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REPORT OF THE SUBCOMMITTEE ON FOREIGN AGRICULTURAL POLICY

OF THE

COMMITTEE ON AGRICULTURE AND FORESTRY

UNITED STATES SENATE

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FOREWORD

Due to the unusual and unanticipated demand that has developed regarding requests for this publication, I have asked that it be reprinted.

It is also worth noting that no further action has been taken by Congress, as of this date regarding, S. 2053, S. 1033, or H.R. 8547. All of these bills are still pending before Congress. In addition, several other bills have been introduced relating to export controls and export information availability. These include S. 2025, S. 2411, S. 2559, and S.J. Res. 170, which I introduced on November 9, 1973.

The Export Administration Act of 1969, as amended, will expire on June 30, 1974. Whether Congress will make limited changes in this Act now, and take up the question of renewal or extension of the entire Act early next year, is yet to be determined.

HUBERT H. HUMPHREY,
*Chairman, Subcommittee on
Foreign Agricultural Policy.*

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I. CONCLUSIONS AND RECOMMENDATIONS OF THE SUB-COMMITTEE ON FOREIGN AGRICULTURAL POLICY WITH RESPECT TO EXPORT CONTROLS

Export controls are not something which a nation can or should impose casually. Such controls necessarily have an impact on economic conditions and well-being in foreign countries as well as within the nation imposing them. As a responsible economic power, the United States must take such an impact into account and must make sure that the measures taken are consistent with its international obligations, particularly those stipulated under such agreements as that of the General Agreement on Tariffs and Trade (GATT).

Changing economic conditions—particularly the prevalence of full employment with inflation, rather than widespread unemployment and deflation—has, today, brought the question of the dependability of sources of supply toward the center of the stage. Clearly, any threat to foreign sources of supply raises real economic problems for countries increasingly dependent on such sources for their economic well-being.

The recent imposition of export controls by the United States, particularly those on exports of soybeans, could raise serious economic problems for some foreign countries and adversely affect the degree to which they view the United States as a responsible economic partner and dependable military ally.

Proposals to regulate softwood log and lumber exports, no matter how well intentioned, will not cure the problem they seek to address at home. Even more they pave the way for other nations applying these same principles to us on other raw commodities we seek and need. Such proposals that deal only with demand and do not recognize broader issues of supply, treat symptoms not causes.

To avoid a retreat to the destructive economic nationalism of the 1930's, the United States should take the lead in keeping the use of export controls to a minimum and, when the use becomes essential, apply such controls in a way which takes full and sympathetic account of the implications of the controls on all importing countries.

More specifically, we recommend that the Executive Branch take the initiative in proposing to the OECD and the GATT a new set of rules governing export controls. The substance of such rules would be as follows:

1. Governments have an obligation to *avoid* where possible and otherwise to *foresee* the development of situations requiring export controls.

The implications of this principle are that better methods of reporting and forecasting are needed. While this is essentially a task for national governments, international organizations, such as GATT, the OECD, and the U.N. Food and Agriculture Organization, have a role to play.

One further implication of this principle is that it may be necessary for the nations of the world to develop and maintain their own system of *reserve stocks* to meet their domestic emergency needs as well as to provide at least some minimum capability to supply regular customers. Until recently, the United States had such stocks. But this is no longer the case. Thus, serious consideration should be given both by the United States and other nations of the world to the rebuilding and financing of such stocks to deal with crop failures at home and as have been experienced in Africa and South Asia and such as other areas of the world the past two years.

2. Related to the first principle above, as early as possible, the country considering the imposition of export controls should *consult beforehand* with the importing nations. Such consultations would have the following objectives:

(a) To exchange information on both supply and demand of the commodity.

(b) To get advice on what to do about the potential shortfall.

(c) To coordinate and improve production policies if this could usefully reduce the burden of controls.

(d) Where appropriate, to agree to joint action on both production and allocation of scarce supplies.

(e) Whenever possible, before imposition of mandatory export controls, "voluntary agreements" should be sought.

3. Export controls—like increased restrictions on imports—should be permitted only under *special circumstances* and then only for a *temporary* period of time.

The special circumstances would be limited primarily to a supply failure, at home or abroad, putting extraordinary pressure on domestic availabilities.

4. Export controls should treat all nations equitably. This principle has several implications:

(a) Each nation should be entitled to its historic share of the available supply.

(b) In addition, provision should be made for new customers. (For example, the Soviet Union and China have recently become importers of grain).

(c) Special consideration should be given to sharing available supplies—especially food supplies—with poorer nations, who often must rely on other nations to obtain needed imports on either a grant or concessional sale basis.

(d) Finally, and perhaps most important, the country applying the export controls should also *limit domestic consumption* of the product in a reasonable proportion to the curtailment of foreign availabilities.

In the judgment of the Subcommittee, none of the bills now pending before Congress relating to export control authority effectively address themselves to the above stated principles. Some of these bills (S. 1033 and H.R. 8547) are too restrictive and would likely be difficult to administer. S. 2053, on the other hand is too broad, leaving almost entirely up to the Executive when, and under what conditions, export controls might be imposed. Furthermore S. 2053 contains no monitoring and forecasting requirements regarding available supplies. Nor does it make clear that preconsultation with foreign

buyers should be a requirement prior to the imposition of such controls. And finally, neither S. 2053 nor H.R. 8547 provide specific language to insure that countries dependent upon us for obtaining needed supplies of food commodities either on a grant or concessional sale basis will be guaranteed any equitable sharing or treatment whenever export controls are invoked.

As a partner in the world community of nations, the Subcommittee believes that the matter of developing rules for governing export controls should be a matter for that entire community to decide and not to be legislated on individually by each nation. While the United States today may feel compelled to limit the exportation of soybeans or logs to protect domestic users of those products from shortages caused by our own nation's mismanagement or miscalculations, tomorrow such action may be used by other nations as a basis or precedent for limiting exports of such critical important products such as petroleum to the United States.

Therefore the Subcommittee recommends that the Executive Branch be authorized and directed to initiate formal consideration of these matters, within GATT and OECD with the understanding that whatever rules are agreed upon under such agreement will be subject to ratification by Congress. Similar efforts should be initiated by the United States regarding this matter with non-OECD or non-GATT member nations such as the Soviet Union on which our nation may become somewhat dependent in future years regarding selected materials and commodities such as gas and oil.

payments should be a requirement prior to the imposition of such controls. The United Nations, 2, 3, and 4, H.A. 2045, provide similar language to insure that countries dependent upon us for obtaining needed supplies of food commodities either on a grant or concessional basis will be guaranteed an equitable sharing of treatment when a very poor country is involved.

As a partner in the world community of nations, the Subcommittee believes that the manner of developing rules for governing export controls should be a matter for the entire community to decide and not to be dictated or influenced by each nation. While the United States may not feel compelled to limit the exportation of raw beans or leg to protect domestic needs of these products from shortages caused by our own nation's management or mismanagement, nor not such action can be taken by other nations as a basis of procedure for limiting exports of such critical important products such as petroleum to the United States.

Therefore, the Subcommittee recommends that the Executive Branch be authorized and directed to initiate formal consultation of the countries within GATT and OECD with the understanding that whatever rules are entered upon under such agreement will be subject to ratification by Congress. Similar efforts should be initiated by the United States regarding the other nations with non-OECD or non-GATT member nations such as the Soviet Union on which our national security and commodities are dependent in future years regarding

II. SUBCOMMITTEE HEARINGS

The Subcommittee on Foreign Agriculture Policy of the Senate Committee on Agriculture and Forestry conducted one day of public hearings on July 11, 1973 on the subject of export controls relating to both agricultural commodities and timber. Witnesses appearing before the Subcommittee included both representatives from the Executive Branch and individuals representing various agricultural, forestry, housing and foreign trade public interest groups.

ADMINISTRATION WITNESSES

Administration witnesses appearing before the Subcommittee explained that actions taken by the President and the Administration relating to the imposition of export embargos on foreign shipments of soybeans, cottonseed and related products on June 27, 1973, replaced later on July 2, 1973 with a system of validated licenses were necessary to protect the U.S. livestock industry against shortages of needed supplies of soybeans and other high protein sources of feedstuffs. They further stated that existing statutory authority contained in the Export Administration Act of 1969 as amended has been interpreted by Administration lawyers to require that all three of the following criteria be met *before* any export control system can be imposed. They are: 1) scarcity of supply; 2) abnormal foreign demand; and 3) domestic inflationary impact. They also indicated that interpretation of existing law requires that once any commodity is subject to export control, that such commodity, or related byproduct thereof, cannot be made available for export under P.L. 480, our nation's Food For Peace program. Administration witnesses also voiced their opposition to S. 1033 (See Appendix 1), a bill now pending on the Senate Calendar which would amend the Export Administration Act to control exports of timber from the United States.

In addition, the Administration has taken a position in opposition to HR 8547, as reported by the House Banking and Currency Committee (which is now awaiting House floor action) which amends the Export Administration Act to provide for a more elaborate system of reporting and export control of materials and commodities including both agricultural and forestry products.

Administration witnesses indicated that the statutory authority for export controls wanted by the Administration is contained in S. 2053, now pending before the Senate Committee on Banking, Housing and Urban Affairs. They indicated that enactment of this bill would give them authority to impose export restrictions if any *one* of the earlier three conditions existed, the principle one being authority to control exports in order to control domestic inflation—whether or not abnormal foreign demand or actual physical scarcity. They also made the point that the authority contained in S 2053 “would make it possible as a legal matter” to continue or provide for some level of exports

under P.L. 480 of a commodity when such commodity is subject to export control. However, Administration witnesses gave no assurance or guarantee to the Subcommittee that such action *would be* taken if such new and broad type of export control authority were provided to the Executive.

LOGS AND TIMBER

With respect to the matter of new export control authority relating to timber, the Administration witnesses again stated their preference for the broad authority provided in S. 2053. However, they also stated that failing to get such authority, they would likely endorse a simple extension of existing authority now provided in 16 U.S.C. 617 which imposes a standing export limit of 350 million board feet of softwood logs from Federal lands west of the 100th meridian with permissive authority to regulate substitution of federal for private logs. However, to date, the Forest Service has not issued such regulations. This particular statute is due to expire December 31, 1973.

It also should be noted at this point that H.R. 8917, which makes appropriations for the Department of Interior and the U.S. Forest Service in USDA for fiscal 1974, contains language in Section 301 of that bill, which would prohibit the sale of "any" unprocessed timber from Federal lands west of the 100th meridian for export "or which will be used as a substitute for timber from private lands which is exported by the purchaser." While the House Committee on Appropriations Report on this particular bill indicates that this limitation would "not" apply to sales already made, a total export ban on timber from Federal lands would be required beyond that point for the balance of the current fiscal year. Such restriction would be as severe as those now proposed in either S. 1033, H.R. 8547 or under existing law (16 U.S.C. 617), as it related to timber from Federal lands. Such limitations, relating only to timber from Federal lands, of course, may not necessarily result in any reduction of total logs or timber being exported from the United States. The same applies to increasing the total available supply of timber for U.S. domestic needs. Although the Appropriations Committee in its report estimates that their proposed action will result in an estimated 200 million board feet of timber available for domestic needs, their proposed action does not effect or restrict the exportation of timber from private lands, which comprise over 90 percent of such shipments. (Total U.S. export of logs and timber now running at about 5 billion board feet per annum).

Any reduction in the supply of Federal timber available for export is very likely to be made up by a corresponding increase in private timber exports. And the only way to prevent that from occurring—short of export restrictions on private timber—is for U.S. purchasers of timber to "outbid" foreign purchasers. Imposition of export restrictions on timber from "private" as well as from Federal lands would likely force foreign buyers (mainly Japan) to make-up their loss of imports from this country, from Canada—which of course, is a major supplier of softwood timber to the United States (9 billion board feet per annum). In other words, most any action taken to limit the exportation of timber or logs from the United States (whether just Federal timber, or Federal and private timber) is likely to do little in changing the "total supply of timber" currently available to meet U.S. domestic needs. And, of course, to the extent current total supplies

(meaning both all that grown in the U.S. and that imported from Canada) are inadequate or short of domestic demand, the marketplace can be expected to reflect such conditions by higher prices being bid and paid for such products.

PUBLIC WITNESSES

Other public witnesses appearing before the Subcommittee on Foreign Agricultural Policy on July 11, 1973, representing farm and commodity groups voiced general disapproval of the recent imposition of export controls by the Administration. These witnesses repeatedly pointed out that these controls were "too little and too late" and that their consequences, in terms of disruptions of production and future trade, hardly justified such measures. Generally, they voiced great concern that foreign markets which the United States has built up over many years, and which have provided lucrative outlets for expanding American production, may now be in permanent jeopardy.

While most witnesses only dealt with the implications of export control policies, one witness called for a system of variable license fees which would be applied to commodities in short supply. As supplies of a specific commodity available for export diminish the licensing fee would be progressively increased as a disincentive to contract sales for export. It was contended that this would provide for a redirection of available supplies into domestic channels with minimum disruption of international trade and without making it necessary to violate or abrogate existing contracts.

LOGS AND TIMBER

Forest industry witnesses presented considerable evidence documenting the disadvantages and damaging effects of controlling log exports. They pointed out that while imposition of further limits on log exports was prompted by sharp increases in prices for lumber late in 1972 and early 1973, that more recently lumber prices have dropped precipitously. Officials of the U.S. Forest Service appearing before the Subcommittee pointed to the fact that the lumber industry has traditionally been a highly cyclical industry, and in their judgment, imposition of tight, statutorily imposed, export controls could be very damaging and would constitute an overreaction to a situation with far-reaching ramifications.

