The criteria for imposing export controls on grounds of "short supply" are not met in this situation. First, there is not a shortage of softwood timber nationaly or even regionally. The latest available forest survey data, contained in the official report of the U.S. Forest Service, "Timber Trends in the United States", indicate vast resources of softwood growing stock on commercial forest land including 2,058,022 million board feet of sawtimber size as of January 1, 1963. On the basis of rising lumber and plywood output since 1963, it is estimated that the current annual cut of sawtimber is close to 40,000 million board feet. Even if the cutting rate should be increased, there is scarcely any prospect that our softwood sawtimber resources face any serious depletion inasmuch as the annual growth increment (which is estimated at about 35,000 million board feet annually) covers the cutting drain to a substantial degree. According to the same Forest Service data 42 per cent of our national softwood timber inventory is located in the States of Washington and Oregon.

Second, if we consider the current exports of softwood logs from the standpoint of their impact on domestic stumpage prices, it does not appear that such price increases as have occurred in recent years were due primarily to exports. Stumpage prices for softwood timber, as reflected in National Forest timber sales, have fluctuated greatly during the last ten years as a result of various factors including domestic market conditions, timber quality, species composition, accessibility of supply, export demand for logs and others. Log exports represent approximately only 2.5 per cent of the total annual cut of softwood timber in the United States. Even if we consider the volume of log exports in relation to total softwood timber cut in the States of Washington and Oregon, such exports represent only about 6 per cent. On this basis it is not likely that foreign demand for softwood logs was a dominant factor in the recent increases in stumpage prices. Rather, the increase in stumpage prices appears to have been due to an unusual combination of circumstances, including a strong domestic demand for softwood lumber. This domestic lumber demand, fear of a strike, a shortage of railway cars and increased military procurement, contributed to an advance of softwood lumber and plywood prices for several weeks during the spring of this year. After peaking in mid-April these lumber and plywood prices have now declined for eleven consecutive weeks and by July were back close to the level where they were before the rise.

The reasons for the imposition of controls on exports of cattle hides were explained in some detail in my decision of May 18, 1966, a copy of which was forwarded to you under a cover letter of the same date. In contrast with the situation prevailing with respect to softwood logs, it should be noted that exports of domestic cattle hides at the time controls were imposed constituted approximately 40 per cent of total domestic production. The balance remaining was inadequate to satisfy domestic needs, inventories having been substantially exhausted over the previous years. Finally, prices of domestic cattle hides had approximately doubled during the years preceding the imposition of controls, and this was having an inflationary impact on domestic shoe prices, a basic component in the consumer price index.

I have taken the liberty of sending the Secretaries of State, Agriculture, Interior and Labor and the Small Business Administrator information copies of your letter and of this reply. We appreciate your concern in this matter and wish to assure you that we will continue to review the situation in the light of future developments.

Sincerely yours,

JOHN T. CONNOR,
Secretary of Commerce.

Senator HATFIELD. Mr. Nehmer, did you participate in any of these analyses on these occasions?

Mr. NEHMER. No, sir; my responsibility at the time did not include these particular problems.

Senator HATFIELD. Am I to infer from your comments that on each and every occasion that an analysis was made by the Commerce Department under the requirements of the Export Control Act, the situation in the Pacific Northwest as related to the log export problem and the general lumber economy did not fulfill any one of the three criteria listed under the act as it related to the application of domestic short supply?