

**A SUBMISSION TO
THE PRODUCTIVITY COMMISSION
BY
THE BRUSHWARE MANUFACTURERS' ASSOCIATION OF AUSTRALIA
REGARDING
AUSTRALIA'S TARIFF ARRANGEMENTS**

16 Princess Street
Kew, Vic. 3101

20th January, 2000

1. THE AUSTRALIAN BRUSHWARE INDUSTRY: 1998/99

The dimensions of the local industry producing brushware and like goods (as described / defined in Tariff Item 9603) are indicated in Appendix A. This document shows that there were 31 companies with 33 factories producing goods valued at A\$154.28m in the year ended 30 June 1999. Employment at the latter date was 949 persons.

The apparent size of the local market for the described/defined goods has been estimated to be as follows:

Local Production (a)	= A\$ 154.28m.
<u>less</u>	
Exports from Australia (b)	= A\$ 11.43m.
<u>plus</u>	
Imports into Australia (c)	= A\$ 86.00m.
<u>equals</u>	
Apparent Australian Demand	= A\$228.85m.

(a) At wholesale ex-factory prices.

(b) f.o.b.

(c) Value-for-Duty + 8% (to cover freight, insurance & landing costs).

The products manufactured by the Members of our Association are numerous and varied. The range is shown in the 'dot' chart at Appendix B. If the 'dot' chart were to take in non-Members, the range would not be extended greatly.

The names of the local manufacturers of brushware and such goods are listed in the following table. A few small firms may have been overlooked but, if so, then are not likely to be significant.

Addis Australia Pty. Ltd., Ryde, NSW	*
P.F. Brady Pty. Ltd., Campsie, NSW	*
B.J.J. Industrial Brushes, Smithfield, S.A.	*
B.S.B. Brushes, Seven Hills, NSW	∅
Busy Bee Brushware Pty. Ltd. Keysborough, Vic.	∅
Bissell Australia Pty. Ltd., Edwardstown, S.A.	∅
C & A Brushware Pty. Ltd., Milperra, NSW	*
The Decor Corporation Pty. Ltd., Scoresby, Vic.	∅
Dale Brooms Pty. Ltd., Williamstown, Vic.	∅
Edgar Edmondson Pty. Ltd., Marrickville, NSW	†
The Geelong Brush Co. Pty. Ltd., Breakwater, Vic.	*
Hearn's Brooms, Lismore, NSW	∅
Industrial Brushware, Sunshine, Vic.	∅
Josco S.F. Products Pty. Ltd., Lonsdale, S.A.	∅
Longara Brush Pty. Ltd., Strathpine, Queensland	*
Mc Cormack Brushware Pty. Ltd., Wingfield, S.A.	†
E. D. Oates Pty. Ltd., Reservoir, Vic.	*
Oldfields Pty. Ltd., Campbelltown, NSW	*
W & S Plastics Pty. Ltd., Bankstown, NSW	*
P & C Brushes Pty. Ltd., Campbellfield, Vic.	∅
QIBC Industries, Fairfield Gardens, Queensland	∅
Queen Brooms Pty. Ltd., Tumut, NSW	∅
Raven Products Pty. Ltd., Lonsdale, S.A.	∅
Rokset Industries Pty. Ltd., St Marys, S.A.	*
Rota Cota (Div. of Selley Chemical), Padstow, NSW	*
Royal W.A. Institute for the Blind, Marylands, W.A.	∅
Roytal Enterprises Ltd., Kew, Vic.	*
Sabco Australia Pty. Ltd., Woodville, S.A.	*
Schlegel Pty. Ltd., Chipping Norton, NSW	∅
Sunny Brushware Supplies, Morley, W.A.	∅
Thompson Brushes Pty. Ltd., Port Macquarie, NSW	*

* Members of this Association

† Not Members, but support this submission

∅ Not Members, and did not comment on draft submission.

2. RESTRUCTURING OF THE INDUSTRY

The Commission will have access to the information tendered on our industry at the time of the comprehensive review of the Tariff by the Industries Assistance Commission. Between then and now, the industry has been radically re-structured. In order to provide some sort of an insight into the transition, two documents have been attached to this submission – identified as Appendices C1 and C2. The former is a short historical essay on the brushware manufacturing in Australia and New Zealand, written and published some 30 months ago. The latter is an up-dating statement.