They pointed to the close relationship which exists between the pattern of housing starts and lumber demand, which in turn, is tied to availability of mortgage money and interest rates. It was suggested that a continued downtrend in lumber prices might be expected given recent tightening of such money and increases in interest rates. Should these trends continue, it was pointed out, the forest industry would be denied the opportunity to adjust to such changing conditions if export markets were denied them through imposition of further export limitations.

However, representatives appearing before the Subcommittee on behalf of the National Association of Homebuilders, pointed to the reluctance of the forest industry to constrain export sales during periods of unusual and high U.S. demand. They pointed to stumpage price increases between April, 1972 and April 1973 of 206 percent

and mill price increases of 50 percent for two-by-fours and one-half inch plywood over the past two years. While they conceded that mill prices had moderated somewhat in the last two months, survey data they presented did not indicate any real price decreases occurring at the retail level to date.

Furthermore, the Homebuilders felt that mill prices would not come down significantly from their present levels in view of continued high stumpage prices. They agreed that the present situation of tight money and high interest rates would tend to slow housing construction and lumber demand over the next few months, however, this may only be of short duration considering the high potential demand for housing. While the National Association of Homebuilders felt strongly that S. 1033 was essential if we are to return to lower prices for the softwood products, they indicated that such measures provided only short-range solutions to the problem. For the longer term, they concluded that it was imperative that significant steps be taken to improve timber supplies through better forest management, particularly on federal lands.

They also agreed that the voluntary agreement negotiated earlier this year between the United States and Japan to limit softwood log exports to that country during the current fiscal year would achieve the same objectives as those proposed in S. 1033 insofar as the next year is concerned. However, the Homebuilders indicated that such export limits would likely have to be extended through fiscal year 1976 to meet expected U.S. demand during that period. The U.S.-Japanese agreement referred to will reduce U.S. softwood log exports to Japan for the current fiscal year (1974) by 8 percent of what they were last fiscal year or about 15 percent below the level that was exported during the last six months in calendar 1972. (See Appendix 2.)

SUBCOMMITTEE VIEWS

The Chairman and other members of the Subcommittee generally expressed their opposition to the imposition of export controls, especially when they are imposed abruptly such as was done recently when the Administration imposed export embargos, and then licensing, on soybeans and other related high protein animal feedstuffs. While the Subcommittee members recognized that occasions could arise where export limitations may become necessary, such action in their judgments should be considered only as a "last resort" measure, and if imposed, be for a short a time period as possible.

They pointed to the damaging effects that such action can and is having now on the United States position and posture in the world trading community as a reliable supplier. As the Chairman, Senator Humphrey stated, "we don't build up our credibility as a supplier in world markets by violating contracts already made. Nor do we assist our balance of payments by causing exporters to renege on their foreign commitments. Also by taking such action we greatly weaken our position at the international negotiating table when trying to get countries to give us greater access to their markets."

Subcommittee members also hit hard at the importance of our government having a permanent system of regular monitoring, analyzing, reporting and forecasting world production and marketing trends, particularly with respect to forward export contract commitments.

They pointed to the Administration's failure to provide for such a system earlier which was the basis of their learning too late that critical shortages had developed this year with respect to a number of commodities, thus creating the necessity for the imposition of export controls on those commodities. The Subcommittee particularly pointed to the U.S.-Japanese voluntary agreement on logs as an example of a much more desirous manner to constrain foreign sales in times of short supply rather than to impose export embargos or controls. They contended that had our government acted earlier to develop such a system of monitoring and reporting, our nation would likely not have been required to resort to such extreme action as export controls. Administration witnesses generally agreed and indicated that they now were developing and perfecting such a system to help avoid a repeat of such problems in the future.

LOGS AND TIMBER

With respect to the merits of S. 1033, the Chairman of the Subcommittee, while expressing genuine concern over increased prices for lumber in the United States and the adverse inflationary effects that such price increases have had on our domestic housing industry, nonetheless expressed many reservations about the merits of imposing statutory limitations on log and timber exports over the next three years. He expressed particular concern about the adverse effect that such action would have on the U.S.-Japanese voluntary agreement already negotiated. He said that enactment of S. 1033 would have the effect of abrogating that agreement which would not only further damage our nation's already strained relationship with Japan, but also permanently damage our nation's integrity with respect to being able to sign similar agreements with Japan or any other nation in the future. He also questioned the wisdom of mandating such controls on a single commodity and over such a long period of time, especially a commodity such as timber which is subject to such cyclical market demand changes.

III. SOFTWOOD LOG AND LUMBER EXPORTS

Since the early 1960's the forest products industry of the Pacific Northwest has engaged in a growing exportation of raw, unprocessed logs, mainly to Japan, and primarily from the private forest holdings in that region. The development of this business has been met by a mixed reaction. The land owning timber companies that have been engaged in the business support it. The Governor of the State of Washington supports this trade, and this State is the source of 68% of the current log exports. The Governor of Oregon, the adjacent State which accounts for 17% of log exports supports this trade. Thus the Governors of the 2 States that account for 75% of the log export trade support it in a manner that indicates that it should be subject to some regulation and sound application as compared to the rigid concepts in bills such as S. 1033 and H.R. 8547 which would provide more rigid controls and substantial cut-backs.

The National Association of Homebuilders supports legislation designed to regulate both softwood log and lumber exports and associations of timber firms largely dependent upon Public timber urge controls.

For too long we have treated symptoms not causes in meeting the growing need for forest resources. The 1968 amendment to the Foreign Aid Act (16 U.S.C. 617) the Morse Amendment, has had only a minimal impact on log supply, and no real impact on total log exports. As a short term approach it has enough merit to perhaps justify its continuation. However, it is costing us over 1/2 million dollars a year to regulate the export of less than 10% of the total log exports.

Legislation is needed to meet and effect the fundamental long term improvement needed in our *TOTAL* National Forest resource, not just timber. It must recognize that there is an opportunity to secure more resources and uses from the National Forest system on a sustained and high yield. First we need the facts. Next we need to set some National goals. Third we need to appropriate funds with a reasonable follow thru and consistency to capture the benefits. Reforesting 5 million acres of wood producing land now lying fallow and eroding will be a national multiple use benefit—not just a wood benefit. Upgrading 13 million acres in need of stand improvement will accomplish the same goal.

Curbing log and lumber exports is a cure like bleeding. Here we are a Nation with half a billion acres of the most productive forest land in the whole world, and we have let our forests get into such a deplorable condition that we import 9 billion board feet of softwood lumber a year.

The condition we face did not occur overnight and we will need several decades to cure it. However, until we make the commitment we cannot expect to solve the issues we confront by limiting log and lumber exports to the equivalent of about 5 billion board feet on a lumber tally basis. In the major softwood log and lumber exporting

zone of the Pacific Northwest we are still cutting timber at a rate beyond that region's sustained yield. What is even more telling is that the level of management on the National Forests is far below the capacity of these lands to deliver a greater perpetual yield.

An Environmental Forest Management Act should be designed to serve as a basis for a National commitment to not only grow enough wood to serve our own nation's needs here at home but also enough to pursue an aggressive export policy with Nations like Japan that will always be net importers of wood. The fact is that we can, nationally, substantially expand our growth of forest products and do it on a sustained yield basis. Thus we are a Nation that can and ought to trade in forest products over the long-run and this trade can be a genuine national asset.

Prior to World War II there was a substantial trade with Japan from the Pacific Northwest in what were known as "squares", large softwood logs that were squared by having a few outside boards sawed off with the resultant "square" being exported. In the post WW II period the trade in forest products with Japan was slow in being re-established but by the early 1960's it began to pick up. Japan began a large home construction program. Her forests, badly decimated by over-cutting in WW II never were sufficient to meet the domestic needs. She turned to all of the forested Nations on the Pacific rim from the U.S.S.R. to Southeast Asia and the U.S. in an effort to secure needed Timber.

Since at least 1920 the United States has been a net importer of softwood timber products. Continuously since 1950 we have been a net importer of softwood lumber, mainly from British Columbia in Canada.

The renewed and enlarged export trade of the 1960's met with a mixed reaction. The initial concerns were within segments of the forest industry. Those dependent upon purchased logs wanted restrictions on the export of public logs and those private timber owning firms that were both manufacturers and exporters simply did not want any restriction on private logs. In fact, a restriction on the export of logs from public lands (which they supported) merely assured that the profitable log export benefits would accrue to their firms. In 1963 the State of Oregon enacted a law that banned the export of logs from State Lands which account for only 2% of that State's log production. In Washington, a similar effort to ban log exports in 1968 was petitioned to referendum and defeated at the polls 2-1. In Washington the logs on State Lands account for about 10% of their production and are a sizable amount of that State's log export activity.

There were a number of efforts to secure Federal action at the Executive and Congressional level to regulate the exportation of softwood logs. As the decade proceeded and lumber prices advanced the National Association of Homebuilders aligned itself in favor of log export and later lumber export control by law at the Federal level.

This capitulation of softwood log lumber and plywood data will provide some focus on the issues:

1. SOFTWOOD LUMBER PRODUCTION AND PRICE INDEX

Year	Production (million board feet LBR tally)				Price Index (1967=100)	
	North	South	West	Total	Actual	Relative ¹
1950	2,000	10,200	18,600	30,600	88	108
1960	1,200	5,900	19,600	26,700	93	98
1965	1,100	6,800	21,600	29,300	93	95
1968	1,100	7,000	21,300	29,300	121	118
1970	1,000	7,200	19,400	27,300	113	103
1971	1,100	7,900	21,300	30,300	141	124
1972	1,300	8,400	22,700	33,400	168	141

¹ Relative is derived by dividing the actual softwood lumber price index by the "all commodities" price index.

2. SOFTWOOD PLYWOOD PRODUCTION ² AND PRICE INDEX

Year	Production (million square feet)	Price Index (1967=100)	
		Actual	Relative ¹
1950	2,700	148	181
1960	7,800	113	119
1965	12,400	106	109
1968	14,400	129	126
1970	14,100	114	103
1971	16,400	127	112
1972	18,300	155	130

¹ Relative is derived by dividing the actual softwood lumber price index by the "all commodities" price index.

² Mainly from West.

3. EXPORTS AND IMPORTS—LOGS AND LUMBER

[Logs in million board feet. Log scales and lumber in million board feet tally]

Year	Logs			Lumber		
	Exports	Imports	Net exports	Exports	Imports	Net imports
1950	(¹)	150	+150	400	3,100	+2,700
1960	200	(¹)	-200	900	3,600	+2,700
1965	1,100	(¹)	-1,100	900	4,900	+4,000
1968	2,500	(¹)	-2,500	1,000	5,800	+4,800
1970	2,700	100	-2,600	1,200	5,800	+4,600
1971	2,200	50	-2,150	900	7,200	+6,300
1972	3,000	(¹)	-3,000	1,200	9,000	+7,800

¹ Less than 50,000,000 board feet.

In 1968 Congress amended the Foreign Aid Act (see 16 U.S.C. 617; PL 90-554 as amended by PL 91-609) to limit the export of unprocessed timber from Federal lands located West of the 100th Meridian to no more than 350 million board feet per year. The law was to expire in 1971 and the 91st Congress amendment extend it until Dec. 31, 1973. (PL 91-609.)

Table 1 gives some measure of the lumber production picture since 1950. It was not until 1972 that domestic softwood lumber production surpassed the 1950 peak. In the intervening years lumber production undulated irregularly from as low as 26,100 million board feet in 1961 to as much as 30,500 million board feet in 1959. The actual lumber price index also undulated but it was generally rising with 1972 posting a record 168. On a relative basis the index shows the same pattern and again 1972 was clearly a new record—an index of 141.

Table 2 shows softwood plywood production which has shown an almost 7 fold gain in production since 1950. It's index has generally been dropping, seemingly in response to the major production gains posted every year. However, 1971 and 1972 show a reversal as the actual and relative index showed marked upward jumps. The relative index was 181 in 1950, 103 in 1970 and 130 in 1972.

These major index raises, both actual and relative have triggered a wide concern about forest products availability because of the impact on home construction and other activities where these are prime products.

Table 3 shows that *lumber* exports have risen some but their level is rather modest. On the other hand domestic supplies have been aided materially by a tremendous surge in softwood *lumber* imports, mainly from Northwest Canada. Lumber imports represent a 3 fold jump over the 1950 and even the 1960 level. In 1950 softwood lumber imports were 10% of domestic production of 30.6 billion b.f. In 1972 domestic production had risen 2.8 billion b.f. over the 1950 level, to 33.4 billion b.f. Lumber imports had risen even more sharply and at 9.0 billion b.f. accounted for an amount equal to 27% of this larger domestic production. Softwood plywood is subject to a 20% tariff thus practically none is imported. Overall there has been a substantial increase in domestic softwood lumber production, plywood production and lumber imports.

In 1950 we were a net importer of softwood logs but the quantity was small. In 1972 log exports reached a new record—3 billion b.f. log scale, which equates with about 3.8 billion board feet of lumber.

While per capita consumption of lumber is down about 15% from the 1950 level our total apparent consumption of lumber posted a new record and the price spiral continued on well into 1973. Even now when some decline in price is reported the price levels remain at a level not too dissimilar from the peak averages for 1972.

