ATTACHMENT

Attachment to U.S. Second Answers to Panel Questions

This Attachment responds to the Panel's Question 86 concerning Canada's misstatements and areas of factual disagreement. The absence from this Attachment of any particular statement by Canada should not be construed as agreement with that statement or acknowledgment of its accuracy.

Canada's Misstatements and Areas of Factual Disagreement	U.S. Response
Standard of Review	
"Simply, it is not the case, as the United States would have it, that Commerce has absolute discretion and must be accorded absolute deference on questions of fact." (Canada Second Written Submission, para. 6)	The United States never claimed that Commerce has absolute discretion and must be accorded absolute deference. It merely recalled the explanations provided by panels and the Appellate Body of the applicable standard of review under Article 17.6. (*See, e.g.*, U.S. First Written Submission, paras. 29-43.)
Initiation	
"[T]he Application provides no information on transaction prices and grossly inadequate information on costs to support its allegations." (Canada's Responses to the Panel's Questions, para. 13; *see also id.*, para. 57 ("no actual Canadian price or cost data")). The same submission contains similar statements with respect to price at paras. 17, 47, 61, and with respect to cost at paras. 16, 61. "[The] Application included no cost data for Canadian producers	The Application provided extensive information on softwood lumber transaction prices, including prices from *Random Lengths* (which publishes "actual, historical prices" (Exhibit CDA-133, p. 1)), data on price offers in the affidavits, and data (ultimately not used) on average MBF prices from the British Columbia Ministry of Forests. (*See, e.g.*, U.S. First Written Submission, paras. 50-52, 57-62; U.S. Response to Question, paras. 14-16; U.S. Second Written Submission, paras. 16-19.)

. . . and no price data for actual transactions involving Canadian producers." (Canada Second Written Submission, para. 10.) The "Applicant did not provide any actual cost data for Canadian producers." (*Id.*, para. 39.) "[T]he Applicant provided no data on home market or export sales from any Canadian company. . . . [T]he Applicant did not provide costs from any Canadian companies." (Canada Second Oral Statement, para. 12; *see also id.*, para. 16.) "Commerce effectively relied on the manufacturing costs of two US mills to justify initiation." (Canada Second Oral Statement, para. 27.)	The Application also provided extensive information, sufficient for initiation, on the costs associated with the production of softwood lumber, including cost data from the financial statements of Canadian lumber producer Tembec and cost data from Canadian sawmills compiled and published by Canadian provincial and national government entities. (*See, e.g.*, U.S. First Written Submission, paras. 53-55; U.S. Answers to Panel Questions, para. 16; U.S. Second Written Submission, paras. 23-32; Opening Statement of the United States at Second Meeting, para. 24, Closing Statement of the United States at Second Meeting, para. 7.) As explained in detail in the above-mentioned submissions and as demonstrated by the record documents cited therein, Commerce relied upon data on softwood lumber manufacturing costs of Canadian mills contained primarily in Canadian government and private sources (stumpage, harvesting costs, labor, electricity, fuel, and wood chips). The U.S. mills primarily provided factor usage data. (U.S. First Written Submission, para. 53; U.S. Second Written Submission, para. 24.) Cost data from the U.S. mills were used only with respect to factory overhead, planer shavings, and sawdust/bark. (*See* petition exhibits VI.C-1 at 1 (Exhibit US-2) (Quebec cost calculation - used for cost test and constructed value) and VI.D.1 at 1 (Exhibit US-3) (British Columbia costs - used for constructed value only)).

