being used in Soviet military vehicles has not been verified. Accordingly, there is no basis on which a judgment can be made about the contribution such use might make to the Soviet military potential.

2. A number of technologies employed in the Cruise Missile System can be exported to most non-Communist countries without a validated export license. None of them, however, are either sensitive or "critical" because they are not unique to cruise missile design, development or production and are readily available in a number of countries in the West. Those few technologies which are both unique to cruise missiles and available only in the U.S. require validated licenses from either the Departments of State or Commerce. An example is the technology associated with the small jet engine which is currently under development for the cruise missile. This technology can only be exported under a Munitions license.

3. The existing allocation of responsibility under the Export Administration Act for export controls does not hinder the Department of Defense's efforts to formulate a list of critical military technologies or otherwise interfere with the implementation of an effective and fully adequate system of export controls for national security purposes. In particular, the Department of Defense would oppose any amendment which tend to reverse the relative roles of the Secretary of Defense and the Secretary of Commerce in reviewing and revising export controls maintained for national security purposes. It is our judgment that the Secretary of Defense already has and exercises adequate authority in this area.

4. Statutory authority is already available to embargo exports of "critical" goods and technologies to all controlled country destinations. We would oppose any amendment which would make this a mandatory requirement because, on the one hand, the items to be covered are not presently fully determined, and, on the other hand, there may be occasions, even though rare, on which such action would be ill-advised.

With regard to end use statements and safeguard provisions, we do not regard them as applicable to transactions in which technology, either in the form of technical data or equipment from which technology may be extracted, is involved. It is our judgment that technology once transferred can be neither controlled or recalled. We consider the usefulness of safeguards as limited to

hardware items whose diversion to other than their stated purpose we wish to deter. We do not count end use statements as a safeguard.

As for computers, there are some applications for which we have been unable to devise technically and economically feasible safeguards. These are automatically recommended for denial. For others, experienced USG technical and intelligence experts have determined that safeguard provisions, judiciously applied, provide a reasonable assurance of detecting and thus deterring significant diversion of the system from its stated end use.

5. The Department of Defense has no evidence that Moscow has used American seismic equipment to enhance its anti-submarine warfare potential or that American machine tools for producing precision ball-bearings have probably helped Soviet engineers to develop multiple warheads for new intercontinental missiles.

I trust this is the information you desire.

Sincerely,

THE SECRETARY OF COMMERCE,
Washington, D.C., June 18, 1979.

HON. JONATHAN B. BINGHAM,
Chairman, Subcommittee on International Economic Policy and Trade, Committee on Foreign Affairs, House of Representatives, Washington, D.C.

DEAR MR. CHAIRMAN: In the course of testimony before the Subcommittee on Research and Development of the House Committee on Armed Services, the Deputy Director of the Office of Export Administration, Lawrence J. Brady, testified that trucks produced at the Kama River truck factory in the Soviet Union were being "diverted" to military use in violation of U.S. export control restrictions.

That testimony has led to newspaper stories implying that Soviet military capability has been helped as a result of an apparent lack of vigilance by this Department. This is in error.

As you know, our nation no longer enjoys a favorable balance of trade, and thus the promotion of exports is more important than ever before. Even so, the national security is paramount, and we must be careful that we do not export materials and technology that would advance at our own expense the military capabilities of other nations. To walk this line is a difficult and delicate job. That is why it is essential that issues which may arise be discussed on the basis of accurate information.

First, there was no "diversion" in connection with the Kama River truck factory and, therefore, no violation of U.S. export controls.

A diversion occurs only when end-use restrictions pertaining to a license are violated. The Kama River truck plant licenses were issued during the Nixon Administration and contained no restrictions which we can identify limiting the use of the trucks and engines produced at the factory. Accordingly, military use of the trucks or engines produced at Kama River would not constitute a diversion or violation of the law because the licenses contained no restrictions pertaining to the use of those trucks or engines. Nor would any military use of Kama River trucks or engines entail diversion of the foundry's computer, because limitations on the use of the computer pertained to use of its computing capacity, not to use of products manufactured at the foundry. Several of the licenses contain technical conditions which have nothing to do with limitations on the use of the factory output.

This view is confirmed by the attached memorandum from Mr. Brady which concludes that a thorough review, which was requested by Senior Deputy Assistant Secretary Stanley J. Marcuss, has failed to disclose the existence of any document which could be construed as a limitation on the use of the factory output for civilian as contrasted with military purposes. Two exceptions mentioned in the memorandum are not relevant to the Kama River plant.

Second, at the time the licenses were issued, the Nixon Administration knew of the possibility that Kama trucks or engines could be used by the Soviet military. This factor apparently was fully considered before the decision was made. Thus it cannot be said that this matter was overlooked or that the export control system failed to ensure that all relevant factors were considered.

Finally, contrary to some press reports, Mr. Brady has not been "demoted" nor has any action been taken against him. He retains his position as Deputy Director of the Office of Export Administration, a position he has held for the last five years. Because of his position as Deputy Director, Mr. Brady served as Acting Director of the Office of Export Administration in the period between the retirement of the previous director and the appointment of the new one.

I hope this will lay to rest the misinformation which has recently surrounded this subject.

Sincerely,

JUANITA M. KREPS,
Secretary of Commerce.

Enclosure.

U.S. DEPARTMENT OF COMMERCE,
Washington, D.C., June 22, 1979.

Memorandum for Robin B. Schwartzman, Deputy Director, Bureau of Trade Regulation.

From: Lawrence J. Brady, Deputy Director, Office of Export Administration.

Subject: Kama River Case File.

On June 22, 1979, pursuant to your request, I thoroughly reviewed the relevant export license applications and supporting documents submitted by various U.S. firms seeking Department of Commerce authorization to export commodities to the USSR's Kama River Project". The results of this examination, with *two exceptions*, failed to disclose the existence of any document which could be construed to represent an agreement between parties or assurances as to the specific application of products, i.e., military vs. civilian, in the truck manufacturing process.

The exceptions are found in license applications case numbers 813124 and 849801. Case number 849801 contains a "letter of protocol" between Mack Trucks, Inc., and a Soviet trade delegation indicating that the trucks assembled at Kama River would be used for agricultural and industrial purposes.

A copy of the protocol is attached.

With regard to the protocol, I am concerned that because Mack Truck pulled out of the deal after signing the protocol, which you will note also included other parties, including SATRA, it may not be considered relevant to subsequent licensing actions. I intend to go through all of the license applications to see whether or not we referenced the protocol in subsequent license actions. I think we did. I am also sending you separately a copy of the entire "front office" file on KAMA.

Also attached is a June 14 memorandum Dick Isadore prepared on the basis of a quick review of all license applications for the KAMA River plant.

U.S. DEPARTMENT OF COMMERCE,
Washington, D.C., June 14, 1979.

Memorandum for Lawrence Brady.

Subject: Kama River Truck Plant Licenses.

At your request all case files which could be identified as part of the Kama River Truck complex have been retrieved from Archives.

Staff members reviewed each case file, examining all documents including actual applications, supporting documents, Single Transaction Statements, internal memoranda and chron sheets for any indication which would show:

1. Limittaion on the truck usage for civilian versus military applications.

2. Conditions attached to individual licenses.

3. Letters of conditions attached to licenses.

Over 175 case files were reviewed and there was no indication of limitation of use for the trucks to be produced at Kama River. The computer equipment licenses issued to IBM have the visitation conditions which are a part of all major computer sales to Bloc countries.

At the time these licenses were issued, they were microfilmed and sent to Archives. The procedure did not include microfilming letters or supporting documents accompanying licenses as is done now in our microfiching process. We are retrieving these microfilm files and will review the face of all licenses issued to insure that conditions were not typed on the license itself.

All cases and the Capital Goods & Production Materials Kama River file have been given to Paige Bryan.

RICHARD ISADORE.

Mr. SMITH of Iowa. Mr. Chairman, will the gentleman yield?

Mr. BINGHAM. I yield to the gentleman from Iowa.

Mr. SMITH of Iowa. I thank the gentleman for yielding.

Mr. Chairman, I want to compliment the gentleman from New York (Mr. BINGHAM) and also the ranking minority member, the gentleman from California (Mr. LAGOMARSINO). I think there is no question that this subcommittee has, since it has had jurisdiction of this particular subject matter, been very diligent and worked very hard on this subject matter.

I happen to have been one of those who helped to reorganize the rules of the House so that the gentleman's subcommittee would get it rather than the subcommittee that used to have it.

I happen to have very strong opinions, mostly against export controls; but I recognize that in certain circumstances there must be some kind of limitations, especially as to certain strategic materials. But I especially want to thank the gentleman and the ranking minority member for looking favorably at a provision in here with regard to bartering.

Under existing law, it is not possible to enter into a long-term barter agreement with another country because it would be subject to an export control mechanism, and under this provision it is permitted if it can be done to barter. I think we have to recognize that we have to do some of the things that Japan, West Germany, and some of the other countries do with regard to bartering.

I appreciate the gentleman putting this into the bill.

