

administrative reviews of the antidumping duty orders on Certain Preserved Mushrooms from India and Indonesia, covering the period August 5, 1998, through January 31, 2000 (65 FR 16875). The preliminary results for each review are currently due no later than October 31, 2000.

#### Extension of Time Limit for Preliminary Results

The Department has determined that it is not practicable to complete the Indian and Indonesian reviews within the time limit mandated by section 751(a)(3)(A) of the Act. Following initiation of these administrative reviews, we received allegations of sales below cost of production for certain respondents in both the India and Indonesia reviews. We have completed our analysis of the cost allegations and are in the process of conducting the cost investigations for these respondents, and of analyzing the cost of production and/or constructed value data submitted by the remaining respondents. In addition, we are conducting concurrently an administrative review and a new shipper review of the antidumping duty order on Certain Preserved Mushrooms from the People's Republic of China. Given the number of respondents involved in all of these reviews, the potential complexity of the issues, and the administrative constraints on the Department, we are unable to complete our preliminary analyses of the India and Indonesia reviews before the current deadline. Therefore, the Department is extending the time limit for the preliminary results in these two reviews to February 28, 2001. The Department intends to issue the final results of the reviews 120 days after the publication of the preliminary results. This extension of the time limit is in accordance with section 751(a)(3)(A) of the Act and 19 CFR 351.213(h)(2).

Dated: July 24, 2000.

**Susan Kuhbach,**

*Acting Deputy Assistant Secretary for Import Administration.*

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## DEPARTMENT OF COMMERCE

### Bureau of Export Administration

[Docket No. 000717210-0210-01]

RIN 0694-XX13

#### Summary of Secretarial Report Under Section 232 of the Trade Expansion Act of 1962, As Amended, on the Effect of Imports of Crude Oil on the National Security

**AGENCY:** Bureau of Export Administration, Department of Commerce.

**ACTION:** Notice.

**SUMMARY:** On March 24, 2000, President William J. Clinton reviewed and approved the Secretary of Commerce's finding that imports of crude oil threaten to impair the national security. The President determined that no action is necessary to adjust imports of petroleum under Section 232 of the Trade Expansion Act, as amended, because on balance the costs to the economy of an import adjustment outweigh the benefits and that existing policies to enhance conservation and limit the dependence on foreign oil be continued. Such policies include, *inter alia*, proposals for additional tax credits to promote renewable, more efficient energy sources and further investments in energy-saving technologies and alternative energy sources. Included herein is the Executive Summary of the Department's November 1999 report to the President.

**ADDRESSES:** Copies of the complete report may be requested from: Bureau of Export Administration, Office of Administration, U.S. Department of Commerce, Room 6883, 14th and Constitution Avenue, NW, Washington, DC 20230; (202) 482-0637. This component does not maintain a separate public inspection facility. Requesters should first view BXA's website (which can be reached through <http://www.bxa.doc.gov>). If requesters cannot access this, please call the number above for assistance.

**FOR FURTHER INFORMATION CONTACT:** Scott Hubinger, Senior Policy Analyst, Office of Nonproliferation Controls and Treaty Compliance, Bureau of Export Administration, U.S. Department of Commerce, (703) 605-4416.

**SUPPLEMENTARY INFORMATION:** On March 11, 1999, fifteen U.S. Senators, in a letter to the President, requested that he take immediate action to address the threat of increasing oil imports to our national security. Subsequently, on March 12, 1999, eleven U.S. Senators and a member of the House of

Representatives, in two separate letters to the Secretary of Commerce, raised similar concerns and directly requested that he initiate an expedited review and investigation into the impact of low oil prices and ever increasing oil imports on the United States national security under the authority of Section 232 of the Trade Expansion Act of 1962, as amended.

On April 28, 1999, the Department of Commerce self-initiated an investigation under Section 232 of the Trade Expansion Act of 1962, as amended, to determine the effects on the national security of imports of crude oil and petroleum products. The investigation focused on two issues. One, are imports of oil and petroleum products threatening to impair the national security of the United States and two, if a positive finding can be found that imports of crude oil and petroleum products do threaten the national security, is a trade adjustment, as provided for under Section 232, the appropriate means to address the threat?

