

MANAGEMENT OF TIMBER RESOURCES IN THE FACE OF RISING JAPANESE DEMANDS
FOR LUMBER

The timber resources of the United States should be managed so as to provide the raw material necessary for use within the United States as a first priority and thereafter to provide an exportable commodity which will improve America's trade balance.

The problem has both short-term and long-term aspects which must be recognized if a true solution is to be found. The immediate short-term problems involve (1) an artificial raising of stumpage prices in the Pacific Northwest which is pricing the lumber industry out of the American market, and (2) the present shortage of lumber in Japan which it is estimated will last until the year 1980. At that time the flow of Japanese timber products from their forests will replace to a greater extent the necessity for heavy imports of American, Russian and Southeast Asian timber.

The problem should be solved through bilateral discussions with the Japanese since our trade problems with Japan involve many products in addition to our wood products. There are further discussions to be held with the Japanese on the 20th of February, but prior to that time the United States should develop internally a position that limits on the export of raw logs from the Northwest will be imposed unless the Japanese are willing to make certain agreements on limiting their total importation of raw logs to a reasonable figure and accept in the future a mix of logs and sawn lumber products.

This internal United States position will involve changes in a number of present American federal governmental policies, ranging all the way from management of timber lands in Alaska and in the Pacific Northwest through changes in the restrictions of the Jones Act on shipment of lumber products from Alaska and the Pacific Northwest to the East Coast of the United States.

There is a potential for an increase in the export of raw logs by means of a mix of raw logs and sawn lumber from Alaska to Japan. This can be done by changes in Forest Service policies in Alaska but only if stumpage prices in Alaska can reach a reasonable level through allowing Alaskan lumber to compete with Canadian lumber through amendment of the Jones Act on the shipping of lumber to the East Coast of the United States. This would take pressure from the raw log sources of the Pacific Northwest and constitute a positive offer to the Japanese of the needed relief in their market. It will also strengthen the Alaskan economy by providing for competitive Alaskan mills.

It is also possible during the period between now and the early 1980's when the Japanese demand for lumber will be at its highest to change certain management policies in the forests of the Pacific Northwest to make available certain overage timber and thus increase the availability of timber resources for American industry during this period without injuring at all the sustained yield potential of the American forests during the period from now through the year 2000.

It should be indicated to the Japanese that the United States is willing to provide a mix of raw logs and sawn lumber to the Japanese markets so they can maintain the 1966 level of imports, but any additional increases in the Japanese consumption of American wood products from the year 1968 onward would require them to continue to accept a mixture of logs and processed lumber from Alaska and the Pacific Northwest.

The unavailability of the Japanese market through controls by the major Japanese trading companies must be corrected by the Japanese if we are to continue to provide log and lumber exports to Japan. The area of compromise should be decided in the February 20th negotiations with the Japanese and if the Japanese government refuses to make any concessions at that time, then the United States government should make it clear that it will be forced to consider unilaterally establishing the same type of log export controls as presently exist in Russia, Canada and the Philippine Islands.

I hope it will not be necessary for the United States to take unilateral action because the general trade we enjoy with Japan is important to the United States and Japan has been one of our strong allies and friends in the Pacific since World War II. The log export problem is only one part of a very large relationship, but I do not believe the United States is being unreasonable to request access to the Japanese market on a free trade basis for our lumber products in return for maintaining the free trade principle of making American forest products (logs and sawn lumber) available to Japan.