Thank you very much for permitting the interruption.

Mr. NEHMER. Thank you, sir.

As for softwood lumber, exports from the States to Japan increased from 33 million board feet in 1964 to an estimated 50 million in 1967. In 1965, the year of the lumber mission, lumber exports were only 21 million board feet.

Certainly, the upward trend of wood product exports during recent years indicates that U.S. industry can be a source for these products for Japan. In this respect, a sustained promotion effort on the part of U.S. industry and Government could go far in the continued improvement of our product exports to Japan. If the volume of log exports to Japan were reduced, and at the same time Japan's additional wood requirements were satisfied by increased product exports from the United States, the pressures on the Pacific Northwest mills should be considerably relieved. Clearly, under these circumstances, the U.S. balance of trade in this area would not be adversely affected.

The present position of the United States with respect to our balance of payments requires strenuous efforts on our part in various sectors including an intensified program to increase exports. Any proposed solutions to the softwood log export problem must be considered within this context. It is important that whatever solution to this problem is reached, it should not contribute to the impairment of the U.S. balance of payments, and hopefully will contribute to its improvement.

We are gratified that, in recognition of this potential for greater exports of products, the plywood and lumber industries are sending a mission to Japan in February. We are also pleased that some members of this mission will serve on the U.S. delegation to the Government meeting in Tokyo starting on February 20.

At the December meeting with the Japanese Government in Washington, the U.S. delegation did get across to the Japanese the fact that we have a serious problem for which we must find a solution. They were presented with several points as possible measures to alleviate the log export problem. We are determined that all possible measures which would bring about a solution to the log export problem will be fully discussed at the meeting in Tokyo on Fbruary 20.

Since the Department of Commerce has the responsibility for administering the Export Control Act, your committee may be interested in a brief discussion of that act as it applies to softwood logs from the Pacific Northwest.

The act provides the President with the authority to prohibit or curtail exports from the United States, its territories, and possessions. This authority has been delegated to the Secretary of Commerce.

The act authorizes controls over exports for three purposes—national security, foreign policy, and short supply. National security controls, and short-supply controls as required, are always coordinated to reflect U.S. foreign policy considerations and international responsibilities.

National security controls, although an important aspect of our responsibilities under this act, are not pertient to this discussion.

Short-supply controls, as directed by the policy of the act, are used only when it becomes necessary as stated in the act, "to protect the domestic economy from the excessive drain of scarce materials and to reduce the inflationary impact of abnormal foreign demand."