In conducting the investigation, the Department chaired an interagency working group that included the Departments of Energy, Interior, State, Treasury, and Defense, the Office of Management and Budget, and the Council of Economic Advisors. The Department and the interagency working group drew upon an extensive body of data and analyses on the current and prospective status of the domestic petroleum industry and the world oil market. The Department also utilized written comments solicited from and provided by interested parties in response to a **Federal Register** notice published on May 4, 1999. In view of the extensive amount of interagency and public comment information available to it, the Department determined that an industry survey or public hearing was not necessary.

On November 2, 1999, Secretary William Daley concluded his investigation and submitted a report to the President. While concluding that some improvements in U.S. energy security have occurred since previous investigations in 1988 and 1994, the Department found that petroleum imports continue to threaten to impair the national security. As in previous investigations, the Department did *not* recommend the adjustment of oil imports under Section 232 because the economic costs of such a move outweigh the benefits, but rather recommended continued efforts to achieve the policy goals set forth in the Department of Energy's April 1998 *Comprehensive National Energy Strategy*. The Executive Summary of the

Secretary's November 1999 report to the President entitled, the Effect on the National Security of Imports of Crude Oil and Refined Petroleum Products, is reproduced below.

Dated: July 18, 2000.

**R. Roger Majak,**

*Assistant Secretary for Export Administration.*

## Executive Summary

### Introduction

On March 11, 1999, Senators Domenici, Hutchinson, Inhofe, Nighthorse-Campbell, Roberts, Sessions, Crapo, Nickels, Murkowski, Craig, Burns, McConnell, DeWine, Brownback, and Bunning, in a letter to the President, requested that he take immediate action to address the threat of increasing oil imports to our national security. On March 12, 1999, Senators Bingaman, Breaux, Landrieu, Conrad, Enzi, Lincoln, Lott, Dorgan, Baucus, Murkowski, and Burns, in a letter to Secretary Daley, raised similar concerns and directly requested that the Department of Commerce initiate an expedited review and investigation into the impact of low oil prices and ever increasing oil imports on the United States national security under the authority of Section 232 of the Trade Expansion Act of 1962, as amended. Representative Istook made a similar request.

In their letter to Secretary Daley, the Senators quoted from a 1999 survey by the Independent Petroleum Association of America, which alleged that, since November of 1997, 193,000 marginal oil and gas wells have been shut down with a loss in oil production of 360,000 barrels per day. The Senators stated that 24,000 domestic jobs have already been lost in the oil industry and another 17,000 job cuts are expected. Finally, the Senators addressed the concern that low priced crude oil imports could lead to the permanent loss of a significant portion of the United States domestic oil production capacity and resource base.

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section 232, the appropriate means to address the threat?

Under Section 232, The Department has 270 days from the date of initiation of an investigation to submit a report of findings and recommendations to the President. Based upon an initiation date of April 28, 1999, the Department has until January 29, 2000 to complete its investigation and submit its report to the President.

### Methodology

The Department chaired an interagency working group that included the Departments of Energy, Interior, State, Treasury, and Defense, the Office of Management and Budget, and the Council of Economic Advisers. This report is based on a number of agreed-upon economic assumptions including, *inter alia*, crude oil price levels, U.S. crude oil reserves and production rates, economic growth rates, and inflation.

In determining whether petroleum imports threaten to impair the national security, the Department reviewed key factors from the 1994 investigation as a starting point to determine whether they improved or deteriorated. These factors include: (1) Domestic oil reserves; (2) Domestic oil production; (3) Exploration and industry employment; (4) Impact of low oil prices on the economy; (5) Current status of the domestic oil industry; (6) Oil import dependence; (7) Vulnerability to a supply disruption; (8) Foreign policy flexibility; (9) U.S. military requirements; (10) Status of OPEC; (11) Transparency of oil markets; (12); Breakup of the Soviet Union. The Department also reviewed new factors that have emerged since the 1994 investigation, including: (1) Temporary economic decline in East Asia; (2) Iraqi oil exports; and (3). Non-OPEC offshore drilling.

