

PUBLIC  
FILE

FOLIO  
No: 152

## John O'Connor and Associates Pty Ltd

(ABN 39098650241)

PO Box 329  
Coorparoo QLD 4151  
Telephone: 07 33421921  
Facsimile: 07 33421931  
Mobile: 0411252451

Email: jmoconnor@optusnet.com.au

28 November 2011

Mr Michael Kenna  
Case Manager, Operations 3  
International Trade Remedies Branch  
Australian Customs and Border Protection Service  
Customs House  
5 Constitution Avenue  
CANBERRA ACT 2601

Dear Mr Kenna

Public File

### Trade Measures Inquiry No. 176 - Structural Timber – Moxon and Company Pty Ltd Importer Visit Report

#### Introduction

I refer to the Importer Visit Report for Moxon and Company Pty Ltd ("Moxon") recently placed on the public file. The report include certain matters and comments that the Australian industry applicant companies<sup>1</sup> consider it appropriate to comment on.

#### Australian market

The applicant companies welcome Moxon's comments<sup>2</sup> to Customs and Border Protection that the "Australian structural timber market is price sensitive and transparent" and that "demand for structural timber has fallen by 19.5% in the last 12 months."

The applicant companies have sought to highlight in its application for anti-dumping measures that the local structural timber is both price sensitive and transparent, requiring local producers to respond to pricing offers and quotations of the importers of the dumped goods. It is also noted that Moxon has indicated that demand for structural demand has declined in the "last 12 months" – a period overlapping with the investigation period where imports from the eight nominated countries **increased** by almost 20 per cent.

#### Moxon supply

Due to the cessation of a non-compete clause, from 1 January 2011, Moxon has sourced structural timber initially from Sodra ex Sweden and then subsequently from Vaagen Bros ex USA. In an attempt to gain market share, Moxon has been one of the price leaders with imported structural timber.

Moxon advised Customs and Border Protection that weighted average prices across all grades and dimensions of structural timber should be used to compare with prices against local industry supply.

<sup>1</sup> CHH Woodproducts Australia (a subsidiary of BSG), Hyne and Sons, and Gunns Timber.

<sup>2</sup> Refer P.17 of Moxon and Company Pty Ltd Importer Visit Report.

The Applicants' disagree with the Moxon suggestion. It is the Applicants' position that the product grades and type are not so numerous that they cannot be individually compared with comparable imported grades of structural timber. This will ensure that "averaging" does not erode the aggressive pricing of select key import grades that have been particularly damaging to the Australian industry.

#### Injury and causal link

The applicant companies dispute Moxon's assertion that the injury suffered by the Australian industry is caused by the "business practices" of the Australian industry and not by the imports.

The Australian industry has invested significant capital in recent years to ensure that the production facilities in Australia employ the latest technologies and efficiencies available in the timber industry. The largest Australian facilities have economies of scale that are the equivalent of sawmills exporting from Europe and are certainly larger than the facilities in North America exporting structural timber to Australia. The reference to "business practices" can only be inferred as applying to the volumes processed through the facilities – and these have been directly impacted by the upsurge in imports of structural timber in 2010/11 (by 20 per cent).

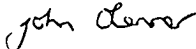
Moxon's reference to the sale of assets by a member of the Australian industry is of little consequence. The facility continues to operate and supply structural timber for sale on the Australian market. The inference that there are supply disruptions for structural timber is incorrect and unsubstantiated.

#### Conclusion

The applicant companies welcome Moxon's recognition of the price transparency of the structural timber market in Australia. The comments support the observation that the industry is a price-taker and is sensitive to import parity pricing. The applicants submit that Moxon has failed to furnish any supporting evidence to its claims that the "business practices" of the industry have been the cause of injury, and that these claims must be disregarded.

If you have any questions concerning this submission, please do not hesitate to contact me on (07) 3342 1921.

Yours sincerely



John O'Connor  
Director

Cc Mr Tim Sherry, CHH Woodproducts Australia  
Ms Christine Briggs, Gunns Timber  
Mr Chris Robertson, Hyne and Sons.