

Office of the White House Press Secretary
(Vail, Colorado)

NOTICE TO THE PRESS

The President has withheld his signature from H.R. 8193 - the Energy Transportation Security Act of 1974, which would have required that specified percentages of oil imported into the United States be carried on U.S. flag commercial vessels, provided that the Secretary of Commerce take steps to fulfill this requirement, authorized temporary Presidential waivers in emergencies, and established certain environmental standards respecting tanker construction.

The Merchant Marine Act was enacted in 1936 to foster development and maintenance of a merchant marine capable of carrying a substantial portion of our water borne commerce and serving as a naval auxiliary in time of war or national emergency and provides certain subsidies for that purpose. The Act was amended in 1970 to provide Federal subsidies for the construction of bulk carrier vessels, including oil tankers.

In 1972 the Senate rejected cargo preference legislation (similar to the enrolled bill), which had been opposed by the Administration.

The bill would have amended the Merchant Marine Act to require the Secretary of Commerce to assure that a quantity initially equal to 20 percent of the gross tonnage of all oil transported in bulk on tankers for import into the United States be carried on privately-owned U.S. flag tankers to the extent they are available at fair and reasonable rates. The requirement would have been raised after June 30, 1975 to 25 percent, and after June 30, 1977 to 30 percent, if adequate U.S. tonnage were determined to be available.

The bill would have further provided:

- that the cargo preference requirements "... may be temporarily waived by the President upon determination that an emergency exists justifying such a waiver in the national interest";
 - that eligibility for participation in the trade be limited to tankers originally built in U.S. shipyards;
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- that license fees payable on oil imports carried in U.S. flag tankers be reduced by specified amounts for a period of five years from the date of enactment, if the amounts saved from the non-payment of such license fees would be passed on to the consumers;

 - that all U.S. flag tankers in excess of 70,000 deadweight tons must be constructed using the best available pollution prevention technology after 1975, and that all U.S. flag tankers in excess of 20,000 deadweight tons using west coast and Alaska ports after 1974 be equipped with a segregated ballast capacity achieved in part by fitting a double bottom.
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