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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

Dear Mr Kenna

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Trade Measures Inquiry No. 176 - Structural Timber from Austria, Canada, the Czech Republic, Estonia, Germany, Lithuania, Sweden and the USA – Submission by ATIF

Introduction

I refer to the preliminary submission of the Australian Timber Importers Federation ("ATIF") Inc. of 18 October 2011. The submission contains a number of assertions and statements that the applicant companies¹ would like to address.

Application

ATIF asserts that the structural timber dumping application by the Australian industry is *"in part designed to impede the timber product importing sector"*.

The applicant companies refute this assertion.

The application was found by the Australian Customs and Border Protection Service ("Customs and Border Protection") to contain reasonable grounds for the publication of a dumping duty notice(s). It is the applicants' view that the goods the subject of the application for measures have been exported at dumped prices and that the industry has suffered material injury as a consequence of the dumped exports. The application is targeted at unfairly priced imports and not exports at non-dumped prices.

Market context

It is further submitted by ATIF that there is an *"undeniable strain on the softwood timber industry, that cannot increase supply due to a lack of resource"*. It is the applicants' contention that this general statement is without basis today and into the future. Furthermore predictions for growth in housing in the foreseeable future are not predicted to exceed the average of the past 25 years.

The Australian industry has significant unused production capacity for structural timber supply. There is no raw material shortage for the production of structural timber. Imports of structural timber have

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

increased significantly since 2008 in direct contrast with the contraction of the Australian industry's production volumes of structural timber.

ATIF has quoted ABARE data to indicate the growth in timber demand in Australia in 2009-10. The applicants would highlight that the Australian industry producing structural timber has not participated in any of the 20 per cent growth enjoyed by imports in 2009-10. By contrast, the Australian industry's volumes have remained flat during this period.

Timber importers' position

ATIF submits that Australian timber importers of product from Europe and North America have been the beneficiaries of *"reduced processing costs resulting from lower unit costs of production because of processing efficiencies and economies-of-scale not seen in comparable Australian wood processing facilities."* The Australian industry notes that the ATIF has failed to acknowledge the substantial reductions in demand in Europe and North American markets for timber products and that domestic producers have sought alternative export markets (including Australia) to place production.

The rapid growth in imports of structural timber from the countries nominated in the application has coincided with the contraction in demand on traditional domestic markets for producers and exporters of the allegedly dumped goods.

Other factors

ATIF has further suggested that the performance of the Australian industry can be attributed to certain other factors. The Applicants strongly reject these assertions. The factors mentioned range from broad business confidence concerns, to general policy issues and a suggested lack of necessary investment in the Australian wood processing industry. In terms of business confidence and the broader policy issue concerns, both would likely impact demand for structural timber whether produced locally or imported. This has not been the case, with the allegedly dumped imports increasing volumes by 20 per cent in 2010/11 over 2009/10.

Further, the Australian industry's local production facilities have been impacted by the 20 per cent increase in imports from the nominated countries in 2010/11 as the local industry's sales volumes have declined and utilization rates have fallen. The Applicants note that there is available local supply from a number of facilities that have benefited from substantial investment in recent years.

The ATIF may find it convenient to attribute the recent performance of the local structural industry to factors unrelated to the increase in exports of dumped structural timber from the nominated countries. The dramatic increases in volumes from the countries the subject of the investigation suggest otherwise.

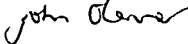
The Applicant's do not wish to comment on erroneous references to other aspects of the Timber Industry such as Hardwood and other manufactured products that are unrelated to the Goods Under Consideration (GUC).

Finally, the applicant companies reject the ATIF's claims that the Australian structural timber industry has a *"poor international competitive position"*. Many of the Applicants' mills are of comparable scale, or exceed the mills from where the allegedly dumped product originates. These Australian mills are able to generate economies of scale that exceed the levels achievable from facilities exporting structural timber to Australia at dumped prices without the additional burden of costs such as ocean freight and wharfage. Therefore the unsupported ATIF assertion cannot be considered with any degree of validity in the absence of supportive evidence.

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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.