

January 15, 2007

Susan H. Kuhbach
Senior Office Director for Import Administration
U.S. Department of Commerce
Central Records Unit
Room 1870
Pennsylvania Avenue and 14th Street, NW
Washington, DC 20230

Comments Re: Application of the Countervailing Duty Law to Imports from the PRC

Dear Ms. Kuhbach:

Thank you for this opportunity to submit comments on the application of the countervailing duty law to imports from the People's Republic of China (PRC). Timber Products Company is an 89 year old privately owned wood products manufacturer with 1,400 team members located around America. While we are a very diverse company, our primary product is hardwood plywood.

I understand that Commerce is reviewing its policy as to whether it can apply the countervailing duty law to imports from China. As you know, in 1984 Commerce decided, under a previous statute, that the countervailing duty law could not be applied to non-market economies such as China. You will also recall, however, that the relevant provisions of US law was amended in 1994, such that Commerce's current interpretation and policy do not agree with the amended law.

Accordingly, Commerce may, and in fact should, revise its interpretation to permit the application of countervailing duty law to imports from China.

Chinese trade-distorting subsidies that injure US industries should not be beyond the reach of US countervailing duty law, particularly in light of the broad and continuing increase in Chinese imports and the expanding bilateral trade deficit with that country.

We fully support the application of the countervailing duty law to imports from the PRC and respectfully request that the U.S. Department of Commerce reverse its policy of not applying the CVD law to non-market economies such as the PRC.

Timber Products Company welcomes the challenge posed by foreign competition, but only if those foreign companies are competing on the same basis as domestic manufacturers. Chinese hardwood plywood producers receive a number of competitive advantages ranging from artificial currency manipulation to lax environmental standards

to unfair governmental subsidies, that allow them to produce hardwood plywood at up to 30% lower cost than our domestic manufacturers.

Although the U.S. Government has been actively engaged with China on these issues and has forced some movement towards fairer competition, Timber Products Company feels that our government should have the use of every possible tool at our disposal when negotiating with the Chinese. Therefore, we believe it is crucial that the U.S. Government have the *option* of applying countervailing duties, where appropriate, to Chinese imports. Without this tool, we are handicapping our ability to negotiate from a position of strength.

Timber Products Company is ready and willing to work with the appropriate government agencies to help secure fair competition with Chinese imports. We are in full support of the efforts recently undertaken by Senator Wyden in this regard.

Thank you for your consideration of my position on this very important issue.

Sincerely,

Gail Overgard
Vice President, International Division