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October 3, 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, DC 20230
Attention: Section 201 Duties

Dear Assistant Secretary Jochum:

Pyramid Mountain Lumber is a fifty-three year old family business located in Seeley Lake, Montana. I am a second generation owner and have two sons active in the company. We are clearly the largest employer in a fifty mile radius with 137 full time mill employees and another 200 in woods related jobs. Pyramid is the economic backbone of this area.

In November of 2000, we announced we were closing our doors. Low lumber prices and not having our own timberlands created an operating situation the owners could no longer tolerate. The outcry in our community and region was tremendous. Many people and organizations came to us and wanted to help figure out a way to help us stay in business. All those efforts strengthened the resolve of the owners and we have kept the doors open.

When the decision to keep operating was made, one of the assumptions was that lumber prices would be improving, especially with all the attention the Canadian imports were getting. When the countervailing duty (CVD) was placed on Canadian lumber, we felt there would be some stability in the lumber markets. Unfortunately, that stability was at the lowest price levels seen in the past decade. The remaining Canadian producers put on an extra shift and produced at higher levels. That dropped their operating costs to a point where the CVD had little to no effect on their margins. The resulting increase in supply caused domestic lumber prices to go down further.

The past twelve months have been brutal on our company. Our year to date sales average through nine months in 2003 is 16.7% lower than the same time period in 2000. Pyramid had an operating loss in 2002 and has a substantial loss so far in 2003. Since our log and production costs have been flat, low lumber prices are the culprit. Before lumber prices started improving late this spring, we were once again entertaining notions of shutting down.

I understand that the Department of Commerce is considering the CVD accounting with respect to the cost of lumber production for a Canadian mill. Quite frankly, I was surprised to hear that the duties are being ignored. If we incur any cost, it is considered a cost of production. Why would a Canadian mill be looked at any differently? The cost of the duty is a real cost and must be used in the calculation to determine whether the Canadians are guilty of dumping.

Respectfully,

A handwritten signature in black ink, appearing to read "Roger Johnson". The signature is written in a cursive style with a large, sweeping initial "R".

Roger Johnson, President
Pyramid Mountain Lumber, Inc.