EXPORTS OF LUMBER HEAVY

Output of Portland Mills Shipped Annually to Foreign Harbors Amounts to Over 100,000,000 Feet.

By W. D. Wheelwright, President Pacific Export Lumber Company.

IT is only during the last few years that the statistics of Portland's export trade in Oregon pine have been accurately kept, so that it is impossible to trace the growth of this important business exactly, from its small beginnings in the closing years of the last century, up to the large transactions of the present time. For many years the demand for domestic use, principally from the railroad companies, but including the lumber for local requirements, took up almost the entire output of the mills, and only an occasional cargo was worked for export. The dullness of business throughout the country from 1893 to 1897 caused the manufacturers to turn their attention to foreign markets, and the export trade has since that time shown a steady growth. During the year 1905 it amounted to about 50,000,000 feet; 1906, 88,907,000 feet; 1907, 105,216,000 feet; 1908, 91,790,858 feet (for 11 months), with enough doing in December to bring the total for the 12 months up to within about 7½ per cent of the record year of 1907.

The Oregonian's suggestions are that the following points should be touched upon in this article, viz.: The possibility of increase in our exports of lumber to Australia, Africa and South America, as well as to the Orient; what competition has to be met, and how it can be overcome.

It is to be remarked that orders for Australia and the west coast of South America are not specially sought after by local manufacturers as a rule, for the reason that those markets require a very high grade of lumber. This indisposition to furnish high-class lumber for export is not due to any inferiority in the timber available on the Columbia River, or in the methods of manufacture, but solely to the fact that Portland is so well situated as regards distribution of trade that the sawmills find it more to their advantage to select the "uppers" and dispose of them at their relative values, whereas it is a custom of the mills less favorably situated to ship practically the run of the log, with the exception of seconds and culls, on foreign orders. Outside of the necessities of special cases, the fierce competition among mills in Puget Sound and British Columbia, especially for Australian trade, has resulted in the shipment to those markets of a higher grade of lumber than was justified by the price, and in the years 1896, 1897 and 1898 a number of mills in that vicinity vied with each other in the percentage of clear lumber that they offered to Australian buyers without charging them for anything more than merchantable.

It is a fact within the writer's knowledge that an Australian importer, when one of these cargoes was about half discharged, cabled his London agents cancelling all orders for clear Norway pine, and from that time to the present has never purchased any of that grade from Europe, relying on his being able to select all the clear he wanted from the shipments of so-called merchantable lumber from Pacific Coast ports. It would seem as if such abnormal conditions as these ought not to exist, but that on the contrary foreign buyers should pay for what they get, instead of buying merchantable at the fair price of that grade, and getting 5 to 40 per cent of clear without paying anything extra for it, but all attempts to rectify the matter have thus far failed, although it would seem only reasonable that the mills should agree among themselves that all buyers who want any quantity of selects and clear should pay the extra prices for such amounts of those grades as they receive.

The establishment of the Pacific Lumber Inspection Bureau and of the Oregon & Washington Lumber Inspection Bureau—the former handling the shipments from Puget Sound and British Columbia, and the latter those from Portland and the Columbia River generally—may prove to have been a step in the right direction, and it is to be hoped that the present agitation in favor of a consolidation of the two bureaus may result in some such understanding as that. It is almost axiomatic that the success of the business depends upon the manufacturer receiving the fair relative value of the different grades that are produced from the log, and it is to be hoped that some arrangement may be made under which the importers of our staple into foreign countries shall pay for what they receive, instead of getting clear at the price of merchantable.

In the case of a Sydney cargo shipped from this port last Summer, the mill's statistics showed a shrinkage of 35 per cent in the amount of clear (as such) produced during that month as compared with the month following. That is to say, they realized the higher price of clear lumber for only 65 per cent of what they produced during the month covering the preparation and shipment of that particular cargo.

The West Coast of South America also calls for extra quality, and the specifications, to a greater extent even than those for Sydney, call for large percentages of small sizes, that must necessarily be made out of a class of logs that yield a good percentage of clear lumber, beside which they often contain a larger proportion of selects, especially in narrow boards, than can be supplied in that grade, so the mills often find themselves obliged to make up the quantity with clear lumber, although it goes at the price of the somewhat lower grade of selects.

In view of the situation, above stated, it is only natural that the mills prefer orders for China, where the buyers are willing to take ordinary merchantable lumber, with frequently a percentage of No. 2, and these orders are also specially desirable by reason of containing a proportion of extreme dimensions which carry extra prices. Unfortunately, all Chinese markets are overstocked at the present time, and there is hardly any demand from that quarter.

South Africa calls for ordinary No. 1 rough merchantable lumber, as a rule, without any seconds, and also without any special proportion of clear (except in case of flooring, which is frequently ordered in moderate quantities), but the dimensions are somewhat different from those that are in demand for local use, and the schedules are therefore somewhat undesirable on that account. The grade isn't so low as that for China, but not so high as is required for Australia and the West Coast of South America.

