THREE RIVERS
TIMBER, INC.

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October 9, 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, NW
Washington, DC 20230

Attention: Section 201 Duties

Dear Assistant Secretary Jochum:

This letter will provide input on the above-referenced issue for Three Rivers Timber, Inc., an independent family owned, small business sawmill operation located at Kamiah, Idaho. Three Rivers Timber produces lumber for the domestic market, and employs 115 people in a two-shift operation. We also supply contract work for an additional 85 people, and have been in business since February 1996.

Since 1998, our company has constantly been under pressure from unfair competition from clearly subsidized manufactured lumber originating in Canada. Since that time, we have posted losses, taken scheduled downtime in an attempt to reduce production from an over-supplied market, watched operating capital dwindle, and postponed scheduled capital projects. During this period, Canadian operators continued to flood lumber into the U.S. market regardless of market price, steadily increasing market share. They drilled holes and cut notches in 2" x 4" studs, claiming them to be value-added products. They pulled every stunt possible to work around, or outright cheat, the intent of agreements presumably entered into by people of integrity. Some of these shipments were never credited towards quotas, yet were key in over-supplying the domestic market and providing the leverage to lumber purchasers to lower prices to record levels despite low interest rates and high levels of housing starts that should have produced good returns to lumber producers.

Further, this market condition made it impossible to project prices beyond a few weeks. This made it virtually impossible to calculate stumpage bids for companies like Three Rivers Timber who don't own large tracts of timberlands and must depend on the purchase of multi-year public land timber sales. This situation has caused us to take substantial unpredicted financial losses on our portfolio of Idaho Department of Lands timber sales. These conditions did not ease after imposition of duties in May 2002, as numerous Canadian operators actually increased output under the "last man standing" philosophy that defied business logic.

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In our system, we must pay highly competitive market prices for standing timber, then cover the cost of building roads, harvesting, transportation, slash treatment, and replanting. We must get a fair price for lumber to cover these costs and produce some margin. No one helps us.

In Canada, operators purchase timber at subsidized rates that are often times adjusted for cause, that are artificially low, and do not reflect market forces. Commerce imposed duties to offset these direct subsidies, but the Canadian mills have decided to simply "eat" losses and buy market share. Clearly, this is dumping.

We are aware of the Department's request on the advisability of deducting countervailing duties in anti-dumping calculations as per the Federal Register, September 9, 2003. The only way to level the playing field for U.S. operators is to deduct these duties from the anti-dumping calculations.

It clearly is time to resolve this issue. Each day the Canadian operators continue to boldly flood our lumber market, and directly benefit from this unfair trade. As long as they can do this, there will be no serious negotiation to resolve this trade dispute. We are a small, rurally located company. If Commerce would start the process of distributing collected funds to injured parties, it would signal our resolve on this serious issue and bring the Canadian operators seriously to the negotiating table.

We greatly appreciate your help in this very serious issue, and hope for a timely, thoughtful, fair solution.

Sincerely,

Bill Mulligan

Bill Mulligan
President

BM/ml