

Hankins, Inc.

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October 8, 2003

The Honorable James J. Jochum
Assistant Secretary for Import Administration
U.S. Department of Commerce, Central Records Unit, 1870
Pennsylvania Ave. & 14th Street, NW
Washington, DC 20230
Attention: Section 201 Duties

Dear Assistant Secretary Jochum:

In existence since 1989, Hankins, Inc. is a modern softwood producer located in Ripley, Ms that employs approximately 100 mill employees. During the years from 1994 through 2000 Hankins, Inc has spent over 12 million dollars modernizing the facility so that it could provide good jobs and an efficient forest products facility in Northeast Mississippi. As a lumber producer, Hankins, Inc. pays market prices for standing timber, logging costs, transportation, and many other expenses involved in obtaining logs for the production of pine lumber. All of these costs must be reflected in a fair price if we are to remain an employer as a softwood producer in Mississippi.

Unlike U.S. softwood producers, Canadian producers purchase timber at government-subsidized rates that are not only extremely low when compared to the U.S. rates but also they do not reflect a market driven system of pricing. As we all know, the Department of Commerce imposed duties to offset the subsidies, but the Canadian prices continue to demonstrate unfair price practices because the Canadian mills have decided to overcome the losses by increasing their market share or as it should be called "dumping".

The current policy does not include countervailing duties when calculating dumping rates, but to fairly consider costs, countervailing duties should be added in the calculation process. The subsidy duty is imposed in an effort to equalize the market environment between importers and the domestic industry by offsetting the value of the subsidy. This promotes a competitive market environment with consideration given to all the true costs of producing lumber. We urge you to consider changing the Department's policy to align it with current policy in both Canada and the European Community.

The issue of unfair Canadian trade will only be solved when the Canadian Governments and the mills clearly understand that they must alter their current unfair log pricing system or the U.S. government will fully offset the unfair trade and return the collected duties to the injured U.S. producers. Failure to address the above issues simply encourages continued unfair trade and weakens the U.S. lumber producers.

The issue of adding the countervailing duty to the calculation process of the anti-dumping duty is very important to the survival of the U.S. softwood lumber producers. At the end of the third quarter, Hankins, Inc. had accumulated losses exceeding \$1,400,000, therefore, the importance to Hankins, Inc. and its 100+ employees prompted this response to your request for comments on the policy in the September 9 Federal Register.

I hope the Department of Commerce will amend its policy and begin treating duties as a cost immediately and begin fully offsetting the aggressive dumping practices of some Canadian lumber importers.

Respectfully

Harold W. Hankins