"*Random Lengths* [is] an industry publication that provides only price estimates - not prices." (Canada's Responses to Panel Questions, para. 17. The same submission contains similar statements regarding the nature of the *Random Lengths* data at para. 18-20, 22.) "The evidence on prices consisted of estimates from an industry publication" (Second Written Submission of Canada, para. 48; *see also id.*, para. 52 (the *Random Lengths* data are "merely estimates or judgments based on informal inquiries by Random Lengths' staff")). "Commerce relied on informal price estimates from a trade publication." (Canada Second Oral Statement, para. 12.) "Commerce relied on *Random Lengths* data, which are estimates of what prices could have been." (Canada Second Oral Statement, para. 27.)	Petition Exhibit III.12 (Exhibit CDA-133) contains two documents from the *Random Lengths* website: "How Reported *Price*s are Determined" (emphasis added) and "Answers to Questions About the *Prices* Published in Random Lengths" (emphasis added). As described in greater detail in that exhibit, the published prices are "actual sales prices" (How Prices Determined, page 2 para. 2) that "reflect levels at which stock has actually traded between manufacturers and their customers." (*Id.*, page 1, para. 5; *see also* "Questions About Prices," pages 1-2). (*See* U.S. Second Written Submission, para. 16 and the exhibits cited therein.) The statement at para. 52 of Canada's Second Written Submission is particularly egregious, because it is presented as a conclusion from a statement by *Random Lengths* that the prices it publishes are "not averages" and not "determined by a model." This quoted exhibit is the same one that includes the above-quoted clarification that, rather than averages or the results of a model, the *Random Lengths* prices are not "estimates" but "actual sales prices" at which "stock has actually traded."
"[The Weldwood data] might very well have contradicted and nullified the information provided by the Applicant." (Canada's Responses to Panel Questions, para. 15.) "[I]t is clear this is a case in which information presented after the decision to initiate could have invalidated" the information	The United States disagrees that the Weldwood data were "relevant" to the question of whether the application contained "sufficient evidence" to support initiation and, later, continuation of the investigation. (*See, e.g.*, U.S. First Written Submission, paras. 65-81; U.S. Answers to Panel Questions, para. 12; U.S. Second Written Submission, paras. 14-15.) As

on which Commerce based its initiation decision. (Canada's Responses to Panel Questions, para. 57.) "It is apparent that actual sales and cost data information available to the Applicant could have invalidated the information upon which Commerce relied." (Canada's Responses to Panel Questions, para. 58.) Weldwood data was "better and more representative data" than that provided in the Application. (Canada's Responses to Panel Questions, para. 48.) Commerce initiated on the basis of an Application that "did not contain certain *highly pertinent* transaction-specific information reasonably available to the Applicant." (Canada Second Written Submission, para. 10.) The United States has "admitted" that it declined to analyze the Weldwood data. (*See, e.g.*, Canada Second Written Submission, para. 60; *see also id.*, para. 61 (characterizing Commerce's decision not to examine the Weldwood data during the investigation as "wilful blindness")). "Commerce knowingly ignored relevant . . . data." (Canada Second Oral Statement, para. 26.) The United States has "admitted" that the Application contained information indicating that Weldwood was owned by International Paper. (Canada Second Oral Statement, para. 22.) "[T]he Weldwood-International Paper relationship establishes	demonstrated in detail in those submissions, the evidence that was contained in the application constituted more than "sufficient information" to justify both the initiation and the continuation of the investigation. By definition, data on Weldwood, had it been sought prior to initiation or analyzed as a voluntary submission following initiation, could only have shown whether Weldwood was dumping. Data for this single company could not have negated evidence in the application demonstrating widespread dumping of softwood lumber by Canadian companies. Although the Weldwood data could have contributed to a determination of dumping, it was impossible for it to contradict other evidence of dumping. Thus, the question of whether or not Weldwood data were "reasonably available" prior to initiation is also irrelevant. The statement that the United States did not analyze the Weldwood data is incorrectly characterized by Canada as an "admission," which suggests a recognition of error on the part of the United States. Because the United States was in no way required to analyze the Weldwood data, this was simply a statement of fact. (*See* U.S. Opening Statement at Second Panel Meeting, para. 14.) Likewise, the statement that the application contained information on the Weldwood-IP relationship was not an "admission." (*Id.*) Because Commerce based its initiation decision on the information contained in the application, it did not examine what legal arrangements may have existed for data sharing between Weldwood and IP. (*See* U.S. Answers to Panel Questions at para. 12.)