Mr. BINGHAM. Mr. Chairman, I thank the gentleman from Iowa (Mr. SMITH) for his comments and for his role in giving our committee jurisdiction of this subject matter. I also want to thank him for his suggestion of this amendment, which I think was a constructive addition to the bill.

Mr. LAGOMARSINO. Mr. Chairman, I yield myself such time as I may consume.

(Mr. LAGOMARSINO asked and was given permission to revise and extend his remarks.)

Mr. LAGOMARSINO. Mr. Chairman,

I rise in support of H.R. 4034, I also wish to call attention to several minor concerns I have with the bill which I hope can be worked out during floor consideration of this measure.

First I want to commend Congressman BINGHAM, Chairman of the Subcommittee on International Economic Policy and Trade, and his staff and the other members of the committee for holding long, extensive, and very comprehensive hearings, and also for being very patient throughout the markup process in subcommittee, when I offered some 25 amendments. Some of the amendments were accepted then and others were accepted later in full committee. We may even see again here in the House a few of those not accepted earlier. I want to also commend the minority staff, Jake Dunman for his outstanding work on this measure.

I share the chairman's concern about trying to enact legislation that will provide a proper balance between the interests of business and the interests of national security. The business sector needs to know what it must deal with in getting an export license and in having some way of knowing when a license will be acted upon. On the other hand, we have to balance that against the proper role of national security and the need to prevent technological information from falling into the hands of our adversaries that could be harmful to our national interest.

These days in the Foreign Affairs Committee we hear a lot about signals. Somebody talks about sending a signal to someone. I have been concerned that if we are not very careful about how we finally draft this bill, we might send a signal, to whomever, is receiving it, that would indicate that perhaps we are not as interested in preventing substantial and important technological information from falling into the hands of our adversaries as we should be. This could not only help those adversaries by the resulting situation here but also by giving to our allies the impression that we are not as concerned about what they permit to be exported.

There was an article recently in the Washington Post by George Will—I would like to read a little to you. I do not subscribe to everything he says, but I think some of the points he makes are worth considering.

He says:

Trade, especially the transfer of U.S. technology, is vital to the Soviet economy, which must support a ravenous military machine. The Soviet workforce is larger than that of the United States, but produces about half the GNP. It would be even less productive without technology supplied by capitalist countries.

As Carl Gershman writes in commentary, it is hard to find any important Soviet industrial process that has not benefited significantly from western technology. Soviet gains from such transfers are immediate and economic—which, in a garrison state, means military, too. U.S. gains are hypothetical.

A U.S. computer firm admits that the Soviets gained 15 years in research by spending just $3 million. The Soviets bought for just $150,000 space suits that American taxpayers spend $20 million apiece to develop.

After a Soviet "trade" delegation, ostensibly considering purchases, toured Boeing, Lockheed and McDonnell Douglas plants, a member of the delegation admitted privately that no purchase had ever been contemplated. The aim was industrial espionage. Some members' shoes had heels and soles made of a substance that picked up metal filings which could be returned to Moscow for metallurgical analysis to reveal the alloys used in U.S. aircraft.

I think that just having the hearings we did—especially the way the hearings were held over a substantial period of time—allowed everyone plenty of time to know what other witnesses were saying and to respond. That has been helpful in and of itself.

I think all of the executive agencies that were involved with this process—Departments of Commerce and Defense particularly—are much more aware now of the interests of members of our committee and of Congress as a whole and are going to be more responsive. I think our interest is shown by those hearings and it will be shown by the work that we finally produce here on the floor.

Of the changes I would like to see in H.R. 4034, there are three of primary concern to me: First, the provision eliminating U.S. re-export licensing requirements; second, mandatory suspense dates for export license applications within the administration review; and third, mandatory dates for Cocom review.

I would like to say that with regard to the foreign policy provisions in the bill, I find very little to criticize. I think the bill makes a substantial improvement in the existing law in that area and will really get rid of some of the uncertainty in the business community. Specifically, the provision for congressional review of Presidential decisions will provide a role for Congress in this important subject.

In the area of national security controls, I would like to summarize the emphasis we have given to this issue in H.R. 4034.

The "findings" and "policy" sections clarify the necessity of export controls for national security purposes.

Included in the section on national security controls is the provision for the Secretary of Defense and other appropriate agencies to identify goods and technology to be included on the commodity control list. The Secretaries of Commerce and Defense must concur on items to be included on the list, and in case of a dispute between the two, the matter shall be referred to the President for resolution.

This section of the bill also provides for the Secretary of Defense to develop a list of military critical technologies and finds that the national interest requires that export controls for national security purposes be focused primarily on military critical technologies. In developing such a list, the Secretary of Defense is to give primary attention to the elements DOD cites as essential to preserving the U.S. technological lead. The technologies are to be controlled when they are not possessed by countries to which exports are controlled and which, if exported, would permit a major advance in a weapons system of any such country. The list of military critical technologies developed by the Secretary of Defense is to become part of the commodity control list according to the procedures set forth in the bill. This is an essential provision.

The provisions of the bill for a validated license and a new category—the qualified general license—were revised to make more explicit that national security concerns must be considered in requiring such licenses.

As a result of my amendment in subcommittee, the bill now provides for the President to require a validated license, even in the case of foreign availability, if he determines that the absence of such controls would be detrimental to the national security of the United States. Another provision was added in full committee requiring the President to publish the reason and the estimated economic impact of such a decision.

The role of technical advisory committees is made more explicit with respect to their functions in assisting the Secretary of Defense in decisions related to national security controls.

The section on national security controls also provides for the Secretary of State, in consultation with the Secretaries of Defense and Commerce, to be responsible for conducting negotiations with other countries to seek their cooperation in restricting the export of goods and technology for national security purposes.

Another amendment, which I sponsored in subcommittee, was accepted in the bill providing for special procedures for the Secretary of Defense. By this section, the Secretary of Defense is authorized to review any proposed export of any goods or technology to any country to which exports are controlled for national security purposes. Whenever he determines that the export of such goods or technology will make a significant contribution to the military potential of any such country, which would prove detrimental to the national security of the United States, the Secretary of Defense is authorized to recommend to the President that such export be disapproved. If the President confirms that recommendation, no license may be issued for the export of such goods or technology.

The bill also meets a major concern of industry through an amendment I offered by providing for confidentiality of information required to be furnished under this act. It also provides for access by Congress to any information required at any time under this or any previous act pertaining to export controls. Thus our right to know and ability to perform the required oversight is preserved while essential confidentiality is retained.

I would also like to call to the attention of my colleagues the pressing need for increased gasoline supplies for California and the west coast. I raised the issue of the shortage in domestic refinery capacity on the west coast in the Foreign Affairs Committee. My concern was noted in the committee report, which indicates consideration should be given to exports of petrochemical feedstocks, including

naphtha, if such export would facilitate the construction of new refineries designed to produce unleaded gasoline or other light fuels. Such a policy would promote increased domestic production and supply at a time when we are facing a critical shortage. Such consideration could help to provide for the construction of a new refinery in Alaska.

While there is still room for improvement on some of the issues in H.R. 4034, as I mentioned earlier, I believe the national security principles of export controls have been essentially preserved. I also believe the proposed legislation meets the concerns of business in clarifying licensing procedures and providing better access to the decisionmaking process.

I want to state for the record that, for many reasons, I support the provisions in the bill concerning export of Alaskan oil—the McKinney and Wolpe amendments.

With those changes I have suggested, I urge my colleagues to support H.R. 4034.

□ 1510

Mr. BINGHAM. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan (Mr. WOLPE).

(Mr. WOLPE asked and was given permission to revise and extend his remarks.)

Mr. WOLPE. Mr. Chairman, over 2 years ago, under the leadership of my distinguished colleague from Connecticut, Mr. MCKINNEY, the Congress adopted an amendment to the Export Administration Act to significantly strengthen the broad, easily circumvented, oil export limitation in the TAPS Act. When the amendment was adopted, Congress thought a 2-year restriction on exports would be sufficient time to encourage the investments necessary to insure that Alaskan oil would be marketed exclusively within the United States. Unfortunately, none of the anticipated investments, such as the Sohio pipeline, have been made, and the export of Alaskan oil overseas continues to be contemplated by the oil companies and the administration.

The bill before us today provides for the necessary extension and strengthening of the current restrictions on the export of Alaskan oil. It extends the restrictions through 1983, at which time, the Export Administration Act expires. The limitations placed on the export of Alaskan oil, as adopted by an overwhelming majority of the members of the House Foreign Affairs Committee, will guarantee that no Alaskan oil leaves this country unless it can be demonstrated, beyond a doubt, to both Houses of Congress, that such exports will directly benefit the American consumer and that such action is clearly in the national interest. I would like to note that nothing within the language of this provision flatly prohibits the export of Alaskan North Slope crude oil. The bill simply states that the only acceptable criteria for Alaskan oil exports are a showing of direct consumer benefit and a showing that such exports would not adversely affect America's oil supply.