The Department made use of the extensive data and analyses that were already available regarding the current and prospective status of the domestic petroleum industry and the world oil market. In addition, the Department reviewed the Department of Energy's Comprehensive National Energy Strategy, which, issued in April 1998, outlines five major energy goals of the Administration. In view of this extensive body of available data, the Department determined that an industry survey was not necessary. The Department also drew upon the written comments solicited from and provided by interested parties in response to a **Federal Register** notice published on May 4, 1999.

### *Review of Key Factors From the 1994 Investigation*

#### 1. Domestic Oil Reserves

Since the 1994 investigation, U.S. proven crude oil reserves declined by an estimated 0.5 billion barrels from 23.0 billion barrels in 1993 to 22.5 billion barrels in 1998. The underlying physical reality is that the United States has already developed the bulk of its known and easily accessible low cost deposits and has decided against developing other geological prospects such as the Arctic National Wildlife Refuge and certain portions of the Outer Continental Shelf. The reserves base reflects the structural geological and geophysical reality, given present technology and economics.

#### 2. Domestic Oil Production

The production outlook remains essentially the same as in the 1994 investigation. The United States is a high cost producer compared to other countries because it has already depleted its known low cost reserves. U.S. production of crude oil declined by 0.42 million barrels per day (MMB/D) between 1994 and 1998 (from 6.66 to 6.24 MMB/D) and fell below 6 MMB/D in early 1999. To offset this decline in production and increasing consumption, imports have increased dramatically since 1994, rising by 1.64 MMB/D (1998 basis).

#### 3. Exploration and Industry Employment

The Department did find some change in U.S. drilling and in oil and gas industry employment between 1994 and early 1999. Levels of employment in the extraction industry varied from a high of 337,000 in 1994 and a low in 1995 of 320,000, but increased again to 339,000 in 1997 and 338,000 in early 1998. Industry commenters provided anecdotal information showing additional steep drops in employment and drilling activity during 1998 and early 1999 due to the oil price decline. In addition, Department of Labor statistics indicate a decrease in extraction industry employment starting in the last half of 1998 (falling from 325,000 to 308,000) and continuing into 1999 (229,000 in January and 291,000 in February). However, the total footage of exploratory drilling, the number of well completions, and the number of rotary rigs in use for oil and gas exploration increased between 1994 and 1998, albeit with significant variations from year to year.

Low oil prices are *not* the only reason for the long term historical decline in industry employment, exploratory

drilling, and well completions. U.S. companies are drilling less because they have made substantial gains in total productivity by employing new exploration and drilling technology and by focusing on the most promising geological sites based upon improved geological science and technology. In addition, the high cost of off-shore exploration and drilling, where most of the domestic exploratory activity is occurring today, strongly favors the development and use of advanced seismic mapping and analysis techniques in order to maximize drilling productivity. Companies are also continuing to realize productivity gains due to improvements in operations management.

#### 4. Impact of Low Oil Prices on the Economy

The Department found that the economic consequences of low prices resulted in positive benefits to the U.S. economy. Because the United States is a net importer of oil, lower prices on balance helped the economy. The public benefitted from lower prices for transportation fuels and heating oil. For the economy as a whole, low oil prices contributed to a reduction in inflation, a rise in real disposable income, and an increase in the Gross Domestic Product.

#### 5. Current Status of the Domestic Oil Industry

Low oil prices starting in November of 1997 and continuing through early 1999 exacerbated the chronic cost-price squeeze problems faced by independent producers who account for the largest share of lower 48 states oil production (40 percent). Consequences for the 7000 independents who operate in the U.S. include: assuming more debt; scaling-down exploration activities; reducing their work force of skilled labor; and shutting-in temporarily or abandoning certain oil and gas producing wells.

The impact of low oil prices is particularly hard on small producers operating stripper or marginal wells with an average production of 15 barrels per day or less. These wells, which represent over 300 million barrels of annual production, could be permanently lost during a sustained period of low oil prices and high operating costs.