It will be noted that, under the influence of greatly reduced Tariffs, extensive inter- and intra-company re-structuring has taken place. Initially, there was a reduction in the number of firms but entrants into the industry have raised the numbers to around former levels. Be it noted, however, that many or most of the new entrants are small firms which are focussed on niche markets.

The Tariff reductions have been erratic. Moreover, a zero-rate target was not foreshadowed at first, as we recall it. If it had been promulgated at the beginning, corporate planning would have followed a different path and capital would have been deployed differently or, in some cases, would have been with-held. It seems, at least to us, that industry policy has been replaced with a goal to reduce, then eliminate, Tariffs and much of this has been done in and around international trade negotiations. Despite the observations in Peter Golding's biography of Sir John Mc Ewen (Melbourne University Press), and other publications, we do not pretend to understand what the rationale has been, nor what the benefit might be, for these issues do not seem to have been canvassed in an inquiry of the kind that produced the Brigden Report in 1929. However, we do share the puzzlement expressed by Mr Tom Fitzgerald in his 1990 Boyer Lectures (refer Extended Edition).

It has been put about in recent years that the globalisation of national economies is under way; that it is being expedited by electronic

communications; and that Australia can't avoid it. That is undoubtedly true up to a point, but we have also noted that:

- (a) Professor Geoffrey Blainey has written that "ideas that seem unstoppable, global trends that seem invincible, are not necessarily invincible the triumph of globalisation in its present mix is far from inevitable. Indeed, the world is more malleable, more changeable than ever before."
- (b) The recent meeting of the World Trade Organisation in Seattle, U.S.A., has closed in an atmosphere of uncertainty.

The above observations have been made because managements in our industry feel, rightly or wrongly, that they are being made the subject of an experiment in world trade.

Quite separately from the paragraphs above, attention has to be drawn to the conversion of the brushware industry to synthetic fibres & monofilaments (in lieu of animal and vegetable fibres & bristles); and to plastic 'backs' (in lieu of wooden backs); and to plastic & metal handles (in lieu of wooden handles). The transition is well advanced but it is unlikely to reach a state of total replacement; at this point, however, it has some way to go before it even reaches an equilibrium. One would be neglectful not to mention that the conversion process represents a basic change in technology and a replacement of most of the machinery; and that it has nearly all occurred *coincidentally* with the phasing down of the Tariff rates.

The broadly simultaneous occurrence of the basic shifts referred to above – Tariff reduction and technological conversion – have created considerable difficulties and disruption in the industry. An industry in such a situation might well feel itself entitled to a pause until some semblance of an equilibrium has been established. Such a respite should not only enable firms to work up efficiency levels but should also minimise wastage of capital as the restructuring of the industry is taken further. Believing a pause to be advisable, our industry will so request.

3. RAW MATERIAL/END PRODUCT RELATIONSHIP

As already mentioned, the replacement of vegetable & animal fibres/bristles/hair by synthetic fibres/filaments is well advanced. In some instances, the traditional materials are likely to hold their ground but, in the great majority of cases, they have been superseded or are likely to be replaced in the near future. Similarly, wooden handles & backs have mostly been superseded. A consequence of these fundamental shifts has been a need to scrap most of the existing machinery and replace it with new technology machines.

The obsolescent (natural) fibres/bristles fall within Tariff Chapters 5 & 14 and, except for some imports under Tariff Item 0503, they are free of duty. The modern fibres/filaments fall within Tariff Chapters 39 & 54 and are dutiable at 5%; we know of no CTOs that would serve to waive this duty (except for Nylon for toothbrushes, which are now insignificant anyway). The suppliers have estimated that about one-third of all fibres/ filaments used would fall within the specifications of Tariff Chapter 39 while the balance – 2/3rds – would be of kinds described in Tariff Chapter 54.

