

BRETTON WOODS AND THE LUMBER INDUSTRY

The lumber industry will be interested in the Bretton Woods proposals, principally because of the potential increase in exports of lumber and wood manufactures as the result of the expansion of world trade. Secondly, an increase in world trade will lead to a high level of employment and national income in the United States. This will result in increased demand for lumber for building purposes and industrial uses.

The United States is both an importer and an exporter of wood and paper. Our imports consist very largely of pulpwoods and wood pulp. Over a 15-year period, 1927-1941, over 80 percent of our imports consisted of pulpwood and pulp. The pulpwoods are supplied almost entirely by Canada, and a smaller amount by the USSR. Wood pulp has been imported from Canada, Poland, Norway, and Germany. The lumber imports are relatively small, approximately one-fifth of the total. Lumber imports consist largely of Canadian soft woods, which have been on the free list for many years, and cabinet woods for furniture making, largely mahogany from Central and South America, and Philippine mahogany used for cigar boxes and plywoods. The amount of manufactured lumber and wood imported is very small.

The exports of wood products from the U.S. consist very largely of lumber and manufactures of wood. While some pulpwood is exported, the amount is only one-fifth of imports, while exported lumber is approximately 1.6 times the imports. Pulpwood is exported mostly to Canada, where the import and export of pulpwood or wood pulp is determined by the location of the timber stand, and the pulping mills. Exports of lumber for building and general purposes go largely to the countries which have inadequate forests, the United Kingdom, Belgium, France, Germany and the Netherlands in Europe. China, Japan and Australia, and the Argentine, Mexico, and Uruguay. These countries import large quantities of wood for building and industrial purposes: for example, Belgium imports wood for pit props in the coal mines; the United Kingdom uses lumber for building, crating, packing, etc., in connection with world trade; China and Japan have relatively small forests, and wood is quite scarce. On the continent of Europe the use of wood has been carefully regulated and the wood imported from America supplements that derived from controlled forests. American wood also is exported in considerable amounts in the form of paper; in fact, paper exports have generally been larger than exports of pulpwood. The principal buyers of American paper and manufactures are the United Kingdom, France, and Germany, with some smaller amounts going to Mexico, China, and Cuba.

The exports of lumber reached a high point in 1929 when they totalled \$169 million. Thereafter they dropped sharply to a low of \$40 million in 1932. There was some revival of lumber exports in the period following the great depression but the figure has never reached half of the 1929 peak. In recent years the exports of lumber have been slightly more than one-third of the peak market. U. S. exports of lumber have varied from 6 to 10 percent of the total amount of lumber produced. The industry could export considerably more if international trade revives, and might again reach the 1929 level.

Both the Fund and the Bank could assist this recovery of trade. The Bank, by making loans for reconstruction purposes in Europe, would provide a considerable market for construction timber, and wood used industrially; in fact, special provision for lumber exports to European countries has been made under various Lend-Lease agreements. This demand might be expected to continue for a long period of years, since the countries of Europe cannot replace quickly the domestic supplies which have been used up during the war. With the most careful methods of silviculture, it will take a period of 20 years to restore forests which have been destroyed. The European economies will be handicapped unless they receive reconstruction loans and lumber will be one of the principal raw materials which they will purchase in the U. S. Supplies from the lumber-producing countries of Europe will be inadequate for this demand since the forests of Poland have been cut down ruthlessly during the German occupation, while Finland will be required to deliver large quantities of lumber in reparations to Russia. The only serious competitors in European markets for American lumber will therefore be Norway, Sweden, and Canada. It may be expected that the American trade will get a more than proportional share of the total. China will be an important market for lumber, especially if she can obtain long-term loans for development and reconstruction to supplement the funds available on current account. Only the countries of northern South America and Chile have large stands of timber of their own, so that the others will purchase lumber here.

The Fund will facilitate the expansion of current trade. With the increase in world trade shipping will expand and consequently the demand for lumber used in crating and stowing cargoes. This will create a large demand for American soft woods. There will also be an increased demand for pulpwood since paper has become one of the scarcest commodities during the war period.

The Bretton Woods proposals if adopted will also indirectly stimulate the demand for lumber. An increase in our foreign trade is essential to the maintenance of a high level of employment. With domestic prosperity after the war there will be a great increase in building, which has been curtailed through the war, and so greater need for lumber. Unless our trade is expanded there is a real danger of a post-war slump which would affect the industry adversely.

FOREIGN TRADE IN WOOD AND PAPER, 1927-1941

(Millions of Dollars)

Year	Imports			Exports		
	Total Wood and Paper	Lumber and Man- ufactures	Pulpwood and Paper	Total Wood and Paper	Lumber and Man- ufactures	Pulpwood and Paper
1927	365.6	102.6	263.0	192.2	159.8	32.3
1928	358.8	90.1	268.7	200.9	163.9	37.0
1929	377.3	95.8	281.5	210.8	168.6	42.2
1930	319.5	65.1	254.4	153.9	119.4	34.5
1931	237.4	36.6	200.8	98.0	71.9	26.1
1932	168.1	19.6	148.5	57.5	39.5	18.0
1933	170.0	26.8	143.2	66.1	47.6	18.5
1934	181.5	23.8	157.7	90.0	63.0	27.0
1935	208.3	32.8	175.5	92.3	61.9	30.4
1936	249.4	40.4	209.0	100.0	63.6	34.4
1937	306.5	51.6	254.9	137.3	82.6	54.7
1938	234.7	35.4	199.3	94.1	56.6	37.5
1939	260.3	45.2	215.1	100.3	60.0	40.3
1940	258.1	50.1	208.0	160.1	61.3	98.8
1941	313.5	81.5	231.0	148.1	55.4	92.7
Totals	4009.0	797.4	3210.6	1901.6	1275.1	624.4