These events have renewed demands that we restrict forest products exports in a most comprehensive way. The current bills before the Congress thus seek to substantially cure log and lumber exports. The current proposals would ban all log exports of regular logs from Federal lands, with certain exceptions. They would place a ceiling, for the first time on softwood log exports from private sources. These would be limited to 2.0 to 2¼ billion b.f. of softwood logs which would be 66% to 75% of the 1972 level and an even greater reduction from the projected level of 1973 based upon early month comparisons. In addition an export limit would be placed on softwood lumber exports, fixing them at the 1972 level or less (1.0 or 1.2 billion b.f.), which also is substantially lower than the rate that would materialize for 1973 based on the early month levels.

In this past year forest products prices have not dropped in response to the increased domestic production and imports. The growth in log and lumber exports (logs currently leaving at a rate close to 4 billion b.f. a year and lumber at a rate of 1.8 billion b.f. a year) has caused the proponents of more stringent controls to advance legislation to the floor action stage. They contend log and lumber exports are the major cause of the problem.

On May 15, 1973 the U.S. Special Representative for Trade Negotiations indicated that the Government of Japan had agreed to reduce log imports only for the fiscal year effective July 1, 1973 by 8% com-

pared to calendar year 1972. Since log exports for the first half of 1973 calendar year are at a rate well above the 1972 level the result would not be a reduction at all when calendar 1972 is compared to calendar 1973. In addition, since lumber is not mentioned at all and this rate is also up substantially there will be no reduction here.

The wording of the letter is such that it would not take into account events in the first half of calendar year 1973. Log exports have been at about 4 billion b.f. annual rate. Thus an 8% reduction based on the calendar 1972 log exports of 3.0 bil b.f. applicable to fiscal year 1974 would mean for calendar year 1973 log exports to mid year of 2.0 bil b.f. plus 1.4 bil b.f. for the last half of 1973 would total 3.4 bil b.f. in 1973 compared to 1972's 3.0 bil b.f. Then, since the agreement is only for fiscal 1974 log exports for the first half of calendar 1974 would be at the 1.4 bil b.f. rate leaving to future negotiations the balance of that calendar year. Also the agreement does not touch upon lumber which in 1972 was exported at a 1.2 bil b.f. rate and so far in 1973 is going out at a 1.8 bil b.f. rate. The result might thus well be that lumber/log exports in calendar year 1973 would be 1.0 bil b.f. above the 1972 rate.

If in fact, the housing boom continues in the United States then the price/demand situation may reflect this. Even if housing starts and the other elements of forest products demand remain the same or drop slightly the opportunity for substantial price and supply relief will not be substantial.

On June 7, 1973 the Banking, Housing and Urban Affairs Committee reported S. 1033 which deals solely with log and lumber export restrictions.

On June 25, 1973 the House Banking and Currency Committee reported H.R. 8547, which generally amends the Export Control Act of 1969, an action proposed by the Executive, and in Section 2 proposes a new Section 10 to the Export Control Act which would deal with the exportation of logs and lumber in ways quite similar to S. 1033.

Since S. 1033 was reported it has been the subject of several notices to amend as of July 12. On June 14 Senator Stevens by Amendment #299 (C.R. S. 11137) proposed to exempt Alaska. On June 29, Senators Packwood, Cranston and Stevenson, the prime movers of S. 1033 offered Amendment 296 (C.R. 12482-3) which makes numerous substantial changes in their just reported bill. Also Amendment 297 of the same date by Senator Packwood would be operative if Stevens #229 is adopted. However, later, on July 12 Senator Packwood proposed Amendment 327 (C.R. 13185) which is in lieu of #297.

This highlight analysis traces the major provisions of both the House and Senate bills and the amendments.

As between the two bills this can be said.

S. 1033 is much more explicit and complex in application. It contains stringent penalties for its violation.

H.R. 8547 leaves much more to Executive decision.

Both have the same general approach in that logs and lumber are intended to be limited in export.

The heart of each bill is essentially the same. H.R. 8547 limits all softwood log exports at 2.5 billion b.f. a year; S. 1033 limits them at 2.25 bil b.f. a year (2.0 bil b.f. if the Stevens/Packwood amendments are adopted, 229/327). Both bills regulate lumber exports, 1.0 bil b.f. in the House bill; 1.2 bil b.f. in the Senate bill.

Using calendar 1972 for comparison 5.0 bil b.f. of softwood exports on a "lumber" base, H.R. 8547 would permit 4.2 bil b.f. S. 1033 as reported 4.1 bil b.f. and with the Stevens/Packwood Alaska exemption the level would be 3.7 bil b.f. Of course Alaska would *theoretically* be able to export freely.

Both bills shut off log exports from Federal lands West of the 100th Meridian; H.R. 8547 for calendar years 1973 and 1971; S. 1033 permanently. Each has means to effect some relaxation of this seemingly rigid prohibition.

The House bill does not define basic terms relative to timber; the Senate bill proposes via amendment 296 to do this. The House bill contains no penalties; the Senate bill via amendment 296 provides both penalties and sanctions.

S. 1033 requires that Congress act on any proposal to set aside the upper limits of logs and lumber that may be exported. H.R. 8547 permits the upper limit to be set aside if the Secretary of Agriculture offers for sale up to 11.8 billion board feet of National Forest softwood timber. The current planned offering is 10.4 billion board feet of softwood timber plus 400 million b.f. of hardwood timber or a total of 10.8 billion b.f. The Secretary of Agriculture on May 29 announced a desire to offer 11.8 bil b.f. overall but this bill would require that total sales offerings be jumped to 12.2 bil b.f. to conform and secure the exemption.

The "tie-in" requirement on timber sales from the National Forests raises a number of very difficult issues. Most practical is that even if the added sales were financed by a supplemental budget request which the Congress promptly granted, the added sales would not have an effect in the market for at least a year. It would take at least half of the fiscal year to ready the sales for market and offer them. Since virtually all of the sales need to have some roads constructed into them a further period of about 6 months would elapse. The Executive budget for the National Forests substantially reduced appropriated funds requested for Forest Roads. Instead greater reliance is to be placed on revenue reduction in timber sales under which the estimated cost of a road is included in the appraisal and the asking price for the timber is accordingly reduced. There are no funds in this budget for Forest Service Construction of needed timber access roads. Thus unless the budget is also amended for timber resource developmental roads an already reduced budget will have to be reprogramed further. At present the amount in the budget is a rock-bottom figure based upon maintenance, and performance of the engineering work needed to design and supervise the already enlarged timber purchaser construction road program.

S. 1033 does not have this tie-in Federal timber sale provision in it with the substantial complications for managements and budget that H.R. 8547 introduces.

It is pertinent to note that the 1968 amendment to the Foreign aid act which started this "regulation" of log exports simply set a ceiling on the volume of softwood logs that could be exported from Federal Forests west of the 100th Mer. The level set was 350 mil.b.f. Scribner scale annually. It represented a compromise between the 2 industry points of view—those engaged in log exports and those not engaged. It gave the log export business and its profits virtually to the portion of the industry engaging in such exports. What then happened.

1. Log exports continued to rise. In 1972 they totalled 3.0 bil b.f. log scale or 3.8 bil b.f. lumber tally. Federal log exports, which never amounted to over a hundred million b.f., have been at about the 280 mil. b.f. level since the law put a 350 mil b.f. ceiling on. Thus before and since the 1968 Act the log export business has been a private business using private logs. In 1972 about 94% of the logs exported came from non-Federal lands. Thus the 1968 amendment did not stem log exports one bit. In the 1968 hearings it was alleged that if a ceiling were placed on Federal logs this would be both an example and a warning. Some suggested that it would stabilize log exports and encourage the private exporter to self-regulation. The 350 mil. b.f. figure in fact came about, using data then available and the supposition that log exports would level off in the neighborhood of 1 billion b.f.

2. After 1968 lumber and plywood prices declined and then began to rise. Some may suggest that the continued rise in log exports was due to the softening of the lumber and plywood markets in 1970. However, prices began to advance again in 1971 and rose sharply in 1972. Log exports continued to also rise, this time to record heights. This has produced the strong demand for rigid statutorily constructed controls.

3. The response of the Executive branch to the situation was slight. There have been a number of task forces created.

On June 19, 1970 the President's Cabinet Committee on Economic Policy presented its Task Force Report and Recommendations on Softwood Lumber and Plywood. The President announced then that he was accepting, initially, 5 recommendations:

- Secretary of Agriculture and Interior should plan to improve level and quality of public forest management working with OMB and Council on Environmental Quality.
- Flexible timber sale program within sustained yield constraints.
- Develop plan to stimulate state and private forestry.
- Research on wood use and substitution.
- Citizens panel be created to assure housing needs not constrained by inadequate supply of softwood lumber and plywood.

However, it was not until 15 months later, on Sept. 2, 1971 when the supply issue was again heating up, that the President named the "Panel". They in turn, were to report by July 1, 1972. Now over a year after the due date for the report there are rumors, unconfirmed, that the panel may report later this summer.

4. There have been, instead of actions in support of the direction announced by President Nixon in June 1970, a series of actions that are quite to the contrary.

- The Forest Service budget has been cut in a number of ways. Specifically on timber sales and roads the 1974 Budget as presented took no account of the record price/demand situation in 1972 while that budget was being readied for the Congress to consider.
- The flexible timber sale program, if it had merit, has never been funded. Instead rigid budget ceilings and the impoundment of timber road funds has confounded the regular program.
- The plan for state and private forestry has never emerged and funds for fire protection on these lands has been impounded
- If HUD, Agriculture and Commerce took any action on more economical wood use and substitutes it has not been noted.

—As was noted above there was a 15 months delay in creating the Citizens Panel. In addition, that Panel is over a year past its reporting date and no report is in sight.

5. The only belated actions are:

—A May 29, 1973 announcement of a plan to sell an additional 1 billion B.F. of National Forest Softwood timber. However, there has still not been a request to the Congress for a budget amendment. In addition, there has not been any change in the Administration's position on timber road funds. Previously impounded authorization and reduced liquidating cash requests place a serious doubt that the timber sale program can be expedited. In fact, it's achievement has been greatly complicated.

—The May 15 announced agreement with Japan on a limit of log exports starting July 1973—thru June 1974 is much more illusory than real. Instead of an 8% reduction it looks like log exports for Calendar 1973 could run at least 3.4 bil. b.f. compared to 3.0 in 1972. In Calendar 1974 the result would be contingent on a new agreement. Lumber of 1973 is also being exported at a higher rate 1.8 bil b.f./yr vs 1972's 1.2 bil b.f. The problem with the agreement is that it washes out the first half of 1973 and does not treat lumber.

Our Softwood Supply

To suggest that with almost 2 trillion board feet of softwood timber standing that we are about to run out of timber would be grossly inaccurate. However, to suggest that our timber situation is adequate is equally inaccurate. The tree is both the factory and the product. The forest is a long term proposition. Even under intensive softwood sawtimber management $\frac{3}{4}$ ths of a century is about the shortest average period for a crop rotation cycle. The past is the key to the future and our past introduces its own set of complications. Heavy cutting in some regions will require a considerable period to restore the growing stock and develop a pattern of age classes that assures a good and flexible supply. Different groups of owners are motivated by different concerns and have differing capabilities. Thus the non-industrial owners who control 60% of our 500 million acres of commercial forest land have a low motivation to maintain and grow timber. The data for their lands shows this.

Forest industry owners have cut more heavily but in the very recent past some have moved into intensive management but the conversion is not complete and the pay-off is not in hand. The public forests were largely by-passed in the earlier heavy cutting periods. While their long term potential for production is somewhat below the industrial and nonindustrial lands the fact that they are owned by governments and in large holdings makes policy implementation more effective; directed and misdirected—success and failure. They represent 27% of the forest land but no more than 25% of the productive capacity. However, because of past heavy cutting on private forests and less than sustained yield cutting levels on public forests they today contain 63% of our 2 trillion b.f. of standing softwood timber.

In essence, however, the total timber supply is never available. Various owners exercise various decisions, some of which they can not control. Much of the non-industrial timber represents board feet but it simply is not marketable. Other is being held by owner choice. Some

is on tracts so small that it is sub-economic. Industry lands are usually under a cutting plan which recognizes the "availability" of surrounding timber. Public timber is under a "sustained-yield" and multiple-use" law. Even if it were not so constrained, budget and fiscal policy has not positioned these lands to make their optimum contribution.

As to our overall situation, one of the more popular figures used is that on a cubic foot basis for softwoods, growth, now exceeds removals by 12%. In 1962, however, growth exceeded removals by 21%. Thus the cubic foot picture is less encouraging than it was a decade ago. On a saw timber basis the picture remains uniformly difficult. In 1952 removals of softwoods were 33% above growth—a deficit of over 9.5 bil b.f. In 1962 growth was up and removals down and the gap was 3 bil b.f. a 9% gap. In 1970 growth was up more but removals had jumped 10.0 bil b.f. As a result there was a growth/removal deficit of 7.5 bil b.f. or 18%.

The future situation indicates that timber demands are likely to grow far more rapidly than supplies.

All of the evidence, thus, suggests that the meeting of our future wood needs will require a national forestry effort. Even with it, the die is already cast that for the future there will be higher relative prices for wood than we have experienced in the past.

Thus the export of substantial quantities of softwood logs, lumber and plywood does pose problems of domestic supply management which will be more compounded the longer they are avoided.

These data will give a capsule overview. While the regional data on softwood consumption has not been developed, it is important to bear in mind that the consumption pattern is different than the production pattern on a geographic basis. The North, including the mid-West and the Southern California complex are major consumption areas. The South produces and consumes significant quantities and it also ships to the North and mid-West. The Northwest is a major exporter and a minor consumer and it is this region that is the locale of major log and lumber exports abroad.