The provision before us requires the President to make certain findings before any exports may occur. It must be determined that—

Exports will not diminish the quality and quantity of oil in the United States;

That exports will result in lower acquisition costs to refiners;

That these lower costs will be passed on to the consumer; and

That contracts for exports can be terminated by the United States if our oil supplies are terminated.

The bill permits, as a single exception, the use of Alaskan oil to meet bilateral oil supply agreements entered into by the United States prior to May 1, 1979. The only such agreement in effect on that date was the agreement between the United States and Israel originally secured on September 1, 1975 and extended on March 26, 1979. This bill does nothing to restrict other domestic sources of oil from being used to fulfill our oil supply commitment to Israel.

Finally, this bill requires that any Presidential proposal to export Alaskan oil be approved by both Houses of Congress, a reasonable review process given the importance of this question.

The key issue we are presented with today is whether or not we are serious about reducing American dependence on foreign oil and fulfilling the original intent of the Trans-Alaskan Pipeline Authorization Act to deliver Alaskan oil to domestic markets. If we are serious about this, I would argue that we should be doing everything in our power to realize within the United States the full potential of domestic oil production. This means developing a new pipeline and increasing our refining capacity to handle the North Slope oil. But to permit the export of Alaskan oil to proceed without restriction would only reduce the incentive to get the essential pipeline and refining capacity in place and would extend our dependence on insecure foreign oil supplies.

When Alaska North Slope oil was discovered 10 years ago, it was correctly viewed as a major step toward American energy independence. In the wage of the Arab oil embargo of 1973, Congress enacted legislation authorizing the construction of the $10 billion trans-Alaskan pipeline so that Alaskan oil could be transported to domestic markets. Financed by American tax dollars, it was the American people who were promised exclusive use of Alaskan oil. And it was the American oil companies that provided clear assurances that Alaskan North Slope oil would be marketed in the United States, and that denied any intention of exporting Alaskan oil. Now, the administration requests the authority to approve the exports of Alaskan oil as it sees fit, possibly as a part of a three way swap or exchange involving Mexico and Japan. I maintain, that if Alaska North Slope oil is exported, it will be the oil companies that stand to gain and the American people, our economy, and our national security that stand to suffer. We must ask ourselves today to decide whether the energy policy of this country is going to be based on what is in the national interest or whether it will be based on what is most profitable for a powerful vested interest.

It should be said that there is no question but that the oil companies would realize substantial savings and increased profits if Alaskan oil were sent to Japan—approximately $2 per barrel would be saved in transportation costs. But the American consumer would not receive 1 penny of the reduction in oil company costs. This is because the price of Alaskan oil is already decontrolled; Alaskan oil sells for whatever price the market will bear, regardless of how much—or little—it costs to get that oil to its destination.

Indeed, the proponents of Alaskan oil exports have readily acknowledged that it will be the oil companies, and not the consumers, who will be the beneficiaries of reduced transportation costs. Their argument—echoed—by the administration—has been that the oil producers require higher profit margins as an incentive to realize the full production potential in the Alaskan North Slope.

So, let us look for a moment, at the question of profits and incentives. Comparing the first quarter of 1979 with the first quarter of 1978, SOHIO, the North Slope's largest producer, enjoyed an incredible 302 percent profit increase. Profits for the second quarter will be at least 70 percent above first quarter profits. According to a recent article which appeared in Petroleum Intelligence Weekly, every barrel of Alaska crude sold on the west coast brings the oil company producers $4.11 profit after taxes. That is 85 percent more than the oil companies were making on Alaskan oil last December. At some point, I submit, we must begin to ask ourselves, "When is enough, enough?"

Contrary to claims made by the administration, the current restrictions on Alaska oil exports have not held down production. Directly contradicting these claims is the recent announcement made by the Alaska North Slope oil producers of their plans to increase production by 25 percent, to 1.5 million barrels a day by the end of next year. It does not seem, therefore, that the existing limitations on the export of Alaskan oil have been much of a disincentive to increased production. The plain fact is that we can expect increased production in Alaska because Alaskan North Slope oil is enormously profitable, and has been made all the more so by the recent OPEC increases.

Much of the debate, in recent months, has been focused on the notion of a "glut" of crude oil on the west coast. Despite all the publicity about a "glut" of oil on the west coast due to Alaskan oil, all Alaskan North Slope production is currently being utilized by U.S. refineries. Even SOHIO has recently conceded this point, making statements to the effect that the need for their proposed pipeline extending from California to Texas has diminished because the west coast surplus is proving less than expected. (New York Times, May 23, 1979). In fact, every one of the 1.2 million barrels of Alaska crude sent through the Trans-Alaska pipeline each day is handled by U.S. refineries without delay.

West coast refineries take 850,000 to 900,000 barrels of that total; 75,000 is shipped by foreign-flag tanker to the Hess refinery in the U.S. Virgin Islands; and about 225,000 barrels a day is sent by U.S.-flag tankers to ports on the gulf and east coasts, as well as Puerto Rico and the U.S. Virgin Islands. Moreover, over the last few months, west coast refineries have increased their "take" of Alaska oil from 600,000 barrels a day to almost 900,000 barrels a day. Without adding new refinery capacity or retrofitting existing refineries in any way, west coast refineries can handle from 1 to 1.3 million barrels of Alaska crude per day.

Mr. Chairman, I am convinced that exporting Alaskan oil is the worst possible step we could take right now if we are serious about achieving the goal of energy self-sufficiency. As long as the major oil producers are able to extract much higher profits by the sale of Alaskan oil to Japan, they simply will not have the incentive to develop the refining and pipeline capacity that this Nation so desperately needs and that was the initial promise held out at the time of the approval of the Trans-Alaskan Pipeline Act. Attempts to establish a national energy transportation system will suffer a serious setback if Alaska oil is exported exchanged.

Permitting Alaskan oil exports is precisely the wrong signal to be sending the American people. At a time when we are asking our people to recognize our serious energy problems, at a time when we are asking the American people to dig deeper into their pockets and pay more for energy, and at a time that we are faced with short gas supplies and the prospect of shortages in home heating oil this winter, the spectre of ships transporting American oil to any foreign nation is unthinkable—especially when the only real beneficiaries of such oil exports will be the oil companies themselves. The bill before us today gives us the opportunity to cast a vote which will move us closer to our Nation's stated goal of energy independence. I urge your support of this legislation designed to insure that American oil be reserved for American use.

Mr. Chairman, the provisions in this legisltion extending and strengthening the restrictions on the export of Alaskan oil are strongly supported by a broad range of organizations that represent a cross section of America. These include consumer, environmental, labor and industry groups. At this time, Mr. Chairman, I would like to insert in the RECORD various statements of support for the language contained in the committee bill from some of these organizations.

The statements follow:

CONSUMER FEDERATION OF AMERICA—POLICY STATEMENT ON ENERGY AND NATURAL RESOURCES

Foreign dependence

"The United States' gross dependence on OPEC oil forces consumers to pay artificially high prices for energy, fuels inflation and the decline of the dollar by contributing to a massive, persistent trade deficit, and leaves the nation vulnerable to supply disruptions instigated by the OPEC nations for political or economic purposes. Yet national energy policy has neither been as forceful nor as expeditious as possible in reducing this dependence; indeed many policies reinforce our dependence. United States policy should be directed toward increasing domestic supplies of energy for domestic use. The national energy transportation system should be improved to make possible a more efficient and equitable distribution of domestic fuel supplies. The Consumer Federation of America opposes the export or swap of Alaskan oil unless it can be shown that such an export or swap would be in the consumers' interest and would not jeopardize national security. In addition to the creation and development of national alternatives to foreign oil, the following immediate initiatives should be taken:

A. Creation of a Federal oil importing agency which would purchase the nation's import needs by securing sealed bids from all oil producing nations . . .

C. Encouragement of greater productions of oil from non-OPEC oil producing nations . . .

STATEMENT BY THE AFL–CIO EXECUTIVE COUNCIL ON ALASKAN OIL EXPORTS

BAL HARBOR, FLA.,
February 22, 1979.

Administrative consideration of the possible export of Alaskan oil raises the gravest dangers for the nation's economic and defense security. The export of this oil would be a consumer rip-off engineered by the nation's oil companies to obtain greater profits. The American consumer would gain nothing and would suffer the loss of some of America's secure oil supply.

At a time when the nation faces oil cutbacks at U.S. refineries, declining imports from Iran, and the prospect of gasoline rationing, exports of U.S. oil supplies would be a national energy policy disaster.

The Administration is considering sending Alaskan oil to Japan in exchange for oil from foreign countries, including Mexico. The nation's oil companies, viewing the world from the selfish position of multinational corporations, want such nation-to-nation swaps. Such swaps would obtain no additional oil supplies for the U.S.

Swapping U.S. oil for foreign oil makes no sense—in terms of economics or national security. It is nothing more than a gimmick devised by the oil companies to circumvent U.S. law and boost their profits.

