

3.6.1.2.5 Calculation of the Subsidy

Commerce compared current domestic log prices with what prices would be without the log restrictions. Commerce rejected the petitioner's request that it use a cross-border analysis because, as noted with respect to stumpage, Commerce's methodology focused on circumstances within the political jurisdiction under investigation.

Domestic Price: Commerce calculated prices for coastal log exports based on Vancouver log market prices. It used observed log prices for the tidewater interior and 1989 Statistics Canada information for the border interior. Commerce weight-averaged the data according to the percentage of the harvest from each area capable of exporting. Commerce made a species/grade adjustment to the domestic prices to account for differences between timber in the interior and coastal areas.

Export Price: Commerce derived export prices from Statistics Canada data. Commerce then adjusted the export prices downwards by a price equilibrium factor to reflect the decrease in export prices that would occur if the log export restrictions were lifted. Commerce also made adjustments to the export price for export-related costs (i.e. export sort costs).

Integrated Firms: Commerce found that the log export restrictions benefited integrated firms as well as firms that purchased logs. The restrictions served to subsidize lumber production of integrated firms because the firms were discouraged from selling or exporting logs as a result of the reduced prices and the restrictions.

3.6.1.2.6 Country-wide Rate

Commerce compared the domestic and adjusted export prices. It allocated the benefit to lumber and other products made in the lumber production process based upon the value of shipments. The resulting rate was weight-averaged based upon British Columbia's percentage share of exports to the United States. Commerce found a log export subsidy of 3.60%. In its preliminary determination, Commerce had calculated an 8.23% rate.

3.6.1.3 General Calculation Issues

3.6.1.3.1 Country-wide Rate

Commerce calculated a single country-wide rate instead of province-specific rates. Commerce noted that its long-standing practice was to calculate country-wide, and not province-specific, rates. Commerce did not calculate any company-specific rates.