With the duty on so much of the modern fibres/filaments frozen by the Government (see Terms of Reference for this inquiry, Clause 1), the Australian brushware industry sees it as inequitable to permit input costs and output prices to be artificially distorted to a material degree – especially since these input costs are a major, if not the major, cost element. Thus, the industry feels it would be fair and reasonable, not to say advisable, to have Tariff Item 9603 reviewed when the TCF industry comes up for review.

4. CURRENT TARIFFS & TARIFF CONCESSIONS

The goods falling within Tariff Item 9603 are understood to attract a substantive duty of 5% if/when imported from any source other than New Zealand, PNG and the 'Forum' Islands.

As regards concessional clearances, Appendix D lists 23 Tariff Concession Orders which operate to waive duties on imported brushware. Import volumes, as tabulated in Appendix E, show that clearances under the relevant T.C.Os were valued at \$16,842,000 in 1998/99 – some 21% of total brushware imports or ~~14%~~^{7%} of the estimated brushware market. Since so little relief is afforded by the T.C.Os, our industry will request their revocation. This would save Customs work and money. It would also save manufacturers time and expense scanning proposals and challenging those seen to be unsupportable. Commonwealth revenue would rise by about \$84,000 ie. by the duties presently foregone. It is our hope that other sectors of industry will wish to be treated similarly, thereby reinforcing a move towards winding down this cumbersome system.

** Amended as per letter of 22-01-2000 signed by Alan Poynter.*

5. INTERNATIONAL INEQUITABILITIES

As indicated in Appendix C1, Chinese brushware is obviously entering this country over a low Tariff even while trade in these goods in the reverse direction has to be over barriers ranging from 35% to 60%. Similarly, our exports to Malaysia have to be over a barrier of 15%.

Australia's imports from China are large while, in the case of Malaysian goods, they were valued at a little more than A\$750,000 in 1998/99.

Our industry asks that the Commission recommend that these anomalies be removed by one means or another. In Australia's overall trade, it might seem a small matter but there is a principle involved; and there may well be similar cases – now or later – affecting other Australian industries.

6. HARMFULNESS OF DUMPING

On reviewing all of the available evidence, the local paint brush manufacturers have been unable to arrive at any conclusion other than that it has been seriously damaged by imports from a country which, in this particular trade, occupies a very privileged position. It would be unfair to leave the Commission unaware of the facts; indeed, it would be a dereliction of responsibilities were we to do so.

Since the matter is somewhat complicated, we have spelled it out with care in an attachment to this submission, marked Appendix F.

7. UNBALANCED STATISTICS

On looking at the statistics on imports as recorded in Appendix E, it is striking that so much of the trade is reported under Statistical Code 76 ie. Brushware & Such Goods Not Elsewhere Included. Its value in 1998/99 amounted to nearly \$18m or 22¹/₂% of all brushware imports – a figure far greater than the imports under any of the other 17 Statistical Codes except S.C 58 (Tooth brushes). It is highly un-balanced. Moreover, it hides the diversity that exists within the figure.

The Association has been seeking for some time to have S.C 76 disaggregated to some extent but it is not finding it easy to negotiate the change. Our Members do not intend to lodge a request with the Commission in relation to this matter but they do feel it should not be left unmentioned.

8. EXPORTS

Figures from the Australian Bureau of Statistics show that exports of brushware from Australia over recent years have been:

in 1992/93	:	A\$ 15.28m f.o.b.
in 1994/95	:	A\$ 23.84m f.o.b.
in 1998/99	:	A\$ 11.43m f.o.b.

The main reason behind the strong build up the mid-1990s, was the assistance accorded Oral-B Laboratories Pty. Ltd. by its parent corporation (Gillette) in placing Australian toothbrushes in overseas markets – especially Asian markets. In 1994/95, toothbrushes would have accounted for 82% of brushware exports.

The main reason behind the recent sharp decline would have been the closure of Oral-B's plant at Goulburn, N.S.W. In 1998/99, toothbrush exports would have been worth A\$4.16m f.o.b. or one-fifth of the exports only four years earlier. Moreover, they look set to disappear altogether this year. (Non-toothbrush exports have also declined, thought to be due to keen pricing on world markets.)

