



October 8, 2003

The Honorable James T. Jochum  
Assistant Secretary for Import Administration  
U.S. Department of Commerce,  
Central Records Unit, Room 1870  
Pennsylvania Avenue and 14<sup>th</sup> Street, NW  
Washington, DC 20230  
Attention: Section 201 Duties

**RECEIVED**  
OCT 10 2003  
DEPT. OF COMMERCE  
ITA  
IMPORT ADMINISTRATION

**Subject:** Comments Regarding the Application of Countervailing Duties in Canadian Softwood Lumber Importation.  
D.R. Johnson Lumber Company, 1991 Pruner Road,  
Riddle, Oregon 97469

Dear Assistant Secretary Jochum:

I am the Owner of D. R. Johnson Lumber Company and affiliated companies. The group is based in Riddle, Oregon. In addition to a sawmill and laminated beam plant in Riddle, our group owns and operates 5 other lumber mills in Oregon which are located in Round Prairie, John Day, Prairie City, North Powder and Willowa. These mills provide jobs for nearly 500 employees throughout rural Oregon. In most of these rural communities, our company is the largest employer and forms the economic base of each of the communities in which the mill is located. The group has been in operation for over fifty years.

Our companies have been substantially injured as a consequence of the importation of subsidized and dumped lumber from Canada. During a period of time when housing starts and other usages for lumber have remained high, the market price we have been able to achieve for the range of products which we produce has dropped dramatically. The table below illustrates only a small portion of the impact felt by our mills:

PRICE for 2x4-8 foot	MAY 2001	MAY 2003
Kiln Dried Hemfir	\$435/mbf	\$257/mbf
Kiln Dried Douglas Fir	\$440/mbf	\$282/mbf
Kiln Dried ESLP	\$400/mbf	\$254/mbf

While other factors have had some impact on these prices, I believe the major impact in the almost forty five percent reduction in these prices over the period shown is the dumping of lumber by the Canadians.

In the operation of our mills, we are obligated to pay market-established prices in a very competitive market situation in order to procure logs to produce our products. These costs must be reflected in the prices for our products if we are to stay in business This is not the case in Canada. Canadian producers obtain timber at subsidized rates outside



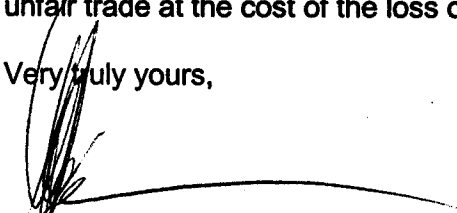
of a competitive market. These administratively set, subsidized rates are only a fraction of the market value of the timber and do not reflect the operation of the type of normal market forces of supply and demand that we face every day in the United States. In effect, mills in the United States, including independent mills such as ours, effectively are forced to compete against the Canadian provincial treasuries and Canadian regulators and producers who have as their goal, the buying of market share in the United States regardless of the impacts on their business.

There can be little doubt that Canadian softwood lumber is being dumped into the United States by Canadian producers at less than the subsidized cost of production. This dumping is encouraged by the Canadian federal and provincial governments which impose laws, regulations and practices related to timber management and production which encourage and reward overproduction and export to the United States. The consequence of this situation is the loss of thousands of jobs in rural communities as mills which cannot compete with the artificially low prices of Canadian softwood lumber go out of business. In eastern Oregon, our company once had almost thirty competitors producing lumber. Today, we operate three of only eight other mills left in this part of the state. Oregon is only one of a number of Western states that are suffering from the impacts of the Canadian dumping of softwood lumber in the United States.

I am aware of the Department of Commerce's notice of September 9, 2003 requesting comments on the advisability of deducting countervailing duties in antidumping calculations. I welcome this opportunity to comment as it is my belief that the current practice of the Department of Commerce in not considering countervailing duties as a cost of production when calculating the amount of dumping and attendant antidumping duties substantially undervalues the actual amount of dumping. I strongly favor the deduction of countervailing duties as a cost of production as one means of insuring the existence of a level playing field among Canadian and United States mills. The resolution of this issue will have a major impact on the wood products industry in Oregon including my companies. As independents, we cannot continue to effectively compete with the combined power of Canadian producers and the Canadian provincial and federal governments.

This enormous problem can only be resolved if the Canadian federal and provincial governments and Canadian Wood products companies understand that the existing unfair practices must stop. Failure to implement a permanent and effective fix simply encourages continued unfair trade by our neighbors to the north. This issue needs to be corrected immediately. Further delays simply allows Canadian mills to benefit from this unfair trade at the cost of the loss of American mills and thousands of jobs.

Very truly yours,



D. R. Johnson  
President  
D.R. Johnson Lumber Company