The Department's efforts to analyze the impact of the 1998 price decline on the smaller producers was complicated by the commenters' failure to provide specific economic and technical information. Various commenters argued strongly for the U.S. Government to provide financial incentives to smaller producers, but no company or

trade association submitted economic and financial data regarding levels of profitability and tax burden under various oil price scenarios.

Nevertheless, the 1998 through early 1999 price drop, although temporary, did have a severe impact on marginal oil and gas wells and raised concerns about the ability of the United States to stabilize domestic oil production and to achieve its natural gas expansion goals. Since the November 1997 price collapse, 136,000 oil wells are believed to have been shut-in (non-producing), representing about 24 percent of all producing oil wells. In addition, 57,000 gas wells are believed to have been shut-in, about 19 percent of all gas wells. This data is based on anecdotal information provided by industry (Independent Petroleum Association of America). Note: About 20 percent of the U.S. gas supply ("associated gas") is associated with oil production and is therefore also impacted by low oil prices.

#### 6. Oil Import Dependence

The Department found that net U.S. imports have grown from 8.1 MMB/D in 1994 to 9.7 MMB/D in 1998 and currently account for 51 percent of domestic consumption compared to 45 percent in 1994. Imports from Persian Gulf countries, which increased from 1.7 MMB/D in 1994 to 2.1 MMB/D in 1998, currently account for 22 percent of all U.S. petroleum imports. The majority of U.S. imports, over 50 percent, are sourced from reliable Western Hemispheric countries such as Canada, Mexico, and Venezuela.

The Department found that the energy provisions of the recent trade agreements between the United States and Canada have enhanced U.S. energy security. Specifically, Article 605 of the North American Free Trade Agreement (NAFTA) provides a number of reciprocal benefits that provide for energy security in the event of a supply interruption. These mutual benefits include: (1) Each country will not impose restrictions on the delivery of energy and basic petrochemical supplies during a supply interruption; (2) any shortfall in supply will be shared equally among U.S. and Canadian markets based on historical percentages; (3) each party will not impose higher export prices than those charged domestically; and (4) there will not be a disruption of the prevailing proportion of energy goods supplied, such as, for example, between crude oil and refined products and among different categories of crude oil and refined products. This unprecedented energy cooperation provides significant security benefits for

both nations, and clearly demonstrates that the United States and Canada are developing an integrated and secure North American energy market.

U.S. demand for imported oil is expected to continue growing because of declining production by high cost small producers, who account for the largest share of lower 48 states oil production, and continued economic growth. The Energy Information Administration of the U.S. Department of Energy (EIA/DOE) projects that, based on current forecasts, net imports should increase to 12.2 MMB/D by 2005 and account for approximately 58 percent of domestic consumption.

To the extent that the United States and other countries import more oil in the future, EIA/DOE projects that they will turn increasingly to OPEC countries located in the Persian Gulf which have the largest amount of known low cost reserves and excess production capacity. The OPEC producers in the Persian Gulf region, representing 42 percent of world crude oil exports in 1994, will account for approximately 49 percent by 2010.

#### 7. Vulnerability to a Supply Disruption

The Department found that unresolved socio-political and economic issues in some Persian Gulf countries increase the probability of future supply disruptions in the Persian Gulf region. However, the Persian Gulf's largest producer, Saudi Arabia, has pursued oil policies, including diversification of export routes and maintenance of considerable excess production capacity, that serve to mitigate some of these risks. Disruptions are possible in other regions, but the risks to the United States and other importing countries are comparatively less severe given the magnitude of Persian Gulf production and because oil production facilities elsewhere are not as concentrated as they are in the Persian Gulf.

The capability of the United States and the OECD countries to offset a major oil supply disruption has not improved since 1994. The U.S. is still vulnerable because: (1) Most of the spare production capacity is still in the Persian Gulf region; (2) U.S. and OECD government oil stocks today provide less protection from an interruption than was the case in 1988 or 1994; and (3) There is currently no substitute for liquid transportation fuels which account for approximately two-thirds of all oil consumption in the United States. During a major oil supply disruption, there could be substantial economic austerity as a result of the decreased availability of oil. This, in turn, could pose a hardship for the U.S. economy.

