

U.S. Value-Added Wood Products Alliance

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IMPORT ADMINISTRATION

October 4, 2003

Mr. 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 Antidumping Duties.

Dear Assistant Secretary Jochum:

The U.S. Value-Added Wood Products Alliance has been very impressed by the work of the Department of Commerce staff on the trade disputes that exist in the marketplace today. It is our understanding that several parties are now advocating that the Department deduct countervailing duties, as well as duties imposed under section 201 of the Trade Act of 1974 (section 201 duties), from export price (EP) and constructed export price (CEP) in calculations of dumping margins pursuant to sections 772(c)(2)(A) and 772(d) of the Tariff Act of 1930, as amended (the Act).

We oppose this proposal because:

- It is our understanding that the proposal to deduct countervailing duties and section 201 duties from United States price in a dumping margin calculation would cause a far greater portion of product sales to the U.S. to be considered to have been “dumped”, and products already viewed as “dumped” will see a substantial increase in their dumping rate.
- The intent of a countervailing duty is to offset any subsidy provided by a foreign country -- essentially to equalize any advantage that has been created. To do what is proposed to calculate a new duty will result in a double penalty for imported products that we need to manufacture wood products for the US market.
- We should not be artificially altering current U.S. policy and rules to protect a fairly small number U.S. softwood industry producers, a large percent of which are NOT members of the Coalition for Fair Lumber Imports as follows:

Primary Product — Census Data 1,2, <small>¹Source: U.S. Bureau of Census. 2001 Annual Survey of Manufacturers – 2. Value of product shipments. Dec. 12, 2002. ²Source: U.S. Census Bureau, 2000 Annual Survey of Manufacturers</small>	NAICS Code	All Industries Shpts of primary product (\$ Billions) ¹	Number of Employees ²	Total Payroll (\$ Billions) ²
All Sawmilling Softwood and Hardwood	321113	\$22.66	116,904	\$3.332
Softwood	321113	\$12.57	64,910	\$1.850
Hardwood	3211131	\$4.55	23,993	\$0.684
Other Products (chips, ties,etc.)		\$5.54	28,001	\$0.798

- As the following data indicates, there are more jobs at stake in this debate – many more – than are being represented by U.S. softwood industry producers. It is significant to note that our industries which are large users of softwood lumber from Canada, will see a tremendous financial blow. The natural effect will be to displace U.S. jobs and investments to Canada. This is an unintended consequence that is already occurring. It will be exacerbated by these proposed rules.

Primary Product — Census Data 1,2, <small>¹Source: U.S. Bureau of Census. 2001 Annual Survey of Manufacturers – 2. Value of product shipments. Dec. 12, 2002. ²Source: U.S. Census Bureau, 2000 Annual Survey of Manufacturers</small>	NAICS Code	All Industries Shpts of primary product (\$ Billions) ¹	Number of Employees ²	Total Payroll (\$ Billions) ²
Truss Industry	321214	\$4.37	38595	\$1.083
Wood Windows & Doors	321911	\$10.07	58305	\$2.133
Wood container & Pallets	321920	\$4.83	51311	\$1.122
EWP (ex. trusses)	321213	\$1.72	5709	\$0.185
Pre fab wood Bldg.	321992	\$3.35	26363	\$0.748
Mobile Homes	321991	\$8.50	82104	\$1.679
Cut Stock & Reman	321912	\$6.00	41805	\$1.029
Other Millwork, incl. flooring	321918	\$4.81	41540	\$1.084
Other misc. wood	321999	\$4.27	44831	\$1.048
Total Value Added Wood Products Industry		\$47.93	390,563	\$10.111

- Finally, such a change threatens the home construction sector of the economy which has been one of the strong sectors in our economy and continues to show strength. Our industries are very dependant on the housing economy to maintain our revenues

and employment base. Why would we want to sharply increase the duties on our industries that rely on Canada for roughly one-third of our softwood lumber needs?

This proposal is fundamentally flawed trade policy. The impact of this move could very easily be to undermine the trade relationship with Canada, and render wasted any progress that has been made in the negotiations up to this point. **This would have a profound negative impact on the entire value-added wood products market segment.** From our perspective, it is imperative that a resolution of this dispute is found as soon as feasible.

This is very important to the U.S. Value-Added Wood Products industry because without a resolution unintended consequences and competitive disadvantages for U.S. companies will continue and may begin to escalate.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Kirk Grundahl". The signature is written in a cursive, flowing style.

Kirk Grundahl
Value-Added Wood Products Alliance Administrator