(letterhead) Seneca Jones Timber Company

October 6, 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, D.C. 20230

Attention: Section 201 Duties

Re: ***Anti-Dumping Calculations: Treatment of Countervailing Duties as Cost***

Dear Assistant Secretary Jochum:

This letter responds to the Department of Commerce's Federal Register Notice of September 9, 2003, requesting comments on the issue of whether countervailing duties should be included as a cost when computing whether a party is dumping products illegally into the United States, thereby injuring American manufacturers and workers. Please register this letter as my support for including the subsidy duty as a cost.

I am the General Manager of a sawmilling operation and tree farm in Western Oregon. Together, we employ over 300 people.

Whether or not Canadian mills are allowed to continue to dump lumber products into the United States by not having to include their subsidy duty as a cost of doing business has an extreme negative effect on both our lumber business and our tree farm business.

In 2002, the Commerce Department imposed a subsidy duty of 18.8% and a dumping duty of 18.4% (a total of 27.2%) on Canadian imports. Canada's response was two-fold. First, British Columbian mills actually increased production and predatory dumping (selling into the United States at below-cost). This drove down prices to their lowest levels in over a decade. Second, in the British Columbia interior, Canada's largest exporting region, the province effectively paid approximately one-third of the tariff on behalf of its companies by reducing the price it sold its trees to mills even further.

There is an answer for each of the above problems. The first action that can be taken, as suggested in the Federal Register Notice, is to count the subsidy duty as a cost in computing the amount of dumping. Second, although unrelated to the Federal Register Notice, the Commerce Department can increase the subsidy duty at its annual administrative review to account for the increased subsidy given by British Columbia to its producers.

It is clear that Canada has subsidized lumber production and is dumping significantly in excess of 27%. Despite the duties, and even though consumption of lumber in the United States last year reached all-time record highs, prices dropped below $300 for the first time since 1992.

It is critical that the dumping rate account for the entire amount of dumping by not ignoring the subsidy component. This is important not only for my company's manufacturing facilities, but is of equal importance to our tree farm. As lumber prices remain depressed, prices for timber and logs soon follow. We have recently experienced a 30% decline in the value of our tree farm as a result of the flood of illegally dumped Canadian imports. If this continues, this sector of our agricultural economy will collapse and bankruptcies will be commonplace, as owners cannot satisfy their bank obligations. This is particularly true in the timber industry where manufacturers were forced over the last decade to purchase their own tree farms to compensate for the shutting down of our Federal forests.

Treating subsidy duties as a cost is not only important to the timber and lumber industry, it is the right thing to do. If Canadian mills were not receiving illegal subsidies from their governments, they would be including the equivalent amount in their cost structure in the form of higher raw material cost. It makes absolutely no sense to give Canadian mills an advantage just because they are already receiving an advantage in the form of a subsidy.

For the sake of American workers, manufacturers and tree farmers, please include subsidy duties as a cost when determining the dumping duty.

Thank you.

Sincerely,

Richard T. Re
Senior Vice President – General Manager
Seneca Sawmill Company, General Partner

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