



3759 Highway 6 P.O. Box 49 Princeton, ID 83857-0049

Phone: (208) 875-1121

Fax: (208) 875-0191

October 7, 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,

Bennett Lumber Products has been in the lumber business in some capacity since 1938 when my father started a family-owned business manufacturing wooden boxes. During World War II, our business grew as we changed from making fruit boxes to ammunition boxes. In 1950, cardboard boxes entered the scene and our family had to look at new ways to make up for the decreasing need of wooden boxes. In 1951, we established a specialty planing mill and by 1957 had over 30 employees in our "backyard" operation. We continued to look for opportunities to expand and acquired additional mill operations in nearby communities through the mid 60's and early 1970's. We are still a family -owned business today, consolidated at two mill locations, Princeton, Idaho and Clarkston, Washington, with approximately 37,000 acres of timber holdings. We currently employ approximately 300 personnel.

Canadian government lumber practices of subsidizing timber and then allowing their manufacturers to dump huge quantities of finished product into the United States have in the past and continue to hurt our ability to remain competitive -mainly to our high cost of obtaining timber at a fair market price. That fair price for Bennett Lumber includes purchasing timber in competitive market bidding against other lumber manufacturers, building roads, harvesting the timber, replanting the grounds, slash clean up and most of the time, obliterating the roads and returning the landscape to its original condition. U.S. mills pay the "fair Price" for timber and must recover that cost in the sale of its product; the Canadian mill pays a countervailing duty instead of a fair timber price but currently does not have to recover that cost. All costs need to be included in establishing the "fair price" of lumber.

What has this meant to my company? Specifically, in the last two years, we lost one of our biggest markets (Phoenix, Arizona) to Canadian producers who flooded the market with spruce lumber (stumpage, logging, hauling, manufacturing and shipping by rail to Phoenix) at a level less than I could manufacture and sell FOB mill! Our volume went from 10 rail cars per month (approximately \$350,000) to 1 rail car per month, or \$35,000 in sales. This gave our company about a \$4,000,000

reduction for the year in this market alone. Our capital investment in modernization has also been negatively impacted. Three years ago we planned to build a new small log mill. We allocated the land, built a fabrication building and other support structures to build the mill as well as a new log yard to support the new mill operations. Because of market conditions (low prices) and industry overproduction we still have the project on “hold” today. Additionally, because of poor market conditions last year, we reduced our production capacity by 10% for approximately eight months in addition to laying off 16 employees. Give me a level playing field on timber acquisition and my employees will out produce the competition.

It is my understanding that you are considering the deducting of countervailing duties in anti-dumping calculations. It is my understanding also that this is the method that Canada and the European community use, i.e., treating duties as a cost in calculating dumping. I favor a change in the current method the U.S. uses to a method that includes the cost of countervailing duties. This would level the playing field considerably. Continued use of the current method puts U.S. manufacturers at a distinct disadvantage and will continue to drive mills out of business with the attendant loss of jobs. This situation needs to be corrected as soon as possible to minimize the impact on U.S. lumber producers.

Frank R. Bennett
President

V:\WEB\BACKUP\RECORDS\DOWNLOAD\section201\comments-10-9-03\blpi\CVDuties.wpd