Honorable Orville L. Freeman
Honorable Stewart L. Udall
Page Three

> 4. Apply to all national forests, and, therefore, distribute the impact of export bidding to forests removed from the port areas and help improve thinning and other policies beneficial to the development of these resources.

A permanent volume limitation or quota could have the following negative effects:

> 1. It could leave timber standing in the woods which would not be needed for domestic use.
>
> 2. It would tend to lower stumpage prices. Price pressure, as such, would disappear, particularly on the lower grades of timber. Cartels from export markets would tend to control the prices on our timber through pre-agreements.
>
> 3. It would tend to encourage exporters to buy only prime timber.
>
> 4. There would be no incentive for thinning because the conventional cuts could fill whatever limitation was established on exports, and domestic prices cannot support this type or program.
>
> 5. It would tend to have a very heavy impact on areas close to ports, unless a complex reassignment of cutting priorities was established, because the exporters would want to buy timber close to their shipping outlets.

It must be remembered that this is not only an import/export free trade question, but is a question of proper utilization of one of America's publicly-owned resources . . . a resource that has been nurtured and made available through tax dollars at the local, State and Federal levels.

I recognize, of course, the danger of over-simplification. If it is necessary to establish temporary limits while phasing into the "Domestic First Sale" approach which