

Another question more complicated than it sounds is this: What are the appropriate, allowable, deductible expenses?

Under the current system it costs the MMS about \$60 million annually to debate this question and to administer our royalty collection program. It takes several hundred employees, many of them auditors, to oversee the current royalty program. In contrast, royalty-in-kind programs in Canada need only 33 employees to administer their approach.

With a royalty-in-kind system, the producer would give some of its production from the federal lands as a royalty-in-kind payment.

A royalty-in-kind program is an accurate way to determine a fair market value. The federal government would sell its share of the oil on an open and competitive market. What you can sell it for is, per se, fair market value. That is the essence of what the "Royalty-in-Kind" Program, along with the use of the Qualified Marketing Agents ("QMA"), would allow.

The goal should be treating the producers fairly, maximizing revenues for the federal government, and distributing an accurate amount of royalties to the states.

The bill being introduced today by Senator NICKLES, MURKOWSKI, HUTCHINSON and I would provide a better way for the federal government and the Minerals Management Service (MMS) to collect, with certainly, a fair value for its crude oil.

PROVISIONS OF THE BILL

The federal government would take its royalty "in kind" at the applicable delivery point for each federal onshore and offshore lease.

Title of the royalty share taken in-kind would be in the name of the federal government.

The U.S. would contract with qualified marketing agents (QMAs).

The federal government would select a QMA for each lease on a competitive bid basis.

States entitled to revenues under the net receipts sharing provisions of the Mineral Leasing Act or Section 8(g) of the Outer Continental Shelf Lands Act would be allowed to elect to select the QMA.

In selecting a QMA, the State would act for the mutual benefit of the State and the federal government. The payment from the federal government to any State for its share of royalty taken in-kind from federal leases within a State's boundary would not be subject to cost deductions under the net receipts sharing provisions of the applicable statutes.

The lessee must tender the royalty share at the delivery point. This would completely satisfy the lessee's royalty obligation.

The lessee would bear the costs of place royalty oil and royalty gas in a merchantable condition at the delivery point. The lessee would be responsible for gathering costs. Transportation

costs would be borne by the federal government.

Mr. President, this is an excellent approach. My only concern is that the final legislative product adequately address the problem of the marginal well that produces a few barrels a day and is in an isolated area. The legislation needs to make sure that there is a workable mechanism for these isolated wells.

I also note that some, including the New Mexico state lands commissioner, have suggested a multi-state pilot program prior to moving to the nationwide royalty-in-kind program. I respect those views.

I hope, that as we move through the hearing process the Committee can take testimony on whether to proceed with a multi-state pilot program or whether existing pilots have provided sufficient information for us to implement a national program.

I want to recognize Senator NICKLES for his leadership on this issue and look forward to working with him, Senator MURKOWSKI and Senator HUTCHISON on moving this legislation through the process so that we can start a royalty-in-kind program in the near future.

ADDITIONAL COSPONSORS

S. 364

At the request of Mr. LIEBERMAN, the name of the Senator from New Mexico (Mr. DOMENICI) was added as a cosponsor of S. 364, a bill to provide legal standards and procedures for suppliers of raw materials and component parts for medical devices.

S. 414

At the request of Mrs. HUTCHISON, the name of the Senator from Hawaii (Mr. INOUE) was added as a cosponsor of S. 414, a bill to amend the Shipping Act of 1984 to encourage competition in international shipping and growth of United States imports and exports, and for other purposes.

S. 597

At the request of Mr. BINGAMAN, the name of the Senator from Rhode Island (Mr. REED) was added as a cosponsor of S. 597, a bill to amend title XVIII of the Social Security Act to provide for coverage under part B of the medicare program of medical nutrition therapy services furnished by registered dietitians and nutrition professionals.

S. 1069

At the request of Mr. MURKOWSKI, the name of the Senator from Maryland (Mr. SARBANES) was added as a cosponsor of S. 1069, a bill entitled the "National Discovery Trails Act of 1997."

S. 1251

At the request of Mr. D'AMATO, the name of the Senator from Oregon (Mr. WYDEN) was added as a cosponsor of S. 1251, a bill to amend the Internal Revenue Code of 1986 to increase the amount of private activity bonds which may be issued in each State, and to index such amount for inflation.

S. 1325

At the request of Mr. FRIST, the names of the Senator from Maine (Ms. COLLINS) and the Senator from Minnesota (Mr. WELLSTONE) were added as cosponsors of S. 1325, a bill to authorize appropriations for the Technology Administration of the Department of Commerce for fiscal years 1998 and 1999, and for other purposes.

