

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

JAPAN-U.S.S.R. BILATERAL TRADE
(In millions of U.S. dollars)

	1966	January- September 1967
Japan exports (f.o.b.).....	214	143
Japan imports (c.i.f.).....	-300	-341
Balance.....	-86	-198

Source: Bank of Japan, Economic Statistics Monthly.

Representative DELLENBACK. That could then lead us, if I see these three in context—if everything else were equal—Japan might prefer to deal with Canada or with Russia rather than dealing with us?

Mr. PETTY. Your line of reasoning being, sir, that they would prefer to——

Representative DELLENBACK. Prefer to neutralize their balance; yes.

Mr. PETTY. Not an unnatural approach.

Representative DELLENBACK. Again I am saying everything else being equal. But in your field of expertise, the dollars, the trade balances, this could lead in this particular direction?

Mr. PETTY. It could be one of many things that the trading country would consider in their international trade policy.

Representative DELLENBACK. Would this have to be a significant factor, or would we be apt to find this was counterbalanced by other more important things?

Mr. PETTY. A very hypothetical question, Congressman. I do not believe my comments would be very instructive. To a large extent, a country's purchases are dictated by private buyers. To some extent, they are influenced by national policy. The interplay of this is dependent upon such factors as cost, ready availability, and so forth. How those rank with a particular objective probably varies with the commodity, probably with time.

Representative DELLENBACK. Are we able to say conversely that we do not need to look upon these factors as controlling in this instance as we wrestle with the question of whether or not we ought to restrict log exports to Japan? Can we soundly, as we seek to make policy in this regard or work——

Mr. PETTY. It is one thing to answer your question that it is not controlling. It is another thing to say whether a consideration should be dismissed.

Representative DELLENBACK. I recognize the distinction and that is why I put it on the basis first of saying we can assume from the way you put your replies to other questions, that since it is only one factor, it need not be the controlling factor and probably would not be the controlling factor.

Mr. PETTY. "It" being the bilateral position.

Representative DELLENBACK. Right.

So, you see again, so you understand clearly what I am getting at, if we seek to do anything to limit log exports, I do not want to be met sometime later by somebody arguing, oh, but if you do, they would