Meyer TIMBER Pty Ltd

Director Operations 3
International Trade Remedies Branch
Australian Customs and Border Protection
Customs House
5 Constitution Ave, Canberra ACT, 2601

Date: 19th October 2011

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Submission in relation to: Australian Customs Dumping Notice No: 2011/41

Alleged dumping of certain structural timbers exported to Australia.

1.0 Meyer Timber;

Meyer Timber Pty Ltd was established in 1975 by Melvyn and Marilyn Meyer and remains under the ownership of the Meyer family.

The head office is in Dandenong, Victoria and a wholly owned subsidiary by the name of Meyer Structalam in Sydney. All described as "Meyer Timber" in this document.

Meyer Timber is a diversified wholesaler stocking a broad range of forest products as demanded by the timber merchant as well as the manufacturing sectors including wall, floor and roof truss, window and furniture. Customer composition is approximately equally weighted between retail merchant and manufacturer.

Our product range includes timbers imported from around the world as well as large volumes from Australian producers, including the applicants.

We do not have any financial or other interests in any production facilities what so ever, nor do any saw mills have an interest in Meyer Timber. As such we are a true "at arm's length" wholesale operation

Our imported products of interest to Customs are sourced from Canada and Germany.

As a private company we have no ability to forego margin and have not been involved in "sales dumping". We would exit a product or find an alternative rather than have it adversely affect the company financially.

2.0 Structural Timber

Species definitions;

Trade name; Douglas fir (or Oregon)
Botanical name; *Pseudotsuga menziesii*
Grade description; F7+ (Visually graded)

Trade name; Baltic pine
Botanical name; *Picea abies and Pinus sylvestris*
Grade description; MGP10 and MGP12 (Machine graded)

Trade name; Radiata pine
Botanical name; *Pinus radiata*
Grade description; MGP10 and MGP12 (Machine graded)

(The highest demand level is for 90mmx35mm; MGP 10. MGP 10 being Machine Graded Pine. This is graded to the relevant Australian standards at the sawmills at the time of production. MGP10 is the main structural timber used in the fabrication of walls and roofs for domestic housing in Australia.)

3.0 Douglas Fir from Canada

The Douglas fir was all sourced from Canada.

Douglas fir has been a species used in the Australian market for many decades with initial imports preceding the establishment of Australian Radiata Pine plantations.

Green Douglas fir is different to the goods under consideration in several critical ways and is in fact not a 'like' product.

The structural Douglas fir in net cross sections less than 120/m2 Meyer Timber imported in FY 2010/11 differs in the following ways:

a) Moisture Content;

It was a green product i.e. it was not dried (or seasoned) while MGP graded Radiata Pine is kiln dried.

The Applicants' state regarding their own product (MGP): "... *the timber is transferred to a kiln drying process...* " (Australian Customs Service, Application for Dumping and Countervailing Duties, Part A-3-6.)

b) Specification;

The thinnest Douglas fir imported was produced at 2" and then further rougher headed resulting in a finished size of approximately <u>47mm</u> thick and lengths were available to <u>7.2</u> metres. Australian product is mainly 35mm thick and maximum length is 6.0M.

c) Grade:

It was visually graded to achieve an F7+ grade as opposed to Machine Graded Pine (MGP). F7+ should not be substituted when MGP10, MGP12 or MGP15 timber is specified. F7 Green (Unseasoned) softwood has a different span table list to MGP products.
See AS1684.2-2010 Residential timber-framed construction.

The Applicants' state regarding their own product (MGP): "*The Industry manufactures the following grades: MGP10. MGP12, MGP15.*" (Australian Customs Service, Application for Dumping and Countervailing Duties, Part A-3-6.)

d) Usage:

The Machine Grade Pine (MGP) grading rules were introduced in 1996 and construction gradually moved to this kiln dried, dressed and machine graded product. Douglas fir volumes suffered as a consequence:

Imports Of Coniferous Rough sawn - Douglas fir Ex Canada		
	M3	Vol change
1999/00	126,990	
2000/01	63,690	-50%
2001/02	64,810	+2%
2007/08	28,400	-56%
2008/09	23,800	-16%
2009/10	18,200	-24%
* Source ABARE		

Accordingly it is our opinion that the structural Douglas fir from Canada which was less 120/m2 in cross section is not relevant to this investigation as it is not a 'like' product.

4.0 Baltic Pine from Germany

The Baltic pine was all sourced from Germany.

While Baltic pine is graded to the same grade as Australian Radiata pine it has some specific differences which make it less preferred.

Some differences are:

a) Length availability
b) Strength rating:
c) Differences relating to movement rates relative to other species.

It is important to note that Meyer Timber offers both Baltic pine and Radiata pine in MGP and sold more of the Australian manufactured product.

5.0 Duty

The Baltic Pine and Douglas Fir that Meyer Timber import both attract a duty. Meyer Timber pays these duties accordingly.

6.0 Subsidies

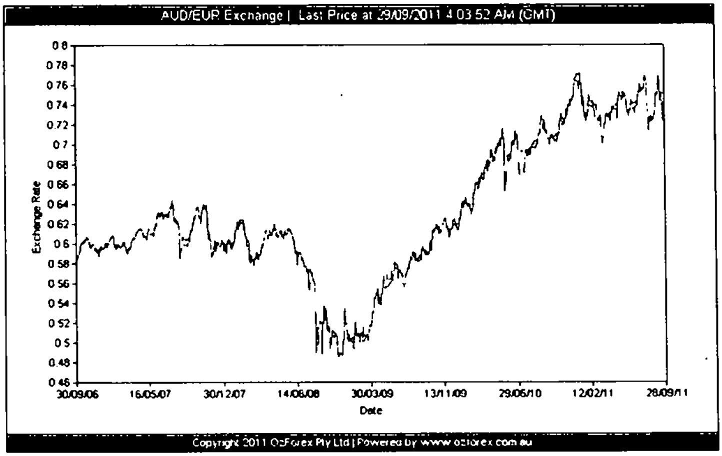
We believe our suppliers do not receive any export subsidies from their respective governments.