Region	Com For. million acres	Saw timber inter- national rule (billion board feet)	Growth (billion board feet)	Removal (billion board feet)	Growth versus Rem.	Per acre situation		
						Volume (board feet)	Gross growth (board feet)	Net growth
SOFTWOOD DATA BY REGIONS								
North.....	178	80	+3.5	-2.1	+1.4	450	20	+8
South.....	193	276	+19.1	-14.0	+5.1	1,500	100	+26
Pacific Northwest, western Oregon, and Washington....	25	562	+6.6	+15.1	-8.5	23,000	264	-340
Rest of western United States and Alaska.....	103	987	+11.0	-16.5	-5.5	10,000	107	-53
United States.....	500	1,905	+40.2	-47.7	-7.5	3,800	80	-15
SOFTWOOD DATA BY TYPE OF OWNERSHIP								
Nonindustrial, farm, and other..	297	382	+17.7	-14.4	+3.3	1,300	59	+11
Forest industry.....	67	318	+10.0	-16.3	-6.3	4,700	149	-94
Other public lands.....	44	223	+4.0	-4.3	-.3	5,100	91	-8
National forest.....	92	982	+8.6	-12.7	-4.1	10,600	94	-45
United States.....	500	1,905	-40.2	-47.7	-7.5	3,800	80	-15

Note: Totals may vary due to rounding. Per-acre data based on total commercial forest acreage thus are illustrative rather than precise.

These data show that the picture for softwoods is not as bright and promising as it ought to be. The North and South contain 75% of the commercial forest acreage and 18% of the softwood sawtimber. The removals constitute 33% of the national total and they do have a favorable growth/removal ratio. However, their stand per acre is way below their potential and the level needed to secure optimum long term benefits. Due to excessive past cutting they are just beginning to return to a growing stock situation that will enhance their contribution to the Nation's wood needs, with the forests of the North way behind those of the South.

The Pacific Northwest is a prime timber production and reserve region. Cutting substantially exceeds growth and sawtimber reserve are being drawn down appreciably. In the rest of the West and Alaska the same situation prevails. Part of this reduction in sawtimber volume is related to conversion of slow growing older stands to younger, more vigorous growing stands. But some of this is liquidation cutting, particularly on industrial holdings.

On an ownership pattern it is evident that the non-industrial lands owned by farmers and others, much in small holdings, is the biggest single block, 59% of the forested land. While the growth slightly exceeds removals the volume per acre is so low that these lands are barely able to make a wood contribution. The industry lands have their high growth rate offset by the highest rate of removal both in absolute terms and per acre. This would indicate that unless there is some reversal of trends growing stock will continue to decline. The "other public lands" are the smallest acreage and in the main they are not making the contribution they are capable of in terms of growth. The National Forests have the most significant and overwhelming reserve of sawtimber. Their growth rate is well below their potential and the cut/removal imbalance occurs because the effort is to convert the old growth stands to younger, fast growing stands and this process is far from complete. It would be reasonable to expect that a few decades ago the industry lands carried stands per acre that exceeded that of the National Forest. The industry cutting policies have not yet put their growing stock and net growth on a favorable basis. Forest Service policy seeks to do this without serious impairment of growing stock. As can be seen looking at the non-industrial lands when the liquidation of growing stock is carried too far the growing stock is so impaired that even a net growth factor is of little benefit.

These data highlight the complexities of forest management and the long period over which the adverse impact of earlier actions are felt.

The total net drain in softwood, 7.5 bil b.f. per year, the negative net growth, and the low income per acre are all part of the national symptoms of a long time aggravation of supply. For these and other reasons forest economists predict that prices for forest products will continue to advance over time, despite cyclical fluctuations and variations induced by economic activity.

The silviculturist sees the issues quite differently. He seeks to convert the forest to an efficient wood growing unit (it is assumed under environmental and multi-use constraints) and thus he faces several problems. These include favored species drain, age class distribution and the impact on future cutting levels, and growing stock level maintenance to name a few. On a cubic foot basis softwood growth is

slightly favorable but on a board foot basis it is not. The problems are large and efforts at national solutions have been slight.

The softwood log export has not been used to devise a long term solution. For example, the rather substantial opportunity at the National level to address the potential of the National Forests has been almost totally avoided and in fact the Federal budgetary posture has complicated and frustrated efforts to secure the optimum contribution from 92 million acres of extremely useful forest land where a directed national effort could make a measurable impact.

The policy has been simply to treat the symptoms and to treat them poorly.

slightly favorable but on a broad basis it is not. The problems are large and efforts at national solutions have been slight. The cottonwood box export has not been used to devise a long term solution. For example, the rather substantial opportunity at the National level to address the potential of the National Forests has been almost totally avoided and in fact the Federal budgetary posture has complicated and frustrated efforts to secure the optimum contribution from 82 million acres of extremely useful forest land where a directed national effort could make a measurable impact. The policy has been simply to treat the symptoms and to treat them poorly.

APPENDIXES

APPENDIX 1

GENERAL COUNSEL OF THE
DEPARTMENT OF COMMERCE,
Washington, D.C., July 23, 1973.

HON. HUBERT H. HUMPHREY,
*Chairman, Subcommittee on Foreign Agricultural Policy, Committee
on Agriculture and Forestry, U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: At the hearing on July 11, 1973 on export control policy, you asked for a copy of our report to the Committee on Banking, Housing, and Urban Affairs on S. 1033, as amended and reported out of that Committee.

In response to your request, I enclose two copies of a letter which we have today sent to the Honorable John J. Sparkman, Chairman of the Committee on Banking, Housing and Urban Affairs. It sets forth the comments of the Department of Commerce on S. 1033, as amended, a bill to amend the Export Administration Act of 1969, as amended, to control the export of timber from the United States.

Sincerely,

KARL E. BAKKE,
Acting General Counsel.

GENERAL COUNSEL OF THE
DEPARTMENT OF COMMERCE,
Washington, D.C., July 23, 1973.

HON. JOHN J. SPARKMAN,
*Chairman, Committee on Banking, Housing and Urban Affairs, U.S.
Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: Your Committee has voted to report on amended version of S. 1033, a bill to amend the Export Administration Act of 1969, as amended, to control the export of timber from the United States.

Section 202 of the bill, as amended, would ban the export of unprocessed timber of species and grades generally used for construction lumber and plywood from Federal lands west of the hundredth meridian, effective July 1, 1973, except timber exported pursuant to contracts entered into prior to May 10, 1973. Specific quantities, grades and species of timber could be exempted from the ban, if the appropriate Secretary of the department administering the Federal lands found, after a public hearing, that such were surplus to the needs of domestic users and processors. Sales valued at less than \$2,000, or timber not meeting specifications of the Federal sales contract from which it originated, could also be exempted.

The Secretaries of the departments administering Federal lands would be required to issue regulations to prevent substitution of timber restricted from export for exported timber harvested on non-Federal lands other than lands administered by a State or the Bureau of Indian Affairs.

Section 203 would impose ceilings on exports of softwoods from non-Federal and State lands for fiscal years 1974, 1975 and 1976, of 2.25 billion board feet of logs and 1.2 billion board feet of lumber.

For fiscal 1975 and 1976, these limits may be increased or removed if the Secretary of Commerce, after consultation with the Secretary of Agriculture and the Secretary of Housing and Urban Development, certifies that there will be a sufficient volume of these materials to assure an adequate domestic supply at reasonable prices. Any proposed removal of or increase in these limits would be subject to disapproval by either House of Congress within 90 days of such certification.

The Secretary of Commerce would exempt specific grades or species of softwood timber from the export ceilings if he certified that they were surplus and that their exportation would not cause a substantial distortion of the domestic price or supply.

The Secretary would be authorized to prescribe regulations to assure the equitable allocation of export authority within the limits imposed by this section.

The Department of Commerce recommends that S. 1033, as amended, not be enacted.

We recently communicated to you, by letter, our views on S. 1033 as introduced by Senator Packwood. In that letter, we urged that S. 1033 not be enacted. We based our objection on several factors, certain of which apply with equal force to the amended bill. We would briefly summarize our objections to the amended bill, as follows:

1. The bill, if enacted, would set an undesirable precedent and could precipitate a number of special interest bills seeking export controls on other commodities.

2. Section 203(c) of the amended bill authorizes the Secretary of Commerce to exempt specific grades or species of wood timber from the export ceilings if he certifies that they are surplus to the domestic needs. It may be impossible to make such a determination because trade data by species and grades are not available. Timely collection of historical data on species and grade as well as future requirements would entail surveying all phases of the production, distribution and consumption chain. Such data on a current basis would be absolutely essential because the timber and plywood industries are highly cyclical and substantial changes in both supply and demand frequently occur over very short periods.

3. A similar difficulty would arise with respect to the Section 203(b) procedures for removing or increasing the ceilings. These are undesirably rigid. The Secretary, in consultation with the other Secretaries, would have to estimate, on or before March 1, domestic requirements for the fiscal year beginning on July 1. Demand is subject to such fluctuations as to make a prediction 15 months in advance a very weak basis for a decision on the level of permissible exports.

4. Because logs harvested for export do not necessarily come from areas with unused production capacity, there would be some localized adverse impact on employment of forest workers. The reduction in

log exports would also have an adverse impact on longshoremen, port authorities and others directly related to exporting. Lumber exports, on the other hand, would not be reduced by the proposed ceiling below 1972 export levels. Contrary to the situation of log exports, the lumber ceiling would probably have no significant adverse impact on employment.

5. Statutory export ceilings on both logs and lumber would reduce the market flexibility of the logging and lumber industries, which permits them to turn to the export market in the short term, when domestic demand is weak.

6. The cuts in exports could adversely affect forestry firms currently in the export business because they may not have ready access to domestic markets.

We would point out that the Japanese have indicated a willingness to reduce voluntarily their imports of U.S. logs by about 8 percent, which will result in a decline in exports of about 0.2 billion board feet, even if this bill is not enacted.

Finally, and perhaps most important, the administration has requested an amendment to the Export Administration Act, S. 2053, to give the President the authority to impose export controls for any commodity whenever he determined such action would be necessary to protect the domestic economy from the excessive drain of scarce materials, to curtail serious inflation in domestic prices, or to reduce the serious inflationary impact of abnormal foreign demand. If S. 2053 is enacted, we believe the Export Administration Act, as amended, would provide the flexible authority to cope with fluctuations in the log and lumber market as well as with other commodities.

For the foregoing reasons, we strongly urge the Senate not enact S. 1033 as amended.

We have been advised by the Office of Management and Budget that there would be no objection to the submission of this report to your committee from the standpoint of the Administration's program.

Sincerely,

KARL E. BAKKE,
Acting General Counsel.

APPENDIX 2

THE SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS,
Washington, May 15, 1973.

MEMORANDUM

The government of Japan has agreed to introduce prior import clearance measures on softwood logs imported from the United States, effective July 1, 1973. The intent is to reduce the imports for the annual period of July 1, 1973, to June 30, 1974, by 8% compared to the calendar year 1972, and 10.9% compared to the Japanese Fiscal Year 1972 (ended March 31, 1973) :

	Thousand M ³	To be reduced by (percent)—
Calendar year 1972.....	10,408	8
July, fiscal year.....	10,722	10.9

The agreed level of imports for the period July 1, 1973 to June 30, 1974 is 9,550 thousand M³.

Japan's imports of softwood logs from the United States during the first half of 1973 will be approximately 5,200 thousand M³. During the second half of 1973, imports will total 4,580 thousand M³. During the second half of 1972, imports totaled 5,386 thousand M³, and the new level would constitute a 14.9% decrease from the same period last year.

Comparing the 1972 total of 10,408 thousand M³, with the levels set for July 1, 1973–June 30, 1974 of 9,550 thousand M³, there is to be an 8% decrease.

The governments of Japan and the United States have agreed to hold consultations on this arrangement should price or supply movements make it desirable to do so.

W. D. EBERLE.

Office of Sen. John Sparkman
Contact: Grover C. Smith, Press Secy.
202-225-4124, Wash., D.C.
For Immediate Release
May 15, 1973

SPARKMAN COMMENDS JAPANESE REGARDING AMERICAN LOG EXPORTS

WASHINGTON, D.C.— Sen. John Sparkman (D., Ala.) today commended the Japanese Government for taking voluntary action to help the United States alleviate its current lumber shortage, thus boosting U.S. home building opportunities.

"The Japanese Government has just announced a voluntary agreement with the U.S. to restrict the amount of logs which the Japanese buy from the United States," said Sparkman, Chairman of the Senate Banking, Housing and Urban Affairs Committee.

He noted that the agreement officially runs from July 1, 1973 to June 30, 1974, but that there is an unofficial understanding regarding the first half of 1973 that should result in a sharp immediate cutback in log exports from the United States.

"Under this agreement log imports into Japan from the United States will be reduced by 15% below the amount which went to Japan during the second half of 1972," Sparkman stated. "There will be a further reduction in the first half of 1974."

The agreement resulted from discussions between the United States and Japan, according to Sparkman. He said the discussions were initiated because of the problems caused by higher lumber prices in the United States.

In response to hearings called by Sparkman in his Committee, the Nixon Administration took steps (1) to increase the supply of timber domestically (2) to alleviate the box car shortage (3) to reimpose price discipline and (4) to conclude the log export agreement with the Japanese.

A spokesman for the Japanese lumber industry recalled that this is the second time that Sparkman had been instrumental in obtaining voluntary log export restraints from the Japanese during a similar crisis on prices in 1969. At that time the Japanese industry arranged for a voluntary cutback of exports and also sold some of their stocks back into the U.S. market.

