

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

October 7, 2003

Dear Assistant Secretary Jochum,

My name is Bud Johnson, and I am the president of C&D Lumber Co. in Riddle, Oregon. C&D Lumber Co. is a family owned business in Southwest Oregon. The business was started in 1940 by my father and my grandfather. I went to work in the woods for C&D in 1948 after graduating from college.

C&D Lumber is a manufacturer of high quality Douglas fir, Incense cedar and Port Orford lumber products. We currently have 140 employees on our payroll and we indirectly provide employment for 30 to 40 people in logging and trucking contracts.

Our business has been very seriously impacted and injured by subsidized and dumped Canadian lumber. We have had to curtail production and reduce the work hours because of this unfair competition from Canada. This has resulted in financial losses and has precluded our logging certain timber sales that we have purchased because they would have created unbearable losses.

Significant portions of the products we make are commodity products. Canadian lumber makes up approximately one-third of the commodity market and by giving them an unfair advantage, it clearly hurts the rest of us who must pay market price for timber and/or logs we use. Even with duties imposed in May 2002 on Canadian lumber, our overall Douglas fir lumber sales average for the remaining seven months of 2002 (which includes peak demand) averaged only 3.35% higher than the first five months of 2002. The increase of only 3.35% was substantially less than what we believe the effects of the countervailing duties and the anti-dumping duties should have been if it adequately addressed the subsidy Canadian lumber producers receive. This further indicates to me that Canadian lumber producers dumped even more lumber into the U.S. market as a way to simply increase their market share.

I am aware of the Department's notice requesting comments on the advisability of deducting countervailing duties in the calculation of dumping margins. This appeared in the Federal Register on September 9, 2003. My opinion is that both countervailing duties and deposits should be deducted as a cost from the anti-dumping calculations. This is the only way to place Canadian producers on a level playing field with domestic softwood lumber producers. It is my understanding that major trading partners, including Canada and the European Community, treat duties as a cost in calculating dumping.

Additionally, I also understand that many major Canadian producers themselves treat duties as a cost of selling in the U.S. market. Until the U.S. government also treats duties as a cost, Canadian mills will continue to have an advantage of a subsidy over domestic softwood lumber producers. I also believe Congress certainly intended that unfair trade be offset to the maximum extent possible, and the current practice of the U.S. government does not comply with Congress' intent.

We need to finally solve this unfair trade issue for good. We need to make sure the Canadian government and mills understand very clearly that they must stop using their unfair practices or the U.S. government will fully offset the unfair trade and return the funds to the injured U.S. producers. This problem needs to be corrected as soon as possible. Delays only allow Canadian mills to continue to benefit from unfair trade and avoid serious negotiations.

Sincerely,

E.P. "Bud" Johnson