In 1973 and again in 1977 the Congress placed explicit limits on Alaskan oil exports as a result of national concern over energy shortages. The McKinney Amendment to the Export Administration Act provides for a congressional veto of any Alaskan oil export plans.

Oil exports from Alaska or other U.S. sources would leave the U.S. more dependent on the OPEC cartel or on unstable developing countries.

Oil exports do not aid the nation's trade balance, as exports would be nullified by equivalent oil imports.

The consumer would gain no benefit, being forced to pay the international price for oil wherever it may come from. The U,S, economy would suffer the loss of tanker employment, shoreside and shipyard jobs, and the tax and wage benefits they produce.

The AFL–CIO has consistently opposed Alaskan oil exports. We now believe the existing legislation restricting Alaskan oil exports should be extended and strengthened to prevent yet another oil company rip-off of the American people.

It is perfectly feasible to transport this oil directly from Alaska to the East and Gulf Coast ports by tanker or rail. Furthermore, the construction of a Northern Tier pipeline would serve the national interest. Using the U.S. transportation system would protect this vital oil supply from cartels and unstable foreign markets.

CONSUMER ENERGY COUNCIL OF AMERICA,
Washington, D.C.

Re: H.R. 3301, Amendment to the Export Administration Act to restrict exports of Alaskan oil.

DEAR REPRESENTATIVE: The Consumer Energy Council of America, a broad-based coalition of consumer, labor, farm, public power, rural electric cooperative, urban, and senior citizen organizations, urges you to support H.R. 3301, the bill to extend and strengthen the McKinney amendment to the Export Administration Act, which restricts exports of Alaskan North Slope oil.

The Consumer Energy Council supports H.R. 3301 because of the detrimental consequences—to consumers and the nation—of exporting Alaskan oil. Among these are the following:

Exporting or swapping Alaskan oil would increase our dependence on foreign oil by removing incentives to do the work needed to enable us to use all of potential Alaskan production within the U.S.: retrofitting existing refineries to accommodate Alaskan crude, building new refineries, and adding to our internal oil transportation network. If we allow Alaskan oil to be exported and our foreign supplies of oil are later cut off, we would not be in a position to divert Alaskan oil to our own use because the infrastructure necessary to using that oil would not be in place.

Exports of Alaskan oil will hurt our balance of payments, because the U.S. will receive less from sales of Alaskan oil to foreign customers than will be needed to import a comparable amount of oil into the lower 48 states.

Exporting Alaskan oil will reduce plentiful supplies that last year resulted in discounts of up to 75¢ per barrel on Alaskan crude, a clear benefit to American consumers.

Exporting Alaskan oil will be a powerful negative symbol in the eyes of the public, making the government appear disingenuous when it calls for conservation so that imports of oil can be reduced, while simultaneously exporting oil from Alaska. Support for voluntary conservation efforts will diminish and—since exports benefit only the companies producing the oil—the popular suspicions that U.S. energy policy consistently favors the oil companies will increase.

If exporting Alaskan oil is clearly in the national interest or if it would demonstrably reduce petroleum product prices for consumers, H.R. 3301 would allow such exports. At present, however, such exports are in the interests of neither the nation or consumers. We therefore ask your support of H.R. 3301 which will prevent these exports unless appropriate findings of its benefits can be made.

Sincerely,

ELLEN BERMAN,
Executive Director.

ENVIRONMENTAL POLICY CENTER,
Washington, D.C.

To: Members of Congress.

From: Hope Robertson, Environmental Policy Center; Brock Evans, Sierra Club; Rafe Pomerance, Friends of the Earth.

Re: Export Administration Act—Exporting Alaskan Crude Oil.

The Export Administration Act will be coming before Congress for reauthorization in the near future. One of the most important provisions of this act deals with exports of Alaskan oil, a provision we strongly urge you to support. This provision requires the President to demonstrate to Congress that exporting Alaskan oil will not have a detrimental effect on important factors such as the cost of oil to the consumer, or the availability and quality of petroleum for domes-

tic refineries. It is not a prohibition on Alaskan oil exports. This amendment will insure that the Congress, as well as the Administration, plays a major role in deciding whether or not Alaskan oil should be exported. Unless Congress renews the language, Congressional involvement in the development of an export policy for Alaskan oil, will end when the provision expires in June of this year.

Background

When the Trans-Alaskan Pipeline System (TAPS) was approved by Congress in late 1973, the environmental community and others accurately predicted that the west coast would not be able to handle all of the Alaskan production without major changes in the refineries. We advocated the construction of a Trans-Canadian route which would have delivered the oil to the Northern Tier states and mid-west, sections of the country now in need of petroleum. However, the oil companies assured Congress and the nation that the TAPS route was the best one and that handling Alaskan production on the west coast would be no problem.

Fortunately, some members of Congress were farsighted enough to suspect that a major motive behind the oil companies' preference for the "All-American" TAPS route was not to get better access to American markets but rather better access to Japanese markets. To insure that the oil industry kept their promise about producing Alaskan crude for the benefit of domestic markets, an amendment was added to the Export Administration Act more than two years ago, which allowed exports of Alaskan oil if such a policy would not have a detrimental impact on other facets of our domestic petroleum picture. When the amendment was adopted in 1977, Congress thought a two year restriction on exports would be sufficient time to encourage the investments needed to handle Alaskan oil on the west coast. Once these investments were made, it was felt that there would be major financial incentives to market Alaskan crude domestically.

Unfortunately, none of the necessary investments, such as retrofitting refineries, have been made. The combination of relatively low production levels during the first two years of the pipeline's operation and the knowledge that the language in the Export Administration Act would expire in June 1979, raises some doubt as to whether the North Slope producers had any intention of making the large capital commitments in domestic refineries or pipelines during this two year period. The interest of the oil industry in making investments domestically is particularly suspicious considering that the prospects of exporting Alaskan oil promised to be far more lucrative with relatively little additional investments required.

Current status of Alaskan production and use

Despite all of the publicity about a so-called "glut" of oil on the west coast, all Alaskan production (1.2 million barrels/day) is currently being utilized in west coast and Gulf refineries. There is speculation that this surplus publicity was intended to put pressure on the Administration and Congress to approve exports of Alaskan oil. But the industry's complaints about the west coast oil surplus seem to have backfired on them recently. When Sohio announced they were thinking of cancelling their pipeline project from California to Texas, there was an uproar in the Administration and Congress to save the project. Reducing the west coast surplus was viewed as a major reason to construct the Sohio pipeline by the Administration and Congress to the point where they have taken steps to insure that Sohio can build the pipeline.

This unexpected reaction to Sohio's announcement to cancel the project seems to have placed Sohio in an awkward position. They are no longer saying that the west coast is swimming in oil and instead, are making statements that the need for the pipeline was diminishing because the west coast surplus was proving less than expected. (N.Y. Times 5/23) This places the North Slope producers in delicate position as it is hard to lobby for approval of Alaskan oil exports in order to alleviate the west coast surplus when simultaneously the companies are saying the surplus is not bad enough to justify construction of a pipeline to transport the oil off the west coast. Obviously, the real status of a "glut" of oil on the west coast needs to be determined before we approve exports of Alaskan oil to alleviate a potentially non-existent problem.

Language is still needed to control Alaskan oil exports

The language in the Export Administration Act will insure that any decision made by the Administration to export Alaskan oil must be reviewed and accepted by Congress. In light of the enormous implications exporting Alaskan oil will have on many facets of our petroleum supply picture, Congressional involvement is vital.

For example, Congress must advocate policies which will encourage retrofitting of refineries on the west coast and elsewhere in the nation, so that they can handle heavier crudes, such as Alaskan. The availability of large quantities of Alaskan oil, coupled with changes in U.S. refinery policies cannot help but be an incentive to retrofit these refineries. Any exports of Alaskan oil must not discourage these important changes in our domestic refining capabilities.

Another area affected by Alaskan oil exports, is pipeline construction. The cost and environmental risks of tankers make the use of some pipeline network from the west coast inland, important to consider. If it turns out that construction of pipelines is economically efficient and environmentally preferable, exporting Alaskan oil may undermine the viability of the projects unless the exports are carefully controlled.

These issues and many others need careful analysis before a decision regarding exports of Alaskan oil is made. To insure that the Administration develops a policy which will maximize the benefits to the public and our long term petroleum supply picture, we urge you to vote for the renewal of language controlling Alaskan exports.

□ 1520

Mr. LAGOMARSINO. Mr. Chairman, I yield 2 minutes to the gentleman from Illinois (Mr. DERWINSKI).

(Mr. DERWINSKI asked and was given permission to revise and extend his remarks.)

Mr. DERWINSKI. Mr. Chairman, my understanding is that the administration, despite its public statements in support of authority to barter or sell Alaskan oil to Japan, does not intend to fight on the issue.

Therefore, I wish to reemphasize my views for the record. The McKinney-Wolpe amendment absolutely prohibits the sale or barter of Alaskan oil to Japan. I believe that the executive branch should have flexibility to be able to swap that Alaskan oil, which we are unable to refine on our west coast, for oil from other areas to be delivered to our east coast refineries. If such a swap should become advantageous because it is cheaper, the executive branch should have the authority to carry out the swap—in our national interests. I believe that our real security interests should include that option.

