

**October 9, 2003**

**The Honorable James J. Jochum  
Assistant Secretary for Import Administration  
U. S. Department of Commerce, Central Records Unit, Room 1870  
Pennsylvania Avenue and 14<sup>th</sup> Street  
Washington, D. C. 20230**

**Attention: Section 201 Duties**

**Dear Assistant Secretary Jochum:**

**In response to your appeal in the September 9, 2003, Federal Register for remarks on the appropriateness of deducting Section 201 duties and countervailing duties from prices in order to calculate anti-dumping duties, I believe it is crucial that the Department amend its policy without delay to fully address the magnitude of dumping by counting subsidy duties as a cost.**

**I am a third-generation owner of a timber and lumber manufacturing company that began in a small California town named Omo Ranch in 1939. As President of Wetsel-Oviatt Lumber Co., I have been active in the forest products industry myself for over 36 years. In 2002, I was named Agriculturalist of the Year by the California State Fair Board for my successes in silviculture on company-owned timberlands.**

**In 1973, the company moved its manufacturing facility from Omo Ranch to El Dorado Hills and we currently employ over 115, from logging to lumber manufacturing and trucking positions. Our employees have a long tenure with the company, many over 25 years and the average age of our group exceeds fifty. Additionally, we employ a wide range of independent contractors from timber fallers to loggers to trucking firms. I make these points to focus on the many problems we have encountered over the years in our attempt to remain competitive.**

**As an owner of over 17,000 acres of timberland and a sawmill facility for conversion, the revenue from lumber production has recently produced very narrow margins for our company. In addition to our own timberland, the company relies on other private timberland owners and publicly owned timberlands to augment our timber resources. The company must bid on this timber on the open market and generally acquires timber for future delivery at a fixed cost to assure sustained supply. We fully understand the cost portion of the equation and it is the fairness of these prices that allows us to remain in business.**

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**I believe that this is not the case in Canada. Canadian lumber 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 do not reflect a fair price as the Canadian sawmills have absorbed these losses and continue to increase their market share. I believe that this is – by no other definition possible – dumping.**

**I believe that our mill can compete board by board with any Canadian lumber producer if timber prices fairly represent a level playing field. But, the Department's current policy of excluding countervailing duties as a cost when calculating dumping rates is problematic since it does not accurately assess the full scope of the dumping. In a truly competitive market, the true costs (all costs) must be considered and these costs must be fairly recovered in Canadian lumber sales prices if it is not to be considered dumping into the U. S. market.**

**I strongly favor a Department policy that brings it into line with current policy in both Canada and the European Community; they treat duties as a cost in calculating dumping.**

**I believe that problems with dumping did not substantially ease after the imposition of duties in May 2002. Further, I believe the problem of unfair Canadian lumber trade will only be solved when they stop their unfair practices or the U. S. government will fully offset the unfair trade and return the funds to injured U. S. producers.**

**Sincerely,  
Wetsel-Oviatt Lumber Co.**

**CECIL L. WETSEL, Jr  
President**