7.0 Rebates

Meyer Timber does not receive any rebates from any supplier in Germany nor Canada.

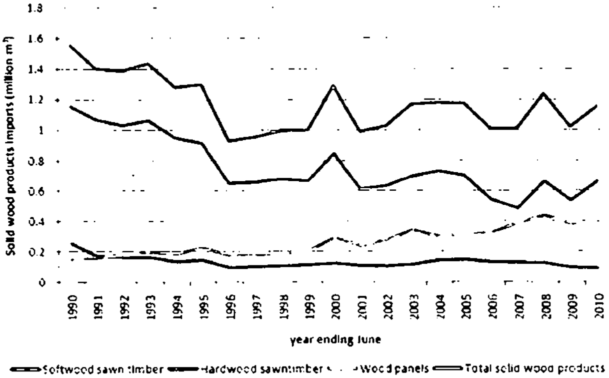
8.0 Currency

It is highly favourable to the applicant's case that the years 2007-08 have been chosen as a base. Through 2007 and 2008 the Australian dollar had traded in a band around .60 Euro. At the end of 2008 the Australian dollar dropped to trade around the .50 Euro level until mid 2009. The below table shows the rate increase for March 2009. Since this time the Australian dollar has strengthened to be trading above .70 Euro up to mid 2011.



Further, 2007-08 appears to have been the lowest level for imports of structural timber in the last 20 years, according to the following ABARES data compiled by Dr Judith Ajani, 'Australia's Wood and Wood Products Industry Situation and Outlook', February 2011:

Figure 6 Australian imports of solid wood products – product disaggregation

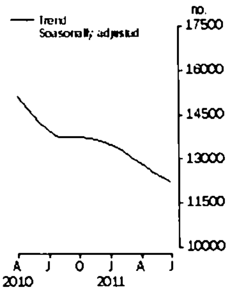


Source: ABS *International Trade, Australia* Cat. No. 5465.0 as reported in ABARES *Australian Forest and Wood Products Statistics* and *Australian Commodity Statistics*.

9.0 Market & Competition

As indicated in the Application for Dumping the single biggest indicator of demand in the market is home approval rates. As noted by the applicants, these rates are responsible for up to 70 % of the demand for structural timber. As noted on page 12 of the application housing approvals have suffered a sharp decline since January 2010 and have been declining to the present. As with any market economy a reduction in demand equals an increase in competition for the remaining market share usually resulting in lower pricing. This is a normal market outcome.

According to the Australian Bureau of Statistics, Finance approvals for dwelling constructions are down - 17.62 % for the 12 months to June 2011.

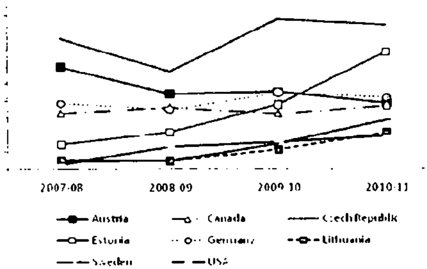


Source: Australian Bureau of Statistics.

10.0 Structural Import Volumes

It must be noted that of the countries named for this investigation both Germany and Canada have actually shown to be stable or to have decreasing import volumes. This has in fact been shown in Part C of 'The Application for Anti-Dumping Duties' put forward by the applicants. Page 29 of Consideration Report no. 176 also illustrates that Germany and Canada have not been responsible for the increase in import volumes. Canada's volumes are clearly shown earlier in this document to have been steadily declining for some years.

Structural Timber Imports



11.0 Constructing cost

While we have no knowledge about 'normal values' of structural timber in Europe, in our experience import prices have been a factor of global market factors such as exchange rate movements and log prices. For these reasons alone, we do not believe there is a reliable basis for the applicants or the department to 'construct' estimated selling prices of structural timber in countries of origin.

12.0 Summary

- Meyer Timber is an independent company purchasing structural timber (<120/m2) from sources in Australia (including all the applicants), Germany and Canada. Meyer Timber sold more of the Australian product during FY 2010/11.

- Canadian green F7+ Douglas fir should be excluded completely from this investigation. The product imported is not a 'like' product.
  Key differences being:
    - Moisture Content (green versus dry)
    - Specification (size and length availability)
    - Grade (visually graded versus machine)

- German MGP Baltic pine has less market penetration because:
    - Length availability
    - Strength rating
    - Difference in performance

- The Australian dollar has appreciated 40% from its lowest point. The applicants' have chosen the weakest importing period as their base for a market comparison.

- Demand fell with the decline in housing starts resulting in a higher level of competition. Housing starts down 17%

13.0 Conclusion

As an independent wholesaler of both domestic and imported structural timber we are in a unique position to offer a clear view of the competitive landscape of the market. We are one of few wholesalers able to buy from all the applicants and trade internationally.

We do not participate nor encourage selling product below fair market value and are confident our suppliers adopt a like minded stance.

Being a different product, green Douglas fir from Western Canada should not be considered part of this investigation.

Also if the conditions of competition in Australia are properly observed it is not appropriate to consider the effect of exports from the basket of countries selected by the applicants. That is, the advantages of Meyer Timber's German suppliers due to economies of scale and movements in the Australian dollar exchange rate over time, or the fall in domestic demand for structural timber for housing, do not justify a conclusion that there has been injury to the Australian industry caused by imports from Germany or that any putative injury should be accumulated with injury caused by price undercutting from other countries.