THE IHPA OPPOSES BOTH SPECIFIC AND OMNIBUS IMPORT QUOTA BILLS

Two bills in the present Congress would impose mandatory import quotas expressly on hardwood plywood. The two omnibus quota bills (H.R. 16936 and H.R. 17674) would generally have the effect of rolling back hardwood plywood import levels to below the 1967 level.

Insofar as hardwood plywood and other hardwood products are concerned, none of these various import quota bills is in the public interest of the United States. The available supply of hardwood veneer products of domestic origin has been adequate to supply only about one-half the demand for such products in the United States, and will be able to supply even less than that share as demand for those products rises over the next 30 years.

The United States must have imports of hardwood plywood and other hardwood veneer and lumber products. To restrict the importation of such products by quotas or to hinder their importation with high duties would be the height of folly.

As is seen from the statistical appendix, the relative share of imports of hardwood plywood to total consumption of hardwood plywood in the United States has increased over the past 15 years, from about 10 percent in 1952 to about 55 percent in 1967. That increase in relative participation in the American market is constantly cited by representatives of the domestic industry as evidence of the "capture" of the market by imports, with the implication that imports' 55 percent market share would have been supplied by the domestic producers.

Such is not in fact the case. The real reason for this large increases in imports of hardwood plywood relative to domestic production lies in the constantly growing shortage of domestic hardwood materials of veneer quality relative to demand and the consequent inability of the domestic plywood producers to supply that demand, particularly in the medium and low cost mass housing markets, where most of the imported hardwood plywood is consumed.

Nor can availablity of domestic supplies be expected to improve in the future. All indications point inescapably to the conclusion that, as demand rises with increasing population and improvement of living standards, the domestic hardwood resource will become even less capable of meeting that demand.

Recently, an inter-departmental task force, called the Hardwood Timber Conservation Committee and composed of representatives of the Departments of Agriculture, Commerce, and the Interior, studied the supply-demand situation of the hardwood resource in depth and produced a very significant report.

Without burdening the record with lengthy quotes from this comprehensive report which is available to the Committe, we quote in summary pertinent conclusions of the report:

"The availability of high-quality hardwood timber has become a matter of serious concern to the furniture, veneer, and other wood using industries. . . . the furniture, paneling and other industries requiring high-quality lumber, veneer, or plywood, are facing increasing difficulty of supply."

"In recent years increasing concern has been expressed in the wood-using industries regarding rising prices of hardwood lumber, veneer, and plywood. Within the furniture industry . . . prices of the higher grades of lumber and face veneers have increased substantially. Even in the industries producing products such as pallets and railroad ties, rising costs and increasing procurement difficulties have been reported."

While "the combined total growth of all hardwoods now exceeds removal for industrial and other products. . . . a major part of the hardwood resource is too small or of the wrong species to provide the 'fine hardwoods' needed by the wood-using industries . . . Select species that provide most of the fine hardwood products account for about 43 percent" of the hardwood resources, but "even the select hardwood species" are of "relatively low quality". For example, among the select species, No. 1 grade logs constitute only 13.5 percent, and No. 2 grade only 19 percent.

Further, veneer quality usually requires a log 19 inches or greater in diameter. Only 24 percent of the select hardwoods fall in the 19-inch-plus category. "Economic and institutional factors further limit the supply of fine hardwoods available to wood-using industries. Timber volumes are widely spread over some 269 million acres and average volumes per acre consequently are relatively low . . . Moreover, much of the select hardwood timber occurs as single trees or groups of trees that are not economically accessible."