

I am here to present our company's opposition to the export of spruce and hemlock logs from Alaska which have not received at least primary manufacture within the State of Alaska.

In June 1951, our company signed an agreement with the U.S. Forest Service covering 81¼ billion feet of timber on the Tongass National Forest, previously bid in at public auction. This timber was to be harvested over a 50-year period.

This contract required the construction of a pulpmill of 525 tons per day in capacity for which three-quarters of the log supply was to come from the contract area.

The Ketchikan Pulp Co. mill was completed in 1954 at an original cost of \$55 million and an additional \$29 million has since been expended to bring it to its present capacity of 650 tons per day.

During that period we have increased our employment in the mill and the Ketchikan Pulp Co.'s direct logging operations from 540 people to 790. Indirectly our log supply now requires approximately another 500 men employed in contract logging upon our sale area and in independent logging wherein the logger purchases his own timber from the Forest Service and we purchase the logs.

Our direct annual payroll has grown from \$2,350,000 in 1954 to \$7,650,000 in 1967, and our present expenditures in the Ketchikan area for logs, supplies, and materials are \$1,250,000 per month, which has provided this community with a sustained prosperity it would not have otherwise enjoyed.

People in the contiguous 48 States and even in the Pacific States are often uninformed and misinformed about Alaska. Its vast size of 586,000 square miles contrasts sharply with a population of 270,000—a population less than a modest city in your area.

It is necessary, therefore, to use comparisons to bring to your attention that an industry or firm which would be of little consequence in your area is of real importance to our State. Thus, the fact that in 1965 Ketchikan Pulp Co. alone paid 25 percent of the total State corporate income tax on a modest profit, and that the annual gross sales value of our product is approximately one-third as large as our State's yearly budget may serve to illustrate the importance of the timber industry to Alaska.

To revert to our timber sales contract and the manner in which these long-term timber sales operate in Alaska under the Tongass Timber Act:

This contract guarantees us 75 percent of the timber from the pulp timber allotments in the South Tongass National Forest to operate at the rate of 525 tons per day for 50 years.

We have a relatively modern dissolving pulpmill, one which has been improved and updated throughout the period of operation. Nevertheless, due to the high costs prevalent in the Ketchikan area, and a continuing depression in the dissolving pulp market since 1958, it has been necessary to increase our capacity to 650 tons per day in order to compete in the world markets and avoid operating at a loss.

The timber for such added capacity must come from timber sales on the uncommitted areas of the Tongass National Forest and we have been assured by the Forest Service that our position would be recognized in allocating the annual allowable sustained yield cut