## 8. Foreign Policy Flexibility

In both the 1988 and 1994 investigations, the Department found that the dependence of our allies and trading partners on potentially insecure sources of oil might affect their willingness to cooperate with the United States during a major supply disruption. Some of these concerns are mitigated by the participation of the United States in the International Energy Agency (IEA), which groups together 24 members of the Organization for Economic Cooperation and Development (OECD). The principle purpose of the IEA is to fashion a collective response to energy emergencies, which may include the coordinated release of the emergency oil stocks that all IEA members are required to maintain. However, increased market share forecasted for some OPEC countries, and some Persian Gulf States, over the next 20 years, could make cooperation by some oil consumers more difficult.

## 9. U.S. Military Requirements

The Department of Defense advises the Department that, under current planning scenarios, the United States will be able to meet both its direct and indirect military requirements for petroleum products in the event of two nearly simultaneous major regional conflicts or a major peacetime supply disruption.

## 10. Status of OPEC

Low world oil prices are only partially due to the fact that OPEC members have been unable, until very recently, to coordinate production levels among themselves. The urgent financial requirements of some OPEC members has led them to compete for revenue and market share even if this has meant accepting a lower per-unit price for their oil. However, by mid-1998, declining prices set in motion renewed OPEC efforts to reduce excess oil supplies. For the remaining months of 1998, announced and realized production cuts were not clearly synchronized, and efforts to reduce production had only modest success. More recently, OPEC members have been more effective at reducing world production to increase prices. Ten members of OPEC, excluding Iraq, pledged in March 1999 to cut production by 2.1 MMB/D. The compliance of these ten OPEC members with announced production cuts was about 89 percent in July 1999. Oil prices have steadily increased since then due to these production cuts and stronger overall worldwide demand. The Department of Energy's Energy

Information Administration projects that the cost for imported oil (Refiner Acquisition Cost) will be \$22.50 and \$23.50 per barrel, respectively, for November and December of 1999 and average \$21.85 per barrel in 2000.

## 11. Transparency of Oil Markets

The growth of the futures market into a full-fledged commodity market has made crude oil prices more transparent and less subject to manipulation by foreign governments or OPEC. Prices are now determined by the New York Mercantile Exchange (NYMEX), the International Petroleum Exchange (IPE), the Singapore Mercantile Exchange (SIMEX), and other commodity markets. The use of computerized trading, options, and forward contracts has connected crude oil and refined product markets and suppliers more closely than was the case in 1988 or 1994. However, commodity markets, like all markets, are subject to volatility and have the potential to react in ways which can harm U.S. oil production.

## 12. Breakup of the Soviet Union

The end of the Cold War and the breakup of the Soviet Union has reduced tensions around the world, including the Middle East. The advancement of the Middle East Peace Process has also contributed to a reduction of tensions in the region. Both of these developments have reduced the probability of a conventional war that could have jeopardized access to Middle East oil. In addition, oil production in the former Soviet Union, primarily in the Caspian Sea area, is expected to reach 7.6 MMB/D by 2005 and 13 MMB/D by 2020. Based on projected demand, the region could become a net exporter of oil at approximately 7.9 MMB/D by 2020. These additions to the world oil supply and as well as reduced tensions in the Persian Gulf region help to assure that there will be stable supplies of oil and reasonable oil prices into the future.

### *Review of New Factors Since the 1994 Investigation*

The Department also evaluated several new factors which have or will significantly affect worldwide petroleum supply and demand since the 1994 investigation. Foremost among these factors are the following:

#### 1. Economic Decline in East Asia

An economic crisis in East Asia started in the summer of 1997 and continued to deepen throughout 1998. This, in combination with the already weak economy in Japan, significantly reduced worldwide demand for crude oil and petroleum products. The

economic decline in turn led to sharply reduced worldwide oil prices in 1998 and early 1999 and a significant oversupply of crude. These factors contributed to the decrease in U.S. production seen during the same time period.

