



SDS Lumber Company

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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 Avenue and 14th Street, NW
Washington, DC 20230
Attention: Section 201 Duties

Dear Assistant Secretary Jochum:

I am President of SDS Lumber Company, a manufacturer of lumber and plywood in Washington State. SDS Lumber directly employs 250 personnel, is the largest employer in Klickitat County, and is the economic driver of the Bingen and White Salmon, Washington rural communities with approximately 8,000 residents.

SDS Lumber is a member of the Coalition for Fair Lumber Imports and has been injured by the subsidization and dumping of Canadian lumber and plywood. Within the past 18 months, SDS Lumber has suffered and been forced to eliminate 75 jobs due, in large part, to the subsidization and dumping of Canadian wood products.

The SDS Lumber production competes with Canadian lumber in the U.S. marketplace on a daily basis. With the benefit of subsidized stumpage, Canadian lumber pricing undercuts our ability to compete in the U.S. market with our lumber being produced from stumpage purchased under competitive, open market conditions. This unfair advantage has plagued the U.S. forest products industry for decades and thousands of U.S. jobs have been lost as a result. This unfair advantage available to Canadian production was intended to be remedied with the imposition of countervailing duties. In response, Canadian producers increased production, driving lumber markets significantly lower. The continued sale of Canadian lumber in low markets, at levels below cost of production, clearly constitutes market dumping. This dumping of Canadian lumber has not eased since the imposition of anti-dumping duties in May 2002.

I am aware of the Department of Commerce's notice requesting comments on the advisability of deducting section 201 duties and countervailing duties from prices in order to calculate antidumping duties. This appeared in the September 9, 2003 Federal Register

In response to your request for comments, 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. The Department's current policy of not including countervailing duties as a cost when calculating dumping rates 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.

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.

Very Truly Yours,

Jason S. Spadaro
President
SDS Lumber Company

Cc The Honorable Senator Gordon Smith
 The Honorable Congressman Greg Walden
 The Honorable Congressman Doc Hastings
 Monica Welt, Esq., Dewey Ballantine LLP