We have a $12 billion annual trade deficit with Japan. With this option to swap Alaskan oil, we could reduce our trade imbalance, increase our economic leverage with Japan, maximize production of Alaskan oil, and by the offsetting agreements, help meet the energy needs of American consumers.

Also, I am looking forward to the amendments to this bill suggested by my colleagues, Mr. ICHORD and Mr. DICKINSON. There may well be some sections of this bill regarding the protection of U.S. security interests which can be improved by amendment. I naturally support increased trade, but we must carefully weigh our national security needs.

I would like to make two very brief points. One is that I voted against going into the Committee on this measure since I felt that it was far too important a subject to be debated on an afternoon when there was barely minimum attendance. I regret the fact that a bill of this magnitude has been scheduled when most of our Members are not in town.

The other point is I for one am a champion of the right of the administration to swap Alaskan oil. I realize that because of the palace coup that took place last week the administration seems to be in total disarray. It is my understanding they are not going to try to knock out the McKinney-Wolpe amendment, so I am not going to be doing their work for them. But let me point out it would be good administrative policy to have the option to swap. It would reduce our balance-of-payments deficit with Japan. The real beneficiaries would be the consumers on the east coast, and that is ironic because the environmentalists on the east coast have done more to mess up our energy situation than any segment of society. Yet now they do not have enough commonsense to appreciate the fact that a swap of Alaskan oil would be to their benefit.

With those words of wisdom, I yield back the balance of my time.

Mr. LAGOMARSINO. Mr. Chairman, I yield 4 minutes to the gentleman from Montana (Mr. MARLENEE).

(Mr. MARLENEE asked and was given permission to revise and extend his remarks.)

Mr. MARLENEE. Mr. Chairman, I rise in support of the provisions to maintain the prohibition on exporting Alaskan crude oil as contained in the Export Administration Act of 1979, H.R. 4034.

This Nation must vigorously pursue the goal, of increased domestic production of oil and the maximum utilization of our own reserves. The recent problems, so clearly illustrated by the shutdown of Iranian oil production, from where we received only 10 percent of our oil imports, have all too sadly pointed out just how little we learned about the consequences of increased dependence on foreign nations for our crude oil supplies. This dependence has now reached a point where approximately 48 percent of our oil needs come from foreign nations.

This level of dependence is dangerous,

and indeed could bring this Nation to a standstill should the unstable picture in the Middle-East worsen. Furthermore, this dependence is absolutely unnecessary. Our country has a wealth of oil in Alaska that can decrease our energy dependence and at the same time do much to increase our level of energy independence.

The United States must utilize its Alaskan reserves to the fullest extent possible here in this country and not in Japan or any other nation. These reserves are, however, being underutilized because of the failure to construct a pipeline to transport this crude oil from Alaska to the lower 48 States. This failure is, to a large degree, due to massive Federal regulations. These requirements have been partly to blame for the withdrawal of the Sohio Company's proposed pipeline from California to Texas.

Nonetheless, we do have another chance to bring this crude oil to the lower 48. This chance is the Northern Tier pipeline. If we put our energies into the construction of the pipeline rather than into the obstruction of the pipeline, we will take a major step toward maximizing the use of our Alaskan reserves. This pipeline, as many of you know, will be capable of bringing Alaskan oil to all of the Northern Tier States and refineries from Washington to Minnesota. It also has the potential of supplying Alaskan oil to secondary markets as far south as Kansas City. These benefits do not even include the obvious ones of savings to our balance-of-payments problem and increased jobs that will result.

Construction of the pipeline can only be accomplished, however, by maintaining the prohibition against exporting Alaskan oil. To allow the export of Alaskan oil, will leave this Nation without a pipeline for efficiently transporting the oil to the lower 48 States. The Nation is facing a termination, by 1982, of all Canadian crude oil imports not on an exchange basis. The refineries in the Northern Tier have been heavily dependent on these Canadian supplies and to allow this to happen would subject these States to the same oil shortage problems now plaguing the Northeastern section of this Nation.

Because of this situation Montana is now in danger of not having sufficient diesel fuel to harvest the crops now standing. The crops will not wait, hungry cold people will not wait and we should not wait on using our own oil in our own pipeline.

One other point needs to be made about the need to keep our Alaskan oil reserves in this Nation. The President, in his recent energy speech, emphatically stated his intentions to import not one more drop of oil into the United States than what was imported in 1977. If he intends to hold to this goal then there is no question but that Alaskan oil must not be exported.

I urge my colleagues to vote in favor of H.R. 4034 and in favor of increased energy independence.

Mr. BINGHAM. Mr. Chairman, I yield 3 minutes to the gentleman from Minnesota (Mr. VENTO).

(Mr. VENTO asked and was given permission to revise and extend his remarks.)

Mr. VENTO. Mr. Chairman, I want first of all to congratulate the gentleman from New York (Mr. BINGHAM), the ranking minority member and the members of the committee for their work in bringing this legislation to the floor. The amendment to the Export Administration Act, which we have under consideration today, I think will go far to bring rationality to the export licensing, which at times seems to defy explanation.

The fact of the matter is I think the review of various products and commodities leaving this country is, of course, an extremely important task in a time when we are concerned about our national security, when we are concerned about the balance-of-trade problem that this country faces. I believe that the balance-of-trade problem probably eclipses any other economic problems that our country has to deal with and, indeed, the resources and the amendments to Export Administration are modest considering the magnitude of the balance-of-trade problem. When we look at the authorization in the bill for $7 million and $8 million for fiscal years 1980 and 1981, respectively, the authorization level, indeed, is a modest effort to try and facilitate what should really be a centerpiece, a keystone of our trade program.

The other resources and tools available through the Export-Import Bank are again modest, when compared to the magnitude of the need. This country in the past fiscal year exported in excess of $175 billion worth of goods and commodities.

On the opposite side of that we imported something in the neighborhood of $200 billion-plus which, of course, results in our balance-of-trade deficit, largely from the importation of foreign oil that has so plagued our economy and will continue to do so until we diminish the use of it, and until we can increase the commodities that we trade abroad.

This bill, I think, provides for some major initiatives to accomplish that increase in trade. I think these are modest provisions, and I think the provisions for bartering are good. As an example I think that it provides the opportunity to reduce costly overregulation that has been superimposed on our businesses, multinational corporations in this country which really, in essence, has resulted in the loss of the business, the loss of the jobs, the loss of some markets to the American products and to this country in general, only to have those other countries in which the multinational companies are located pick up those same business contracts.

□ 1530

So, I hope that this sets a demarcation no matter what the structure of our Government trade administration, and I know that there have been major reforms suggested for structuring or restructuring our administration, the amendments to the Export Administration Act will help facilitate trade. Unless we put into the administrations' hands a clear policy, which the gentleman and the subcommittee have attempted to do in this case, we will not fare well in terms of our trade initiatives. I think this is a commendable effort along those lines. We have a long way to go before the realization of our improved trade goals and curbing the limits we have self imposed, trade restrictions which operate to an American disadvantage, in the world marketplace and beyond the actual needs of national security and our responsibilities to set a policy for the free world.

Let me point out an example of the problems we hopefully will avert in our future trade activities.

I recall specifically a recent instance when Univac, a major employer in my district, lost a $6.8 million computer contract because of misguided foreign policy consideration and prolonged delays. Tass, the Soviet news service, in an effort to upgrade its news handling facilities in preparation for the Moscow Olympic games contracted for a down-rated computer similar to one previously licensed for export to Aeroflot, the Russian airline.

The computer was ready to be shipped in July 1978 but the stalling game by our Government continued until early April 1979 when finally the license was cleared. By that time, Tass decided to terminate its agreement with Univac and place an order with a French computer consortium for a more sophisticated and expensive system—$17.5 million—and one presumably usable in defense applications.

As a consequence of the Government's maladroit handling of this export license application, the country lost a sizable contract, many man-years of work, and, of course, profits, and opened the opportunity for the Soviets to purchase a computer system with possible defense-related capabilities.

A further result of forcing the Soviets into the arms of the French computer consortium is a new and more ominous development for the U.S. national security. A few days ago it was announced that as the fruit of the Tass computer sale the Soviet Union and France have reached a basic understanding to develop jointly a generation of computers and related equipment for the use in the decade after 1985. What the Soviets could not get if they were to rely on U.S. computer suppliers they will now quickly receive through their acquiescent French connection, CII-Honeywell-Bull.

I believe it is essential if we are serious about international trade, about reducing the adverse balance of trade and about coping with domestic inflation that we do a better job of organizing our export licensing process.

The bill H.R. 4034 should be passed.

Mr. LAGOMARSINO. Mr. Chairman, I yield 5 minutes to the gentleman from Connecticut (Mr. MCKINNEY).

(Mr. McKINNEY asked and was given permission to revise and extend his remarks.)

