The export sales value of the 1967 production from our Sitka mill amounted to on the order of $25 million. The production of this output furnished employment to a mill force of 496 persons, plus over 600 more in the logging camps and on tugboats.

The community of Sitka has grown from a population of about 2,000 in 1950 to over 7,500 in 1967. The 1967 net earnings of Sitka citizens employed by the mill was $5,632,000. The income tax revenues from this employment amounted to $182,000 to the State of Alaska and $914,000 to the Federal Government; and payroll related taxes of $21,000 to the State and $157,000 to the Federal Government. Purchases of supplies and service last year amounted to over $300,000 in Sitka, over $8,000 elsewhere in Alaska, $5 million from the other States, and $140,000 from Japan. Its purchases of logs provided over $8 million in revenue to log suppliers and towboat firms. The 21 shiploads of pulp sent overseas from Sitka furnished regular employment to 25 longshoremen.

While it is self-evident that the Sitka pulpmill would never have been built, and be able to make these contributions to Alaska's economy, if there had not been a primary manufacture policy at the time for Alaska national forests, the retention of this policy is no less vital to its continued existence. The long-term pulp sale was never intended to supply all the wood needs for the Sitka mill. The Forest Service wisely allowed for log purchases from independent firms operating elsewhere in the Tongass National Forest, thereby spreading the economic contribution made by such a plant.

Since it has been impossible to develop the obligated contract volume from the initial operating area defined by our timber sale contract, the Forest Service reduced the amount of this obligation in 1964 for the operating period involved. By definition, this makes us even more dependent on outside log purchases for that period. While the total volume to be made available over the life of the contract is guaranteed by our contract with the U.S. Forest Service, it is quite apparent that the area originally defined to provide it is seriously inadequate. We are now engaged in a bilateral survey with the Alaska region of the Forest Service to put a quantitative definition on this shortage, upon which corrective action will have to be based. We have gone to great expense with an experimental skyline system, not even as revolutionary as some of the means suggested in the Treasury report to develop inaccessible areas, but the cost in proportion to production thus far proved too great. In the meantime, until a solution is reached on our sale area shortage, we are especially dependent on purchased logs for our wood procurement. We have never failed to offer a market for any logs, or chips, within a competitive towing distance from our mill. In 1967 over 30 different operators from all over the northern portions of the Tongass National Forest, and on adjacent State and private lands, supplied our log needs.

The hazards of an open export policy to our log procurement, and therefore our survival, were recently brought home very clearly when an established reliable supplier to us from the Yakutat area, was bid above a level the domestic market could stand, and therefore lost a sale he needed to stay in timber and business to a group apparently hoping to break the round log export restriction.