home purchases are made, is beginning. The effect on housing starts is already being seen in spite of mortgage loan problems. By 1970, the forest products industry must be able to supply housing starts at a rate of 2 million annually. The demand on our log supplies to serve this domestic market will be at a level never before experienced.

With no reason to expect any substantial change in the annual allowable cut, domestic and export demand for Pacific Northwest timber will be competing for a limited supply. Since the volume of exports from private timber is about at its maximum, additional volumes will have to come from public lands. This pressure will be felt most by manufacturers dependent on public timber.

"Timber Trends in the United States," a U. S. Forest Service report published in 1965, made an analysis of the national supply and demand for softwood timber through 2000. These projections show that the total demand for logs will begin to exceed the supply from all sources about 1990. However, the data on demand did not anticipate the sizable increase in log exports nor the sustained growth in plywood markets. Taking these adjustments into account, the year in which the demand for logs will first exceed the available supply nationally must be moved back to a much earlier date. Recently, Mr. H. R. Josephson, director of the Division of Forest Economics and Marketing Research of the U. S. Forest Service, stated that within the next decade, it is likely that rising demands for timber products in the U.S. will require all of the available cut in both the Pacific Northwest and in other western areas.

Protected Japanese markets make it possible for their traders to pay whatever price is necessary to obtain U.S. logs. These prices in some instances are higher than domestic values of products that could be produced from these logs. In the third quarter of 1967, exporters to Japan paid $88.09