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October 3, 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:

Konkolville Lumber Company is being and has been injured by subsidized and dumped Canadian lumber. We have and continue to loose sales of our domestically produced lumber to subsidized Canadian imported lumber. Many times we are forced to reduce prices to extremely low and unprofitable levels in order to compete with the lumber dumped into the market from Canada.

These conditions have led to significant decreases in profitability which has caused significant reductions in investment back into the business. Given the fact that we operate in a commodity market, Canada's advantage with the subsidized lumber creates a measurable advantage that significantly damages the rest (i.e. domestic producers) of the market.

The problems with dumped Canadian lumber did not ease after imposition of duties in May 2002. Unlike Canadian producers U.S. lumber producers are not subsidized by their government or pay below market price for the timber they process.

We pay the market price for standing timber, harvesting costs, transportation, and all other related 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 timber is harvested at subsidized rates that do not reflect market forces and that are unfairly low. The U.S. Commerce Department 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.

We are aware of the Department's notice requesting comments on the advisability of deducting CVD's in antidumping calculations, and we are in favor this deduction. This is a very important issue to Konkolville Lumber Co and our industry since this is the only way to place Canadian mills on a level playing field.

Our major trading partners, including Canada and the European community, treat duties as a cost in calculating dumping. Congress certainly intended that unfair trade be offset to the maximum extent possible.

The enormous problem we face with the Canadian lumber trade can only be solved when the Canadian government and mills get the message that they must stop their unfair practices or the U.S. government will fully offset the unfair trade (and return the funds to injured U.S. producers). Our government's failure to resolve this problem simply encourages continued unfair trade.

We hope this problem is corrected as soon as possible. Any further delay allows Canadian mills to continue to benefit from unfair trade and to avoid serious negotiations.

Sincerely,

A handwritten signature in black ink, appearing to read "Donald J. Konkol". The signature is written in a cursive style with a large, looped initial "D".

Donald J. Konkol, President  
Konkolville Lumber Company