that actual cost and price information from [Weldwood] was readily available to the Applicant." (Canada Second Oral Statement, para. 22.)	
"The Application contains nothing more than a simple assertion about a price allegedly offered by what the Applicant claims were Quebec producers." (Canada's Responses to Panel Questions, para 25.) *See also* Canada Second Written Submission, para. 48 ("unsubstantiated anecdotal reports in two affidavits"), para. 56 ("little more than unsubstantiated assertions"). "Commerce relied on . . . two anecdotal reports not linked to any Canadian producer." Canada Second Oral Statement, para. 12. *See also id.*, para. 27 ("Commerce relied on . . . two vague anecdotal reports").	Under U.S. law, as under the law of other WTO Members, a sworn affidavit constitutes evidence, not a "simple assertion" or an "unsubstantiated report." Furthermore, the Quebec producer prices were accepted, not merely offered, as the affidavit clearly indicates that sales were made at the quoted price: the affiant "lost the sale" to Quebec producers "selling eastern SPF at US$225/MBF" with respect to four particular potential customers. (*See* U.S. First Written Submission, paras. 59-60 and notes thereto; U.S. Second Written Submission, paras. 18-19 and notes thereto.)
"The affiant [for B.C. price quote #1] assumed that 'the mark-up received by lumber wholesalers in the United States has historically been five (5) percent of the purchase price.' ... The Application provided no evidence in support of this assumption." (Canada's Responses to Panel Questions, para. 26, note 28.)	The "affiant" did not "assume" that this was the historical mark-up. Instead, the affiant's sworn affidavit so stated. An affidavit, under U.S. law, as under the law of other WTO Members, is itself evidence. Further, the information on the affiant's expertise contained in the affidavit provided a basis for Commerce to decide what weight to give affidavit. (*See* U.S. First Written Submission, paras. 59-60 and notes thereto; U.S. Second Written Submission, paras. 18-19 and notes thereto.)

Commerce made its initiation determination "relying on the claim that no better information was reasonably available." (Canada's Responses to Panel Questions, para. 43; similar claims were also made at *id.*, paras. 35, 43, 56.)	Commerce's initiation decision was based solely on the adequacy of the information contained in the application, not on any claim that "better" information was not available. (*See, e.g.*, U.S. First Written Submission, paras. 64-65, 78-79.)
"A review of the evidence reveals that, in fact, the US mills relied upon by the Applicant were not significant producers of softwood lumber and were not representative of the Canadian mills for which their costs were used as a surrogate." (Canada's Responses to Panel Questions, para 35.) *See also* Canada Second Written Submission, paras. 40-42 (no evidence provided in the application on "significant producers" or on production facilities in comparable regions of the United States). "Commerce had no evidence before it" to support conclusion that the U.S. surrogate mills were representative. (Canada Second Oral Statement, para. 18.) "Indeed, the record does not appear to contain any information . . . regarding the operations of the US surrogate mills." (*Id.*, para. 19.) "The United States has responded to Canada's claims [with respect to the U.S. mills used to provide utilization factors for the cost test] with nothing but assertions." (Canada Second Oral Statement, para. 20.)	Canada's assertions are unsupported. (*See, e.g.*, U.S. Second Written Submission, para. 25 and notes thereto; *see also* U.S. Answers to Questions 88 and 90 of the Panel's Questions to the Parties of 13 August 2003.) For example, in addition to the operational information contained in the affidavits, information on the mills in question was included in an exhibit to the application (*i.e.*, U.S. Department of Agriculture Publication *Profile 2001: Softwood Sawmills in the United States and Canada* (Exhibit CDA-51, Enclosure 3)). The introductory section to that exhibit notes that the report "focuses on large permanent operations that make up the bulk of the industry." (Exhibit CDA-51, Enclosure 3, at 1.) With respect to the alleged absence of information in the application regarding the geographic regions (*i.e.*, location) of the U.S. mills at issue, this information is closely associated with the identity of the mills, and was, of course, included in the business confidential version of the application.
"No evidence of the method used to calculate manufacturing costs for the SPF species or of how company costs were	The method used to calculate manufacturing costs was described and extensively documented in Volume VI of the application.

