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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

Public File

Dear Mr Kenna

Structural Timber exported from Austria, Canada, Czech Republic, Estonia, Germany, Lithuania, Sweden and the USA – Proposed Unsuppressed Selling Price**1. Introduction**

At recent verification visits with each of the Applicant companies, Customs and Border Protection raised the issue of an appropriate non-injurious price for structural timber exported from each of the eight nominated countries.

Customs and Border Protection has a preferred hierarchy when assessing an appropriate Unsuppressed Selling Price (from which the Non-Injurious price) is determined. The observed hierarchy is as follows:

1. Method 1 - Industry selling prices at a time unaffected by dumping (i.e. an unsuppressed selling price ("USP"));
2. Method 2 - Constructed industry prices – industry cost to make and sell plus an appropriate profit;
3. Method 3 - Selling prices of non-dumped imports.

Examination of the methodologies appropriate to structural timber follows.

2. Proposed methodology

The Applicants submit that Method 1 is not appropriate, given that an industry selling price unaffected by dumping has not been available since 2007/08 and, during the intervening period, the industry's cost-to-make-and-sell has increased by approximately xxxx per cent, rendering selling prices in 2007/08 an unsuitable basis for proposing a USP that may be considered 'non-injurious'.

Method 2, being the calculation of a constructed industry price – determined separately for untreated and treated structural timber – is the most logical basis for a proposed USP. The Applicants propose that the 2010/11 costs for the industry, plus a level of profit achieved in 2007/08 best represents a Non-Injurious Price ("NIP") for the industry.

The Applicants' highlight that the lower returns achieved in 2008/09 are not suitable for applying to the industry's 2010/11 costs as economic performance across the year was impacted by the global financial crisis (sales volumes were lower by more than xx per cent).

Given that the volumes of non-dumped imports are not sufficient to influence broader Australian market prices, the Applicants consider that Method 3 is not appropriate as a basis for a USP.

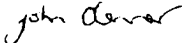
It is observed that all deductive (and ABS-sourced) export prices are below the Australian industry's USP for 2010/11 based on the deductions identified in the Deductive Export Price calculations included in the original Application.

3. Conclusion on USP

The Applicants contend that USPs for the Australian structural timber industry be based upon constructed industry prices. It is recommended that the industry's costs – separately for untreated and treated structural timber – be used as a basis for a constructed selling price, with the addition of a level of profit achieved in the 2007/08 year.

If you have any questions concerning this letter, 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 Products
Mr Chris Robertson, Hyne and Sons