PRICES REFLECT BULLISH PRESSURES

Though the Memorial Day holiday kept trading sluggish, last week's lumber and plywood prices still reflected bullish pressures. Random-length green Douglas fir 2-by-4s were selling at the mill for about $88 a thousand board feet in carload lots for shipment east. That's about the same as the previous week, but up about $20 from year-earlier levels.

Similarly, quarter-inch sanded interior-grade plywood was selling at about $76 a thousand square feet at the mill, about the same as a week before, but up from $60 in the year-earlier week. And half-inch interior grade sheathing was selling for about $78 a thousand square feet at the mill, unchanged from the prior week and about $9 ahead of a year ago.

Some argue any export surge from inland regions won't be severe, since the Japanese aren't partial to the pine timber found there, but prefer the white hemlock species found in coastal forests. Additionally, it's contended, any U.S. pine shipped to Japan automatically meets stiff price competition from both Japanese and New Zealand pine species. Last year, in fact, pine logs made up only about 2% of the total export shipments.

But Ataka & Co., a Japanese concern that imported more U.S. logs than any other company last year, indicates it may be stepping up its own pine purchases in the future. And Western Wood Products Association's Mr. Barnes worries other big concerns will do the same. "The Government has taken a calculated risk in figuring the Japanese aren't interested in pine," he says. "But they have been ordering it and will probably order more."

Even a modest increase in inland exports would put many small mills up against the wall. Larry O'Neil, general manager of Forest Products Co. in Kalispell, Mont., says his log inventory now is down to two weeks, the lowest it's ever been. "The situation is so tight that if any more logs move out of the area, we'd probably have to close," he says. The plant is running at only 50% of capacity.

The Japanese haven't been entirely pleased with recent developments either. They've contended the restriction violates an agreement made at a joint conference in Tokyo in February, though U.S. lumber executives argue it was made "abundantly clear" at the time that some limit on exports was pending and the amount was a domestic matter not subject to negotiations.

UNHAPPY JAPANESE MISS MEETING

In an apparent protest, Japanese representatives were conspicuously absent from a meeting of lumber people here in April which discussed the possibility of shipping more milled products to Japan. Such a move has been proposed as a possible aid to the export problem, since it would allow independent mills to compete for some of the business. But now, many U.S. and Japanese lumber executives wonder whether such an agreement can be made in light of the Japanese unhappiness. Says a spokesman for Kanematsu-Gosho Inc., a big log exporter, "We'll certainly be less willing to consider such purchases now."

The present order expires in June 1969, when the Government will review the restriction and possibly extend its geographical limits if the evidence by then indicates such a move is needed. Nobody's predicting what the Government will do next summer, but few lumber officials here have any doubts as to what the evidence from the woods will show.

Mr. HERLONG. Are there any questions of Mr. Beckmann?

Mr. BATTIN. I have just one.

Maybe you have answered it but I have not yet read your statement.

From the Northwest part of the country, Washington and Oregon, the Japanese have been buying saw logs and taking them to Japan and now more recently I understand even going into Korea with them with their capital investment and making plywood and other commodities and then reshipping to the United States.

It was very interesting because it is a point as to what they are after. The lumber people in Washington and Oregon area were becoming concerned because the Japanese come in and bid the price up on these timber sales, taking a great volume of saw logs.