

up, would there be major reasons why Japan, in the event we were to curtail log exports from the United States, would, one, be more eager to deal with Russia were she available as a source of supply or, two, be more eager to deal with Canada if she were available as a source of supply, or, three, be inclined to continue to deal with the United States with alternate product, if not with the round log?

Mr. PETTY. A difficult judgment to make, Congressman. I think that a country, as would a large corporation, a small corporation, or a family dependent upon basic resources, would like to be able to rely on that source of supply. When they find actions, perhaps arbitrary actions, that interfere with that supply, they seek to find means of reducing dependence on a single source, to diversify, if you will. It is a form of protection.

It would not be surprising to me that one response a country would think about, faced with a log export limitation, would be that they should diversify their source of supply, to protect their own economy. Japan has great expenditures underway and more forecast for the future. They, for their own national policy reasons, want to have those domestic needs influenced to as small an extent as possible by the trade policy of other countries.

Representative DELLENBACK. But also there would be a factor of reliability of source of supply?

Mr. PETTY. Absolutely.

Representative DELLENBACK. We have had some testimony given to us that there is a question of the long run, possibly also the short run, as to the reliability of Russia as a source of supply as far as Japan is concerned.

Mr. PETTY. I think that is true. I think we also must add, from the point of view of the buyer, the United States. We have talked about possible limitations on export. I have not heard a time factor mentioned. I have not heard any discussion of this related to a long-term policy. You can put yourself in the posture of the foreign market. The question is very much in their minds, certainly.

Again, this is a question I posed. I hope that more interagency discussion will help move toward an answer to this. Certainly these hearings have given much information that is helpful.

Representative DELLENBACK. Moving to another phase of this and what impact it might have on whether Japan would tend to go elsewhere for her material if we were to limit log exports, what roughly is the present balance so far as trade between Japan and the United States is concerned?

Mr. PETTY. You mean in general, sir—

Representative DELLENBACK. I mean in general. What sort of figures are we dealing with in exports from the United States to Japan and exports from Japan to the United States?

Mr. PETTY. I would like to supply the exact figures for the record, if I may. I think it is in the neighborhood right now of a U.S. deficit of \$300 million.

(Mr. Petty subsequently submitted a table, as follows:)