European business has been looking up lately, after a long period of inactivity, during which the demand has been practically limited to deckplank and clear lumber that can be manufactured only out of logs that can be put into grades for domestic use on the basis of very much better returns, but of late the United Kingdom has been ordering timber, and it begins to look as if our staple would come into use there in larger quantities. Some 12 years ago about 10,000,000 feet of our timber was imported into Plymouth, England, and used for the construction of public docks, the use of the material having been sanctioned by the British Government, and the writer of this article, who had just then come out to the Pacific Coast, looked upon the transaction as an epoch-making event in the history of Oregon pine—it seemed as if the advertisement given to our staple by its use under the circumstances mentioned would lead to large importations for docks and buildings, not only in the United Kingdom, but on the continent of Europe.

These expectations, however, were not justified, and from that day to the present the demand for Oregon pine for general purposes has been very small until quite recently. There is no question about the lasting qualities of our lumber as compared with almost any other, except hardwoods, which of late years have become too expensive to admit of their use for general construction purposes, and it is quite certain that the trade will increase as the timber becomes better known, although pitch pine from the South Atlantic and Gulf coasts of the United States is still much preferred to the product of the states of Oregon and Washington.

Railroad ties, which are a most important factor in domestic business, were formerly shipped in large quantities to the China coast, but about seven years ago they were superseded by sleepers produced in Japan, of hardwood, more durable than our own and costing less; in fact, there was a time when the Japanese sold their ties delivered at a port in North China at a price no greater than the freight alone from Portland or any other point on the Pacific Coast. Since then the railroads there have imported ties from Australia or New Zealand, costing very much more than either the Japanese ties or our own, but considered to have durable qualities that make them cheaper in the end. Their action is in accord with that of the Atchison, Topeka & Santa Fe Railroad Company, which made a contract about two years ago with the concessionaires of large tracts of timber in the Hawaiian Islands to deliver at United States ports on the Pacific Coast hardwood ties in sufficient quantity to supply their requirements for years to come, at a price nearly if not quite double the cost of Oregon pine.

The New York newspapers contain reports of the arrival there recently of an American who has been for some time a resident of Manchuria, who says that hardwood railroad ties can be produced there and shipped to Atlantic Coast points, which however seems more than problematical, as Yalu River timber is well known in China and has been used for some years in Shanghai and other Chinese ports that are now importing ties from Australia at an expense of freight that, owing to the greater distance, is largely in excess of what it would cost from Manchurian ports.

Taking up the question of competition with our wood, it may be said that its importance depends on several factors, not only the original cost of the material, its accessibility and the quantities in which it can be supplied, but also on the distance between the importing and exporting markets. The product of Manchuria, for example, might shut out Oregon pine from China and yet not interfere with it in South African and South American markets, owing to the high rate of freight that would have to be paid on it. Both South Africa and South America buy large quantities of Baltic wood, known generally as Swedish deals, which are of fine quality and produced in large quantities, but the lumber product of Northern Europe has never been exported to China, to our knowledge.

The latter part of the year 1906 and the early part of 1907 marked the highest point in the price of Oregon pine, at least for many years; large transactions were made at $18 per thousand feet and over, f. o. b. at the shipping ports, while during 1896 and the years immediately following the prevailing price was generally about $8—in some cases even lower than that. From $18 about a year ago the price fell to $10, and present quotations are $12 to $13 for Australian and South American schedules, $11 for South Africa and about $10 for China, all on the basis of E list, which carries extra prices for large dimensions and a better quality than No. 1 rough merchantable.

FAITH IN OREGON TIMBER

Eastern Investors Show Confidence in State's Great Resources by Bringing Capital Here to Invest.

By Russell Hawkins.

IT is unnecessary, perhaps, for the purposes of this article to scatter one's inquisitive proclivities over the globe. Looking for timber resources, nevertheless, values of basic materials depend largely upon quantity, quality, with conditions of location, skill, capital and the all-important items of consumption considered.

Oregon is peculiarly fortunate, possessing all the requisites to a far greater extent as to timber resources, when values are averaged, than other states. Briefly, I believe, in roughly estimating the subject, it will be found that the chief sources of future worldwide supply are restricted to the Pacific slope of America, the Yalu and Siberia, the west and the northwest sections of Mexico.

To be sure, Russian Poland may be a lumber producer for years, but the product will be absorbed, as in the past, by special industries in Scandinavian and the continental countries of Europe. Japan forests are being rapidly depleted.

