

covered under the scope of this order and may be classified under HTSUS subheadings 4418.90.45.90, 4421.90.70.40, and 4421.90.97.40.

Finally, as clarified throughout the course of the investigation, the following products, previously identified as Group A, remain outside the scope of this order. They are:

1. Trusses and truss kits, properly classified under HTSUS 4418.90;
2. I-joist beams;
3. Assembled box spring frames;
4. Pallets and pallet kits, properly classified under HTSUS 4415.20;
5. Garage doors;
6. Edge-glued wood, properly classified under HTSUS item 4421.90.98.40;
7. Properly classified complete door frames;
8. Properly classified complete window frames;
9. Properly classified furniture.

In addition, this scope language has been further clarified to now specify that all softwood lumber products entered from Canada claiming non-subject status based on U.S. country of origin will be treated as non-subject U.S.-origin merchandise under the countervailing duty order, provided that these softwood lumber products meet the following condition: Upon entry, the importer, exporter, Canadian processor and/or original U.S. producer establish to CBP's satisfaction that the softwood lumber entered and documented as U.S.-origin softwood lumber was first produced in the United States as a lumber product satisfying the physical parameters of the softwood lumber scope.⁵ The presumption of non-subject status can, however, be rebutted by evidence demonstrating that the merchandise was substantially transformed in Canada.

Methodology

A. Stumpage Programs

These preliminary results include companies that source less than a majority of their wood (less than 50 percent of their inputs) from the United States, the Maritime Provinces, Canadian private lands, and/or Canadian companies excluded from the order, and have acquired Crown timber through their own tenure contracts. We have included in our subsidy calculations only harvested softwood sawlogs processed by the firm's sawmills. We calculated company-

specific rates as follows: To obtain the company-specific stumpage benefit for logs harvested under a company's own tenure, we first calculated, on a species-specific basis, an average unit benefit from "Crown land harvesting" by dividing the stumpage fees each company paid by the total quantity harvested from Crown land to obtain the stumpage price. The resulting unit stumpage price was adjusted by the company-specific unit tenure costs to derive an adjusted stumpage price for each species.⁶ The adjusted species-specific stumpage price then was compared to the appropriate benchmark for that province to determine the species-specific benefit per-unit, which was multiplied by the harvest volume⁷ for each species to obtain the total species-specific benefit. Species-specific benefits were summed up to derive the total benefit from Crown land harvesting. For all wood inputs (logs and lumber) from other subsidized sources, we applied the same methodology used in Group 1: We calculated the benefit by multiplying the quantity purchased by the province-specific stumpage benefit amount calculated in the underlying investigation (*i.e.*, the average per-unit differential between the calculated adjusted stumpage fee for the relevant province and the appropriate benchmark for that province). Also see *Notice of Final Affirmative Countervailing Duty Determination and Final Negative Critical Circumstances Determination: Certain Softwood Lumber Products From Canada (Final Determination)*, 67 FR 15545 (April 2, 2002), and Issues and Decision Memorandum: Final Results of the Countervailing Duty Investigation of Certain Softwood Lumber Products from Canada (*Investigation Decision Memo*).

We then divided the combined stumpage benefit resulting from harvesting under a company's own tenure and from purchases of logs and lumber through other subsidized sources by the appropriate value of the company's sales (scope and non-scope softwood lumber products, net of resales, and softwood lumber by-products) to determine the company's estimated subsidy rate from stumpage and then added any benefit from other programs to obtain the net subsidy rate for the company.

As indicated in the *Notice of Initiation/Round 1*, we have not

attributed a benefit to (1) logs or lumber acquired from the Maritime Provinces, (2) logs or lumber of U.S. origin, (3) lumber produced by companies excluded in the investigation, and (4) logs from Canadian private land. See 67 FR 46955, 46957. Furthermore, we are not including logs which the companies claim to have acquired and resold without any processing in our subsidy rate calculations. In addition, we are also not including in our subsidy calculations lumber purchased and resold without any further manufacturing.

Other Programs

In the underlying investigation, the Department determined that the province of British Columbia provided countervailable benefits under the Forest Renewal program and the Job Protection program, while the province of Quebec provided countervailable benefits under the Private Forest Development Program (PFDP), loans issued by Investment Quebec, lending under Article 28 of the Society for the Industrial Development of Quebec (SDI), and loans issued by the Society for the Recuperation and Development of Quebec Forests (Rexfor). Based upon our decision in the underlying investigation, the Department requested information from companies regarding the use of these programs.

Kalesnikoff was the only one that reported using one of such program, the Forest Renewal program. However, Kalesnikoff reported that it did not receive any grants or loans under this program during the POR; rather it acted as a delivery agent for silviculture and resource inventory activities. Kalesnikoff was reimbursed for non-profit activities on behalf of the Forest Renewal Program for the administration and overhead costs incurred in delivering this program to the Province. On this basis, we preliminarily find that Kalesnikoff did not receive countervailable benefits under this program. No other company reported using any of the British Columbia or Quebec programs during the POR.

Analysis of Comments Received

Comment 1: Whether Timber Sale Licenses Should Be Considered as Tenure Agreements and Cambie Cedar Products Ltd. Should Be in Group 2

Cambie Cedar Products Ltd. (Cambie) asserts that there are several kinds of tenure arrangements in British Columbia which are considered both short-term agreements and long-term agreements. Cambie argues that Timber Sale Licenses cannot be described as

⁵ See the scope clarification message (# 3034202), dated February 3, 2003, to the CBP, regarding treatment of U.S. origin lumber on file in the Central Records Unit, Room B-099 of the main Commerce Building.

⁶ These cost adjustments were limited to those granted in the underlying investigation.

⁷ Certain companies reported that certain harvested softwood sawlogs were not used in lumber production. These were excluded from our calculations.