

First of all I gather one of your main theses to be that we have to recognize the cost of the raw material. This you seem to reiterate throughout your testimony. And that the cost of the raw material place the Canadians with certain advantage in the American market. The cost of the raw material is the reason for many of our mills in Oregon and Washington having to close. The cost of the raw material is set not by our own Government appraisals but by the involvement of the Japanese to meet their own needs in their economy of Japan. All of these are a part of the cost factor.

What I would like to ask you now is what is the stumpage that you are presently paying? What is the cost that you are now required to expend to meet the goal of obtaining the raw material for your mills? Can you give us some estimates on certain bids that you have made recently, or what is considered to be an average in the forests, on Federal lands where you are engaged in your operations?

Mr. FORD. As an average I would say we are paying approximately \$40 today.

Senator HATFIELD. Approximately \$40?

Mr. FORD. Yes.

Senator HATFIELD. Could you give me an estimate as to what you think this price might be if the Japanese were not involved in the bidding price?

Mr. FORD. To clarify my statement, \$40 stumpage into our mill gives us around a \$70 to \$75 average log price. I would think probably this price could go up from \$10 to \$15 using present prices that export logs are being sold for as a basis.

Senator HATFIELD. Do I understand then that the differential would be between \$10 and \$15?

Mr. FORD. That is correct.

Senator HATFIELD. If the Japanese were not in the market. What I am trying to get at is—

Mr. FORD. No, no.

Senator HATFIELD. Let me rephrase my question. What I am trying to get at is what would be the estimated price of the log if the Japanese were precluded at this time from bidding on these logs? We have been told by witness after witness that the Japanese had injected a factor here of increasing the cost of the logs to the lumber operators, and that many of them are having to drop out because they cannot pay the price for these logs that the Japanese are paying and therefore they are being prevented from obtaining the raw material.

Mr. FORD. May I explain that in southwestern Oregon in past years cedar was about the only log that has been exported. The exportation of logs just started to raise last year in our particular area. We are just now beginning to feel the impact. The impact has not hit us yet.

In other words, our condition today is pretty much as we have been for a number of years. But today the Japanese log buyers are beginning to work through our area, and we expect this summer to see a considerable volume purchased and moved out of our part of the country, where in the past it has not been a factor there. It is just now starting.

Senator HATFIELD. In other words, up to this approximate time, the Japanese bidding and the Japanese log export has not really been affecting your area?