

prefer purchase of whole logs so as to obtain this attractiveness in specialized sawing as well as to obtain maximum utilization and value added by manufacture which is of benefit to Japan's total economy through the employment of much available unskilled labor there.

The Japanese log exporter in the United States does not need to have any investment in plant facilities in this region, nor does he add value by manufacture to the logs he exports to Japan.

(3) WHAT CAN BE DONE?

The public interest and present enabling law requires public timber to be used to stimulate and maintain community stability in manufacturing operations. Simply stated, Government timber from the national forests was, under terms of the original act, to be used to furnish a continuous supply of timber for the use and necessities of the citizens of the United States. Correspondingly the timber upon the Oregon and California lands was to be managed for the benefit of local industries and communities.

The Forest Service and Bureau of Land Management, however, are not currently imposing any conditions of domestic primary processing on their timber sales in the region.

The Federal Government has found fit to maintain and stimulate development of the economy of Alaska by imposing restrictions on export of round logs from the national forests of that State. In Washington and Oregon these same restrictions have not been imposed where there is substantially more established industry than in Alaska, which is a direct conflict of policy.

The Secretaries of Agriculture and Interior under their existing authorities can promote regulation to impose the same restrictions upon the national forests and Bureau of Land Management areas in Washington and Oregon, or other areas. The same export restrictions as are used in Alaska should be imposed upon Federal timber in Washington and Oregon in order to maintain and stimulate the existing forest products industry under competitive conditions.

We therefore wish to state that this specifically can and should be done immediately; that is, for all Federal cutting contracts to include a proviso requiring first primary processing to be done in the United States. This is an internal American affair and not a matter subject to negotiation between the State Department and the Japanese.

Thank you, Mr. Chairman.

Senator MORSE. Mr. Johnson, I consider this to be a powerful statement in support of the position that has been taken by witnesses who have preceded you in this hearing, who have advocated that the Forest Service and BLM should heretofore have imposed restrictions on the export of logs. They are authorized under existing law to impose such restrictions. I share that point of view. I am going to ask Senator Hatfield to ask such questions as he cares to at this point, and then I will follow him with a few questions about the public policy issues that you raise in your statement, Senator Hatfield.

Senator Hatfield suggests that I go ahead. I want him, however, to ask such questions as he wants to.

I judge from your statement, particularly the material on page 3, that you want this committee to conclude that, if the Japanese had not been bidding on the Government sales to which you refer in your