allocated to the specific 2x4 kiln-dried dimension or stud lumber" (Section heading for Canada's Responses to Panel Questions, paras. 37-38). *See also* Canada Second Written Submission, para. 44. "[T]he Applicant did not provide information on how the costs of the US surrogate mills were allocated to the . . . products at issue." (Canada Second Oral Statement, para. 19.)	(*See, e.g.*, Exhibit CDA-10 (Initiation Checklist), at 8-9 and exhibits cited therein; U.S. First Written Submission, paras. 53-56 and exhibits cited therein.) Following normal industry practice, these costs were allocated to individual products, for the most part, on a per-species, per MBF basis. In addition to above sources, *see also* U.S. Second Written Submission, para. 27, and sources cited therein. (The exception, the allocation of stumpage costs in British Columbia across all species, was, in fact, more favorable to Canadian respondents than an "SPF" only allocation would have been. (U.S. Second Written Submission, para. 28, and sources cited therein.)) That it is "normal industry practice" for the softwood lumber industry to use species-specific, MBF data was never seriously contested during the investigation. For example, *Random Lengths* data are species-specific, per-MBF data, and the investigation demonstrated that most respondents keep company records on this basis. This provided a reasonable basis for allocation of manufacturing costs across products for purposes of initiation. Finally, the resulting demonstration, for purposes of initiation, of the widespread existence of below-cost sales in Canada was later corroborated by the similar results obtained for purposes of the Final Determination, even when the cost test was conducted using a more elaborate, value-based, allocation methodology. *See also* the response of the United States to Panel Questions 88 and 90 for a more complete answer regarding the cost model.
"Commerce relied upon an average freight cost from Quebec to the United States including in that average an estimate for freight cost from the Maritime provinces." (Canada's Responses	The very document Canada relies upon for this assertion belies Canada's claim. The freight cost affidavit Canada cites as support for this assertion provides separate, per-MBF, freight

to Panel Questions, para. 40.)	rates for shipment to Boston from four regions, one of which is the Maritime provinces. The average per-MBF freight cost Commerce used for sales from Quebec to the United States was $29, the average of the cost for shipment from Northern Quebec, Southern Quebec, and the Gaspe Peninsula (which is also part of Quebec). Had the cost for the Maritime Provinces been included, the average would have been $30.50 per MBF. (*See* U.S. Second Written Submission, para. 32, and exhibits cited therein.)
"The United States has claimed that the Application at issue 'contained data on cost of production, home market sales, and export price for many companies in the two largest lumber-producing provinces in Canada.' However, the United States has now conceded this statement is untrue." (Canada Second Oral Statement, para. 12.)	The United States has not "conceded" that its earlier statement concerning the data in the application was "untrue." Throughout this dispute, the United States has been consistent in its discussion of the application. (*Compare* U.S. First Written Submission, paras. 52-62, *with* U.S. First Answers to Questions, para 14.) Paragraphs 21-22 of the U.S. Second Written Submission, which Canada cites as support for its assertion, do not address what is "contained" in the application. Instead, they explain why it was sufficient for Commerce to "use" only the Quebec data from the application in conducting the cost test it used for purposes of initiation. In other words, although the British Columbia home market price data contained in the application also showed widespread below-cost sales, Commerce did not rely upon these data in making its initiation decision.
Product Under Consideration	
"[T]he United States subordinated its use of the *Diversified Products* criteria to a "no clear dividing line"/"continuum" test." (Second Written Submission of Canada, para. 70.)	Commerce did not "subordinate" the *Diversified Products* test to any other test. The *Diversified Products* test is itself a means of determining if "clear dividing lines"exist in the first place.

"[T]he United States has made clear that it applied that test [the *Diversified Products* test] only as part of, or subsidiary to, its test for a "continuum" or "no clear dividing line." (*Id.*, para. 87.)	Canada misconstrues two sentences taken out of context. (*See* U.S. Second Opening Statement, paras. 35-38; U.S. Response to Panel Question 91.)
"The panel in *Indonesia–Autos* forcefully rejected the argument advanced by the European Communities, which is the equivalent of the position espoused by the United States in the present case [with respect to like product]." (Canada Second Written Submission, para. 80.)	The position espoused by the United States in the present case is not the same as that advanced by the European Communities in *Indonesia-Autos*. That dispute is not relevant to the present dispute for the reasons discussed at paras. 40-41 of the U.S. Second Opening Statement.
"The United States, in paragraph 6 of its Answers to Questions, claims that Canada is asking for *de novo* review by claiming that the 'product under consideration' 'should have been limited to commodity dimension lumber.' This is not correct; Canada is not seeking to limit an investigating authority's ability to investigate all products under consideration." (Canada Second Written Submission, para. 109, note 105.)	Canada's statement of what the product under consideration "should have been limited to" (Canada First Oral Statement, para. 35) plainly is an invitation to the Panel to substitute its findings of fact for the investigating authority's findings of fact. In urging upon the Panel a particular definition of the product under consideration, Canada is seeking a standard of review not supported by Article 17.6 of the AD Agreement.
Due Allowance for Physical Differences	

