

# CENTEX HOMES

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November 6, 2003

The Honorable James J. Jochum  
Assistant Secretary for Import Administration  
U.S. Department of Commerce  
Central Records Unit, Room 1870  
Pennsylvania Avenue and 14th Street, N.W.  
Washington, DC 20230

Re: Rebuttal Comments on Proposal Regarding Treatment of Section 201 Duties and  
Countervailing Duties in Antidumping Proceedings

Dear Assistant Secretary Jochum:

Centex Homes is one of the largest homebuilders in the United States. We will build more than 30,000 homes per year and employ more than 6,260 individuals directly, not including the thousands of union and non-union employees of the sub-contractors who do the manual labor on our homes. We purchase more than \$800 million of softwood lumber from Canada and the United States for the houses we build. Because of the differences in the products from the two countries, we largely use them in different end uses in the home. Generally, Canadian lumber is used for framing and U.S. lumber is used to build the floor joists and roof trusses. The simple fact is, however, that we need Canadian softwood lumber to build quality homes and meet the significant demand in the U.S. for quality, affordable housing.

On behalf of Centex Homes, I write today to oppose what may appear to be an arcane proposal to deduct countervailing duty margins and safeguard duties from the U.S. price in dumping calculations. The proposed approach would result in a blatant double remedy for the U.S. industry and an equally blatant double penalty for Canadian producers and U.S. consumers of Canadian softwood lumber. Such an approach could result in the already unfair combined duties on Canadian lumber increasing from close to 28% to almost 50%. We have previously testified that the calculation of the combined duty of almost 28% is seriously flawed and exorbitant. Both NAFTA and WTO Panels have found fault with the countervailing duty, antidumping and threat of injury findings against Canadian softwood lumber. A near doubling of the already unfair duties on Canadian softwood lumber would transform punitive and protectionist actions into ones that will harm the brightest spot in the American economy, homebuilding and related industries.

We can tell you from the front line of the economic recovery that raising such a barrier to Canadian lumber would lead directly to higher prices for new homes and fewer new housing job sites, fewer jobs and slower growth. We are proud that the housing sector has been a key factor in mitigating the economic recession experienced by the U.S. economy over the past three years. We will continue to fuel the recovery that appears to be underway if narrow protectionist proposals such as we are opposing here are rejected.

The proposal being considered by the Department regarding its methodology for calculating dumping duties represents a direct and unfair assault on what should be one of the pillars of our economic recovery.

The same rationale would no doubt apply to other products that might be affected by the proposed action, such as steel. Imposing additional unfair barriers to steel imports can only make recovery in the manufacturing sector harder to achieve. (Approximately 15 percent of our homes are built using steel structural members.)

The Department has recognized in the past that an approach like the one proposed would be inconsistent with the governing U.S. statute, WTO requirements, its own framework for calculating antidumping margins and the core principle that antidumping duties must be remedial not punitive. That is why the Department has declined previous entreaties from petitioners to employ the proposed methodology. We urge the Department not to embrace this dangerous proposal now, at a time when such punitive protectionist action would present a significant threat to the economic recovery and job creation we all hope is beginning to take root.

Sincerely,



Paul Dodge  
Vice President, Purchasing and Distribution  
Centex Homes

cc: Centex Homes:  
Andrew J. Hannigan, President and CEO  
John Mikkelson, President, CTX Builders Supply  
Neil Devroy, Vice President, Communications and Public Affairs