S. 1334

At the request of Mr. BOND, the name of the Senator from Louisiana (Mr. BREAU) was added as a cosponsor of S. 1334, a bill to amend title 10, United States Code, to establish a demonstration project to evaluate the feasibility of using the Federal Employees Health Benefits program to ensure the availability of adequate health care for Medicare-eligible beneficiaries under the military health care system.

S. 1360

At the request of Mr. ABRAHAM, the name of the Senator from Louisiana (Ms. LANDRIEU) was added as a cosponsor of S. 1360, a bill to amend the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 to clarify and improve the requirements for the development of an automated entry-exit control system, to enhance land border control and enforcement, and for other purposes.

S. 1406

At the request of Mrs. MURRAY, her name was added as a cosponsor of S. 1406, a bill to amend section 2301 of title 38, United States Code, to provide for the furnishing of burial flags on behalf of certain deceased members and former members of the Selected Reserve.

S. 1680

At the request of Mr. DORGAN, the name of the Senator from Wyoming (Mr. THOMAS) was added as a cosponsor of S. 1680, a bill to amend title XVIII of the Social Security Act to clarify that licensed pharmacists are not subject to the surety bond requirements under the medicare program.

S. 1868

At the request of Mr. NICKLES, the name of the Senator from Alabama (Mr. SESSIONS) was added as a cosponsor of S. 1868, a bill to express United States foreign policy with respect to, and to strengthen United States advocacy on behalf of, individuals persecuted for their faith worldwide; to authorize United States actions in response to religious persecution worldwide; to establish an Ambassador at Large on International Religious Freedom within the Department of State, a Commission on International Religious Persecution, and a Special Adviser on International Religious Freedom within the National Security Council; and for other purposes.

S. 1873

At the request of Mr. COCHRAN, the name of the Senator from Texas (Mr. GRAMM) was added as a cosponsor of S. 1873, a bill to state the policy of the

United States regarding the deployment of a missile defense system capable of defending the territory of the United States against limited ballistic missile attack.

S. 1882

At the request of Mr. JEFFORDS, the name of the Senator from Maine (Ms. COLLINS) was added as a cosponsor of S. 1882, a bill to reauthorize the Higher Education Act of 1965, and for other purposes.

S. 1900

At the request of Mr. D'AMATO, the name of the Senator from Colorado (Mr. ALLARD) was added as a cosponsor of S. 1900, a bill to establish a commission to examine issues pertaining to the disposition of Holocaust-era assets in the United States before, during, and after World War II, and to make recommendations to the President on further action, and for other purposes.

S. 1903

At the request of Mr. THOMAS, the names of the Senator from Minnesota (Mr. GRAMS), the Senator from Alaska (Mr. MURKOWSKI), the Senator from New Hampshire (Mr. SMITH), and the Senator from Virginia (Mr. WARNER) were added as cosponsors of S. 1903, a bill to prohibit the return of veterans memorial objects to foreign nations without specific authorization in law.

SENATE CONCURRENT RESOLUTION 50

At the request of Mr. HUTCHINSON, the name of the Senator from Arizona [Mr. MCCAIN] was added as a cosponsor of Senate Concurrent Resolution 50, a concurrent resolution condemning in the strongest possible terms the bombing in Jerusalem on September 4, 1997.

SENATE CONCURRENT RESOLUTION 77

At the request of Mr. SESSIONS, the name of the Senator from Mississippi [Mr. COCHRAN] was added as a cosponsor of Senate Concurrent Resolution 77, a concurrent resolution expressing the sense of the Congress that the Federal government should acknowledge the importance of at-home parents and should not discriminate against families who forego a second income in order for a mother or father to be at home with their children.

SENATE RESOLUTION 176

At the request of Mr. DOMENICI, the names of the Senator from South Dakota [Mr. JOHNSON], the Senator from Vermont [Mr. JEFFORDS], the Senator from Missouri [Mr. BOND], and the Senator from Texas [Mrs. HUTCHISON] were added as cosponsors of Senate Resolution 176, a resolution proclaiming the week of October 18 through October 24, 1998, as "National Character Counts Week."

SENATE RESOLUTION 194

At the request of Mrs. HUTCHISON, the name of the Senator from Georgia [Mr. COVERDELL] was added as a cosponsor of Senate Resolution 194, a resolution designating the week of April 20 through April 26, 1998, as "National Kick Drugs Out of America Week."