"As set forth below, the record evidence before Commerce established that dimension affects price comparability, and thus met any burden of proof. Indeed, the issue was not disputed by any party in the proceedings before Commerce." (Canada Second Written Submission, para. 113 note 107.); "Commerce effectively determined that dimensional differences affected price comparability." (Canada First Opening Statement, para. 55.)	Canada's statement is misleading and disingenuous. Canada does not refer to any specific record evidence "establishing" an effect on "price comparability." Commerce reached a contrary conclusion on price comparability in the Final Determination. The interested parties generally were in accord on recognizing dimension as an important characteristic for purposes of model matching and for comparing products as nearly identically as possible. However, the matter at issue here, whether or not a price adjustment was warranted, required Commerce to examine the impact of dimension on price.
"What the United States seeks to create is a new and different burden on Canada as the respondent party to establish not that a physical difference affects 'price comparability,' but rather to show that the amount by which it affects price is precise and unvarying across all sales." (Canada Second Written Submission, para. 113 note 107.)	There is simply no basis for Canada's statement in any of the United States' submissions. First, the United States has clearly defended its decision not to grant a price adjustment for differences in dimension based on the obligations contained in Article 2.4 of the AD Agreement. Article 2.4 requires that there be a demonstration that the physical difference at issue affects price comparability. Commerce did not require that there be "precise and unvarying" price differences between dimensions, nor has the United States so argued. A pattern of consistent price fluctuations between dimensions would have allowed Commerce to conclude that although prices may fluctuate over time, a given product, because of a certain characteristic, will generally and consistently command a relatively higher or lower price than another product. With respect to the characteristic of dimension, Commerce did not find that the price data supported such a conclusion.
"Because Commerce refused [in the Preliminary Determination] to compute either a cost-based or price-based adjustment for differences in dimension, Commerce refused to compare prices	The Canadian respondent parties asked Commerce to examine the pricing data in order to determine (a) whether Commerce should allocate costs, based on value, to dimension, or

of any products that differed in any dimension characteristics. No one subsequently challenged or disputed this express factual finding that dimension affected price, nor did Commerce abandon it in its final determination." (Canada Second Written Submission, para. 121.)	alternatively; (b) whether Commerce should make a value-based adjustment to price for dimension. The respondents asked Commerce to look at the pricing data. Commerce looked at the pricing data. In so doing, Commerce found that the pricing data showed that prices did not move in such a way to indicate price differences could be attributed to dimensional differences. Commerce had not conducted that kind of examination for the Preliminary Determination. Therefore, even if Commerce preliminarily concluded that there were significant physical characteristics that affected price (the extent of the conclusion reached), a *specific and implied* conclusion, if any, with respect to dimension was indeed abandoned upon further evaluation of the data for the Final Determination.
Calculation of the Overall Dumping Margin	
"As the United States concedes, it was not successful in deleting the term "all" from the text of the Agreement, suggesting that the participants in the negotiations of the text of the *Anti-Dumping Agreement* did not view that term as a mere 'drafting error' and continued to understand the text as prohibiting zeroing." (Canada Second Written Submission, para. 149)	The United States did not concede that it was not successful in deleting the term "all"; rather, the United States stated that the addition of the word "comparable" satisfied its concerns with the use of the term "all." (U.S. First Written Submission, para. 170-72)
"[I]n its briefs and its responses to this Panel's questions, the United States has not denied that its practice is identical to that engaged in by the European Communities. . . ." (Canada Second Written Submission, para. 140)	The United States has made it clear that it does not have access to the computer program and detailed calculation methodologies utilized by the EC and is therefore not in a position to assess the similarities or differences in the U.S. and EC practices. (U.S. Answers to Panel's 19 June 2003 Questions, para. 46; U.S. Second Opening Statement, para. 58.)

