"The outlook for future supplies of fine hardwoods in the United States is not a promising one, according to recent analyses in the 1962 timber appraisal of the Forest Service. *If management practices in hardwood forests continue at recent levels and demands for timber products increase in the future as projected by that study, the proportions of larger size trees available for cutting in hardwood forests will continue to drop substantially in future decades.*" (Emphasis added)

"In addition to the decline in size and quality of timber, there could be a substantial loss in the area available for hardwood timber production" through loss of land to expansion of cities, parks, and recreation areas and withdrawal of land for highways and reservoirs.

"The continuing shift toward smaller and poorer quality material in the hardwood timber harvest necessarily results in higher costs of logging and processing timber products and increased marketing problems for the hardwood using industries. *These trends also suggest the likelihood of increasing dependence on foreign timber supplies, particularly for quality products such as veneer and plywood.*"

Given these indisputable facts, wherein lies the sense—the public benefit—of restricting by quota or making more costly by higher duties the importation of hardwood products into the United States? Yet, that is precisely what the domestic industry as represented by the Hardwood Plywood Manufacturers Association would have the Congress do.

AN ARCHAIC REQUIREMENT OF THE CUSTOMS VALUATION LAW NEEDS REVISION

That provision of the Tariff Act governing the valuation of imported goods for duty which requires that value be taken as of "the time of exportation of such merchandise to the United States" (Sec. 402, Tariff Act of 1930, as amended by the Customs Simplification Act of 1956 [19 USC 402] has caused incalculable mischief and loss to the producers, exporters, importers, and users of imported hardwood plywood.

The date of exportation of hardwood plywood from the country of origin typically follows by several months the booking of the order by the importer with the overseas exporter or manufacturer. In classic import practice, the importer will have based his purchase price on a firm sale to a customer in the United States at the same or very nearly the same time. Only rarely do hardwood plywood importers buy for speculation (voluntarily). Those large integrated wood product manufacturing firms which import and further process plywood in their own facilities require no less than the classic importer, reasonably certain knowledge of their costs.

Consequently, in the imported hardwood plywood trade, prices and thus costs and profit margins are set for the most part *at the time of contracting* a particular shipment of plywood, not at the time of exportation of that shipment from the country of origin. Normally, there is a time lapse of several months or more between the two dates.

Hardwood plywood prices, as do the prices of many other fairly standard commodities and particularly those which are subject to the vagaries of agricultural or forestry production, display frequent and wide fluctuations. Most imported plywood, until the confusion of the Kennedy Round reductions, was or is dutiable at 20 percent ad valorem, with a lesser quantity of birch dutiable at 15 (now 13) percent. The U.S. duty represents a large cost element.

It is impossible at the time of contracting—the time of fixing of buying and selling prices—to estimate with any accuracy what the actual duty cost will be many months hence. When the price trend is upward, the ultimate duty cost will be substantially higher than it would have been at the time of contracting.

The uncertainties and losses generated by this antiquated provision of the valuation law have been in part responsible for seemingly interminable litigation now in its 12th year before the United States Customs Court, where the number of appeals for reappraisement on Japanese plywood alone have exceeded 50,000.

The remedy to this situation obviously is to amend the valuation law to provide that value for duty be taken as of the date of contracting of the entry undergoing appraisement, rather than the date of shipment from the country of exportation. The IHPA urges that serious attention be given to this question.