Sparkman said that the action by the Japanese constituted genuine cooperation in view of the fact that the Japanese have tremendous problems of inflation and housing which the importation of U.S. logs helps to alleviate.

APPENDIX 3

THE NATION'S ECONOMY

THE PRESIDENT'S ADDRESS TO THE NATION ANNOUNCING A SERIES OF ACTIONS INCLUDING A 60-DAY FREEZE OF PRICES JUNE 13, 1973

Good evening. I want to talk to you tonight about some strong actions that I have ordered today with regard to the American economy—actions which will be important to you in terms of the wages you earn and the prices you pay.

But first, since we have been hearing so much about what is wrong with our economy over the past few months, let us look at some of the things that are right about the American economy.

We can be proud that the American economy is by far the freest, the strongest, and the most productive economy in the world. It gives us the highest standard of living in the world. We are in the middle of one of the biggest, strongest booms in our history.

More Americans have jobs today than ever before.

The average worker is earning more today than ever before.

Your income buys more today than ever before.

In August 1971, I announced the New Economic Policy. Since then, the Nation's output has increased by a phenomenal 11½ percent—a more rapid growth than in any comparable period in the last 21 years. Four and a half million new civilian jobs have been created—and that is more than in any comparable period in our whole history. At the same time, real per capita disposable income—that means what you have left to spend after taxes and after inflation—has risen by 7½ percent in that period. This means that, in terms of what your money will actually buy, in the past year and a half your annual income has increased by the equivalent of 4-weeks' pay.

Now, when we consider these facts, we can see that in terms of jobs, of income, of growth, we are enjoying one of the best periods in our history.

We have every reason to be optimistic about the future.

But there is one great problem that rightly concerns every one of us, and that is, as you know, rising prices, and especially rising food prices.

By the end of last year, we had brought the rate of inflation in the United States down to 3.4 percent. That gave us the best record in 1972 of any industrial country in the world.

But now prices are going up at unacceptably high rates.

The greatest part of this increase is due to rising food prices. This has been caused in large measure by increased demand at home and abroad, by crop failures abroad, and, as many people in various areas of the country know, by some of the worst weather for crops and livestock that we have ever experienced.

But whatever the reasons, every American family is confronted with a real and pressing problem of higher prices. And I have decided that the time has come to take strong and effective action to deal with that problem.

Effective immediately, therefore, I am ordering a freeze on prices. This freeze will hold prices at levels no higher than those charged during the first 8 days of June. It will cover all prices paid by consumers. The only prices not covered will be those of unprocessed agricultural products at the farm levels, and rents.

Wages, interest, and dividends will remain under their present control systems during the freeze.

Now, the reason I decided not to freeze wages is that the wage settlements reached under the rules of Phase III have not been a significant cause of the increase in prices. And as long as wage settlements continue to be responsible and noninflationary, a wage freeze will not be imposed.

The freeze will last for a maximum of 60 days. This time will be used to develop and put into place a new and more effective system of controls which will follow the freeze.

This new Phase IV [set] of controls will be designed to contain the forces that have sent prices so rapidly upward in the past few months. It will involve tighter standards and more mandatory compliance procedures than under Phase III. It will recognize the need for wages and prices to be treated consistently with one another.

In addition to food prices, I have received reports from various parts of the country of many instances of sharp increases in the price of gasoline. And therefore, I have specifically directed the Cost of Living Council to develop new Phase IV measures that will stabilize both the prices at the retail level of food and the price of gasoline at your service station.

In announcing these actions, there is one point I want to emphasize to every one of you listening tonight. The Phase IV that follows the freeze will not be designed to get us permanently into a controlled economy. On the contrary, it will be designed as a better way to get us out of a controlled economy, to return as quickly as possible to the free market system.

We are not going to put the American economy into a straight-jacket. We are not going to control the boom in a way that would lead to a bust. We are not going to follow the advice of those who have proposed actions that would lead inevitably to a permanent system of price and wage controls, and also rationing.

Such actions would bring good headlines tomorrow, and bad headaches 6 months from now for every American family in terms of rationing, black markets, and eventually a recession that would mean more unemployment.

It is your prosperity that is at stake. It is your job that is at stake. The actions I have directed today are designed to deal with the rise in the cost of living without jeopardizing your prosperity or your job.

Because the key to curbing food prices lies in increasing supplies, I am not freezing the price of unprocessed agricultural products at the farm level. This would reduce supplies instead of increasing them. It would eventually result in even higher prices for the foods you buy at the supermarket.

Beginning in 1972, we embarked on a comprehensive new program for increasing food supplies. Among many other measures, this has included opening up 40 million more acres for crop production. In the months ahead, as these new crops are harvested, they will help hold prices down. But unfortunately, this is not yet helping in terms of the prices you pay at the supermarket today, or the prices you will be paying tomorrow.

One of the major reasons for the rise in food prices at home is that there is now an unprecedented demand for the products of America's farms. Over the long run, increased food exports will be a vital factor in raising farm income, in improving our balance of payments, in supporting America's position of leadership in the world. In the short term, however, when we have shortages and sharply rising prices of food here at home, I have made this basic decision: In allocating the products of America's farms between markets abroad and those in the United States, we must put the American consumer first.

Therefore, I have decided that a new system for export controls on food products is needed—a system designed to hold the price of animal feedstuffs and other grains in the American market to levels that will make it possible to produce meat and eggs and milk at prices you can afford.

I shall ask the Congress, on an urgent basis, to give me the new and more flexible authority to impose such a system. In exercising such authority, this will be my policy: *We will keep the export commitments we have made as a nation.* We shall also consult with other countries to seek their cooperation in resolving the worldwide problem of rising food prices. But we will not let foreign sales price meat and eggs off the American table.

I have also taken another action today to stop the rise in the cost of living. I have ordered the Internal Revenue Service to begin immediately a thoroughgoing audit of the books of companies which have raised their prices more than 1½ percent above the January ceiling.

The purpose of the audit will be to find out whether these increases were justified by rising costs. If they were not, the prices will be rolled back.

The battle against inflation is everybody's business. I have told you what the Administration will do. There is also a vital role for the Congress, as I explained to the Congressional leaders just a few moments ago.

The most important single thing the Congress can do in holding down the cost of living is to hold down the cost of government. For my part, I shall continue to veto spending bills that we cannot afford, no matter how noble-sounding their names may be. If these budget-busters become law, the money would come out of your pocket—in higher prices, higher taxes, or both.

There are several specific recommendations I have already made to the Congress that will be important in holding down prices in the future. I again urge quick action on all of these proposals.

Congress should give the President authority to reduce tariffs in selected cases in order to increase supplies of scarce goods and thereby hold down their prices. This action will help on such scarce items as meat, plywood, and zinc. And in particular, the tariff we now have on imported meat should be removed.

Congress should provide authority to dispose of more surplus commodities now held in Government stockpiles.

Congress should let us go ahead quickly with the Alaska pipeline so that we can combat the shortage of oil and gasoline we otherwise will have. I will also soon send to the Congress a major new set of proposals on energy, spelling out new actions I believe are necessary to help us meet our energy needs and thereby lessen pressures on fuel prices.

In its consideration of new farm legislation, it is vital that the Congress put high production ahead of high prices, so that farm prosperity will not be at the cost of higher prices for the consumer. If the Congress sends me a farm bill, or any other bill, that I consider inflationary, I shall veto that bill.

Beyond what the Administration can do, beyond what the Congress can do, there is a great deal you can do. The next 60 days can decide the question of whether we shall have a continuing inflation that leads to a recession or whether we deal responsibly with our present problems and go forward with a vigorous prosperity and a swift return to a free market.

You can help, by giving your Senators and Congressmen your support when they make the difficult decisions to hold back on unnecessary Government spending.

You can help, by saying no to those who would impose a permanent system of controls on this great, productive economy of ours which is the wonder of the world.

Let there be no mistake: If our economy is to remain dynamic, we must never slip into the temptation of imagining that in the long run, controls can substitute for a free economy or permit us to escape the need for discipline in fiscal and monetary policy. We must not let controls become a narcotic; we must not become addicted.

There are all sorts of seemingly simple gimmicks that would give the appearance or offer the promise of controlling inflation, but that would carry a dangerous risk of bringing on a recession, and that would not be effective in controlling inflation. Rigid, permanent controls always look better on paper than they do in practice.

We must never go down that road, which would lead us to economic disaster.

We have a great deal to be thankful for as Americans tonight.

We are the best-clothed, best-fed, best-housed people in the world; we are the envy of every nation in that respect.

This year, for the first time in 12 years, we are at peace in Vietnam—and our courageous prisoners of war have returned to their homes.

This year, for the first time in a generation, no American is being drafted into the Armed Forces.

This year, we find our prospects brighter than at any time in the modern era for a lasting peace, and for the abundant prosperity such a peace can make possible.

Next Monday, I will meet at the summit here in Washington with General Secretary Brezhnev of the Soviet Union. Based on the months of preparatory work that has been done for this meeting, and based on the extensive consultation and correspondence we have had, much of it quite recently, I can confidently predict tonight that out of our meetings will come major new progress toward reducing both the burden of arms and the danger of war and toward a better and more rewarding relationship between the world's two most powerful nations.

Today, in America, we have a magnificent opportunity. We hold the future—our future—in our hands. By standing together, by working together, by joining in bold yet sensible policies to meet our temporary problems without sacrificing our lasting strengths, we can achieve what America has not had since President Eisenhower was in this office: full prosperity without war and without inflation. This is a great goal, and working together, we can and we will achieve that goal.

Thank you and good evening.

NOTE: The President spoke at 8:30 p.m. in his Oval Office at the White House. The address was broadcast live on radio and television.

FREEZE ON PRICES: EXECUTIVE ORDER 11723, JUNE 13, 1973

Further Providing for the Stabilization of the Economy

On January 11, 1973 I issued Executive Order 11695 which provided for establishment of Phase III of the Economic Stabilization Program. On April 30, 1973 the Congress enacted, and I signed into law, amendments to the Economic Stabilization Act of 1970 which extended for one year, until April 30, 1974, the legislative authority for carrying out the Economic Stabilization Program.

During Phase III, labor and management have contributed to our stabilization efforts through responsible collective bargaining. The American people look to labor and management to continue their constructive and cooperative contributions. Price behavior under Phase III has not been satisfactory, however. I have therefore determined to impose a comprehensive freeze for a maximum period of 60 days on the prices of all commodities and services offered for sale except the prices charged for raw agricultural products. I have determined that this action is necessary to stabilize the economy, reduce inflation, minimize unemployment, improve the Nation's competitive position in world trade and protect the purchasing power of the dollar, all in the context of sound fiscal management and effective monetary policies.

NOW, THEREFORE, by virtue of the authority vested in me by the Constitution and statutes of the United States, particularly the Economic Stabilization Act of 1970, as amended, it is hereby ordered as follows:

SECTION 1. Effective 9:00 p.m., e.s.t., June 13, 1973, no seller may charge to any class of purchaser and no purchaser may pay a price for any commodity or service which exceeds the freeze price charged for the same or a similar commodity or service in transactions with the same class of purchaser during the freeze base period. This order shall be effective for a maximum period of 60 days from the date hereof, until 11:59 p.m., e.s.t., August 12, 1973. It is not unlawful to charge or pay a price less than the freeze price and lower prices are encouraged.

SEC. 2. Each seller shall prepare a list of freeze prices for all commodities and services which he sells and shall maintain a copy of that list available for public inspection, during normal business hours, at each place of business where such commodities or services are offered for sale. In addition, the calculations and supporting data upon which the list is based shall be maintained by the seller at the location where the pricing decisions reflected on the list are ordinarily made and shall be made available on request to representatives of the Economic Stabilization Program.

SEC. 3. The provisions of this order shall not extend to the prices charged for raw agricultural products. The prices of processed agricultural products, however, are subject to the provisions of this order. For those agricultural products which are sold for ultimate consumption in their original unprocessed form, this provision applies after the first sale.

SEC. 4. The provisions of this order do not extend to (a) wages and salaries, which continue to be subject to the program established pursuant to Executive Order 11695 (b) interest and dividends, which continue to be subject to the program established by the Committee on Interest and Dividends and (c) rents which continue to be subject to controls only to the limited extent provided in Executive Order 11695.

SEC. 5. The Cost of Living Council shall develop and recommend to the President policies, mechanisms and procedures to achieve and maintain stability of prices and costs in a growing economy after the expiration of this freeze. To this end, it shall consult with representatives of agriculture, industry, labor, consumers and the public.

SEC. 6. (a) Executive Order 11695 continues to remain in full force and effect and the authority conferred by and pursuant to this order shall be in addition to the authority conferred by or pursuant to Executive Order 11695 including authority to grant exceptions and exemptions under appropriate standards issued pursuant to regulations.

(b) All powers and duties delegated to the Chairman of the Cost of Living Council by Executive Order 11695 for the purpose of carrying out the provisions of that order are hereby delegated to the Chairman of the Cost of Living Council for the purpose of carrying out the provisions of this order.

SEC. 7. Whoever willfully violates this order or any order or regulation continued or issued under authority of this order shall be subject to a fine of not more than \$5,000 for each such violation. Whoever violates this order or any order or regulation continued or issued under authority of this order shall be subject to a civil penalty of not more than \$2,500 for each such violation.

