

TRENDS IN KEY FACTORS

There is not much doubt as to the direction and magnitude of expansion of Japan's demand on the log supply of the Pacific Northwest. The rapid increase began after 1962 when the year's total was only 287 million board feet. In five years the volume has risen to an estimated 1.6 billion board feet. This represents an annual increase of more than 40 percent compounded yearly. If this record is not convincing, one can refer to a forecast made by the managing director of Hannan Koun Co., Ltd. Mr. N. Fujii is quoted as saying: "Next year and the next year after that, and beyond, log imports will increase 30 percent on a compounded basis that will double in just over two years." Another report is that the Japanese goal for log imports from the U.S. is 4.5 billion board feet by 1972.

Not only are exports to Japan expanding in volume, they are also expanding in reach. In recent months Japanese buyers have been negotiating for logs as far east as Idaho.

The growth of log exports to Japan and the extent of their reach has been accompanied by a rise in quality. Thoughts that Japan was interested only in low quality logs and primarily in hemlock and Port Orford cedar have changed. The deputy chief of the U. S. Forest Service reports that the average export log has fewer defects and tends to be somewhat larger than its domestic counterpart. Whereas in former years Douglas fir accounted for less than 10 percent of the export volume, in the third quarter of 1967, this species accounted for 20 percent of the total.

As long as domestic markets for lumber and plywood are in the doldrums, the volume of log exports experienced to date have not had much effect on domestic supply. This position is on the verge of considerable change. The U.S. upward population trend in the 25-44 age group, the age at which most