

ing about are temporary modified restrictions, not exclusive or total restrictions.

Now, you mentioned that Japan has, on page 8, you talk about the rise and fall of exports of lumber, and imports of lumber by Japan, and you show here that it has dropped from 95 percent in 1960 to only 33 percent in 1966.

Now, in Canada one of the major sources which Japan has supplanted or replaced previous American sources?

Mr. GREENWALD. That is my understanding of the situation. Unfortunately, I don't have the statistics. But I believe that is what is happening.

Senator HATFIELD. And yet, isn't it interesting that Canada does have restrictions on logs and exports, and yet in spite of all this she has expanded her trade with Japan?

Mr. GREENWALD. I don't know whether it is a cause-and-effect relationship between the two elements. Canada has had the restrictions for a long time. They aren't something that they just instituted.

Senator HATFIELD. We have had restrictions in Alaska, too, so it wouldn't be totally new as far as it relates to the United States. It wouldn't be an absolutely new policy that the United States would be adopting now, as it relates to Oregon and Washington, when we have had restrictions in Alaska ever since it was a territory and ever since it has been a State.

But cannot I infer, though, that you feel that by placing restrictions we might tend to inhibit trade or cause trade expansion to halt or be reduced, but at the same time you do not see where this policy in Canada has hurt their expansion. In fact, their expansion has increased, or their trade has expanded; isn't that true?

Mr. GREENWALD. Yes. But I don't know, as I said, I don't know whether you can draw a direct casual relationship between the two elements. And I don't know whether it would necessarily work the same way, given the background and history of U.S. policies in trade and trade relations.

Senator HATFIELD. In the matter of restriction that we are talking about, is the Department aware of the limitations by Japan on foreign investments, which would affect the ability of U.S. companies to build warehouses and lumberyards to service the Japanese market?

Mr. GREENWALD. Yes. And this is one of the—perhaps it was put not as directly as we might have—points mentioned at the top of page 10, to try to reduce those restrictions and facilitate the establishment of any U.S. firms that might want to put investment in Japan, so they would be able to use their own firms in the distribution and sales.

Senator HATFIELD. Well, really, this is a barrier, isn't it, for the facilities?

Mr. GREENWALD. It is in terms of investment.

Senator HATFIELD. So on page 8—

Mr. GREENWALD. It is not in terms of trade.

Senator HATFIELD. On page, 8, where you say, "These Japanese officials told us without equivocation that there are no formal or informal barriers to trade with them in forest products," really in a sense you could call this a barrier because it does restrict investments which, in turn, could be a facility to expand the trade. Isn't this true?

Mr. GREENWALD. Yes. I was drawing, perhaps, what might be an