

Malaysia and Indonesia, waste lumbers from rubber plantations and eucalyptuses in Australia. However, technical processes for converting these trees into pulp have not been as yet adequately industrialized.

There also are many knotty problems surrounding industrialization of pulpwood resources in Southeast Asia, such as political unrest, management of local laborers and expansion of transportation facilities, including port-harbor equipment and drag-roads. Hence, it will still take some time before pulpwood imports from Southeast Asia to become commercialized.

As to additional imports of pulp resources from the Soviet Union, concrete schedules are expected to be studied along with the progress of Japan-Soviet negotiations regarding Siberian development projects, although Soviet pulpwood imports already have started.

PULP IMPORTS

Imports of pulp, an intermediate material for paper, also have been increasing. Pulp imports amounted to 672,000 tons in 1966, principally from the United States and Canada. Japanese paper and pulp companies are showing specific interest in integrated production operations by manufacturing paper from pulpwood and chips. It is under this policy that they are eager to propel projects for developing lumber resources in Southeast Asia.

If costs for developing overseas lumber resources are high and foreign pulp is available at lower costs, paper manufacturers apparently will harbor no objection to depend on imports for pulps. Foreign pulp manufacturers already have been making moves to offer cheap products to Japan. Expansion projects for pulp production facilities along the west coast of Canada are in swing in preparation for sizable pulp exports to the Japanese market.

The Soviet Union also is attaching great importance to promotion of the paper-pulp industry as part of its Siberia development project. In this connection, the Soviet Union is making offers to purchase pulp-making equipment from Japan with payment to be made with pulp manufactured at its pulp plants.

Japan's pulp imports are destined to increase in the future, although there are some problems to be settled as to quality. Pulp imports, however, are not completely dependent on foreign manufacturers. Honshu Paper Mfg. Co., Ltd. has started construction of a pulp plant in British Columbia, Canada jointly with Mitsubishi Shoji K.K. Tohoku Pulp Co., Ltd. also is studying the feasibility of constructing a pulp mill in British Columbia as a joint venture with Sumitomo Forestry Co., Ltd. and local lumber enterprises.

All in all, Japan's imports of paper-making raw materials are bound to increase in the future, whether in the form of lumbers, pulpwood or chips. According to estimates by paper-pulp manufacturers, Japan's dependence on overseas sources for paper-making materials (inclusive of materials for synthetic fibers) is expected to increase to 34 per cent of total demand in 1970 and 44 per cent in 1975 as compared to 12 per cent in 1965.

(The attachments to the prepared statement of Mr. McCracken follow:)