may be expected to lead toward a solution of those problems will be fully explored.

If there is any further information you may wish, please let me know.

Sincerely yours,

JOHN T. CONNOR, *Secretary of Commerce.*

THE SECRETARY OF COMMERCE,
Washington, D.C., August 8, 1966.

Hon. WARREN G. MAGNUSON,
Chairman, Committee on Commerce,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in further reply to your letter of June 30, 1966, in which you compare the situation prevailing with respect to softwood logs with the situation which led to the imposition of controls on exports of cattle hides, and request that consideration be given to imposing controls on exports of domestic logs.

The question of restricting exports of softwood logs and the broader issue of the economic condition of the lumber and plywood industries have received particular attention by this Department and other agencies over the last several years. You will recall that in response to a suggestion contained in your letter of July 20, 1964, a Task Force on Softwood Log Exports was established by Secretary Hodges. In addition to the Department of Commerce, the Departments of State, Agriculture, Interior and Labor and the Small Business Administration were represented on the Task Force. As I reported to you in my letter of December 9, 1965, after considerable study of the problems involved in the softwood log and lumber situation, this Task Force concluded that restrictions on the exports of softwood logs were not warranted under the circumstances. While increased exports of logs may have contributed to the difficulties of some sawmills in the Pacific Northwest, the report found that their impact could not be isolated in view of the presence of several other important factors such as intra-industry competition and changes in technology. Accordingly, the Task Force Report recommended a positive program to increase timber availability generally to domestic sawmills and particularly to assure that small firms would obtain a fair share of public timber offerings.

This program is being actively implemented. I have been advised that the Forest Service of the Department of Agriculture has made a study and evaluation of timber which can be obtained from salvage and thinnings in the Northwest and is planning a program to obtain added production from these sources. Further, the Administration recommended authorization of $85,000,000 for fiscal year 1968 and $110,000,000 for fiscal year 1969 for forest development roads and trails. While such roads and trails are built and maintained for other purposes as well, they do assist in increasing the availability of timber. On July 28, 1966, the Senate passed a modified version of the bill (S. 3155) under which an amount of $170,000,000 is authorized to be appropriated for forest development roads and trails for each of the fiscal years ending June 30, 1968 and June 30, 1969. These funds will be helpful in opening up areas permitting utilization of timber previously inaccessible. From the standpoint of small sawmills, the Forest Service and Small Business Administration jointly have increased the volume of set asides available to small businesses in the Northwest during the first half of calendar year 1966. Such action was intended to provide them with a fair share of timber sold from national forests. The Forest Service reports that twenty such set aside sales totalling 108 million board feet were made in the coastal area of the Pacific Northwest during that period. We continue to believe that the problems facing certain sawmills in the Pacific Northwest can best be dealt with through measures recommended in the Task Force Report.

Following receipt of your letter, I have reviewed once against the situation prevailing with respect to softwood logs in the light of the "short supply" criteria of the Export Control Act. As you know, the Export Control Act provides for the imposition of export controls on grounds of "national security", "foreign policy", and "short supply". With respect to the latter, export control authority is specifically conferred under the Act "to protect the domestic economy from the excessive drain of scarce materials and to reduce the inflationary impact of abnormal foreign demand".