

January 22, 1968
 The Honorable Wayne Morse
 Re: Log Exports

- b. In other cases, Japanese interests or financial interests using a middleman by providing the finances and having the middleman bid in competition to those in our own industry. We believe this is wrong and should be stopped.
- c. Then there are those companies who own or who have acquired timber holdings of its own and who engage in selling its own timber holdings to Japanese interests and then competitively bidding against others in the industry in order to obtain adequate timber supply for its own operations. Again, we think this is wrong and proper steps should be taken to prohibit it.

As an example, as I said to you while you were here, United States Plywood-Champion Papers, Inc., who recently purchased a plywood plant in Hoquiam, Washington, along with a sizable amount of timber, the plant itself was old and obsolete at the time of the purchase. The Company operated the plant for a few months and then issued a notice to its approximately 200 employees it was closing the operation (copy attached). Then just a short while ago the Company announced it had sold the entire timber holdings in that area to a Japanese concern. Again, we believe this is wrong and at least steps be taken that, where a company in the industry chooses to dispose of its timber holdings in one area in this type of manner, it be denied the right of the purchase of public timber in all areas until such a time it would agree to discontinue this type of practice.

After saying these things, however, we believe that one of the greatest problems we have in respect to log stumpage is the bidding system which is in effect and being used by Government, both Federal and State, to dispose of their