The allowable cut of timber from national forests, BLM and other public lands is governed by sustained-yield management plans which are not varied in response to surges in domestic or export market demands. Likewise, on some large industrial holdings, cutting schedules are set with the objective of supporting permanent operations. On other private ownerships, timber inventories are declining. Log supplies from these lands must necessarily drop over the next two or three decades as their currently small inventories are liquidated.

Thus, the available supply of timber in the Douglas-fir region will not be adequate to meet a continuing expansion of log exports at the present rate plus maintain industries and communities of this important region. Problems of timber supply will be intensified during the coming decade. Predicted major housing construction increases and growth of the U.S. economy can be expected to require more lumber and plywood as well as pulp and paper and other timber products; yet, the timber base is shrinking in this region.

Increased log exports or even continuation of the present level of export will increase competition for the log supply. Public timber cannot fill the entire gap even if all log exports ceased.

COURSES OF ACTION

Earlier it was mentioned that we were participating in interdepartmental task force studies, industrial discussions, and negotiations with the Japanese. Countless staff hours also have been spent in studying the problem and in examining all available evidence from all sources. Log exports were not a serious issue during the first part of this decade. In view of the striking increases in log exports to Japan, the problems of the Pacific Northwest forest products industry have increased.

The second United States-Japanese discussions are scheduled for February 20 in Tokyo. Because demand for log exports is expected to double by 1970 and continue upward thereafter, the greater need is to arrive at a permanent understanding.

If for any reason negotiations do not appear to be reaching meaningful solutions, we are prepared to discuss with the Secretary of the Interior the actions to be taken under our existing authorities. The action taken will depend upon the judgment of the Government as to the best course.

There are some important considerations that need to be borne in mind in considering both the timing and nature of restrictive action. First, restrictions imposed upon Federal timber at this time would have little impact on total log exports during the current year. For example, there is over 1 billion feet of uncut timber in outstanding BLM timber sale contracts. However, by 1970, the full force of any restriction would be felt. Action on the Federal timber alone would focus greater attention upon the private sector to supply logs for export.

Second, restricting log exports, as proposed by the forest products industry, will regulate what is done with logs out from Federal lands after they have been purchased. This would be a significant policy change which industry has opposed in the past. The problems of regulation caused the industry to recommend removal of marketing area restrictions about a decade ago. There is no doubt that the