Professional Forestry Services, Inc.

Since 1960

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October 7, 2003

The Honorable James J. Jochum
Assistant Secretary for Import Administration
U.S. Department of Commerce, Central Records Unit, Room 1870
Pennsylvania Ave. & 14th 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 antidumping 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.

Our company, Professional Forestry Services, Inc., manages over 90 parcels of land involving approximately 17,000 acres. Both clients and ourselves are very concerned over the current log and lumber situation between Canada and the United States.

As a U.S. forest resource manager, our clients sell 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. forestlands.

It doesn't make sense, when mills in the U.S. must buy Canadian logs in Canada, barge or float the logs to the U.S. ports, take them out of the water and load them on trucks to be hauled overland to the various mills which must compete with subsidized lumber sold in the local lumber yard.

To keep a viable forest economy you need:

1. Tree Farm Owners/Log Suppliers
2. Experienced Loggers
3. Mills to produce products at competitive prices
4. Consumers to purchase the products created

Loss of any of the above components, means the loss of a critical segment of our U.S. economy. Continued forest practices over regulation, endangered species protection and the Canadian lumber/log situation may well combine to be a death knell for American forestry.

Sincerely,

Michael D. Jackson

Michael D. Jackson, CF, ACF
Forest Resource Manager

MDJ:dkd