Mr. McKINNEY. Mr. Chairman, since

I first become involved in the effort to restrict the export of Alaskan oil, I have witnessed a number of attempts to justify the export of one-half million barrels of that oil each day. One of the most enduring of these arguments has been the need for Presidential "flexibility" in utilizing the 2 million barrels of oil from Alaska's North Slope. Armed with the "flexibility" argument, this administration and other proponents of Alaskan oil exports have unabashedly pursued the simultaneous and contradictory goals of decreasing our reliance on imports and exporting Alaskan crude. I think it is high time that the Presidential "flexibility" argument be put to rest—for good. Such flexibility may be needed in managing the Department of Energy but it has no place in efforts to free ourselves from the stronghold of the OPEC nations. There is only one clear path to achieve that goal—the use of every available source of domestically produced energy in domestic markets.

This Congress has taken a great deal of criticism from the American people, the American business community and the administration for its failure to pass necessary energy initiatives. Some of that criticism is justified. But the record should be set straight. It was this body passed the first synthetic fuels bill 1 month ago. It was in this body that the first solar energy development bank was proposed. Two years ago this body enacted an amendment to commit the nation's offshore oil to domestic use. And, it was in this body that the only legislation committing Alaskan oil for domestic use was passed, 240-to-166. I know this, Mr. Chairman, because I have been directly involved in each of these efforts.

Today, the House of Representatives again has the opportunity to demonstrate its commitment to a future of energy independence by extending the restriction on the export of Alaskan oil. Justification for the extension of the export ban goes far beyond the most obvious arguments for committing domestically produced oil to domestic use. The justifications are more substantial than the need to hold the North Slope producers accountable to their promises, made in 1973 when the Trans-Alaska Pipeline Authorization Act was passed, of foregoing the financial attraction of exports and reserving Alaskan crude for use in domestic markets. The arguments for extending the export restriction on Alaskan oil—which expired on June 22—go beyond even the debilitating effect which an export or exchange would have on the already crippled U.S. maritime industry. There are sound economic reasons which dictate the need to insure that Alaskan oil is delivered, refined and consumed in U.S. markets. These reasons, Mr. Chairman, cannot be overcome by some inappropriate fixation upon Presidential "flexibility" in decisionmaking.

Reduced transportation costs, which work to increase producer profits, is another durable argument of questionable reasoning that proponents have used to justify the export of Alaskan crude. It is true that the Alaskan North Slope producers stand to gain an additional $2 per barrel—averaging delivery costs to both the west and the gulf coasts—by exporting that oil rather than delivering it to domestic markets. However, in making the transportation savings, that $2 per barrel would not be realized by the consumer. The total savings would instead be added to a steadily increasing profit margin resulting from the production of North Slope crude.

Proponents of an export or exchange claim that the transportation savings are necessary in order to insure profitability in producing Alaskan oil. The facts show otherwise. Consider that in the first quarter of this year, Standard Oil of Ohio, the North Slope's largest producer with 52 percent of the oil, increased its profits over the first quarter of the previous year by 302 percent. That increase was attributed by the chairman of Sohio to production on Alaska's North Slope. Profits for the second quarter of this year, due to be reported this week, should show an additional 70 percent increase above the first quarter. And, after tax profits for Alaskan oil delivered on the west coast are an incredible $4 per barrel. That figure represents an 85 percent increase in after tax profits reported in December.

In light of this very lucrative venture, arguments for increasing producer profits by saving in transportation costs cannot compare with the need to commit that oil to our domestic markets. Not only do the figures indicate that the Alaskan oil producers are presently enjoying a tremendous return on investment; they further refute the arguments posed that increased profits are necessary for meeting additional production. Without an export option, and therefore without the additional transportation savings of an export, the North Slope producers have already scheduled a 25-percent increase in production by the end of this year. Furthermore, Atlantic Richfield Co., another North Slope producer, has announced plans to begin commercial development of Alaska's Kuparuk field at 60,000 barrels per day by 1982. Clearly, these production plans argue persuasively against the need to open Alaskan oil production to the world markets.

Proponents of an export or exchange of Alaskan oil have made further arguments that insufficient markets for Alaskan oil in the United States necessitate an exchange. If there was any validity to these arguments in 1975, there is certainly none today. Unlike a few years ago when I first became involved in this issue, there are more than adequate markets, in fact growing demands, for Alaskan crude. Its heavier gravity makes it most suitable for distillation into home heating oil and when compared to $30 to $35 a barrel spot market crude, it is no wonder that U.S. refiners in the Caribbean are eager to receive $18 Alaskan crude.

On the west coast, where the infamous Alaskan oil "glut" became the rallying cry for export proponents, refiners have increased their take of Alaskan crude from 600,000 barrels per day to almost 900,000 barrels per day in the last few months. This new-found refining capacity and the elimination of the "glut" are most likely attributable to both the increasing profitability of producing Alaskan oil and the sharp rise in the price of imported crudes.

Officially, however, west coast refiners claim the 300,000 barrel per day increase in ANS crude refining is a result of: First, experience with handling the oil, second, the ripple effect of the shut down of Iranian production, and third, the failure to bring San Joaquin Valley production on line as expected. Interestingly enough, the increased refining of Alaskan crude on the west coast has occurred without the expensive refinery retrofits that were earlier alleged to have been necessary in order to profitably market Alaskan oil in the lower 48.

This increasing demand for Alaskan crude in the domestic markets is all very good and understandable but can be no substitute for the continuing need to develop an effective transportation system to distribute the oil eastward. Producers of Alaskan oil, most notably Sohio, assured this House on several occasions that any export or exchange of Alaskan oil would be a temporary one because their plans for the construction of a pipeline to deliver that oil would be fulfilled in a few years.

Short of saying "I told you so," I have long contended that Sohio's Pactex Pipeline Project, which was to deliver Alaskan crude from Long Beach, Calif., to Midland, Tex., was a convenient argument to delay the enactment of an Alaskan oil export restriction. Despite the success of legislation in the House Interior Committee, which would have effectively eliminated any further environmental obstruction to the Pactex project, and despite the administration's commitment to the same, the board of Sohio chose to scrap the project. I would suggest that the increasing marketability of Alaskan crude on the gulf and west coast played a role in that decision.

The need to develop a transportation infrastructure to deliver Alaskan crude east still remains. Despite Sohio's decision, the Government has a responsibility to revitalize that project and to grant all the regulatory and financial assistance necessary to complete the Northern Tier Pipeline project. Without a clear mandate from this Congress, committing all of the North Slope's production to U.S. markets, the incentive to proceed with these projects will quickly fade away.

Questions have been raised, Mr. Chairman, about the effects on the U.S. balance of trade in the event of an export or exchange. Let me make this clear. Alaskan oil is now and, unless regulatory action is taken, will in the near future be priced lower than either Mexican or OPEC crude Therefore, in the event of an exchange of Alaskan oil for foreign crude, this country would incur a balance-of-trade loss. In a study by Robert R. Nathan Associates the question of an Alaskan oil exchange was analysed. That study found that even reducing annual costs to this country by 0.37, which represents the net amount of total outlays to foreign sources returning to the United States in the form of demand for domestically produced goods and services, under a best-case scenerio—wherein

half of the Alaskan oil is transported on American bottom tankers and exchanged with Japan for Mexican crude—the United States would incur a $182 million deficit annually.

Finally, Mr. Chairman, let me emphasize that the legislation which I introduced and which was subsequently included in this bill, H.R. 4034, is intended to apply solely to oil that is transported pursuant to rights of way granted under the Trans-Alaska Pipeline Authorization Act of 1973. Nor does this legislation in any way attempt to preclude the fulfillment of our treaty obligations with Israel either pursuant to the 1975 Sinai Treaty nor the most recent agreement resulting from the Egyptian-Israeli peace agreement.

Mr. Chairman, we need to commit every available domestic energy resource to our battle for political and economic independence. Alaskan oil is among the most readily available of those resources. I was heartened by the action of the recent Senate in passing an export restriction that is simiar to one before us today. It was pleasing to learn that so many Members of that body, who just 2 years ago had voted against an export ban, have realized the importance of insuring the domestic distribution of that oil. I commend the Senate for its action and I urge all of my colleagues in the House to support this legislation.

Mr. BINGHAM. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri (Mr. ICHORD).

(Mr. ICHORD asked and was given permission to revise and extend his remarks.)

Mr. ICHORD. Mr. Chairman and members of the committee, I thank the distinguished gentleman from New York for yielding me this time. But, I must agree, Mr. Chairman, with the gentleman from Illinois (Mr. DERWINSKI). I think it is unfortunate that a bill of this magnitude is being debated today when so many Members are not here to hear this very important matter being debated.

I also agree with the gentleman from California (Mr. LAGOMARSINO), that the provisions regarding reexport conditions must be deleted from this bill. H.R. 4034 has been reported out of the Committee on Foreign Affairs as a result of considering eight bills. One of those bills H.R. 3216 was referred to the House Armed Services Committee. In fact, this bill covers one subject which is also under the jurisdiction of the House Armed Services Committee, and that is the transfer of military technology.