SEC. 8. For purposes of this Executive Order, the following definitions apply:

"Freeze price" means the highest price at or above which at least 10 percent of the commodities or services concerned were priced by the seller in transactions with the class of purchaser concerned during the freeze base period. In computing the freeze price, a seller may not exclude any temporary special sale, deal or allowance in effect during the freeze base period.

"Class of purchaser" means all those purchasers to whom a seller has charged a comparable price for comparable commodities or services during the freeze base period pursuant to customary price differentials between those purchasers and other purchasers.

"Freeze base period" means

(a) the period June 1 to June 8, 1973; or

(b) in the case of a seller who had no transactions during that period, the nearest preceding seven-day period in which he had a transaction.

"Transaction" means an arms length sale between unrelated persons and is considered to occur at the time of shipment in the case of commodities and the time of performance in the case of services.

RICHARD NIXON

The White House,
June 13, 1973.

[Filed with the Office of the Federal Register, 9:01 a.m., June 14, 1973]

APPENDIX 4

DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., June 27, 1973.

HON. FREDERICK B. DENT,
Secretary of Commerce,
Washington, D.C.

DEAR MR. SECRETARY: I hereby approve the imposition of controls on the export of the agricultural commodities on the attached list. In giving this approval, I have determined that the supply of such commodities is not adequate to meet the requirements of the domestic economy until new crop soybeans become available. This determination is based upon an examination of the supply of such commodities and the anticipated exports of such commodities after receiving the reports pursuant to the mandatory reporting requirements imposed on June 13. Although these reporting requirements were not applicable to all the separate commodities listed (namely some of the oils listed), the demand for the commodities not monitored are related and transferrable for those monitored. Due to the level of indicated overall demand, it is clear that the supply of all commodities listed is inadequate.

Sincerely,

EARL L. BUTZ, *Secretary.*

Enclosure.

<i>Commodity description</i>	<i>Schedule B No.</i>
Soybean oil-cake and meal.....	081. 3030
Soybeans	221. 4000
Soybean oil, crude including degummed.....	421. 2010
Soybean oil, once refined.....	421. 2020
Soybean salad oil refined.....	421. 2040
Soybean oil, hydrogenated.....	431. 2010
Cottonseed oil-cake and meal.....	081. 3020
Cottonseed	221. 6000
Cottonseed oil, crude.....	421. 3010
Cottonseed oil, once refined.....	421. 3020
Cottonseed salad oil, refined.....	421. 3040
Cottonseed oil, hydrogenated.....	431. 2020
Soybean and cottonseed oil mixture.....	431. 2030

USDA Releases Data on Export Sales of Grain, Certain Oilseeds, and Meal

WASHINGTON, June 27.—Based on reports received by the U.S. Department of Commerce from exporters, USDA is releasing the following information on undelivered export sales as of June 13, 1973 :

Commodity	Anticipated exports in marketing year (thousands of metric tons)		
	1972-73	1973-74	1974-75
Wheat, total.....	2,763	17,631	410
Hard Red Winter.....	1,785	13,107	241
Soft Red Winter.....	76	230	0
Hard Red Spring.....	595	3,170	130
White.....	143	282	3
Durum.....	164	761	30
Mixed.....	0	82	2
Barley, unmilled.....	254	984	0
Rye, unmilled.....	181	288	0
Oats, unmilled.....	45	214	6
Corn, except seed, unmilled.....	11,199	16,217	50
Grain sorghum, unmilled.....	1,659	1,997	0
Rice.....	96	50	0
Soybeans.....	2,511	11,509	420
Soybean cake and meal.....	2,035	4,093	4
Cottonseed, cottonseed cake and meal.....	12	3	0

Marketing years for the above crops are as follows: wheat, barley, rye, and oats—July 1, 1973 to June 30, 1974 and July 1, 1974 to June 30, 1975; rice and cottonseed—August 1 to July 31; soybeans—September 1 to August 31; and corn, grain sorghum, soybean cake and meal, and cottonseed cake and meal—October 1 to September 30.

USDA officials pointed out that as of June 13, we were well into the 1972-73 marketing year on corn, grain sorghum, rice, oilseeds, and meal, and that total export estimates for 1972-73 should take into account actual exports made through the second week in June as well as the reports of export sales for delivery during the remainder of the marketing year.

Exporters were required to submit an initial report of their unfilled export orders no later than June 20, 1973, under Department of Commerce Export Control Bulletin 84(a) issued on June 13, 1973.

In a cooperative arrangement with the Department of Commerce, USDA will release summary data each week as reported by U.S. exporters under the export control bulletin.

APPENDIX 5

STATEMENT BY SECRETARY OF COMMERCE FREDERICK B. DENT, JUNE 27, 1973

Effective at 5:00 P.M. today I have imposed an embargo on the export of soybeans and cottonseeds and various meal and oil products of soybeans and cottonseeds. This embargo has been imposed pursuant to the authority as set forth in the Export Administration Act of 1969 and has been approved by Secretary of Agriculture Butz.

No later than Monday, July 2, we will announce what quantities will be available for export and what method will be used in allocation of the available export supply. Ships being loaded at 5:00 P.M. today may continue to be loaded and the shipments are not subject to the embargo.

The information received by the Commerce Department under the Export Reporting System announced by the President on June 13 showed that higher than expected levels of exports were planned in the months immediately ahead in soybean commodities. It showed exports of soybeans running 6% above previous estimates and exports of soybean meal running 27% above previous estimates. Domestic prices have increased rapidly. In mid-June, prices for soybeans were trade at about \$11 per bushel, up 65% from the April level and more than 200% above the level a year earlier. Prices for soybean meal by mid-June had climbed to \$400 per ton at Decatur, Illinois, up 90% from the April level, and 328% over that of June 1972. A similar situation exists for cottonseeds.

These controls have been imposed because of the extremely tight supply situation in these commodities until the present soybean crop is harvested. Whether controls will be necessary after that time will depend on the amount of the harvest, the level of export demand, and the level of prices in the United States.

If there is any substantial increase in export demand for corn, which could be the case as a result of the controls being imposed today, it may be necessary to control corn exports.

The Administration has requested broader authority in the Export Administration Act so as to permit the President to impose export controls in order to curtail serious inflation in domestic prices. Even though the President's authority as contained in the existing Export Administration Act is severely limited, the present situation in soybeans and cottonseeds is such that the tests of the Act are met. However, because of the limitations in the present Act, the President may not be able in the future to impose controls to curtail serious domestic inflation. The action today underlines the urgency of the Administration's request for new authority.

ANNOUNCEMENT

Effective at 5:00 P.M. E.D.T. June 27, 1973, validated license requirements for exports to all destinations are hereby imposed on the following listed commodities. Shipments which are being loaded aboard an exporting vessel or were on lighter destined for an exporting vessel at 5:00 P.M. are not subject to this requirement. All other shipments of such commodities require a validated license for export. The commodities subject to validated license requirements are as follows:

Soybean oil-cake and meal	081. 3030
Soybeans	221. 4000
Soybeans oil, crude, including degummed	421. 2010
Soybean oil, once refined	421. 2020
Soybean salad oil, refined and further processed by bleaching, deodorizing, or winterizing	421. 2040
Soybean oil, hydrogenated	431. 2010
Fats and oils, hydrogenated, <i>the following only</i> : Cottonseed and soybean oil mixture	431. 2030
Cottonseed oil-cake and meal	081. 3020
Cottonseed	221. 6000
Cottonseed oil, crude	421. 3010
Cottonseed oil, once refined	421. 3020
Cottonseed salad oil, refined and further processed by bleaching, deodorizing, or winterizing	421. 3040
Cottonseed oil, hydrogenated	431. 2020

The decision as to licensing exports of the commodities subject to the embargo, and the basis on which such licenses may be issued, will be announced no later than July 2, 1973.

APPENDIX 6

EXPORT LICENSING SYSTEMS ANNOUNCED FOR SOYBEANS, COTTONSEED, AND RELATED PRODUCTS

Effective at 3:30 p.m. EDT today (July 2), the U.S. Department of Commerce replaced its June 27 embargo on exports of soybeans, cottonseed and related products with a system of validated licenses.

Validated licenses will be required for soybeans and soybean oil-cakes and meal, and for cottonseed and cottonseed oil-cakes and meal.

The embargo has been terminated for soybean and cottonseed oils. No validated license is required for those products.

The need for validated licensing controls was determined on the basis of the Department of Commerce's Export Reporting System, announced on June 13, which required exporters to report anticipated exports of specified agricultural commodities as of that date. These and other government reports revealed extremely tight supplies of soybeans and certain related products, until this fall's crops are harvested. Whether controls will be necessary after that time will depend on the size of the fall harvest, the level of export demand, and the level of prices in the United States.

Had the Government not acted to regulate movement in these commodities, there was concern in some quarters that available worldwide stocks would not have been adequate to cover August requirements internationally.

In the case of soybeans, and soybean oil-cakes and meal, the Commerce Department has established allocation percentages for export licensing consistent with available export supplies and domestic requirements. Licenses for these commodities will be issued on a contract-by-contract basis. Each contract for soybean export will be reduced to 50 percent of the quantity originally scheduled for delivery. Each contract for soybean oil-cake and meal will be reduced to 40 percent of the original quantity. Licenses for soybeans will expire on September 15 and for oil-cake and meal on October 15. Licenses for cottonseed and cottonseed oil-cake and meal will be issued for the full quantity of the unshipped balances of the contracts in force as of June 13, 1973. Licenses for cottonseed will be valid through August 15. Licenses for cottonseed oil-cake and meal will be valid through October 15.

Exporters who reported their anticipated exports in compliance with the Export Reporting System are eligible for licensing by the Commerce Department's Office of Export Control (OEC). The application for license must be supported by photostats or certified copies of contract from exporters, plus summaries of all unshipped contracts entered into on or before June 13, calling for delivery to foreign buyers. License applications together with documentation will be accepted after 3:30 p.m. EDT July 2.

An interagency working group consisting of representatives from the Council on Economic Policy, the Council on International Economic Policy, the National Security Council, the Cost of Living Council, the Council of Economic Advisers, and the Departments of State, Commerce, and Agriculture developed the licensing system. After considering domestic requirements, it was determined that approximately 33 million bushels of soybeans were available for export, representing 50 percent of the volume of outstanding contracts for the remainder of the crop year. For soybean oil-cake and meal, the quantity available for export was determined to be 750,000 short tons. This was 40 percent of the reported unshipped contracts.

While the embargo has been lifted on soybean and cottonseed oils, the Export Reporting System remains in full force and effect for these and all other commodity groups covered in OEC Export Control Bulletins No. 84(a), published June 13, and No. 87, published June 28.

The authority to license exports as a consequence of domestic shortage, serious inflation, and abnormal foreign demand is set forth in the Export Administration Act of 1969. Even though the President's authority is severely limited by this legislation, the present situation in soybeans and cottonseed is such that the tests of the Act are met.

INFORMATION SHEET

I. METHODOLOGY

The objective of the export control system announced today is to ensure adequate domestic supplies and reduce current domestic prices with a minimum disruption of foreign contracts.

The need for licensing controls was largely determined on the basis of the June 13, 1973, reports of anticipated exports of soybeans, soybean oil-cake and meal, cottonseed and cottonseed oil-cakes and meal. These reports revealed tight supplies of soybeans, cottonseed, and certain related products for the duration of the respective 1972 crop years. The necessity of continued controls after the fall harvest will depend on the size of the harvest, level of export demand, and the level of prices in the United States.

The export ceilings of these commodities for the remainder of the respective crop years were determined by subtracting domestic supply requirements from available inventories for the period June 13, 1973, to the end of the respective crop years. The resulting figure, representing supplies available for export, was adjusted on the basis of Department of Agriculture reports and verification to reflect shipments made between June 13, 1973, and the application of the embargo on June 27, 1973. The adjusted figure yields available supplies for export or "export ceilings" for the remainder of the respective crop years.

Based on the June 13, 1973 reports, and subsequent audit and verification by Department of Agriculture specialists, anticipated export sales exceed the amount of available supplies for export for the remainder of the 1972 crop years. The ratio of available supplies to outstanding

sales contracts yields a percentage by which outstanding contracts are permissible. The percentage has been determined to be 50 percent for soybeans and 40 percent for soybean meal and oil-cake. These percentages will be applied to each unfilled contract existing on June 13, 1973, to determine the allowable export volume.

II. LICENSING SYSTEM

The actual licensing system being introduced will operate in the following manner. Any exporter who holds an outstanding contract for the delivery to a foreign firm of either soybeans or soybean oil-cakes and meal that was accepted on or before June 13, 1973 and that calls for delivery during this crop year (the crop year for soybeans ends on August 31 and for soybean oil-cakes and meal on September 30) is eligible to file an export license application for the goods covered by the contract and as yet unshipped. The application, when filed must be accompanied by a photostatic or certified copy of the contract of sale, and a sworn affidavit by the exporter as to the amount previously exported against the contract. Also the exporter must file, with his first license application under this system, a report detailing all of his unshipped contracts entered into on or before June 13, calling for delivery to foreign firms.

The Department's Office of Export Control, located in the Bureau of East-West Trade will verify the authenticity of the application and supporting documentation and will issue a license for 50% of the unshipped balance in the case of soybeans and 39% in the case of soybean oil-cakes and meal.

An exporter who holds an outstanding contract for the delivery to a foreign firm of either cottonseed or cottonseed oil-cakes and meal that was accepted on or before June 13, 1973 and that calls for delivery during this crop year (which ends on July 31 for cottonseed and on September 30 for cottonseed oil-cakes and meal) may file for an export license in the same manner as for soybeans and soybean oil-cakes and meal. Licenses issued in these cases, however, will be for 100% of the unshipped balance of the contract quantity. These licenses will expire on August 15 in the case of cottonseed and on October 15 in the case of cottonseed oil-cakes and meal.

