

in these hearings. You have asked us for our view on the best way of resolving it. In our judgment, Mr. Chairman, no viable long-term resolution is possible without increased cooperation on several fronts and at different levels. It is much better to solve this problem through trade expansion than through trade restriction.

A positive solution—both from the point of view of American producers and the American economy—would be to help our mills raise their profits through expanded exports of lumber and other processed wood products. Here, I think, we should look carefully at just what has happened to the Japanese market for logs and lumber since 1960 and see, if we can, just where the real potential benefit for our timber industry lies. For, whereas total Japanese log imports from all sources have grown by over 300 percent during these past 7 years, total Japanese lumber imports have grown by more than 800 percent. The problem is that our share of this important and profitable market has dropped from 95 percent in 1960 to only 33 percent in 1966. Clearly, we need to consider ways of expanding our exports, not of restricting them; of sharing in this spectacular growth, not of turning away from it.

Spokesmen for the industry have told us that the Japanese market is closed to them; that they are unable to sell because of formal barriers imposed by the Japanese Government or at least, informal barriers of equivalent effect.

In a meeting with Japanese Government officials last month we raised this question. These Japanese officials told us without equivocation that there are no formal or informal barriers to trade with them in forest products. They stated that there are no restrictions or other barriers to imports from the United States. Tariffs are either nonexistent or very low and will be getting even lower as a result of our efforts during the Kennedy round. The problem for American lumber producers interested in selling to Japan—they said—is that of adapting to the Japanese market and meeting the products specifications and quality requirements that Japanese purchasers are accustomed to. They asserted that U.S. mills are not producing competitively the product they wish to buy.

To get to the heart of this matter, which we believe is crucial, we have arranged with the Japanese Government for the visit of a U.S. industry team. The visit will take place early next month. It will enable our producers to acquaint themselves firsthand with this rapidly growing market and the opportunities it presents to those farsighted enough to compete in it.

I would like to add at this point that this mission is going with the blessing and cooperation of the Japanese Government. This, I think, will lay the foundation for a successful mission following up some of the earlier ones in the plywood area.

This arrangement was worked out at a meeting with Japanese Government officials in December. At this meeting we also agreed to meet again next month to consider further ways of dealing with the problem of the Pacific Northwest. This meeting is now scheduled to take place on February 20. Our objectives will be to—

Expand the sale of U.S. lumber and other forest products in Japan;