Writing as an Oregonian, our advantages will be emphasized, our area of distribution much enlarged by the completion of the Isthmian Canal. without the advantages to be had by the opening of this waterway it must be remembered that the vast timber resources of this great Northwestern country are now within possible and competitive shipping distances of over one-half the population of the whole world, i. e., Central South America, the Oriental countries, and when facts, figures and statistics are gathered, carefully arranged, compared pro and con, Oregon's certain future position as the largest lumber-producing state seems beyond question. That pre-eminent location in the list of producers is but a few years distant.

I am asked: "How do your Eastern associates feel as to Oregon timber investments?"

A large proportion of Eastern investors in timber lands have been accustomed to note and follow the trend of timber values in other quarters of the United States. Their belief and faith in Oregon timber is based upon past observations. That faith and belief is not of recent origin. For twenty years past many Eastern lumbermen have been investing their dollars in the timbered counties of Oregon, regardless of location, transportation facilities, rail or water, the chief desideratums being quality of stand, probable life of trees without deterioration. These Eastern men backed their judgment long before the general movement for conservation had become of such moment or had received the distinguished and intelligent consideration bestowed upon it the past few years.

Faith and belief in Oregon timber values is bringing, and will bring, greater benefits to investors, and the inevitable consequential results to the state of commercial importance, population and wealth.

My associates placed their first money here a quarter of a century ago, when they figured the rapidity with which the Michigan forests were consumed by the growth of the Middle and Eastern states, and they sent explorers and estimaters to buy in Oregon. Other timbermen, lots of them, did the same, and for a score of years these men have watched and added to their holdings, paid the fire wardens and their taxes without a murmur if charges were just and fair. Given transportation facilities, water and rail, owners will operate and convert for their good and profit, and the people of Oregon will be astonished to find the number of multiplying communities of activity that will be established.

Sawmills and the necessary railroads have always in the past created concentration, villages, towns, cities. If there is any doubt about this statement go to Michigan, formerly only a lumbering state, but now one of the greatest manufacturing states in the Union, where articles ranging from kitchen stoves to toothpicks, shoes to portable houses, furniture, cars and radiators to automobiles, are shipped to the markets of the world.

Pennsylvania, one of the greatest manufacturing states in the world, had in:

Year—	Number mills.	Product value.	Capital.
1840	5389	$ 1,150,220	....
1850	2894	....	$ 6,913,267
1860*	3078	10,994,000	11,000,000

*Wages paid, $2,483,103.

The census of 1860 shows that when Pennsylvania was the largest producer, Oregon had 126 sawmills, state of Washington, 31. Paste those figures in your scrap-book, and scan those you have on present operations.

The manufacture of lumber in Pennsylvania was one of the largest, if not the foremost, industry at one time. A fair deduction is that industry more than did its share to create centralization, the need of and the capital to produce and consume iron, and the primary upbuilding of that state, inasmuch as the large production and use of any basic resource uncovers and creates necessities, and uses for others. Who can deny the possibilities of Oregon as a great manufacturing state, when the industrial prominence and history of Pennsylvania and Michigan are considered and their early records paralleled with ours of today?

To those familiar with present ownerships it is evident "Eastern money" is satisfied with Oregon's timber, that new money is constantly being invested, and more will come for activities of the future. Eastern investors, I believe, are content, enthusiastic even, in the opinion that Oregon will, one day, not many years hence, be No. 1 on the list of lumber producers of the United States.

Give these men, these men who have shown faith, good harbors, plenty of railroads, and fair, just and equitable taxation, an honest and intelligent administration of the funds they pay into your county treasuries, and the state will be the greatest of manufacturers west of the Mississippi River, for I repeat, the development of lumber manufacturing will bring in its wake a wave of commerce, that will carry mineral and oil resources, known beyond peradventure to exist, to the consumers of the whole universe.

The timber hazard is greater than the average business man imagines; greater than investments in most other values and properties. Insurance is unobtainable; the dangers of fire devastation, deterioration by age, disease, rot, destruction by wind and by over-growth on thin top-soil begetting "down trees," nevertheless, investors having once been interested in lumbering, will not hesitate to buy Oregon timber, if the chances of presumption are reasonably in favor of transportation facilities, reaching the trees before damages, just noted, commence their ravage of values.

The Eastern men know, too, the trees of Oregon are big and merchantable, their cutting inevitable; these men are as thoroughly imbued with the necessities and ideas of conservaton, and restoration, as the chief forester, but it must be borne well in mind, that the best kind of conservation is to utilize and harvest the tree when it is ripe, and ready for distribution to the consumer.

Probably no subject affectng the interest of the whole people of the country is so perplexing, so difficult of adjustment and solution as the conservation problem; consideration of species; age of trees; location; wind exposure; taxation; custom; method; supply and demand, all questions complex, economic and scientific in their scope and character.

For one association of Eastern inventors, I believe, I subscribe their opinions with the words: "We're satisfied with the commercial outlook for Oregon's timber."