AMENDMENT NO. 2176

At the request of Mrs. BOXER the names of the Senator from Maryland

[Mr. SARBANES], the Senator from Washington [Mrs. MURRAY], the Senator from South Dakota [Mr. JOHNSON], the Senator from Massachusetts [Mr. KENNEDY], the Senator from New Mexico [Mr. BINGAMAN], and the Senator from Louisiana [Ms. LANDRIEU] were added as cosponsors of amendment No. 2176 proposed to S.Con.Res. 86, an original concurrent resolution setting forth the congressional budget for the United States Government for fiscal years 1999, 2000, 2001, 2002, and 2003 and revising the concurrent resolution on the budget for fiscal year 1998.

AMENDMENT NO. 2189

At the request of Mr. FRIST the name of the Senator from Illinois [Ms. MOSELEY-BRAUN] was added as a cosponsor of amendment No. 2189 intended to be proposed to S.Con.Res. 86, an original concurrent resolution setting forth the congressional budget for the United States Government for fiscal years 1999, 2000, 2001, 2002, and 2003 and revising the concurrent resolution on the budget for fiscal year 1998.

AMENDMENT NO. 2205

At the request of Mr. JOHNSON his name was added as a cosponsor of amendment No. 2205 proposed to S.Con.Res. 86, an original concurrent resolution setting forth the congressional budget for the United States Government for fiscal years 1999, 2000, 2001, 2002, and 2003 and revising the concurrent resolution on the budget for fiscal year 1998.

AMENDMENT NO. 2208

At the request of Mrs. HUTCHISON the names of the Senator from Minnesota [Mr. GRAMS] and the Senator from Arizona [Mr. KYL] were added as cosponsors of amendment No. 2208 proposed to S.Con.Res. 86, an original concurrent resolution setting forth the congressional budget for the United States Government for fiscal years 1999, 2000, 2001, 2002, and 2003 and revising the concurrent resolution on the budget for fiscal year 1998.

AMENDMENT NO. 2215

At the request of Mr. KERREY the names of the Senator from Nevada [Mr. REID], and the Senator from Illinois [Ms. MOSELEY-BRAUN] were added as cosponsors of amendment No. 2215 proposed to S.Con.Res. 86, an original concurrent resolution setting forth the congressional budget for the United States Government for fiscal years 1999, 2000, 2001, 2002, and 2003 and revising the concurrent resolution on the budget for fiscal year 1998.

AMENDMENT NO. 2221

At the request of Mr. KYL the names of the Senator from New York [Mr. D'AMATO], and the Senator from Pennsylvania [Mr. SANTORUM] were added as cosponsors of amendment No. 2221 proposed to S.Con.Res. 86, an original concurrent resolution setting forth the congressional budget for the United States Government for fiscal years 1999, 2000, 2001, 2002, and 2003 and revising the concurrent resolution on the budget for fiscal year 1998.

AMENDMENT NO. 2224

At the request of Mr. JEFFORDS his name was added as a cosponsor of amendment No. 2224 proposed to S.Con.Res. 86, an original concurrent resolution setting forth the congressional budget for the United States Government for fiscal years 1999, 2000, 2001, 2002, and 2003 and revising the concurrent resolution on the budget for fiscal year 1998.

AMENDMENT NO. 2229

At the request of Mrs. FEINSTEIN the names of the Senator from California [Mrs. BOXER] and the Senator from New Mexico [Mr. BINGAMAN] were added as cosponsors of amendment No. 2229 proposed to S.Con.Res. 86, an original concurrent resolution setting forth the congressional budget for the United States Government for fiscal years 1999, 2000, 2001, 2002, and 2003 and revising the concurrent resolution on the budget for fiscal year 1998.

AMENDMENT NO. 2237

At the request of Mr. KERREY the name of the Senator from New Hampshire [Mr. GREGG] was added as a cosponsor of amendment No. 2237 proposed to S.Con.Res. 86, an original concurrent resolution setting forth the congressional budget for the United States Government for fiscal years 1999, 2000, 2001, 2002, and 2003 and revising the concurrent resolution on the budget for fiscal year 1998.

