

1 Mr. Melin pointed out that in its efforts to get logs in the Eugene area,
 2 Murphy Logging Company also drove the price on two other national forest sales in
 3 the area up a quarter of a million dollars over appraisal, a cost that the Eugene
 4 mills must try to absorb if they are to keep their employees at work. Mr. Melin
 5 added that to his knowledge Murphy Logging Company is also delivering logs to the
 6 Japanese at Albany, Oregon, from BLM timber purchased by that company south of
 7 Cottage Grove and from private tracts east of Eugene.

8 Mr. Melin also pointed out that even if the log volume going to Japan is
 9 only 2% of the total cut in Western Oregon and Washington, as represented by the
 10 State Department's report, this figure is grossly misleading because in the Lower
 11 Columbia River area where he operates it looks as though not less than 20% of the
 12 available logs are being bought for export to Japan. The impact upon the mills
 13 in the Longview area, therefore, is tremendous.

14 Mr. Melin pointed out that the Japanese activity is having a serious impact
 15 upon the price of logs which will imperil the ability of mills to keep going even
 16 if they should manage to outbid the Japanese.

17 Mr. James H. Whitty, President of the Al Pierce Lumber Company, Coos Bay,
 18 Oregon, stated he first noticed the Japanese log problem last winter when a sale
 19 on the Elliott Forest of the State of Oregon, was appraised by the State at
 20 \$86,000 and bid up by a logger on behalf of the Japanese to more than \$200,000.
 21 Mr. Whitty's company, nevertheless, bought the sale in order to keep its mill
 22 going, but it caused his company a substantial loss.

23 Mr. Whitty emphasized that his company operates a gang mill for the pro-
 24 duction of dimension lumber. This mill must operate on small, second growth saw-
 25 logs. Mr. Whitty stated that traditionally his company has bought a minimum of
 26 15% of its annual log requirements on the open log market. This year, because of
 27 the heavy Japanese purchases in the Coos Bay area, he has been able to acquire
 28 only 100 M. feet of logs on the open market; and these logs are only the junk that
 29 the Japanese will not take. He said that the statement of the Forest Service
 30 with respect to the quality and size of logs being taken by the Japanese is simply
 31 not true.

32 Mr. Whitty stated categorically that the open-market log supply upon which
 33 the independent mills in Coos Bay have traditionally depended is now absolutely
 34 gone; that the logs that formerly appeared on this market have all been purchased
 35 by the Japanese for ultimate shipment to Japan; that the Japanese, as seems to be
 36 the case in other areas, are simply paying prices above anything that the local
 37 mills can pay.