The House Armed Services Committee has held long and extensive hearings on this particular aspect, and in fact the hearings are still being conducted on H.R. 3216, one of the bills that was considered in making up H.R. 4034. I have hearings scheduled for tomorrow morning, and the House Armed Services Research and Development Subcommittee has voted to offer several amendments to this bill which I think must be adopted in the interest of national security.

Mr. Chairman, the reason why I say this—and I think perhaps the gentleman from New York will agree, although he may disagree as to the effects of the particular provisions of this bill—is that on May 24 Mr. Larry Brady, the Acting Director of the Office of Export Administration, testified before the Subcommittee on Research and Development that, and I quote: "The export control system as it is today is a total shambles."

□ 1540

After extensive review, I would say with respect to the transfer of military technology, that any inaccuracies in that evaluation by Mr. Brady as far as national security is concerned lie only in its understatement of the current situation. For example, last Wednesday I received a letter from Secretary Kreps advising me that contrary to testimony received and to news accounts, there was in fact no diversion in connection with the Kama River truck factory. I would advise the members of the committee that we have not only transferred according to some sources about $1.5 billion worth of machinery but also sophisticated computers that make up the Kama River truck factory, the largest truck factory in the world. This statement by Mrs. Kreps, made in the face of credible and verified reports that hundreds of trucks from Kama River have been seen in military units in eastern Europe, caused me to schedule this hearing tomorrow morning to get to the truth in this matter. If in fact there is no violation of U.S. export controls as alleged by Secretary Kreps, then I would question the wisdom of our entire export policy.

In any event, Mr. Chairman, on behalf of the Research and Development Subcommittee, I will offer one amendment affecting the transfer of critical military technology. The amendment which will be offered to the House will bring about a clarification of the Secretary of Defense's responsibility for identifying critical technology, and the amendment will also mandate that a list of critical technology be established by October 1, 1980. I believe the critical technology approach is ready to fly and is the only safe and sane way of protecting our perishable technological lead over our potential adversaries.

The second amendment which I will offer seeks to delete the authority for the establishment of a procedure to identify technology thresholds below which goods and technologies would be exempted from special licensing requirements. This procedure titled "indexing" defies effective administration and would be an exercise in dangerous speculation from a national security perspective.

My final amendment deletes the aforementioned provision eliminating requirements for reexport permits. This provision should be of great concern to the proponents of trade for in the absence of reexport controls a substantial number of license applications are likely to be denied. Likewise this provision would significantly effect controls for national security purposes.

Mr. Chairman, there are three considerations which must be made in administering export controls: Protection of our domestic economy; regulation of trade for consistency of foreign policy, and restriction of export of goods and technologies to protect our national security.

It is this last consideration, national security which is our concern.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BINGHAM. Mr. Chairman, I yield 3 minutes to the gentleman from Texas (Mr. ROBERTS).

(Mr. ROBERTS asked and was given permission to revise and extend his remarks.)

Mr. ROBERTS. Mr. Chairman, I appreciate the gentleman from New York's yielding me time. I was just checking the monitor when the gentleman from Michigan was talking about prohibition of any shipment of Alaskan oil to other countries. That obviously is based on the assumption that a barrel of oil is a barrel of oil, and that simply is not so.

My district has in it the largest producing oil field in the world. East Texas oil field has been producing now for 50 years. It had 26,000 producing wells at one time. They produce a high-gravity oil. The oil from Alaska is not only low-gravity, it is high-sulfur, which means in the refining process it makes a lot of sulfuric acid, and for that reason only three or four of the California refineries can handle it and it has to be shipped to Texas where all the coast oil is high sulfur.

So let me put it this way. With Alaska oil, a barrel, of course, is 42 gallons. You get maybe 14 to 18 gallons of gasoline or distillate. With Indonesian crude you get about 24 to 26 gallons of middle distillate or gasoline. The value of the Alaskan crude is primarily in the feedstocks because you can make four or five times as many plastics and other products out of Alaskan crude as you can out of Texas crude, or 10 times as much maybe as Indonesian crude.

I hope the committee will look into it thoroughly and not put a prohibition on it, because if we can trade one barrel of Alaskan crude for one barrel of Indonesian crude, we are going to get a lot more gasoline and distillate than we would otherwise. It is true we would lose the feedstocks, but we have all the feedstocks we can possibly use. I am sure if the committee will check into it, they will find that a prohibition will not be to our best interest. If we can trade for Mexican crude, we would average 50 percent more gasoline or distillate from Mexican crude, if we could trade on a barrel-for-barrel basis. I hope we would not prohibit the transfer before we get Mexican crude or Indonesian crude in return.

I thank the gentleman very much.

Mr. LAGOMARSINO. Mr. Chairman, I have no further requests for time at this time, and I will reserve the remainder of my time.

Mr. BINGHAM. Mr. Chairman, I yield myself so much time as I may consume.

Mr. Chairman, I would like to comment very briefly on two of the points raised by the gentleman from Missouri (Mr. ICHORD), who has been conducting extensive hearings on this problem. First of all, with respect to the comment made in testimony by Mr. Brady that the administration of the export control sys-

tem is a total shambles, I have talked to Mr. Brady. I know that he was very dissatisfied with the way the system was being operated, but that is not to say that he is critical from the point of view that items of critical technology have been exported to the Communist countries. His criticism had much more to do with the way in which the program was being administered, and I think many of his criticisms would be shared by industry.

The witnesses who came before us from industry complained that they were being subjected to inordinate delays in the processing of their applications, frequently being held up for a year or 18 months, long enough to lose their business to a competitor in Western Europe, and then finally having their licenses granted. This was enough to drive many of these exporters right up the wall. They would agree that the administration of the program was in a total shambles.

The effort of this bill is to tighten up on that administration, to improve it without in any way endangering the national security.

Now as to the Kama River plant, I have inserted in my remarks the letter from the Secretary of Commerce with respect to that plant. The fact of the matter is, and I think it is of interest to the Members because there has been a great deal of discussion on this, this is a huge truck plant that makes trucks and motors, but they are standard trucks, and the only confirmed information that we have about the use of the products of that plant for military purposes is that some of these standard trucks have been seen in military motor pools. When these export licenses were granted, and they were granted in the administration of President Nixon with the explicit approval of Secretary Kissinger, there were no restrictions put on the use of the trucks being produced at the plant. That was a deliberate decision because these were of a general nature. When you sell anything, when you sell common tools, a hammer or screwdriver, to the Soviet Union, it can find its way to the military. It can be put to military use. But it is not correct to say that there has been diversion or violation of an agreement, because there was no condition put on the export licenses of that machinery.

Mr. ICHORD. Mr. Chairman, will the gentleman yield for a question on that point?

Mr. BINGHAM. I yield to the gentleman from Missouri.

Mr. ICHORD. I thank the gentleman for yielding. Is the distinguished gentleman from New York telling this House that the Kama River truck plant is not being used to produce military trucks for the Soviet Armed Forces?

Mr. BINGHAM. The information that we have is that they are producing standard trucks, which are the same for military as for civilian use, and that some of those trucks have been seen in military motor pools. I am also saying that there was no diversion because there was no restraint in the licenses that were granted. There was no restraint on the end use of the products. The only item that was sold to the Kama River plant that was subject to the restraint was the computer that the gentleman referred to, and there is no evidence that that computer has been used contrary to the agreements that were connected with it, which had to do with the quantity of work to be produced by the computer, not with the end use of the products of the plant.

The CHAIRMAN. The time of the gentleman has expired.

□ 1550

Mr. LAGOMARSINO. Mr. Chairman, I yield 2 minutes to the gentleman from Missouri (Mr. ICHORD).

Mr. ICHORD. I thank the gentleman for yielding, Mr. Chairman.

If I could have the attention of the chairman of the subcommittee, I do not know whether the gentleman answered the question or not. I respectfully submit that the gentleman did not answer the question asked.

Is the gentleman telling this House that the Kama River truck plant is not manufacturing Soviet military trucks? Yes or no.

Mr. BINGHAM. I cannot answer the question as put. They are standard trucks which have been used for military purposes. We knew that all along. There was no surprise here. We knew all along these trucks could be so used.

Mr. ICHORD. If I could reclaim my time, I might say to the Members of the House there is some question as to whether they are strictly military trucks. I do have intelligence information, and will probably pursue this in hearings with the Commerce Department tomorrow morning.

The gentleman uses the term "standard trucks." Those standard trucks are being supplied to the Soviet and Warsaw Pact military forces.

With all due respect to the gentleman from New York, I think you are dealing simply in rhetoric when you say there was no diversion. It may well have been that the Department of Commerce did not put the proper end-use restrictions on the computers and all of the machinery in the Kama River truck factory, but the absence of adequate safeguards is the reason why the acting director, Mr. Brady, stated that the export program is in a total shambles. I would say to the gentleman from New York that Mr. Brady testified specifically on the control of military technology and the ineffectiveness of end-use statements.

