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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 Ave & 14th Street, NW
Washington, DC 20230

Attention: Section 201 Duties

Dear Assistant Secretary Jochum:

In response to your request in the Sept. 9 Federal Register for comments on the appropriateness of deducting section 201 duties and countervailing duties from prices in order to calculate antidumping duties, we believe it is essential that the Department amend its policy immediately to fully address the magnitude of dumping by counting subsidy duties as a cost.

Lone Rock Timber owns over 100,000 acres of forestland in southwest Oregon. We are a fully integrated log supplier to local mills with our own logging, cutting, road building, engineering, sales, and reforestation operations. We are a serious, long-term, sustainable, family owned and managed company. We care deeply for the forest environment and economic productivity, at the same time. This combination, we feel, is the key to sustainability.

Unfortunately, the loss of revenue due to the dumping of Canadian finished product at artificially low prices and subsequent depression of our markets has caused us to lose substantial revenues. Based on Log Lines, an industrial publication in our area, the price of logs has dropped from a typical average monthly price of $612 in 2001, to a typical price of $530 in recent months of 2003. With production of 30 million board feet annually, the impact on our family-held company is $2,460,000 per year! One of the major contributors to this decline in value is the effect of Canadian product in American markets, since current demand is at peak levels, and we should be experiencing peak prices.

As a U.S. forest landowner in Oregon, we sell our standing timber and logs at competitive market prices and the buyer pays for all harvesting costs, transportation, and all the other expenses of obtaining logs to be used to produce lumber. We actually directly employ our own loggers, road builders, surveyors, timber fallers, marketers, silviculturists, and a reforestation crew. All of these jobs and their costs must be recovered in a fair price for the finished product if our industry is to remain profitable and robust.

That is not the case in Canada -- Canadian producers buy timber at government-subsidized rates that do not reflect market forces and are unfairly low. The Department of Commerce imposed duties to offset the subsidies, but the Canadian prices still do not reflect a fair price as the Canadian mills have decided to simply "eat" losses and buy market share -- this is dumping. Dumping duties are currently being imposed on Canadian shippers.

The Department's current policy of not including countervailing duties as a cost when calculating dumping rates is very problematic as it does not accurately assess the full scope of the dumping. The subsidy duty is imposed in an effort to level the playing field between importers and the domestic industry by offsetting the value of the subsidy – it reflects what their true costs should be in a competitive market. Costs that must be recouped in their sales prices if they are not to be considered dumping into the U.S. market.

We strongly favor changing the Department's policy to align it with current policy in both Canada and the European Community. This is the only way to place Canadian mills on a level playing field and to stop their predatory trade practices from diminishing the value of U.S. forest lands.

We are of the view that the enormous problem of unfair Canadian lumber trade will only be solved when the Canadian governments and mills understand very clearly that they must stop their unfair practices or the U.S. government will <u>fully</u> offset the unfair trade.

Sincerely,

Richard F. Sohn
President