9. REQUESTS

As already explained, the Australian brushware industry has been subjected to very considerable pressures as a result of Tariff reductions and radical technological changes, **simultaneously**. This has led to re-structuring at a pace that has given rise to serious misjudgements; and the conversion process is still not over.

Consequently, a pause is considered advisable; and it seems logical that it continue until Tariff Chapter 54 (fibres/filaments) comes up for review since, to do otherwise, would worsen the economic distortion referred to in Section 3. This is our principal request.

The industry has two other requests, already foreshadowed in Sections 3 and 4. They are that:

- (1) the use of Concessional Tariff Orders to enter goods falling within Tariff Item 9603 be terminated, since the commercial significance of such TCOs is small and the cost of administration is comparatively high.
- (2) the Tariff rates on certain items of brushware as between Australia (on the one hand) and China and Malaysia (on the other) be equalised, and the marked bias thereby be removed.

APPENDIX B

PRODUCTS OF THE AUSTRALIAN BRUSHWARE INDUSTRY

Product Description	Brushes for Personal Use		Artists' Brushes and Like (2)	Paint/Varnish Brushes To 50mm	Distemper Brushes	Paint Rollers and Pads	Brushes being parts (3)	Scrubbing Brushes	Cloth Brushes	Strip Brushes	Refilled Brushes (4)	Refills for Sponge/Squeeze Mops	Mops		Unpowered Floor Sweepers	Whisk-type Brooms / Brushes (5)	Not elsewhere included (6)
	Tooth Brushes	Hair Brushes											Nail Brushes	Other (1)			
Australian Tariff Item No. 9603	21.00 / sc 58	29.00 / sc 59	29.00 / sc 60	29.00 / sc 61	30.00 / sc 62	40.00 / sc 69	40.00 / sc 70	50.00 / sc 71	90.00 / sc 72	-	-	90.00/sc33	90.00 / sc 73	90.00 / sc 74	90.00 / sc 75	10.00 / sc 07	90.00 / sc 26
Queensland																	
Longara Brush Pty Ltd											☆						☆
NSW																	
Addis (Australia) Pty Ltd	☆											☆				☆	☆
P.F. Brady Pty Ltd		☆															
C & A Brushware Pty Ltd				☆	☆	☆	☆	☆									
Oldfields Pty Ltd				☆	☆	☆	☆	☆									
Queensland																	
Queen Brooms Pty Ltd												☆				☆	
Rote Cote / Sellys Chemical Co.				☆													☆
Thompson Brushes Pty Ltd								☆		☆							☆
W & S Plastics Pty Ltd																	☆
Victoria																	
Decor Corporation (The)												☆					☆
Geelong Brush Company (The)																	☆
Industrial Brushware																	☆
E.D. Oates Pty Ltd																	☆
Royal Enterprises Ltd																	☆
South Australia																	
B.J.J. Industrial Brushes Pty Ltd																	☆
Western Australia																	
Lincoln Brush Co. Pty Ltd				☆													☆
McDonald Dixbro Pty Ltd																	☆
Rosset Industries Pty Ltd				☆													☆
Western Australia																	
Sunny Brushware Supplies												☆					☆

(1) Shaving brushes, eye lash brushes and other toilet brushes for use on the person
 (2) Includes writing brushes and similar brushes for the application of cosmetics.
 (3) That is to say, parts of appliances, machines or vehicles.
 (4) Repair, re-filling and refurbishment of worn or damaged brushes. Also the production of one-off specials.
 (5) Sometimes called Milliet Brooms or Straw Brooms. They are officially defined as twigs or other vegetable materials bound together, with or without handles
 (6) Includes Brooms (other than Whisk-type), Bannister Brushes, Brushes for grooming animals, Brushes for polishing shoes or boots, some kinds of pool brushes and Brushes of the twisted-in-wire type. Also squeegees, leather dusters and other kinds of dusters.

BRUSHWARE MANUFACTURING DOWNUNDER

An Article by

© Alan Poynter, Executive Officer,

Brushware Manufacturers' Association of Australia.