#### 2. Iraqi Oil Exports

As of August 1, 1999, the United Nations Security Council, within the framework of UN-imposed sanctions on Iraq (mandated by UNSCR 661, August 1990), has established the "Oil-for-Food" program "as a temporary measure to provide for the humanitarian needs of the Iraqi people" (UNSCR 986, April 1995). Thus, the United Nations Security Council, within the framework of UN-imposed sanctions on Iraq, allows, since February 1998, Iraq to export up to \$5.256 billion worth of oil in a six month period, up from \$2 billion per six month period prior to that date. Increased Iraqi oil exports, in total on the order of 2.0 MMB/D, were among the supply and demand variables which led to appreciably lower oil prices for much of 1998 and early 1999. However, the U.S. supports UN efforts to meet the identified humanitarian needs of the Iraqi people and neither the U.S. nor the UN attempt to influence world oil prices or markets via sanctions regimes.

#### 3. Non-OPEC Offshore Drilling

Offshore oil exploration and production projects off the coasts of the United States, South America, Mexico, Eastern Canada, and Western Africa, and in the Gulf of Mexico, the Caspian Sea, and the South China Sea are expected to produce significant volumes of oil and natural gas early in the next century. Because drilling platforms are reserved so far in advance, most of the worldwide projects are proceeding on schedule even at relatively low oil prices. These increased sources, while harmful to U.S. domestic production to the extent that they increase world supplies and therefore possibly lower worldwide oil prices, increase U.S. energy security by broadening the mix of possible exporters beyond the control of individual countries or coalitions.

### *Conclusion*

Since the previous Section 232 petroleum finding in 1994, there have been some improvements in U.S. energy security. The continued erosion of external threats to the Middle East and the continued increase in non-OPEC production have enhanced U.S. energy security. Additional discoveries of both inland and offshore oil reserves outside

of the Persian Gulf region have at least slowed OPEC's market share growth.

Lower oil prices on balance benefit the U.S. economy. However, reduced oil reserves, falling domestic production, and the relatively high cost of U.S. production all point toward a contraction in the U.S. oil extraction industry and increasing dependence on foreign imports. Growing import dependence, in turn, *increases* U.S. and OECD vulnerability to a supply disruption because non-OPEC non-Persian Gulf sources lack significant excess production capacity. Furthermore, there are at present no substitutes for oil-based transportation fuels.

#### *Finding*

The Department finds that petroleum imports threaten to impair the national security.

#### *Recommendations*

The Department does *not* recommend that the President use his authority under Section 232 to adjust oil imports. Ongoing programs and activities crafted by the Administration to improve U.S. energy security based upon other statutes and executive authorities are more appropriate and cost effective than an import adjustment.

Section 232 requires the Secretary of Commerce and the President to recognize the close relationship between the economic welfare of the Nation and U.S. national security. As energy security affects the economic welfare of the United States, energy security must be considered in determining the effects on the national security of petroleum imports.

The Department concurs with the conclusions of the 1994 and 1988 studies that, on balance, the costs to the national security of an oil import adjustment outweigh the potential benefits. For example, an oil import adjustment such as a tariff could result in the loss of a significant number of jobs in many non-petroleum sectors. This, in turn, would reduce real Gross Domestic Product (GDP). An import adjustment would also diminish the competitiveness of our energy-intensive export companies and strain relations with our close trading partners who would most likely seek relief under North America Free Trade Agreement (NAFTA) or World Trade Organization (WTO) rules.

The Clinton Administration recognizes the importance of U.S. energy security. Since 1993, it has pursued the energy policy of reliance on markets to allocate resources with selective government intervention to

ensure that certain highly valued societal needs—including the need for energy security, environmental quality, and energy research—are met. The policy recognizes that no cost-effective government action could eliminate U.S. dependence on foreign oil entirely, but that the following supply enhancement, energy conservation, and critical research policies help to preserve our current oil and gas productive capacity and limit that dependence. Accordingly, the Department recommends continuing the policy goals set forth in the Department of Energy's April 1998 *Comprehensive National Energy Strategy* as described below.