"The United States, as a third party, made the same arguments to the Appellate Body in EC – Bed Linen that it is making here." (Canada Second Opening Statement, para. 31.)	The Appellate Body was not asked to and/or did not address a number of the argument presented by the United States to the Panel in the present dispute. These arguments include: • Article 2.4.2 provides for multiple margins pursuant to the methodologies other than weighted average-to-weighted average. (U.S. First Written Submission, para. 154) • Under Canada's interpretation, "comparable" rendered meaningless. (*Id.*, para. 156) • Under Canada's interpretation, there is differential scope of obligations under Article 2.4.2 depending upon methodology selected. (*Id.*, para. 159) • Negotiating history distinction between "zeroing" and "asymmetry" issues. (*Id.*, paras. 165-69). • Obligations of Article 2.4 are not limited to physical distinctions, but include other issues such as level of trade (U.S. Answers to Panel's 19 June 2003 Questions, para. 56). • AD Agreement does not recognize "negative dumping margins." (*Id.*, para. 57). *See also* U.S. Second Opening Statement, paras. 55-57 and 62 (restating above points).
"[I]n a comparison of export price and normal value, Commerce's zeroing methodology operated to give greater weight to transactions included in intermediate models for which export price is less than normal value, than to those for which export price is greater than normal value." (Canada Second Written Submission, para. 153.)	There is no factual basis for Canada's claim. As discussed in response to Panel Question 109, in the calculation of the overall dumping margin, the denominator includes the value of *all* export transactions examined.

Wood Chip Offsets	
" . . . West Fraser submitted a letter to Commerce arguing that the use of unaffiliated wood chip sales in British Columbia as its exclusive benchmark for BC market prices for West Fraser constituted a ministerial error." (Canada Second Written Submission, para. 267.)	This statement suggests that all of the prices for sales to unaffiliated companies Commerce used to value West Fraser's wood chips were from the same source. This is not correct. Instead, Commerce used a combination of market-based transactions to value West Fraser's wood chips. It used transactions involving wood chips from the McBride Mill, as well as transactions from West Fraser's Pacific Island Mill.
"The United States advances a false, post-hoc justification for Commerce's dissimilar treatment of West Fraser." (Canada Second Written Submission, para. 284.)	Canada's dismissal of U.S. responses to Canada's arguments as "post hoc" ignores the fact that it is Canada's arguments that are "post hoc," in the sense that they are arguments that were not made by Canadian respondents in Commerce's investigation. This is the case, for example, with respect to Canada's argument regarding the volume and representativeness of West Fraser's sales to unaffiliated entities.
"This 'normal' methodology . . . cannot be applied in an even-handed manner, as it would penalise corporations that consume their own by-products rather than selling them to affiliated or unaffiliated purchasers." (Second Written Submission of Canada, para. 312; *Cf.* "Tembec has chosen to make the cost of production of its paper less expensive, rather than selling wood chips for their market value." *Id.*, para. 313.)	Relying on the actual values that a company uses to value a by-product cannot "penalize" the company. Thus, although Canada claims that this is a "penalty," it is nothing more than a recognition of the value of the wood chips reflected on the company's actual books and records—neither a "penalty" nor a "reward."
Slocan Futures Contracts	

"[T]he United States acknowledges that Article 2.4 requires adjustments for differences that affect price comparability. . . ." (Canada First Oral Statement, para. 121.)	The United States acknowledges that Article 2.4 requires adjustments for differences *demonstrated* to affect price comparability. The word "demonstrated" in Article 2.4 indicates that the burden is on the proponent of a price adjustment to substantiate the basis for such an adjustment. Where it fails to do so, Article 2.4 does not require the authority to make an adjustment. (*See, e.g.,* U.S. Answers to Panel's 19 June 2003 Questions, para. 77.)
"It was DOC that determined that this difference [*i.e.*, Slocan's hedging contracts] affected the comparability of the two softwood lumber markets." (Canada First Written Submission, para. 273.)	Commerce expressly found that "[s]uch profit is realized from Slocan's position on the CME and as a producer of softwood lumber, but not from its actual sale of subject merchandise." (*See* U.S. First Written Submission, para. 251, *citing* Final Determination, Comment 21 (Exhibit CDA-2)).
"[T]he United States now concedes in the NAFTA Chapter 19 Proceeding that future contracts affect price comparability." (Canada Second Written Submission, para. 336.)	The statement cited by Canada —"[f]utures hedging contracts . . . are an indirect selling expense/income[.]"— is in no way a concession that future contracts affect price comparability. *See* U.S. response to Panel Question 139.
Abitibi G&A	
"Commerce made no factual findings specific to Abitibi." (Canada First Opening Statement, para. 79.)	The Final Determination at Comment 15 evidences that Commerce fully considered Abitibi's argument and evidence related to the allocation of financial costs. (Exhibit CDA-2.)