A license issued under this system will be non-transferrable and exports will be permitted only in complete or partial fulfillment of the contract against which the license was issued. If the contract is cancelled the license is automatically revoked and must be returned to the Office of Export Control for cancellation. Accordingly, an exporter is not permitted to ship against a license issued under this system until he has obtained an affidavit from the foreign buyer that he will accept delivery, under the contract, of the quantity licensed for export.

Shipping tolerances for commodities licensed under this system will be as follows:

	<i>Percent</i>
Soybeans and cottonseed.....	5
Oil-cakes and meal.....	2½

¹ Numbers cited refer to schedule B, Census Bureau.

¹ Numbers cited refer to schedule B, Census Bureau.

APPENDIX 7

ADDITIONAL AGRICULTURAL COMMODITIES SUBJECTED TO EXPORT CONTROLS

Secretary of Commerce Frederick B. Dent announced today that 41 categories of agricultural commodities including edible oils, animal fats, and livestock protein feed are subject to export controls, effective immediately. The action was taken under the authority of the Export Administration Act of 1969 and was approved by Secretary of Agriculture Earl L. Butz. The list of commodities subject to export control is released with this announcement.

None of the commodities listed may be exported without a validated license from the Department of Commerce's Office of Export Control. Licenses will be granted on the following basis:

(1) Orders accepted on or before June 13, 1973, for export prior to October 1, 1973, will be licensed to the extent of 100% of the unfilled balance of the order.

(2) Orders accepted after June 13, 1973, for export prior to Oct. 1, will not be licensed until further notice. A method of licensing such orders will be announced subsequently.

(3) Orders accepted for export on or after October 1, 1973 will not be licensed until further notice.

The licensing requirement is not applicable to single shipments of \$250 or less for certain of the commodities listed which are marked as footnote ¹.

Shipments which prior to 10:30 A.M. July 5, 1973 were in the process of being loaded or in transit to a port of export pursuant to actual export orders may be exported without a validated license if loaded on the exporting carrier on or before July 19, 1973.

The United States Bureau of Customs is simultaneously notifying all its offices of these requirements. Export Control Bulletin No. 90 setting forth complete regulations controlling this validated licensing requirement is being printed and will be available at the U.S. Department of Commerce by close of business July 5. A copy of the Export Control Bulletin will be printed in the Federal Register of July 6, 1973.

It should be noted that the action today modifies the decision announced July 2, 1973, in Export Control Bulletin No. 88, that various soybean and cottonseed oils would no longer be subject to validated license requirements. In that bulletin exporters were given notice that in the event the level of exports of these commodities reached unacceptable levels, restrictions would be imposed.

The action to control the export of these commodities has been necessitated by the controls previously imposed on the export of soybeans, soybean oilcake and meal, cottonseed and cottonseed oilcake and meal. Soybeans, cottonseed and oilcake and meal are used for high protein feed for livestock and the unsatisfied foreign demand for

them has caused a substantial increase in demand for various other sources of high protein feed. Soybeans and cottonseed are also a major source of edible food oils and the unsatisfied foreign demand has caused a substantial increase in demand for soybean oil, cottonseed oil, the various substitutes for them and the raw materials for those substitutes. Because of this transferability of demand, Secretary Butz has determined that the supply of the commodities on the attached list will not be adequate to meet domestic requirements until soybeans become available from the new crop. Whether controls will be necessary after that time will depend on the amount of the harvest, the level of export demand and the level of prices in the United States.

<i>Commodity</i>	<i>Schedule B No.</i>
Corn gluten feed-----	081. 2015
Linseed oil-cake and meal-----	081. 3040
Sunflower and safflower oil-cake and meal, peanut meat, peanut oil-cake-----	081. 3050
Meat meal and tankage-----	081. 4020
Fish meal-----	081. 4040
Feather meal-----	081. 9910
Poultry feeds, prepared ¹ -----	681. 9920
Dairy cattle feeds, prepared ¹ -----	081. 9930
Livestock feeds (except dairy cattle) including supplements, prepared ¹ -----	081. 9940
Alfalfa meal, dehydrated ¹ -----	081. 9960
Alfalfa meal, sun-cured ¹ -----	081. 9970
Lard and other rendered pig fat, except grease ¹ -----	091. 3010
Choice white grease ¹ -----	091. 3020
Safflower seed-----	221. 6510
Sunflower seed-----	221. 6520
Peanuts (groundnuts), shelled, green-----	221. 1010
Peanuts (groundnuts), unshelled, green-----	221. 1020
Flaxseed (linseed)-----	221. 5000
Bone meal-----	291. 0075
Blood flour and blood meal-----	291. 0090
Tallow, edible-----	411. 3210
Tallow, inedible-----	411. 3220
Soybean oil, crude, including degummed ¹ -----	421. 2010
Soybean oil, once-refined ¹ -----	421. 2020
Soybean salad oil, refined and further processed by bleaching, deodorizing, or winterizing (except hydrogenated), not donated for relief or charity by individuals or private agencies ¹ -----	421. 2040
Cottonseed oil, crude ¹ -----	421. 3010
Cottonseed oil, once-refined ¹ -----	421. 3020
Cottonseed salad oil, refined and further processed by bleaching, deodorizing, or winterizing (except hydrogenated), not donated for relief or charity by individuals or private agencies ¹ -----	421. 3040
Peanut oil, crude ¹ -----	421. 4010
Peanut oil, except crude or hydrogenated ¹ -----	421. 4020
Sunflowerseed oil, crude ¹ -----	421. 8010
Sunflowerseed oil, once-refined (after alkali or caustic wash, but before bleaching, deodorization, or winterization) ¹ -----	421. 8020
Sunflowerseed oil, including all mixed or blended soft salad oils, bleached, deodorized, or winterized (except hydrogenated), not donated for relief or charity by individuals or private agencies ¹ -----	421. 8040
Linseed oil, raw ¹ -----	422. 1000
Linseed oil, boiled, oxidized, dehydrated, sulphurized, blown, or polymerized ¹ -----	431. 1010
Corn oil ¹ -----	422. 9020
Safflowerseed oil, fixed ¹ -----	422. 9030
Soybean oil, hydrogenated-----	431. 2010
Cottonseed oil, hydrogenated-----	431. 2020
Cottonseed and soybean oil mixture, hydrogenated; corn oil, hydrogenated; fish oil, hydrogenated, maize oil, hydrogenated; peanut oil, hydrogenated ¹ -----	431. 2030
Soybean lecithin-----	512. 0965

¹ The licensing requirement is not applicable to single shipments of \$250 or less.

APPENDIX 8

USDA RELEASES REPORTS THROUGH JULY 6 OF ANTICIPATED EXPORTS

WASHINGTON, July 25.—Reports of exporters' anticipated exports of grains, soybeans, soybean meal and oil and cottonseed meal and oil by destination were released today by the U.S. Department of Agriculture (USDA). Today's report includes vegetable oil data for the first time.

The information was obtained from reports of undelivered export sales as of July 6, 1973. These were filed with the U.S. Department of Commerce as required by Export Control Bulletins 84(a) and 87 and released by USDA as part of a cooperative agreement between the two departments. In releasing the data, USDA emphasized that the quantities were those reported by export firms.

The marketing years specified by the exporter represent the year in which the firm anticipates export will be made. Quantities reported through July 6 represent unshipped balances of all sales made. These anticipated exports include unshipped balances from older sales as well as more recent sales.

Quantities of wheat, barley, rye and oats shown by exporters as remaining to be shipped in 1972-73 are included in the 1973-74 totals, since the 1972-73 marketing year for these commodities ended June 30. Most of the increase in the 1973-74 quantity from the last report is the result of this action rather than the result of new sales.

Data shown for the 1972-73 marketing year cover the period from July 6, 1973, until the end of the current marketing year. Marketing years for wheat, barley, rye, and oats run from July 1 to June 30; for rice—August 1 to July 31; for corn, grain sorghum, soybean and cottonseed meal and soybean and cottonseed oil—Oct. 1 to Sept. 30; and for soybeans—Sept. 1 to Aug. 31.

In addition to the marketing year in which delivery is to be made, known destinations are shown. Since export sales are also made with destination to be provided prior to shipment, destinations for a portion of the sales are not identified. In subsequent reports, these will be provided as they become known.

Tables showing detail on anticipated exports by marketing year and destination follow :

ANTICIPATED EXPORTS BY REGIONAL DESTINATION AND MARKETING YEAR

Destination	1972-73		1973-74 ¹		1974-75	
	1,000 MT	Million bushels	1,000 MT	Million bushels	1,000 MT	Million bushels
ALL WHEAT						
European Community.....	0	0	2,889.9	106.2	84.3	3.1
Other West Europe.....	0	0	72.6	2.7	0	0
Eastern Europe.....	0	0	213.9	7.9	0	0
U.S.S.R.....	0	0	4,014.2	147.5	0	0
Japan.....	0	0	2,180.7	80.1	1.5	.1
Republic of China (Taiwan).....	0	0	162.3	6.0	0	0
People's Republic of China.....	0	0	3,182.6	116.9	150.0	5.5
India.....	0	0	272.9	10.0	0	0
Other Asia and Oceania.....	0	0	1,729.7	63.6	0	0
Africa.....	0	0	2,779.3	102.1	106.2	3.9
Western Hemisphere.....	0	0	1,572.3	57.8	74.5	2.7
Unidentified.....	0	0	5,849.2	214.9	81.7	3.0
Total.....	0	0	24,919.6	915.7	498.2	18.3
HARD RED WINTER WHEAT						
European Community.....	0	0	902.4	33.2	33.5	1.2
Other West Europe.....	0	0	0	0	0	0
Eastern Europe.....	0	0	213.9	7.9	0	0
U.S.S.R.....	0	0	3,950.0	145.1	0	0
Japan.....	0	0	816.2	30.0	0	0
Republic of China (Taiwan).....	0	0	53.5	2.0	0	0
People's Republic of China.....	0	0	3,182.6	116.9	150.0	5.5
India.....	0	0	251.8	9.3	0	0
Other Asia and Oceania.....	0	0	1,042.1	38.3	0	0
Africa.....	0	0	2,273.9	83.6	106.2	3.9
Western Hemisphere.....	0	0	764.2	28.1	42.1	1.5
Unidentified.....	0	0	3,303.4	121.4	35.5	1.3
Total.....	0	0	16,754.0	615.8	367.3	13.4
SOFT RED WINTER WHEAT						
European Community.....	0	0	14.7	.5	0	0
Other West Europe.....	0	0	0	0	0	0
Eastern Europe.....	0	0	0	0	0	0
U.S.S.R.....	0	0	0	0	0	0
Japan.....	0	0	50.0	1.8	0	0
Republic of China (Taiwan).....	0	0	27.3	1.0	0	0
People's Republic of China.....	0	0	0	0	0	0
India.....	0	0	0	0	0	0
Other Asia and Oceania.....	0	0	34.3	1.3	0	0
Africa.....	0	0	.9	0	0	0
Western Hemisphere.....	0	0	98.2	3.6	0	0
Unidentified.....	0	0	150.2	5.5	0	0
Total.....	0	0	375.6	13.7	0	0
HARD RED SPRING WHEAT						
European Community.....	0	0	1,840.2	67.6	50.8	1
Other West Europe.....	0	0	35.6	1.3	0	0
Eastern Europe.....	0	0	0	0	0	0
U.S.S.R.....	0	0	0	0	0	0
Japan.....	0	0	384.7	14.1	0	0
Republic of China (Taiwan).....	0	0	48.7	1.8	0	0
People's Republic of China.....	0	0	0	0	0	0
India.....	0	0	21.1	.8	0	0
Other Asia and Oceania.....	0	0	306.9	11.3	0	0
Africa.....	0	0	195.3	7.2	0	0
Western Hemisphere.....	0	0	518.2	19.0	32.4	1.2
Unidentified.....	0	0	1,237.4	45.5	10.2	.4
Total.....	0	0	4,588.1	168.6	93.4	3.5

See footnotes at end of table p. 50.

