

September 30, 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

Attn: Section 201 Duties

Dear Assistant Secretary Jochum;

I am President and CEO of a family owned Forest Products company in Oregon. We employ 650 people in our facilities in Glendale, Roseburg and Noti. Another 2000 people are indirectly employed as loggers, truck drivers, small business owners, etc because of our economic activity. At all of our locations we are either the only major employer or at the very least significant. Each and every one of our facilities is directly impacted by the illegally dumped softwood lumber coming across the border from Canada.

Since the imposition of the Countervailing Duty and Anti-Dumping Duty on softwood lumber in May of 2002, our markets have been disastrous. We have experienced prices at their lowest point in the last decade. These low prices have caused us to delay needed capital improvement projects, suspend 401-k matching contributions for our employees, curtail operating hours, increase insurance co-payments and freeze wages. These desperate measures have had severe economic impacts on our employees, but were necessary to compete with the Canadian Government in the softwood lumber business.

As you know, many Canadian firms increased production after the imposition of the CVD and AD duties. They were able to do this because in some cases the provinces further increased the timber subsidy. It was communicated by some companies that they were trying to reduce their production costs by increasing the volume of lumber produced. What is clear is that these Canadian companies were trying to take market share from U.S. companies illegally.

Here in the U.S. we must pay market price for our timber. The Canadian system unfairly subsidizes Canadian forest products companies and the Commerce Department has found previously that the subsidy amounts to over 18%. The U.S. also imposed an Anti-Dumping Duty of approximately 9%. However, they did not take into account the amount of the timber subsidy when calculating the A.D. duty. This is simply wrong! Were it not for the illegal subsidy, Canadian costs would be higher. Therefore it makes absolute sense to include the CVD as a cost in computing the AD. In fact, both Canada and the European Community treat Duty as a cost in their Anti-Dumping cases.

The very existence of the U.S Lumber industry is threatened by illegally subsidized Canadian lumber imports. We must get to a level playing field and the only path to that end is for the U.S. government to fully offset the unfair trade and to distribute the deposits to the U.S. industry under the Byrd Amendment. Failure to fix the problem just encourages continued unfair trade.

Timing is crucial. U.S. Industry is being damaged each and every day, and manufacturing jobs are being exported to Canada. Canadian firms continue to benefit from unfair trade and are avoiding serious negotiations. We need Commerce to quickly change its policy and immediately recalculate the AD duty using Countervailing Duties as a cost.

Sincerely,

Steven D. Swanson
President
Swanson Group Inc.