

October 2, 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: Section 201 Duties

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

Dear Assistant Secretary Jochum:

This letter is in response to the Commerce Department's recent request seeking comments on the appropriateness of deducting countervailing (subsidy-related) duties from the gross price of a product in order to determine the applicable export price used in the anti-dumping duty calculation. For the reasons set-out below, I strongly encourage the Commerce Department, as a matter of sound public policy and common sense, to account for the subsidy duty in computing the dumping duty.

I am the President and Owner of Seneca Sawmill Company, a family-owned business which I founded 49 years ago. We currently operate two sawmills and a planing mill in Eugene, Oregon. We employ 310 hard-working individuals. We pay family wages. Our minimum wage is approximately \$13 per hour and we provide full medical, dental and vision benefits for our employees and their families.

Everything I have sought to achieve over the last 49 years for my family, employees (and their families) is at risk. Not because my mills are not competitive. In fact, it is widely acknowledged in the industry that Seneca is the most efficient milling operation in North America, if not the World. We are told by experts in the industry that our mills can produce more board feet of lumber from a board foot of timber than any mill in the World.

If Seneca's operations are one of the most, if not the most, efficient in the World, why are my mills and my employees at risk? It is simple. It is because the United States Government allows Canada to dump illegally subsidized lumber into the United States. More specifically, the Commerce Department encourages Canadian mills to ship below-cost lumber into the United States by its failure to include the subsidy duty as a cost when computing whether a Canadian company is dumping (i.e., selling below cost).

It is only logical to treat the subsidy duty as a cost for purposes of calculating Canadian dumping. First, by any measure, the subsidy duty that Canadian mills pay is a cost of doing business. Subsidy duties replace production costs that Canadians would incur, but for the subsidy (i.e., the provinces undervaluing their timber). A company paying its fair price for its timber must reflect stumpage in its price; Canadian mills that do not pay a fair price for stumpage should have to reflect subsidy tariffs in their price.

Second, Canada (not to mention the European Union and Mexico) treats subsidy duties as a cost in calculating dumping duties. This, of course, is not surprising as it only makes sense. It is surprising, however, that the United States does not follow the same policy.

Whether Canada is forced to include subsidy duties in computing dumping duties has a direct impact on whether my business, or businesses like mine, will survive. I was recently forced to lay off an entire shift of production, costing 115 hard-working men and women their family-wage jobs. I was forced to do this despite the fact that the consumption of lumber in the United States has reached all-time record highs.

In 2002, the Commerce Department imposed a combined subsidy and dumping duty of 27.2% on Canadian imports. Canada's response was to increase production and

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predatory dumping to its highest level in history. This caused prices to drop below \$300 on the Composite Index for the first time in over a decade. As long as the Commerce Department allows Canadian mills to not have to fully account for their dumping, there is no reason for them to stop.

In closing, I cannot emphasize enough the importance to the American manufacturer and American worker of the Commerce Department correcting the problem with Canadian dumping by requiring the subsidy duty to be treated as a cost when computing the dumping duty. This problem will only be solved when Canada and Canadian mills understand that they must stop their unfair trade practices or we will. This is not a legal issue. This is a policy choice. The choice is clear.

Thank you for giving this matter your serious attention.

Sincerely,

Aaron U. Jones  
President and Owner

AUJ/rc