



The world's leading alliance of retailers and suppliers.

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The Honorable Grant Aldonas
Under Secretary for International Trade
Central Records Unit, Room 1870
U.S. Department of Commerce
Pennsylvania Ave. & 14th Street, NW
Washington, DC 20230

Attention: Softwood Lumber Policy Bulletin

Dear Under Secretary Aldonas:

I am writing on behalf of the International Mass Retail Association (IMRA) in response to the *Federal Register* notice of June 24, 2003 (69 FR 37456) regarding the proposed Softwood Lumber Policy Bulletin.

By way of background, the International Mass Retail Association is the world's leading alliance of retailers and their product and service suppliers. IMRA members represent over \$1 trillion in sales annually and operate over 100,000 stores, manufacturing facilities, and distribution centers nationwide. Our member retailers and suppliers have facilities in all 50 states, as well as internationally, and employ millions of Americans.

IMRA's membership includes a number of companies that purchase lumber from both imported and domestic sources of supply. These companies represent the largest lumber dealers in the United States and pride themselves on offering consumers the highest quality products at affordable prices.

IMRA commends the Department of Commerce on its continued efforts to find a permanent resolution to this long-running and costly dispute. We urge a quick resolution that benefits everyone involved, including the U.S. consumer. The current 27% duties have not helped the U.S. industry and in fact, have further harmed U.S. consumers.

IMRA has some serious concerns with the draft policy bulletin. First, the final policy bulletin must include policy changes for all Canadian provinces. While it is not explicit on this point, the current draft does not include policy changes for Quebec.

In addition, IMRA urges the Department to prepare an analysis of the financial impact the duties will have on U.S. consumers of softwood lumber during and after the changed circumstance reviews. Finally, in implementing these policy bulletins and any other policy related to Canadian softwood lumber, IMRA strongly urges the Department to take all steps necessary to implement the decisions of the World Trade Organization (WTO) and North American Free Trade Agreement (NAFTA) dispute resolution panels.

Inclusion of All Provinces in the Policy Bulletin

In the current draft, the proposed policy bulletins do not include examples of policy reforms that are applicable to all of Canada's softwood lumber-producing provinces. Specifically, it appears that the bulletins do not include policy changes for Quebec, Canada's second largest lumber-producing province. Quebec also serves as an important source of softwood lumber for the U.S. housing market, particularly on the East Coast. Failure to include Quebec in the final policy bulletin will create delay in reaching a final durable solution to the softwood lumber dispute, and inject unnecessary uncertainty and volatility into the lumber market. Both of these effects will be at the expense of U.S. consumers.

Financial Impact Analysis

The imposition of antidumping and countervailing duties on imports of Canadian lumber continues to cause increased market volatility, which harms U.S. consumers and lumber-dependent industries. It has been estimated that these tariffs could add as much as \$1,000 to the price of a new home and exclude as many as 300,000 U.S. households from mortgage eligibility.

IMRA strongly urges the Department to undertake and make public an in-depth analysis of the impact on American consumers of the continued imposition of the 27% duties on Canadian lumber. Further, the Department should quantify the impact from the continued delay in reaching a final resolution consistent with U.S. law and international obligations as articulated by the WTO and NAFTA panels. A similar analysis should be completed for any "interim agreement" that is reached.

Implementing Decisions of Dispute Resolution Panels

IMRA also urges the Department to implement without delay the decisions recently handed down by the WTO and NAFTA dispute resolution panels. To date, these panels have ruled that many of the actions taken by the Department in imposing antidumping and countervailing duties on Canadian softwood lumber to be inconsistent with U.S. international obligations. We fully anticipate that future decisions of WTO and NAFTA dispute panels will find similar flaws in the U.S. duties, and expect the Department to make every effort to comply with future decisions as well.

The antidumping and countervailing duties currently imposed on Canadian softwood lumber are not only inconsistent with U.S. international obligations and U.S. law but also impose an unfair burden on U.S. consumers. In imposing these duties, the Department has in effect imposed a regressive 27% hidden tax on lumber that harms U.S. consumers, specifically new homebuyers and U.S. homeowners. Appealing the WTO and NAFTA rulings, or using any other kind of dilatory tactics, will only harm more and undermine the Department's credibility without providing the desired protection to the U.S. industry.

Conclusion

IMRA commends the Department's efforts to seek a market-based solution to the lumber dispute. As the Department proceeds, IMRA urges you and your colleagues to remember the interests of U.S. consumers and downstream lumber-dependent industries that employ millions of workers. If you have any questions about IMRA or its position on this matter, please feel free to contact Jonathan Gold, IMRA's Vice President, International Trade Policy at (703) 841-2300.

Sincerely

A handwritten signature in black ink, appearing to read "Jonathan E. Gold". The signature is fluid and cursive, with a long horizontal stroke at the beginning and a distinct "J" and "G" at the end.

Jonathan E. Gold
Vice President, International
Trade Policy