

Ambassador Winthrop G. Brown
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- While the log exports from Oregon-Washington have increased more than 1,000 percent in 1960-66, our export of finished lumber to Japan industry decreased by more than 50 percent, (46.6 million board feet in 1960 to 20.4 board feet in 1966.) Conversely, with surplus log exports only from Canada, Canadian finished lumber shipment to Japan increased nearly 3,000 percent. (1.6 million board feet in 1960, to 277.7 million board feet in 1966.)

It has been suggested by members of industry and a number of others that a flat limitation be established. In the long run, I do not believe this to be the best approach for the reasons outlined in my attached letter to Secretaries Freeman and Udall. I do concur, however, that it may be a necessary, temporary step while we are shifting to the surplus approach. I have suggested a surplus concept (Domestic First Sale) to the two Secretaries and feel that it provides the best and fairest long-range solution. The alternatives facing America as we negotiate with Japan are three-fold.

1. Unilaterally establish limitations as have been suggested by members of industry or a surplus limitation as I have suggested.
2. Obtain agreement from Japan that they will voluntarily restrict their level of timber purchasing to a point which is not detrimental to the Pacific Northwest's economy, or
3. Open the Japanese retail finished lumber market to direct sales by American manufacturers so that the artificial price cushion which has driven up exports will no longer serve as a one-sided stimulant to stumpage costs.

Might I reaffirm my personal conviction that action must be taken in the very near future to avoid what may be a most unpleasant set of conditions and personal reactions in my State. Your good efforts will be appreciated.

Sincerely,


 Governor

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