



Timber Products Company
THE TREMENDOUS RESOURCE

October 9, 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.

Timber Products Company and or affiliate companies own 130,000 acres of timberland in Northern California. As a U.S Forest landowner, we buy and sell standing timber at a competitive market price. In this free market the buyer is responsible for harvesting costs, transportation, and all the other expenses of obtaining logs to be used to produce finished wood products. All of these costs must be covered in a fair price for the finished product if our industry is to remain profitable and robust.

This 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. These are costs that must be recouped in their sales prices if they are not to be considered dumping into the U.S. market.

Page -2-
Section 201 Duties

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 from diminishing the value of U.S. forest lands.

We are of the new 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.

Sincerely,

A handwritten signature in black ink, appearing to read "Joe Gonyea, III". The signature is fluid and cursive, with a prominent flourish at the end.

Joseph H. Gonyea, III
Chief Operating Officer

JHGIII/ppt