Using the COGS methodology, "Commerce allocated twice the interest expense actually incurred." (Canada Second Opening Statement, para. 71.)	The COGS methodology resulted in [[ ]] of financial costs being attributed to non-lumber products while the asset-based methodology would have resulted in [[ ]] of interest being allocated to non-lumber products. A difference of [[ ]] is not equal to "twice as much." (*See* U.S. First Written Submission, paras. 186-187.)
"When Abitibi purchases an asset such as machinery, it must pay for, and finance each year, the full value of that asset, not just its depreciation expense." (Canada Second Opening Statement, para. 77.)	Neither Canada nor Abitibi has provided any evidence that Abitibi takes the extraordinary step of financing the full value of its assets each year. This claim defies common business practices.
"[T]he amount of capital a company requires for current expenses will depend on how quickly a company is paid for its products sold. The faster it is paid, the less 'working capital' it requires, and the less it will need to borrow in order to finance current expenses." (Canada Second Written Submission, para. 184.)	There is no evidence that Abitibi takes the proceeds of all its sales to first pay for the production of goods. Because money is fungible, Abitibi may take the proceeds of sales of goods and just as easily pay for fixed assets.
"Abitibi's methodology considers every single asset, equally, and thus takes into consideration, on an equal basis, all of Abitibi's activities." (Canada Second Written Submission, para. 213; *see also* note 193.)	At most, the asset-based methodology considers costs associated with goods in inventory but in no manner considers the costs associated with the production of goods that have been sold. Thus, this methodology ignores a large part of the costs Abitibi incurs in any given year.
Tembec G&A	

"The Forest Products Group's data *were* maintained in accordance with GAAP." (Canada First Opening Statement, para. 90.)	The only evidence on the record establishes that Tembec's divisional information was not audited, and it was not shown to be kept in accordance with Canadian GAAP. (*See* Tembec's Annual Report, "Auditor's Report," at 34 (Exhibit US-12); *see also* Exhibit US-80, at 2.)
"Commerce used [Tembec's] divisional data for all lumber cost calculations except G&A and financial expenses." (Canada Second Oral Statement, para. 85.)	Commerce used Tembec's divisional data only for the very narrow purpose of removing certain packaging costs from the denominator in the calculation of the G&A ratio. Commerce did not use Tembec's divisional data for any other purpose.
"Tembec submitted documented evidence that its pulp and paper operations incurred significantly higher G&A than its lumber operations. . . ." (Canada Second Written Submission, para. 223 (citing Tembec questionnaire response referring to relative productivity of Forest Products Group).)	The productivity of assets does not determine the amount of G&A used to produce a good. In fact, no reliable evidence was presented showing that Tembec's lumber division incurred less G&A than its other divisions.
"It is impossible to audit the consolidated financial statements of a company without auditing the underlying books and records that feed into those consolidated financial statements." (Canada Second Written Submission, para. 225.)	This claim is entirely unsubstantiated. Such an indirect audit of all underlying books and records contradicts the auditor's statement to Tembec's financial statement. The auditor's statement identifies what was audited and does not include the divisional data. (Tembec's Annual Report, "Auditor's Report," p. 34 (Exhibit US-12).)
Weyerhaeuser G&A	

"Had Weyerhaeuser considered the hardboard siding claim expense as a general expense, it presumably would have included that amount as part of the 2000 GS&A expense." (Canada Responses to First Panel Questions, para. 162.)	This statement is belied by the fact that Weyerhaeuser did not contest that another item (*i.e.* "integration and closure costs") was, in fact, a general cost, even though it was not included in the G&A line item in Weyerhaeuser's financial statements. (*See* U.S. Second Written Submission, para. 89.)
"Commerce's claim that [Weyerhaeuser] treated this charge [the hardboard siding claim expense] as SG&A is incorrect." (Canada Responses to First Panel Questions, para. 163.)	In Weyerhaeuser's financial statement, the settlement cost was not listed as a cost of production but instead as a general cost. *See* Weyerhaueser 2000 Annual Report, at 53 (Exhibit CDA-101). Moreover, Canada has failed to identify any established accounting category for this litigation cost other than the category of general cost.