*Goal #1—Improve the efficiency of the national energy system by making the most productive use of energy resources, enhance overall economic performance, and protect the environment:* The Administration is working to achieve a more productive and efficient use of energy resources, including electricity infrastructure, fossil fuel reserves, and productive capacity for clean alternative fuels. The twin goals of comprehensive electricity reform, as detailed in the Comprehensive Electricity Competition Act (CECA) submitted to Congress on April 15, 1999, and increasing energy efficiencies in the transportation, industrial, and housing sectors and in the generation and distribution of electric power maximize the productive use of energy through market competition and technological innovation. When implemented, these measures will result in a more productive and efficient use of energy and a decreased U.S. consumption of oil.

*Goal #2—Prevent the disruption or decline of world energy supplies and protect the U.S. economy from the harmful effects of a short-term supply interruption or infrastructure failure:* The Administration is continuing its strong emphasis on emergency preparedness efforts and the need to stabilize domestic oil production, including: arresting the decline in domestic oil production by 2005; maintaining the readiness of the Strategic Petroleum Reserve (SPR) to respond to threats of disruption in world oil supplies; making unutilized SPR storage capacity available for the mid- to long-term storage of commercial oil; coordinating responses to supply disruptions through continued cooperation with the member countries of the International Energy Agency (IEA); diversifying sources of oil by working with industry to increase the supplies of oil available to the world market; and ensuring the integrity of the oil and natural gas supply infrastructure

with respect to emergency response capabilities.

*Goal #3—Promote U.S. domestic energy production and use in ways that respect national health & environmental values and improve public health and local, regional, and global environments:* The Administration has pursued a balanced program to increase domestic energy production in an environmentally responsible manner by: supporting policies to allow the annual domestic natural gas supply to increase by as much as 6 trillion cubic feet (2.9 MMB/D oil equivalent) by 2010; supporting research, design, and development to promote the use of advanced technologies to recover more oil and gas from existing reservoirs without environmental degradation; supporting the suspension, by the Department of the Interior, of production requirements for stripper wells producing less than 15 barrels per day on federal onshore lands when oil prices are extremely low (this suspension temporarily expired on July 26, 1999, when West Texas Intermediate (WTI) crude stayed above \$15/bbl for 90 days); supporting the Petroleum Technology Transfer Council's ten regional centers and their December 1998 Industry Crisis Action Plan to teach independent operators strategies for improving cost efficiencies and identifying best practices; and accelerating the development and market adoption of environmentally friendly technologies through a combination of increased investments in research, development, and early deployment programs.

The combination of increased natural gas utilization, the increased use of renewable electrical technologies, the accelerated development of biomass liquids fuel technology, and the recovery of more oil and gas from existing reservoirs and the preservation of those reservoirs will collectively reduce oil consumption and limit our dependence on imported oil.

*Goal #4—Expand future energy choices by pursuing continued progress in science and technology to provide future generations with a portfolio of clean and reasonably priced energy sources:* Advances in science and technology are essential in terms of the United States achieving its economic, environmental and energy security objectives. Technological innovation can significantly decrease the domestic finding and development costs for natural gas and oil, thereby preserving and expanding the domestic resource base and improving the economics of extraction. These programs include: accelerating the advanced oil recovery

program; increased support for the natural gas supply program, especially for the new emerging resource program in methane hydrates; conducting basic research to provide the foundation for technological breakthroughs that are beneficial to energy development and environmental protection; and continued budgetary increases over current levels for technology partnerships with the private sector.

*Goal #5—Cooperate internationally on global issues and develop the means to address global economic, security, and environmental concerns:* The United States should continue its active and sustained participation in multilateral and regional forums as well as bilateral contacts with key suppliers, such as our NAFTA partners Canada and Mexico, Norway, Nigeria, Venezuela, Saudi Arabia, and other major oil producers. Achievement of this objective requires: promoting the development of open, competitive international energy markets through U.S. participation in multilateral groups such as the International Energy Agency, the Summit of the America's Hemispheric Energy Initiative, and the Asian Pacific Economic Council (APEC) energy working group; working with our reliable neighbors in Canada and Mexico to establish an efficient and integrated North American natural gas and electricity system; promoting the development of worldwide crude oil and natural gas transportation networks to move South American, Caspian Basin, and Central Asian oil and natural gas, for example, to world markets to further diversify world energy supplies; and emphasize free trade and the promotion of American exports to help develop the world's free market economy and prevent over reliance on any single region of the world.

