



**SIERRA PACIFIC  
INDUSTRIES**

Growing Forests For Our Future

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October 8, 2003

The Honorable James J. 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 D.C. 20230

ATTENTION: Countervailing and Section 201 Duties

Dear Assistant Secretary Jochum:

I am the chief financial officer for Sierra Pacific Industries, a private, family-owned lumber manufacturer based in California. We are the fourth largest privately owned lumber manufacturer in the United States, and this country is also the principal market for our products. I was recently informed that your department has requested comments on the advisability of deducting countervailing duties in the anti-dumping calculations.

As you are aware, our domestic lumber market has been greatly affected by the import of foreign lumber into all regions of the United States. Our products at Sierra Pacific Industries compete directly with highly subsidized Canadian lumber imports and we have experienced downward prices over the last several years due to this competition. We believe that the downward spiral of the lumber market is principally related to the subsidies provided by the Canadian government to its lumber industry.

Canadian producers are receiving significant subsidies related to the purchase of their raw materials (logs) that significantly reduces the overall cost of their manufacturing processes. I also understand that the United States Department of Commerce has set orders in place to counteract these subsidies in an attempt to level the playing field with our Canadian competitors.

It seems clear to those of us in the United States lumber industry that the existing orders for countervailing and anti-dumping are insufficient to, in fact, level the playing field. Canada and the European Union, as major trading partners of the United States, have current policies in place to account for countervailing duties as a cost in their calculations of anti-dumping fees. It certainly seems that our government is not protecting our domestic lumber and forest products industry to the extent possible, when we allow the anti-dumping calculation to benefit our foreign competitors.

As you may be aware, competition from Canadian lumber imports, in conjunction with other prevailing issues such as environmental concerns, have had devastating results on our proud industry. Over the past few years, there has been a tremendous demand for lumber in the United States, with housing starts at record levels. The domestic lumber producers have been unable to participate in these market conditions due to the influx of cheap lumber from outside our country. In my opinion, this influx is predatory dumping of softwood lumber into our domestic market.

In this regard, we believe it is vital to take all steps necessary to defend United States markets from any unfair trade. We trust this will include the treatment of countervailing duties as a cost in the anti-dumping calculation. Further, we are of the opinion that the unfair import of Canadian lumber can only be resolved when the Canadian government and lumber producers understand that the United States fully intends to offset ALL unfair practices through the application of our trade laws.

Please contact me with any questions you may have at (530) 378-8000.

Sincerely,

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Mark E. Emmerson  
Chief Financial Officer