

Potlatch Corporation  
601 W. Riverside Ave., Ste 1100  
Spokane, WA 99201

October 9, 2003

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: Request for Public Comments, Antidumping Proceedings: Treatment of  
Section 201 Duties and Countervailing Duties

Potlatch Corporation strongly encourages the Department of Commerce to adopt the practice of taking countervailing duties into account in calculating the applicable export price or constructed export price used in antidumping duty calculations.

Potlatch is an integrated forest products company with U.S. paper and wood products operations. We produce approximately 680 million board feet of softwood lumber at five sawmills located in Arkansas, Idaho and Minnesota. We have not reported a profit in our wood products operations in over three years, despite our having state-of-the-art production facilities and despite operating in the best lumber demand economy we've experienced in many years.

The issues and determinations relating to the current Canadian softwood lumber import antidumping and countervailing duty actions are a matter of record. Less evident is the explanation of why the imposition of 27% combined antidumping and countervailing duties on Canadian softwood lumber imports has not had the impact that trade experts would predict and that the imposition of such trade remedies are intended to have. A significant part of the explanation must certainly be that an industry protected by government policies such as is true of the Canadian forest products industry will never respond to market conditions and signals in the same way that it would in a free and undistorted market.

We submit that the intent of our trade laws is to offset as accurately and completely as possible the unfair trade effects of dumping and subsidies in order that industries in the United States can compete, win or lose, in an undistorted market place. Including countervailing duties in the calculation of antidumping

duties is essential if the statutory intent of our trade laws is to be realized. This is not only compelled by the logic underpinning the laws, it also would appear to be the clear expression of the language of section 722 of the Tariff Act, 19 USC 1677a.

We are determined to restore the U.S. lumber trade to a free market in which we can operate in a normal competitive environment. We urge you to include countervailing duties in the calculation of antidumping duties as an important step in helping us move toward that goal.

Hubert Travaille  
Vice President