

part of the Canadian Provincial governments and the Ottawa Government. Those governments do not stand by and see that kind of depletion of their natural resources.

Do you share the analysis that the chairman has just made of the record on the subject matter that I discussed?

Mr. JOHNSON. Yes, I do, Mr. Chairman. If I might, I would just like to make an additional comment with respect to some of your remarks.

My company, as I have indicated, is a newsprint producer. We are one of a rather limited amount of newsprint production in the United States.

As I think perhaps you are aware, Canada produces approximately 75 percent of the newsprint used in the United States. In this respect again I think I can point to the competitive position which exists.

Just as the lumber producers today are subject to their prices being established in many instances by the Canadian production, our product is also subject to the same situation. Our price is, in effect, set by the Canadian producers, because of their domination of the newsprint market in the United States.

I just might add a further comment that came to my attention yesterday and that is the matter of chip exports which is questioned rather extensively. For some period of years chips have been flowing in export from British Columbia into the pulp economy of the Northwest, particularly in Washington State. However, the installed capacity in British Columbia of pulping facilities has been enlarging in recent years, and the general understanding that we have—and we think it is very significant—is that the export of chips from British Columbia in the near future may be subject to being substantially reduced or cut off.

Now, the point I want to make here is that our concern is that if the supply of chips is reduced from British Columbia, this would be a further burden upon the domestic wood supply for the existing pulping operations in our region, particularly in Washington State. I thought it was perhaps worthy of bringing to the attention of the committee at this time with respect to the policy of export on chips as it pertains to British Columbia.

Senator MORSE. I am very pleased that you brought that out. I have not heard that mentioned before; I think it is a new fact to be included in this record.

I have only one other observation to make for your comment and then I will turn the examination over to Senator Hatfield. This records shows that industry witness after industry witness has advocated seeking an understanding with the Japanese that they will increase the purchase of finished lumber in the United States as part of an agreement that a specified quantity of logs will continue to be exported to Japan. Do you find yourself joining with the other industry witnesses in urging that our Government seek to work out such a negotiated settlement with Japan?

Mr. JOHNSON. Yes, I do.

Senator MORSE. We will hear from the port authorities and from the longshoremen and from other maritime union representatives their position on the point I now raise with you: the effect of the shipment of an increased amount of finished lumber upon total employment on the docks and on the ships compared to the shipment of an increased