#### *Other Issues*

#### Regulatory Reform

The Department of Commerce's Bureau of Export Administration (BXA) is in the process of reviewing its crude oil short supply regulations and identifying reforms that would allow U.S. firms to be on equal footing with their foreign competitors. BXA is reviewing a number of changes, including: (1) Creating a license exception to allow the export of crude oil to Canada and Mexico without an individual license; and (2) establishing a license exception to allow the export of California heavy crude oil sold, as part of bunker fuel oil mixtures, to foreign ships visiting U.S. ports. The interagency group recommends that

BXA proceed expeditiously with its short supply reform package.

#### Industry Proposals

During the review, the Department received comments from oil companies and trade associations about several possible modifications to the Federal Tax Code that the commenters believe would provide support for the domestic oil industry. The Department did not evaluate these proposals as part of its Section 232 investigation. Instead, the Department recommends that the National Economic Council evaluate the industry proposals.

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**BILLING CODE 3510-JT-P**

## DEPARTMENT OF COMMERCE

### National Institute of Standards and Technology

#### Visiting Committee on Advanced Technology

**AGENCY:** National Institute of Standards and Technology, Department of Commerce.

**ACTION:** Request for nominations of members to serve on the Visiting committee on Advanced Technology.

**SUMMARY:** NIST invites and requests nomination of individuals for appointment to the Visiting Committee on Advanced Technology (VCAT). The terms of some of the members of the VCAT will soon expire. NIST will consider nominations received in response to this notice for appointment to the Committee, in addition to nominations already received.

**DATES:** Please submit nominations on or before August 14, 2000.

**ADDRESSES:** Please submit nominations to Dr. Brian C. Belanger, Executive Director, Visiting Committee on Advanced Technology, National Institute of Standards and Technology, 100 Bureau Drive, Mail Stop 1004, Gaithersburg, MD 20899-1004. Nominations may also be submitted via FAX to 301-948-1224.

Additional information regarding the Committee, including its charter, current membership list, and executive summary may be found on its electronic home page at: <http://www.nist.gov/director/vcat/vcat.htm>.

**FOR FURTHER INFORMATION CONTACT:** Dr. Brian C. Belanger, Executive Director, Visiting Committee on Advanced Technology, National Institute of Standards and Technology, 100 Bureau Drive, Mail Stop 1004, Gaithersburg, MD 20899-1004; telephone 301-975-

4720, fax 301-948-1224; or via email at [brian.belanger@nist.gov](mailto:brian.belanger@nist.gov).

#### **SUPPLEMENTARY INFORMATION:**

#### **I. VCAT Information**

The VCAT was established in accordance with 15 U.S.C. 278 and the Federal Advisory Committee Act (5 U.S.C. app. 2).

#### *Objectives and Duties*

1. The Committee shall review and make recommendations regarding general policy for NIST, its organization, its budget, and its programs, within the framework of applicable national policies as set forth by the President and the Congress.

2. The Committee functions solely as an advisory body, in accordance with the provisions of the Federal Advisory Committee Act.

3. The Committee shall report to the Director of NIST.

4. The Committee shall provide a written annual report, through the Director of NIST, to the Secretary of Commerce for submission to the Congress on or before January 31 each year. Such report shall deal essentially, though not necessarily exclusively, with policy issues or matters which affect the Institute, or with which the Committee in its official role as the private sector policy adviser of the Institute is concerned. Each such report shall identify areas of research and research techniques of the Institute of potential importance to the long-term competitiveness of United States industry, which could be used to assist United States enterprises and United States industrial joint research and development ventures. The Committee shall submit to the Secretary and the Congress such additional reports on specific policy matters as it deems appropriate.

#### *Membership*

1. The Committee is composed of fifteen members that provide representation of a cross-section of traditional and emerging United States industries. Members shall be selected solely on the basis of established records of distinguished service and shall be eminent in one or more fields such as business, research, new product development, engineering, labor, education, management consulting, environment, and international relations. No employee of the Federal Government shall serve as a member of the Committee.

2. The Director of the National Institute of Standards and Technology shall appoint the members of the committee, and they will be selected on