Melbourne, Australia
1 July 1997

COLONIAL BEGINNINGS

Within five years of the arrival of The First Fleet in Sydney Cove in January 1788, a parcel of Broom Millet seed had been landed from an American schooner. Australian author Mrs Bessie Nurse has recorded that Broom Millet was soon being cultivated some 100 miles away by Hunter Valley settlers who used it to make brooms for use in the district. In her book, 'Brooms', she also reports an invitation in the Sydney Gazette of 26 August 1826 to bid for 'the supply brooms and brushes ... for use on HMS Fly.'

Concerning mechanisation, Bessie Nurse reports that one manufacturer was using machinery in the 1860s 'made after the style of American machines' while another had produced machinery 'according to his own ideas'. Clearly, broom manufacturing had become established in the colony by this time as witnessed by an advertisement for '50 tons of Broom Millet wanted during the next season'. Production followed in Victoria and South Australia, no doubt influenced by the high costs of transportation - a problem which historian Professor Geoffrey Blainey calls the Tyranny of Distance.

Production in New Zealand was evidently initiated by emigrant James F. Brown who had brought his brush-making skills with him from England in, or around, 1860.

These businesses were established by enterprising settlers and in time they came to be substantial and respected family firms. Naturally, progress was not smooth as the enterprises were periodically buffeted by economic depressions and interruptions in the supply of raw materials resulting from crop failures, floods, wars, and threats of war.

WITHDRAWAL OF OFFICIAL SUPPORT

During the 1800s, the colonial administrations held different views about the encouragement of manufacturing in the colonies. New South Wales pursued a policy of free trade which, it believed, ensured the best economic outcome and minimised the call on scarce capital. Victoria, on the other hand, saw much merit in self-sufficiency which enhanced the colony's security and provided gainful work for its rapidly rising population. When the colonies formed together in 1901 as the Commonwealth of Australia, a compromise was reached whereby promising infant industries could be assisted through the imposition of moderate duties on competing imported goods (these duties were listed in the Customs Tariff or, as it is often called, 'the Tariff'). An important aspect of the arrangement was an obligation on the Government to send each proposal for an alteration of duty to a Tariff Board for assessment, advice and public report. It was a procedure which fostered a degree of open-ness and rationality.

Under this procedure, most reports resulted in a small increase in the duty payable on the competing imported good(s). But since no one found reason to request *reductions* in

import duties, the increases accumulated inexorably and, by around 1960, the ramifications of assistance to all manner of industries included adverse side-effects in terms of wage costs, various on-costs, scale of operation, and the efficient use of capital. These distortions, moreover, were sometimes aggravated by bouts of import quotas imposed for balance-of-payments reasons. A proposal by the Tariff Board in 1967 for a top-to-bottom review of the Tariff was resisted by an apprehensive and reluctant Government which could not foretell what the effects on employment might be; and which could not know whether future investments would be sufficient to provide replacement jobs. But it probably understood that, once under way, the process could not be reversed or even readily controlled.

The above-described confrontation resulted in the Tariff being phased down from the early 1970s until, today, it provides practically no assistance to any Australian industry excepting those producing automobiles, textile goods and footwear. Is this not as profound a reversal of official policy with which a business community is ever likely to be confronted in a time of peace? For the brushware industry, it has meant the virtual elimination of a Tariff which, at its peak, amounted to around 30% ad valorem on competing imports.

The situation in New Zealand was not dissimilar. Its Industries Development Commission produced sectoral plans in the early 1980s for the removal of import quotas and the lowering of Tariffs. The Government-of-the-day soon followed this with across-the-board Tariff cuts.

4, EFFECTS ON BRUSHWARE INDUSTRY

Comprehensive and consistent statistics about production and demand do not exist, but some fragmentary data is held by the official statistical bureaux in Australia and New Zealand and by the Association. The following estimations are considered to be the best possible in the circumstances. Although they are imprecise, this does not obscure the message.

SIZE OF INDUSTRY & MARKET

	1976/77(a)	1991/92(b)	1996/97(c)
No. of Factories	85	55	45
No. of Employees	2550	1044	1034
Annual Demand *	A\$ 53m	A\$ 178m	A\$ 194m
Net Imports #	8 1/2%	17%	17%

(a) Based on report of Australian Tariff Board.

(b) Based on official data, but adjusted by author.