AMENDMENT NO. 2243

At the request of Mr. LAUTENBERG the names of the Senator from New York [Mr. MOYNIHAN], the Senator from Vermont [Mr. JEFFORDS], the Senator from Rhode Island [Mr. CHAFEE], the Senator from Massachusetts (Mr. KERRY), the Senator from Illinois (Ms. MOSELEY-BRAUN), the Senator from Connecticut (Mr. LIEBERMAN), the Senator from Illinois (Mr. DURBIN), the Senator from Maryland (Ms. MIKULSKI), the Senator from Connecticut (Mr. DODD), the Senator from Montana (Mr. BAUCUS), the Senator from Vermont (Mr. LEAHY), and the Senator from Texas (Mrs. HUTCHISON) were added as cosponsors of amendment No. 2243 proposed to S.Con.Res. 86, an original concurrent resolution setting forth the congressional budget for the United States Government for fiscal years 1999, 2000, 2001, 2002, and 2003 and revising the concurrent resolution on the budget for fiscal year 1998.

AMENDMENT NO. 2246

At the request of Mr. LAUTENBERG his name was added as a cosponsor of amendment No. 2246 proposed to S.Con.Res. 86, an original concurrent resolution setting forth the congressional budget for the United States Government for fiscal years 1999, 2000, 2001, 2002, and 2003 and revising the concurrent resolution on the budget for fiscal year 1998.

AMENDMENT NO. 2253

At the request of Mr. STEVENS the names of the Senator from West Virginia (Mr. BYRD), the Senator from South Dakota (Mr. DASCHLE), the Senator from Michigan (Mr. LEVIN), and

the Senator from New Jersey (Mr. LAUTENBERG) were added as cosponsors of amendment No. 2253 proposed to S.Con.Res. 86, an original concurrent resolution setting forth the congressional budget for the United States Government for fiscal years 1999, 2000, 2001, 2002, and 2003 and revising the concurrent resolution on the budget for fiscal year 1998.

AMENDMENT NO. 2258

At the request of Mr. FRIST the name of the Senator from Illinois (Ms. MOSELEY-BRAUN) was added as a cosponsor of amendment No. 2258 proposed to S.Con.Res. 86, an original concurrent resolution setting forth the congressional budget for the United States Government for fiscal years 1999, 2000, 2001, 2002, and 2003 and revising the concurrent resolution on the budget for fiscal year 1998.

AMENDMENT NO. 2263

At the request of Mr. SANTORUM the names of the Senator from California (Mrs. BOXER), the Senator from Ohio (Mr. DEWINE), the Senator from New Jersey (Mr. TORRICELLI), and the Senator from Vermont (Mr. JEFFORDS) were added as cosponsors of amendment No. 2263 proposed to S.Con.Res. 86, an original concurrent resolution setting forth the congressional budget for the United States Government for fiscal years 1999, 2000, 2001, 2002, and 2003 and revising the concurrent resolution on the budget for fiscal year 1998.

At the request of Mr. LEAHY his name was added as a cosponsor of amendment No. 2263 proposed to S.Con.Res. 86, supra.

AMENDMENT NO. 2265

At the request of Mr. COCHRAN his name was added as a cosponsor of amendment No. 2265 proposed to S.Con.Res. 86, an original concurrent resolution setting forth the congressional budget for the United States Government for fiscal years 1999, 2000, 2001, 2002, and 2003 and revising the concurrent resolution on the budget for fiscal year 1998.

At the request of Mrs. MURRAY her name was added as a cosponsor of amendment No. 2265 proposed to S.Con.Res. 86, supra.

At the request of Mrs. FEINSTEIN her name was added as a cosponsor of amendment No. 2265 proposed to S.Con.Res. 86, supra.

At the request of Mr. KEMPTHORNE the names of the Senator from Vermont (Mr. JEFFORDS), the Senator from Oregon (Mr. WYDEN), the Senator from Missouri (Mr. BOND), the Senator from South Dakota (Mr. JOHNSON), the Senator from Illinois (Mr. DURBIN), the Senator from Illinois (Ms. MOSELEY-BRAUN), the Senator from Louisiana (Ms. LANDRIEU), the Senator from Florida (Mr. GRAHAM), the Senator from Oregon (Mr. SMITH), the Senator from North Dakota (Mr. CONRAD), the Senator from Idaho (Mr. CRAIG), the Senator from California (Mrs. BOXER), the Senator from North Dakota (Mr. DORGAN), and the Senator from Iowa (Mr.

GRASSLEY) were added as cosponsors of amendment No. 2265 proposed to S.Con.Res. 86, supra.

At the request of Mr. FRIST his name was added as a cosponsor of amendment No. 2265 proposed to S.Con.Res. 86, supra.