ANTICIPATED EXPORTS BY REGIONAL DESTINATION AND MARKETING YEAR—Continued

Destination	1972-73		1973-74 ¹		1974-75	
	1,000 MT	Million bushels	1,000 MT	Million bushels	1,000 MT	Million bushels
WHITE WHEAT						
European Community.....	0	0	12.3	.5	0	0
Other West Europe.....	0	0	0	0	0	0
Eastern Europe.....	0	0	0	0	0	0
U.S.S.R.....	0	0	0	0	0	0
Japan.....	0	0	883.9	32.5	1.5	.1
Republic of China (Taiwan).....	0	0	32.8	1.2	0	0
People's Republic of China.....	0	0	0	0	0	0
India.....	0	0	0	0	0	0
Other Asia and Oceania.....	0	0	346.4	12.7	0	0
Africa.....	0	0	0	0	0	0
Western Hemisphere.....	0	0	14.3	.5	0	0
Unidentified.....	0	0	298.3	11.0	0	0
Total.....	0	0	1,588.0	58.4	1.5	.1
DURUM WHEAT						
European Community.....	0	0	120.3	4.4	0	0
Other West Europe.....	0	0	37.0	1.4	0	0
Eastern Europe.....	0	0	0	0	0	0
U.S.S.R.....	0	0	64.2	2.4	0	0
Japan.....	0	0	31.4	1.2	0	0
Republic of China (Taiwan).....	0	0	0	0	0	0
People's Republic of China.....	0	0	0	0	0	0
India.....	0	0	0	0	0	0
Other Asia and Oceania.....	0	0	0	0	0	0
Africa.....	0	0	309.2	11.4	0	0
Western Hemisphere.....	0	0	110.4	4.1	0	0
Unidentified.....	0	0	859.9	31.6	36.0	1.3
Total.....	0	0	1,532.4	56.5	36.0	1.3
MIXED WHEAT						
European Community.....	0	0	0	0	0	0
Other West Europe.....	0	0	0	0	0	0
Eastern Europe.....	0	0	0	0	0	0
U.S.S.R.....	0	0	0	0	0	0
Japan.....	0	0	14.5	.5	0	0
Republic of China (Taiwan).....	0	0	0	0	0	0
People's Republic of China.....	0	0	0	0	0	0
India.....	0	0	0	0	0	0
Other Asia and Oceania.....	0	0	0	4	0	0
Africa.....	0	0	0	0	0	0
Western Hemisphere.....	0	0	67.0	2.5	0	0
Unidentified.....	0	0	0	0	0	0
Total.....	0	0	81.5	3.0	0	0
BARLEY						
European Community.....	0	0	430.7	19.8	0	0
Other West Europe.....	0	0	45.7	2.1	0	0
Eastern Europe.....	0	0	15.2	.7	0	0
U.S.S.R.....	0	0	140.1	6.4	0	0
Japan.....	0	0	107.9	5.0	0	0
Republic of China (Taiwan).....	0	0	109.1	5.0	0	0
People's Republic of China.....	0	0	0	0	0	0
India.....	0	0	0	0	0	0
Other Asia and Oceania.....	0	0	175.5	8.1	0	0
Africa.....	0	0	15.2	.7	0	0
Western Hemisphere.....	0	0	122.8	5.6	0	0
Unidentified.....	0	0	561.1	25.8	0	0
Total.....	0	0	1,723.8	79.2	0	0

See footnotes at end of table p. 50.

ANTICIPATED EXPORTS BY REGIONAL DESTINATION AND MARKETING YEAR—Continued

Destination	1972-73		1973-74 ¹		1974-75	
	1,000 MT	Million bushels	1,000 MT	Million bushels	1,000 MT	Million bushels
RYE						
European Community.....	0	0	13.0	.5	0	0
Other West Europe.....	0	0	12.2	.5	0	0
Eastern Europe.....	0	0	0	0	0	0
U.S.S.R.....	0	0	415.4	16.4	0	0
Japan.....	0	0	0	0	0	0
Republic of China (Taiwan).....	0	0	0	0	0	0
People's Republic of China.....	0	0	0	0	0	0
India.....	0	0	0	0	0	0
Other Asia and Oceania.....	0	0	0	0	0	0
Africa.....	0	0	0	0	0	0
Western Hemisphere.....	0	+0	0	0	0	0
Unidentified.....	0	0	57.4	2.3	0	0
Total.....	0	0	498.0	19.6	0	0
OATS						
European Community.....	0	0	232.3	16.0	0	0
Other West Europe.....	0	0	0	0	0	0
Eastern Europe.....	0	0	52.0	3.6	0	0
U.S.S.R.....	0	0	0	0	0	0
Japan.....	0	0	15.3	1.1	0	0
Republic of China (Taiwan).....	0	0	0	0	0	0
People's Republic of China.....	0	0	0	0	0	0
India.....	0	0	0	0	0	0
Other Asia and Oceania.....	0	0	0	0	0	0
Africa.....	0	0	0	0	0	0
Western Hemisphere.....	0	0	19.9	1.4	0	0
Unidentified.....	0	0	324.3	22.3	0	0
Total.....	0	0	644.4	44.4	0	0
CORN						
European Community.....	2,043.2	80.4	5,101.1	200.8	0	0
Other Western Europe.....	210.9	8.3	695.0	27.4	0	0
Eastern Europe.....	63.0	2.5	20.0	.8	27.9	1.1
U.S.S.R.....	2,650.3	104.3	5,478.9	215.7	0	0
Japan.....	1,865.8	73.5	3,757.2	147.9	0	0
Republic of China (Taiwan).....	65.5	2.6	51.1	2.0	0	0
People's Republic of China.....	272.2	10.7	300.0	11.8	0	0
India.....	0	0	0	0	0	0
Other Asia and Oceania.....	61.6	2.4	17.6	.7	0	0
Africa.....	13.2	.5	0	0	0	0
Western Hemisphere.....	913.8	36.0	383.3	15.1	54.4	2.1
Unidentified.....	2,432.6	95.8	5,577.0	219.6	1.5	.1
Total.....	10,592.1	418.8	21,381.1	841.7	83.8	3.3
GRAIN SORGHUM						
European Community.....	261.1	10.3	447.0	17.6	0	0
Other West Europe.....	0	0	0	0	0	0
Eastern Europe.....	26.7	1.1	0	0	0	0
U.S.S.R.....	0	0	0	0	0	0
Japan.....	761.1	30.0	1,557.0	61.3	0	0
Republic of China (Taiwan).....	0	0	0	0	0	0
People's Republic of China.....	0	0	0	0	0	0
India.....	59.0	2.3	0	0	0	0
Other Asia and Oceania.....	316.4	12.5	99.0	3.9	0	0
Africa.....	0	0	0	0	0	0
Western Hemisphere.....	238.4	9.4	83.2	3.3	0	0
Unidentified.....	289.8	11.4	96.5	3.8	0	0
Total.....	1,952.5	76.9	2,282.8	89.9	0	0

See footnotes at end of table p. 50.

ANTICIPATED EXPORTS BY REGIONAL DESTINATION AND MARKETING YEAR—Continued

	1972-73		1973-74		1974-75	
	1,000 MT	Million bushels	1,000 MT	Million bushels	1,000 MT	Million bushels
RICE						
European Community.....	7.7	169.8	60.3	1,329.4	1.9	41.9
Other West Europe.....	1.2	26.5	12.3	271.2	1.0	22.0
Eastern Europe.....	0	0	0	0	0	0
U.S.S.R.....	0	0	0	0	0	0
Japan.....	0	0	0	0	0	0
Republic of China (Taiwan).....	0	0	0	0	0	0
People's Republic of China.....	0	0	0	0	0	0
India.....	0	0	0	0	0	0
Other Asia and Oceania.....	45.2	996.5	74.2	1,635.8	.6	13.2
Africa.....	19.3	425.5	76.2	1,679.9	0	0
Western Hemisphere.....	13.2	291.0	21.6	476.2	.8	17.6
Unidentified.....	.8	17.6	0	0	0	0
Total.....	87.4	1,926.9	244.6	5,392.5	4.3	94.7
SOYBEANS						
European Community.....	633.4	23.3	5,204.3	191.2	102.6	3.8
Other West Europe.....	48.8	1.8	826.9	30.4	27.2	1.0
Eastern Europe.....	0	0	0	0	0	0
U.S.S.R.....	0	0	0	0	0	0
Japan.....	617.3	22.7	1,433.2	52.7	5.7	0.2
Republic of China (Taiwan).....	205.6	7.6	159.0	5.8	0	0
People's Republic of China.....	0	0	905.6	33.3	0	0
India.....	0	0	0	0	0	0
Other Asia and Oceania.....	98.7	3.6	277.1	10.2	0	0
Africa.....	0	0	0	0	0	0
Western Hemisphere.....	52.1	1.9	120.0	4.4	0	0
Unidentified.....	357.1	13.1	3,978.4	146.2	89.4	3.3
Total.....	2,013.0	74.0	12,904.5	474.2	224.9	8.3
SOYBEAN CAKE/MEAL						
European Community.....			959.3	926.0		0
Other West Europe.....			66.9	18.1		0
Eastern Europe.....			125.5	90.0		0
U.S.S.R.....			0	0		0
Japan.....			93.2	84.7		0
Republic of China (Taiwan).....			0	0		0
People's Republic of China.....			0	0		0
India.....			0	0		0
Other Asia and Oceania.....			3.9	82.9		0
Africa.....			1.0	2.0		0
Western Hemisphere.....			44.9	13.9		1.0
Unidentified.....			536.2	3,546.7		0
Total.....			1,830.9	4,763.2		1.0
COTTONSEED AND COTTONSEED CAKE/MEAL						
European Community.....			6.0	9		0
Other West Europe.....			2.5	0		0
Eastern Europe.....			4.0	0		0
U.S.S.R.....			0	0		0
Japan.....			1.3	5.1		0
Republic of China (Taiwan).....			0	0		0
People's Republic of China.....			0	0		0
India.....			0	0		0
Other Asia and Oceania.....			0	0		0
Africa.....			6.0	0		0
Western Hemisphere ²			7.8	.5		0
Unidentified.....			3.8	6.0		0
Total ²			31.4	11.6		0

See footnotes at end of table p. 50.

ANTICIPATED EXPORTS BY REGIONAL DESTINATION AND MARKETING YEAR—Continued

Destination	1972-73		1973-74		1974-75	
	1,000 MT	Million pounds	1,000 MT	Million pounds	1,000 MT	Million pounds
SOYBEAN OIL (ANTICIPATED EXPORTS BY REGIONAL DESTINATION AND MARKETING YEAR)						
European Community.....	0	0	0	0	0	0
Other West Europe.....	0	0	0	0	0	0
Eastern Europe.....	0	0	0	0	0	0
U.S.S.R.....	0	0	0	0	0	0
Japan.....	2.9	6.4	0	0	0	0
Republic of China (Taiwan).....	0	0	0	0	0	0
People's Republic of China.....	0	0	0	0	0	0
India.....	0	0	0	0	0	0
Other Asia and Oceania.....	6.8	15.1	4.0	8.8	0	0
Africa.....	1.5	3.2	0	0	0	0
Western Hemisphere.....	7.8	17.2	1.9	4.2	0	0
Unidentified.....	58.6	129.2	90.0	198.4	0	0
Total.....	77.6	171.1	95.6	211.4	0	0
COTTONSEED OIL						
European Community.....	1.5	3.3	0	0	0	0
Other West Europe.....	3.4	7.5	0	0	0	0
Eastern Europe.....	0	0	0	0	0	0
U.S.S.R.....	0	0	0	0	0	0
Japan.....	2.4	5.2	0.6	1.3	0	0
Republic of China (Taiwan).....	0	0	0	0	0	0
Peoples Republic of China.....	0	0	0	0	0	0
India.....	0	0	0	0	0	0
Other Asia and Oceania.....	0.4	0.8	0.4	0.8	0	0
Africa.....	5.5	12.1	0	0	0	0
Western Hemisphere.....	3.6	7.9	2.5	5.6	0	0
Unidentified.....	0	0	0	0	0	0
Total.....	16.8	36.8	3.5	7.7	0	0

¹ Includes unshipped 1972-73 carryover as reported by exporters.

² Includes 448 MT of cottonseed in 1972 and 500 MT in 1973, None in 1974.

Note: Totals may not add due to rounding.

APPENDIX 9

SECRETARY BUTZ LIFTS SET-ASIDE: ANNOUNCES OTHER ACTIONS

WASHINGTON, July 19.—Secretary of Agriculture Earl L. Butz, following up President Nixon's Phase IV economic announcements yesterday, has made a series of moves to assure adequate supplies of food for domestic and export markets.

Secretary Butz announced that there would be no government set-aside of land in 1974 for feed grains, soybeans, wheat and cotton. This will free up approximately 19 million additional acres available for production in 1974.

"Farmers will be free to go all-out to produce feed grains, soybeans, wheat and cotton next year, and can make those plans now," Secretary Butz said. "With grain and cotton prices at current levels, and with the possibility of contracting to sell 1974 harvests at strong prices, I have every confidence that farmers will respond to this opportunity," Secretary Butz said.

"The actions taken in Phase IV to assure farmers of a fair return on poultry, pork, beef and milk will improve prospects in those commodities so that farmers can plan for profitable production," Secretary Butz said. "This will reverse the recent trend where we have seen farmers ship pregnant sows to slaughter and baby chicks killed because of poor possibilities of meeting costs. Both farmers and consumers will be better off in the months ahead as a result of Phase IV."

Secretary Butz said that he has been assured by Gov. John A. Love, Director of the Energy Policy Office, that this office will pledge its full support to provide adequate fuel to harvest and dry this year's farm production.

"We will do all we can to help farmers minimize harvest losses this fall and get a head start on next year's farm production plans," Secretary Butz said.

"I am asking private farm suppliers, farm cooperatives, farm organizations, commodity groups and others to join in a nation-wide effort to provide supplies, storage, credit, transportation and other help to farmers in this all-out production effort."

Secretary Butz has designated the Extension Service to organize a nation-wide informational campaign to back up these actions.

"If we have a feed grain harvest this fall of the size now anticipated, and if we have an adequate crop in 1974, we will avoid export controls on grains. We expect to lift all export controls when the 1973 crops become available," Secretary Butz said. "Agricultural exports are a prime source of foreign exchange with which to buy our national energy supplies and other critical needs. Controls on exports of U.S. farm products, which are vital to the world, disrupt foreign economies and our relationships with foreign nations. By increasing our agricultural production we can continue to maintain our much-wanted food as a positive peace initiative," Secretary Butz said.

Secretary Butz pointed out the changes made in government farm programs last fall and this spring have helped increase farm plantings nine percent this year. "We are now projecting record harvests for feed grain, wheat and soybeans this year, up 6, 13 and 24 percent respectively from a year earlier," Secretary Butz said.