(c) Based on official data of low accuracy and information collected from Association members.

* At the wholesale level.

That is, Imports less Exports, expressed as a proportion of Annual Demand.

The reduction in the number of factories and employees across a span of twenty years is striking. Although the rise in productivity is also noteworthy, few publishable figures are available. Clearly, however, the re-structuring of the industry implied by the above indicators has not been in accordance with any sort of Grand Plan but has evolved over time through each firm making changes to match such developments as they could see or anticipate. This often involved changes in the range of products made and sold; frequently it also meant the use of new materials and investment in new plant and buildings. The outcomes were sometimes impressive and occasionally outstanding but there were also bankruptcies (and several sell-outs and amalgamations, sometimes aimed at avoiding bankruptcy). All managements met the challenge with determination, not to say courage.

It is of interest to note that, when the Tariff review began, the large firms were the Federal Broom Co. and Oldfields (in N.S.W.); Thomas Mitchell & Co. and E.D. Oates Pty Ltd (in Victoria); and Sabco Limited (in South Australia). Twenty years later, only Oldfields and E.D. Oates were still in existence. Even the pre-eminent Sabco Ltd collapsed, although it was subsequently resurrected as Sabco Australia Limited. Companies with agile managements devised various strategies and were not only able to survive but often made significant headway – sometimes helped by what they could salvage from the wreckage of former competitors. Others were not so fortunate. Several companies have been studied in order to better understand the sorts of strategies employed and the kinds of outcomes that resulted. Their stories are told, in a highly abridged fashion, in an Appendix to this article.

CONCURRENT DEVELOPMENTS

At the time of the Tariff revision, two other important developments were under way. Each had its own time scale and, while neither coincided exactly with the Tariff revision and its aftermath, they were all more or less coincidental. Their nature is outlined below.

Conversion to New Materials

Obviously, the industry was founded on natural materials - some local, some imported. However, the appearance of modern plastics has induced a displacement process affecting handles, heads and fillings. For example, the wooden handles of paint brushes have mostly been replaced by plastics, followed by nail brushes and domestic scrubs. Household and industrial brooms are mostly fitted with coated steel handles instead of wooden ones. Manufacturers have also replaced many wooden backs with plastic backs, either moulded in-house or bought in. Synthetic fibres and monofilaments have made heavy inroads in the area of fillings - Nylons, PVCs, polyesters, polyethylenes and polypropylenes - produced by Australian Synthetic Filaments Pty. Ltd. which was formed out of established extruders in Victoria and South Australia, and by the Australian Monofil Company in Queensland.

The conversion was clearly under way by 1980. The use of wood had stabilised at low levels by 1986 and the use of plastics is expected to stabilise within the next year or two. However, it is important to understand that traditional materials are not being seriously challenged in certain situations. Hog bristle is decidedly the preferred filling in paint brushes in Australia and New Zealand, whether for professional or D.I.Y. uses. Similarly, the majority of household whisk brooms (sometimes called 'Straw' or 'Millet' brooms) are still manufactured using natural fibres; those made by hand from pure millet command premium prices.

The per capita usage of plastics in the region lags the U.S.A. and some European countries but not by much; it is well ahead of many nations. In point of fact, Australia has been producing plastics for many years. PVCs, polyethylenes and polypropylenes are based on ethylene and propylene from the gas fields of Victoria and South Australia and from the oil refineries in Victoria and New South Wales. Furthermore, the polymer plants enjoy strong technological support from overseas associates such as ICI and Montell.

The balance between and amongst the newer and older materials is now approaching an equilibrium which promises to be a healthy one by virtue of the fact that it will be substantially free of artificial distortions.

Regional Relationships

Notwithstanding the fact that New Zealand declined an invitation to join with the Australian colonies when they federated, there has been extensive collaboration between the two countries over defence and trade. Attempts to develop a Trans-Tasman free trade area between the World Wars made some headway but it became bogged down by quantitative controls during, and following, World War II.

