

ties. Now, this is a problem that you in real life face, isn't it, the interpretation?

Mr. CLIFF. This is the difference as between our General Counsel's interpretation and the interpretation being placed upon it by others.

Representative WYATT. By whom?

Mr. CLIFF. By attorneys for the timber industry and perhaps other attorneys who have studied this.

Representative WYATT. In fact isn't this being interpreted in Alaska to permit you to provide mills with raw material?

Mr. CLIFF. The Alaska regulation is not based specifically on the 1926 act. It is based on the general authority of the Secretary to manage the national forests in such a way as to benefit the development of the national forests and use of the forest resources. It is done under the general authority of the 1897 act which is very broad.

Representative WYATT. There is no question but what that same general authority could be interpreted and employed the same way so far as Oregon and Washington is concerned?

Mr. CLIFF. I testified this morning that we have concluded we have this same authority elsewhere.

Representative WYATT. Now I know that recently there was published in the Federal Register, I believe it was a revision of the Grays Harbor Federal-sustained yield unit in Washington, which will permit the export of chips from that sustained yield unit. You are familiar with that situation?

Mr. CLIFF. Yes, sir.

Representative WYATT. What is the situation relative to the export of chips as far as the State of Alaska is concerned?

Mr. CLIFF. The chips in Alaska may be exported if they are from mill or wood waste, when it can be shown that there is no market in Alaska for them. However, chips made out of round material without going through a sawmill is not considered primary manufacture. It has to be separated fibers.

Representative WYATT. In other words, you couldn't take even a low quality round log and chip it and export it under the present regulations in Alaska?

Mr. CLIFF. That is correct.

Representative WYATT. Are there any plans being considered by the Forest Service at the present time to change this regulation in any way to liberalize it to permit more export?

Mr. CLIFF. No, sir. Let me comment just one moment further on Alaska. I don't think that everybody realizes the nature of the timber in Alaska. Half of the material, fully half of the material is not usable as saw logs. It has to be used for pulp. And this timber grows in stands that have to be managed under even-age management. When you cut a patch of timber you cut every thing as you do in the Douglas fir area in Oregon. You have got clear-cut patches or clear-cut areas. So when you cut a batch of timber, on the average you would get 50 percent of the material that would make sawtimber and 50 percent that has to go to pulpmills.

It is desirable in Alaska to keep the balance, as near a balance as possible, keep an outlet there for the chip for the segment of the log that has to go into chips. You can't just harvest half of it. You just can't harvest the saw log element and then export that. It has to be—you have to have a balanced operation is what I am trying to say.