AMENDMENT NO. 2266

At the request of Mr. GRAMM the name of the Senator from Utah (Mr. HATCH) was added as a cosponsor of amendment No. 2266 proposed to S.Con.Res. 86, an original concurrent resolution setting forth the congressional budget for the United States Government for fiscal years 1999, 2000, 2001, 2002, and 2003 and revising the concurrent resolution on the budget for fiscal year 1998.

At the request of Mr. BYRD his name was added as a cosponsor of amendment No. 2266 proposed to S.Con.Res. 86, supra.

AMENDMENT NO. 2268

At the request of Mr. COVERDELL the name of the Senator from Iowa (Mr. GRASSLEY) was added as a cosponsor of amendment No. 2268 proposed to S.Con.Res. 86, an original concurrent resolution setting forth the congressional budget for the United States Government for fiscal years 1999, 2000, 2001, 2002, and 2003 and revising the concurrent resolution on the budget for fiscal year 1998.

SENATE CONCURRENT RESOLUTION 88—CALLING ON JAPAN TO ESTABLISH AND MAINTAIN AN OPEN, COMPETITIVE MARKET FOR CONSUMER PHOTOGRAPHIC FILM AND PAPER

Mr. D'AMATO (for himself, Mr. MOYNIHAN, Mr. ASHCROFT, and Mr. BINGAMAN) submitted the following concurrent resolution; which was referred to the Committee on Finance:

S. Con. Res. 88

Whereas the current financial crisis in Asia underscores the fact that the health of the international economic system depends on open, competitive markets;

Whereas structural reform in Japan is critical to the resolution of the Asian financial crisis;

Whereas for many years the United States Trade Representative has reported to Congress in the National Trade Estimate on numerous barriers to entering and operating in the Japanese market;

Whereas Japan's restrictive policies deny opportunities to United States companies and their workers seeking access to Japanese markets;

Whereas the United States Trade Representative has engaged over the last several years in an intensive review of the Japanese distribution system;

Whereas on June 16, 1996, the United States Trade Representative found that the Government of Japan created and tolerated a market structure that impedes United States exports of consumer photographic film and paper;

Whereas the European Union has sought to remove these same barriers to distribution that restrain European exports to Japan;

Whereas it is important that United States companies and workers not be disadvantaged

by other countries following Japan's model of protecting its market through a closed distribution system and other market access barriers;

Whereas a recent panel of the World Trade Organization failed to address the closed distribution system and market access barriers in Japan;

Whereas the Government of Japan has consistently stated that it is committed to deregulation, transparency, nondiscrimination, and open distribution systems accompanied by vigorous enforcement of competition laws;

Whereas the Government of Japan stated in recent proceedings of the World Trade Organization on consumer photographic film that it is committed to promote distribution policies that make the Japanese market more open to imports and to actively discourage restrictive business practices; and

Whereas fulfilling these public statements would benefit both United States trade and Japanese consumers, significantly raising the standard of living in Japan: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That the Congress—

(1) calls upon the Government of Japan to live up to the standards it has set for open competitive markets;

(2) calls upon the Government of Japan to fully implement the representations that it made to a dispute settlement panel of the World Trade Organization regarding deregulation, transparency, nondiscrimination, open distribution systems, and vigorous enforcement of competition laws with respect to consumer photographic film and paper as well as other sectors, such as autos and auto parts, glass, and telecommunications, that face similar market access barriers in Japan;

(3) urges the President, the United States Trade Representative, and other appropriate officers of the executive branch to exercise fully existing authority to achieve these objectives; and

(4) requests the President to report to Congress, not later than July 15, 1998, and not less frequently than every six months thereafter, regarding progress in eliminating market restrictions in Japan for consumer photographic film and paper.

Mr. D'AMATO, Mr. President, the current financial crisis in Asia underscores the need for open, competitive markets, free from manipulation. Clearly, industrial policy does not work. Managed trade and managed commerce is a failure. It simply does not work. Mr. President, we have said it all along—when you manipulate trade and erect barriers to open and free trade, the consumer gets hurt.

Mr. President, today we are submitting a resolution which is aimed at forcing Japan to put their money where their mouth is. This Resolution makes it clear that Japan must fulfill its publicly stated commitments to open its markets for photographic film and paper, and other sectors facing market access barriers. The bureaucrats in Japan should be on notice that the U.S. Congress will not tolerate their intervention into the free market. The United States maintains free and open markets in every sector of the economy. Americans should expect nothing less of any of our trading partners.

Plain and simple, Mr. President, the Japanese Government has allowed Fuji to use Japan's lax anti-trust laws and