Around 1980, the two countries began negotiations aimed at the abolition of quantitative controls and the bi-lateral removal of import duties. Moreover, various other regulations were subjected to harmonisation processes. Thus was the obsolete Australia - New Zealand Free Trade Agreement replaced by the current Closer Economic Relations Agreement. Expressed in marketing terms, it means that trade in goods and services between an Australian State and the North Island of New Zealand (or South Island) should differ very little from inter-State trade within Australia – or, for that matter, from inter-island trade within New Zealand. Be it noted, however, that the partners have not adopted a common external Tariff.

The trade has prospered. Australia now ranks as New Zealand's main outlet for her exports and, while New Zealand ranks as Australia's third-most-important overseas market, it is clearly the largest buyer of Australian manufactures. It is expected that the annualised value of the two-way trade in goods will reach A\$10,000m within the next twelve months.

So far as trade with third countries is concerned, this is conducted on a duty free basis (Developing Countries) or over a barrier of 5% (General sources) in both directions. But there are two notable exceptions which the industry finds very irritating:

- (i) Whereas Malaysian brushware is admitted into Australia free of duty, reverse-direction trade in these goods encounters a barrier of 15%.
- (ii) Chinese brushware similarly enters with no duty, yet Australian brushes etc. are confronted by duties ranging from 35% to 60%.

The author of this article is not aware of any moves directed at the early rectification of these very unequal arrangements.

THE PRESENT POSITION

At the present time, the main Australian producers are to be found in Sydney, Melbourne and Adelaide while production in New Zealand is centred on Auckland and at Levin. The following table shows the pattern. It also reveals considerable geographic dispersion due, at least in part, to transport costs and other factors which have applied from the early days of the colonies.

LOCATIONS OF FACTORIES

Factory Locations	No. of Factories
<u>Queensland, Australia</u>	
• Brisbane	3
<u>New South Wales, Australia</u>	
• Sydney	7
• Ballina	1
• Port Macquarie	1
• Goulburn	1
• Tumut	1
<u>Victoria, Australia</u>	
• Melbourne	7
• Geelong	1
<u>South Australia</u>	
• Adelaide	6
<u>Western Australia</u>	
• Perth	1
<u>New Zealand</u>	
• Auckland (North Is.)	9
• Levin (North Is.)	1
• Christchurch (South Is.)	2
• Dunedin (South Is.)	1
<i>TOTAL</i>	<i>42</i>

Note: Includes some companies which are not members of the Brushware Manufacturers' Association.

A detailed listing of the products currently being manufactured cannot be both concise and complete. Accordingly, the goods have been listed in the following table by class.

TYPES OF GOODS PRODUCED

Brooms for household and heavy duty use
Un-powered floor sweepers
Brushes for personal use, including tooth brushes
Brushes and rollers for the application of paints and varnishes
Brushes for fitting to appliances and machines
Strip brushes
Scrubbing brushes
Mops, including sponge/squeeze types
Miscellaneous goods - twisted-in-wire brushes, animal-grooming brushes, squeegees, feather dusters, etc. etc.
Re-furbishing and refilling of worn brushes

Goods which appear to have been excised from production are: hair brushes, shaving brushes, and most cosmetic brushes.

A NEW DYNAMIC EMERGES

It will by now be obvious to the reader that the graduated removal of official support to manufacturing in the region has brought about a top-to-bottom restructuring and re-equipping of the various sectors of industry. Even though it has been spread over two decades, the restructuring has been nothing less than a massive upheaval.

Under the various pressures mentioned above, the manufacturing industries of the region have been obliged to sharpen their commercial focus; to seek business beyond their national borders; to concentrate their operations; and to up-grade their technology. This has led to higher productivities and improved economic performances - an outcome that tends to validate the Government's strategy. However, it has also contributed to many corporate failures, capital wastage, and to un-employment levels which are not only high but are intractably high. This intractability stems partly from a general lack of confidence which, in its turn, arises partly from the absence of a clearly-stated national policy on industry. Reducing Tariffs to zero is not a policy. It is scarcely a strategy and it has in any case advanced too far relative to the attempts to reduce infrastructure and certain other entrenched costs.

