

Japanese want logs or timber, they pay whatever is needed to get them. Sometimes they pay far over going prices. To take logs needed by the mill at The Dalles, they paid only \$3.00 per M. premium. (Minutes, p. 9, lines 12-28). But whatever they pay, it is enough to get the logs. Big premium or little premium -- the economic and human consequences of our log loss are the same.

The statement of the Japanese Government that its domestic demand for imported soft wood logs continues strong, contrasts with the statement in Section 3 of the Department's report that a trade source reports that some Japanese buyers are beginning to have surpluses, and may start to diminish their rate of purchases. The latter report obviously comes from the exporter who apparently tenders his unfounded speculation in order to dissuade the American Government from further investigation. Perhaps the State Department will be interested in the attached list of Japanese mill operators who recently visited Longview to inspect the log supply.

The fact that as of June 1, 1961, the Japanese Government imposed a 10% ad valorem duty on imported soft wood lumber, while imported soft wood logs arrive duty free is, itself a clear demonstration that the Japanese Government is interfering to assure that logs with their attendant payrolls are taken from the United States in preference to our manufactured lumber.

In this connection it is interesting to speculate as to whether the Japanese Government made its estimate of the likely volume of imported American soft wood logs before or after it determined to put on the ad valorem duty. If it made its estimate before that decision was reached, as appears to be the case from an analysis of the Department's report, then the Japanese Government's estimate of future log imports would be seriously understated.

STATE DEPARTMENT REPORT

8. Housing construction in the Japanese fiscal year 1961, which ends March 31, 1962, is estimated at 666,000 units as compared with 601,000 in 1960. Lumber requirements for housing in 1961, are estimated at 20,610,000 cubic meters (the log equivalent of 4,802,130,000 board feet Scribner log scale) of which about 7 percent will be met from imports, assuming the same pattern of imports as in 1959 (7 percent would be 336,149,000 board feet Scribner log scale).

Excluding pulpwood and logs used by the plywood industry, the largest part of Japan's log imports in 1960 came from the USSR. According to trade sources, Japan's purchases of logs from the USSR will rise, but no estimate of the increase is available.

An official of the MOAF stated that the original estimate of American-type saw log imports in 1961 was 800,000 cubic meters, (186,400,000 board feet Scribner log scale) as compared with 549,000 cubic meters (127,917,000 board feet Scribner log scale) last year. The level of imports January-April 1961, however, is at an annual rate of 1,200,000 cubic meters (279,600,000 board feet Scribner log scale). The best estimate for 1961 is that imports of such logs will range between 800,000 and 1,000,000 cubic meters (between 186,400,000 and 233,000,000 board feet Scribner log scale). This estimate includes logs from Alaska and Canada, and evidently Port Orford cedar.

In estimating Japan's imports of logs and lumber, it should be noted that both items are on the list of goods which are automatically approved for importation, and import volume will thus depend not on government action but on supply and demand factors in the Japanese market.

WFIA COMMENT

The Commerce Department reports:

"Specifically, as to housing, a minimum of 6 million family