



LEESVILLE LUMBER COMPANY, INC.

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October 1, 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 anti-dumping duties, *I 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.*

Leesville Lumber Company employs around 85 employees. Our year-to-date losses at this point is \$543,000 due to subsidized and dumped imports. We had to reduce our production by half in order to keep our losses this low.

As a U.S. lumber producer, I must pay the market price for standing timber, harvesting costs, transportation, and all the other expenses of obtaining logs to be used to produce lumber. All of these costs must be reflected in a fair price if we are to stay in business.

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.

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 fully offset the unfair trade.

Sincerely,



John W. Lines, Controller