The CHAIRMAN. The time of the gentleman has expired.

Mr. LAGOMARSINO. Mr. Chairman, I yield 1 additional minute to the gentleman from Missouri (Mr. ICHORD).

Mr. ICHORD. Mr. Chairman, I would yield to the gentleman from New York for a comment on the remarks I made.

Mr. BINGHAM. One comment I would make is that the licenses in question were issued in the early 1970's. I do not know whether Mr. Brady was even there at that time but he certainly did not make his comments about the inadequacy of the present administration in terms of something that happened back in 1970 under the Nixon administration.

Mr. ICHORD. Let me say to the gentleman from New York, Mr. Brady was not confining his assessment to this administration. His remarks were made with regard to this administration, the preceding administration and the administration before that. He was not singling out the Carter administration. I think the administration of export controls has been in a shambles for a long period of time and I agree with the gentleman from New York we have to reach a proper balance.

I do not think you can stop the export of all technology to the Soviet Union but I think you can delay, Mr. Chairman, the export of technology. That is the only lead we have, technology. We certainly have no lead in conventional military capability.

The CHAIRMAN. The time of the gentleman has expired.

Mr. LAGOMARSINO. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I would like to respond briefly to some of the comments that were may by the gentleman from Illinois (Mr. DERWINSKI) and the gentleman from Texas (Mr. ROBERTS) about the McKinney-Wolpe amendments regarding the export of Alaskan oil.

Although the McKinney-Wolpe amendments in the bill make it very, very difficult, there is no doubt about that, to export Alaskan oil, they do not make it impossible. They set up a standard and a test that must be followed to do that. One of the things the gentleman from Illinois said was that consumers would suffer if the amendments prevailed. If it can be proven that consumers will come out ahead then the provisions of the bill, and of the amendments, would allow the swap to be made providing, of course, Congress can be persuaded to go along with that idea.

This is a hard test to follow, I will grant you that, but it is not impossible.

Also, Mr. Chairman, the gentleman from Illinois (Mr. DERWINSKI) said if we make a swap with Mexico, between Mexico and Japan, that it would help our balance of trade with Mexico. It certainly would. We would show a plus on the oil export sales to them, we would show a corresponding decrease, though, in the oil we bought from somebody else, whether it is Mexico, Indonesia or whoever. I must also say I believe it would set back our efforts to reach real trade adjustments with Japan by quite a bit because the pressure would be taken off of them to buy others of our imports, such things as agricultural products and other things that we have been trying to get them to buy more of.

I am sure there will be a debate about this particular matter when we get into the 5-minute rule but I did want to make plain what were my thoughts about this comment.

Mr. Chairman, I yield back the balance of my time.

● Mr. HEFTEL. Mr. Chairman, at a time when we are encouraging use of domestic oil—to reduce our dependence on foreign imports, ease our shortages, and to assist in restoring our outrageous balance-of-payments problem, a refining company in Hawaii is unable to effi-

ciently utilize domestic crude oil since a byproduct of the refining process results in high sulphur residual fuel oil, a product for which no readily available market exists.

The refining company, which has historically processed 100 percent imported crude oil, has been seeking Alaskan crude oil to use in a projected expansion of its refinery capacity. The use of Alaskan crude oil in the expanded portion of this refinery would stimulate the use of domestic oil in Hawaii, which has been almost 90 percent dependent upon foreign sources for its crude oil.

Hawaii has a heavy demand for transportation fuels (jet fuel, gasoline, and diesel fuel) for its tourist-oriented economy and has minimal needs for residual fuel oil. The fuel balance situation in Hawaii is further compounded by the military needs for the same light-end transportation fuels. The refineries in Hawaii are unable to make a sufficient quantity of required transportation fuels without producing an excess of other products—especially residual oil.

Due to the composition of available Alaskan North Slope crude oil, its use in Hawaii's refineries would result in the production of high sulphur residual fuel oil as a by-product of the refining process. U.S. environmental restrictions preclude the marketing of high sulphur residual oil on the west coast, therefore, the only market available for residual fuel oil of such a sulphur content (1.74 percent sulphur by weight) would be in the export market.

It is important that we successfully stimulate production of domestic crude oils, provide products which meet stringent environmental regulations to U.S. firms and provide additional fuels of the types required to meet both civilian and U.S. military defense needs in Hawaii. This can be accomplished by utilizing Alaskan crude oil in incrementally increased refinery capacity.

In view of this, I strongly urge that the Department of Commerce include the addition of "refinery by-products including high sulphur residual fuel oil," to the provision instructing the Department in carrying out its responsibilities.

This would allow my State to utilize ANS crude oil, to manufacture more of the fuels needed in Hawaii and to dispose of, through export, the high sulphur residual fuel which would be a by-product of the refining process.●

● Mr. FOLEY. Mr. Chairman, I want to commend the distinguished chairman of the Committee on Foreign Affairs and the other members of his committee for their work in bringing this legislation to the floor.

I am concerned, however, over the implications of section 110 of the bill as reported. The language of that section provides that the Secretary shall require a valid license under redesignated section 7 of the act for the export of unprocessed western red cedar logs harvested from public lands and requires phaseout of export of such logs over a 3-year period.

I want to assure the House that I share the concern of my colleague from Washington (Mr. BONKER), the author of the amendment, over the plight of the small timber mill operator in our State. Section 110 is, however, only one approach to the extraordinarily complex and highly controversial problems associated with maintaining an adequate timber supply to support the mill operations that are the backbone of the economy in many of the small communities in the State of Washington and the Pacific Northwest.

I am concerned that the approach suggested in section 110 may have certain consequences that could prove to be damaging to the Nation as a whole. I am particularly disturbed over the possibility that this language will be used as a precedent to place absolute prohibitions in statutory language on other commodities. This seems to run contrary to this administration's overall efforts to develop foreign markets for our agricultural and forestry resources. History indicates that once a foreign market is lost it is extremely difficult to regain.

I want to indicate to the House that I am perfectly willing to go along with the committee on this section of the bill as reported. I do not feel, however, that this approach should be extended beyond the narrow scope of section 110.

It is important, as I see it, that Congress proceed very cautiously in this area so that the markets for our agricultural and forest products can be maintained and enhanced as a means of addressing the serious trade deficit resulting from the importation of foreign oil.●

The CHAIRMAN. All time has expired.

Mr. BINGHAM. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker pro tempore (Mr. MURTHA) having assumed the chair, Mr. SEIBERLING, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 4034) to provide for continuation of authority to regulate exports, and for other purposes, had come to no resolution thereon.

GENERAL LEAVE

Mr. BINGHAM. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to revise and extend their remarks and to include extraneous matter on the bill just considered, H.R. 4034.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

NURSE TRAINING AMENDMENTS OF 1979

Mr. WAXMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 3633) to amend title VIII of the Public Health Service Act to extend for 1 fiscal year the program of assistance for nurse training, and for other purposes.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from California (Mr. WAXMAN).

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill, H.R. 3633, with Mr. SEIBERLING in the chair.

The CHAIRMAN. Pursuant to the rule, the first reading of the bill is dispensed with.

Under the rule, the gentleman from California (Mr. WAXMAN) will be recognized for 30 minutes, and the gentleman from Kentucky (Mr. CARTER) will be recognized for 30 minutes.

The Chair recognizes the gentleman from California (Mr. WAXMAN).

Mr. WAXMAN. Mr. Chairman, I yield myself such time as I may consume.

(Mr. WAXMAN asked and was given permission to revise and extend his remarks.)

Mr. WAXMAN. Mr. Chairman, the legislation before us today, H.R. 3633, the Nurse Training Amendments of 1979, as reported by the Committee on Interstate and Foreign Commerce, would amend: First title VIII of the Public Health Service Act to extend for 1 fiscal year the programs of assistance for nurse training; second, title VII of the Public Health Service Act relating to program requirements for the training of other health professions; and third, title II of the Public Health Service Act to provide for more efficient administration of the Commissioned Corps of the Public Health Service.

The Nurse Training Amendments of 1979 is an important measure with bipartisan support indicated by the fact that the bill is cosponsored by 12 members of the Subcommittee on Health and the Environment and has the overwhelming support of both the Subcommittee and the Committee on Interstate and Foreign Commerce.

The President vetoed the Nurse Training Amendments of 1978, which passed the House by a vote of 393 to 12. The President, in his memorandum of disapproval, cited budget restraints as a major reason for vetoing the bill. In response to the current economic situation, the Subcommittee on Health and the Environment reported a bill which authorizes less than 50 percent of the amount authorized in last year's bill for fiscal year 1980. This sharp reduction in authority accommodates budgetary constraints, without jeopardizing the nursing profession.

In general, the bill is a 1-year extension of the Nurse Training Act authorizing appropriations at levels similar to the current fiscal year's appropriations, finalized by adoption of the Budget Authority Rescission Act of 1979.

Among its other provisions, the bill establishes new authority for the training of nurse anesthetists, as did the Nurse Training Amendments of 1978; authorizes the Secretary to increase the