

POLLY ANDERSON NEWSOM — FRED A. ANDERSON III — DAVID D. ANDERSON

**RECEIVED**

OCT 15 2003

DEPT. OF COMMERCE  
ITA  
IMPORT ADMINISTRATION

October 6, 2003

The Honorable James J. Jochum  
Assistant Secretary for Import Administration  
U.S. Department of Commerce, Central Records Unit, Room 1870  
Pennsylvania Ave & 14<sup>th</sup> Street, NW  
Washington, DC 20230

Attention: Section 201 Duties

Dear Assistant Secretary Jochum:

In response to your request in the Sept. 9 Federal Register for comments on the appropriateness of deducting section 201 duties and countervailing duties from prices in order to calculate anti-dumping duties, I believe it is essential that the Department amend its policy immediately to fully address the magnitude of dumping by counting subsidy duties as a cost.

I am a third generation landowner and manager of a family timber business. I hope to see the business survive through the next generation and anxiously await estate tax reform before it is too late for my family and our business. But, that's another letter. Today, I am asking that you do what you can to help the timber industry survive in this current environment of unfair competition. My company owns and manages approximately 16,000 acres of timberland in southwest Mississippi. This year alone, we have suffered through the shut-down of three major sawmills in this area. This is a direct result of their inability to compete with Canadian producers. Consequently, the market for my trees has dramatically narrowed and prices have fallen accordingly. I estimate that we have lost approximately \$250,000 in gross revenue this year alone due to the flood of Canadian imports. But, the problem is bigger than just a shrinking of my company's income. My town of 1400 people lost its largest employer and 674 people are out of work. Homes are for sale on every corner; our private school is closing and our town is in trouble.

As a U.S. forest landowner, I sell my standing timber at a competitive market price and the buyer is responsible for harvesting costs, transportation, and all the other expenses of obtaining logs to be used to produce lumber. All of these costs must be recovered in a fair price for the finished product if our industry is to remain profitable and robust.

That is not the case in Canada -- Canadian producers buy timber at government-subsidized rates that do not reflect market forces and are unfairly low. The Department of Commerce imposed

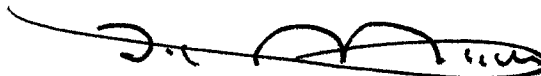
duties to offset the subsidies, but the Canadian prices still do not reflect a fair price as the Canadian mills have decided to simply "eat" losses and buy market share -- this is dumping. Dumping duties are currently being imposed on Canadian shippers.

The Department's current policy of not including countervailing duties as a cost when calculating dumping rates is very problematic as it does not accurately assess the full scope of the dumping. The subsidy duty is imposed in an effort to level the playing field between importers and the domestic industry by offsetting the value of the subsidy -- it reflects what their true costs should be in a competitive market. Costs that must be recouped in their sales prices if they are not to be considered dumping into the U.S. market.

We strongly favor changing the Department's policy to align it with current policy in both Canada and the European Community. This is the only way to place Canadian mills on a level playing field and to stop their predatory trade practices from diminishing the value of U.S. forest lands.

We are of the view that the enormous problem of unfair Canadian lumber trade will only be solved when the Canadian governments and mills understand very clearly that they must stop their unfair practices or the U.S. government will fully offset the unfair trade.

Sincerely,

A handwritten signature in black ink, appearing to read "Fred A. Anderson III", written in a cursive style with a long horizontal flourish extending to the left.

Fred A. Anderson III