Regarding the *brushware industry*, it is evident that it will continue to enjoy a small measure of 'natural' protection due to freight and handling charges which are inevitably significant for bulky inexpensive products being moved over long distances. The possible imposition of import quotas for balance of payments reasons and the possibility of anti-dumping actions may also be exerting an inhibiting effect on importers. On a more positive note, unit production costs can be seen to be coming down due to higher throughputs resulting from concentration within the industry and other factors already mentioned. Furthermore, exports are rising steadily as a result of the brushmakers own efforts coupled with an overseas interest in their willingness to quote for small orders that many suppliers would ordinarily eschew. Another striking feature of the industry has been the increase in competition: this is reflected in the margins of profit which, on any measurement, have become unduly slender - a point well illustrated in the Appendix, in Case E.

While there is no doubt that the re-structuring of the industry producing brushes, brooms, mops and similar goods in the region still has a little further to run, the local consensus is that the industry should have settled down to a more normal evolutionary pace before the present decade comes to a close.

APPENDIX

Abridged Histories of Selected Brushware Companies

Being considered instructive, the stories of several Australian brushware companies are related below. Although five companies were selected, the stories reveal the fates of no less than 25 firms.

Case A

In 1901, the English migrant Daniel French set up the Federal Broom Company to manufacture brooms and general brushware in Sydney. Its operations were moved into large new premises after World War I. By 1933, the business was passing to the third generation of the family who saw it through World War II and the post-war expansion. Under a policy of absorbing small but relevant companies, Federal Broom bought out no less than 8 broom/brush makers and the firm also integrated up the production chain by acquiring companies making handles, heads and other timber products.

A similar manufacturing operation had been established in Melbourne around 1910. The progress of this firm - Thomas Mitchell & Son Limited - broadly paralleled that of Federal Broom. Naturally, there were differences in product emphasis and management; for example, Thomas Mitchell set up a manufacturing subsidiary in remote Western Australia.

The Tariff upheaval in the 1970s was to prove a testing time for both of them as will now be seen. By the early 1980s, both Federal Broom and Thomas Mitchell were in trouble - they were equipped with outdated machines, were carrying far too many lines, and were operating in a market in which Hardware Stores and Corner Stores were having to yield to Supermarkets and Variety Stores. Moreover, their difficulties were being compounded by goods imported - or merely offered - at reduced Tariff rates.

It was in this climate that Ariadne, a New Zealand based business entrepreneur, purchased both Federal Broom and Thomas Mitchell with a view to integrating and rationalising the businesses before on-selling them to other interests. The buyer was Spontex, a subsidiary of a French conglomerate wanting to graft its cellular sponge products on to an established brooms/brushware business. Unfortunately, little integration had taken place between Federal and Mitchells and the plan failed. The upshot was that the large Federal-Mitchell-Spontex enterprise was unable to bring about a recovery and it soon found it had no alternative but to sell its machinery in an already-distressed market place and to dispose of its other assets. Naturally, its competitors picked up market share wherever they could; and some ex-employees set up small firms to take advantage of the available low-cost machinery and such accumulated know-how as they happened to possess. Thus were extinguished two family concerns which had been leading producers of brooms and brushware in Australia for a total of 160 years.

Case B

A small brush-making operation was established in Sydney in 1927 by Mr Patrick F. Brady. He was succeeded by his son, Ernest, who managed the business through World War II and during the post-war expansion. Management then passed to Mrs Mona Brady, his widow, in 1964 - the year in which the operations were transferred to larger premises.

During the period 1985 - 1992, that is to say during the Tariff upheaval, the company absorbed four other firms:

- Belmore Brushware
- Endurance Brush Company
- Industrial Brush Company
- N. Martin, trading as Commonwealth Broom

In the midst of these take-overs, the company moved to yet larger premises (see accompanying photograph). These initiatives, of themselves, greatly extended the range of products made and the consequential expansion in factory output and sales.



Mr Spiros Papadatos, who was involved in the expansion mentioned above, took up the reins when Mrs Brady retired in 1992 (at the age of 80 years!) Today, the company has five computerised brush, broom and channel strip machines, yet it still uses glue-set and hand-drawing procedures as part of its service to its extensive east-coast clientele. Obviously, the company has grown into a well-managed Australian-owned brushware manufacturer with a capacity for further growth.

Case C

Two established Sydney brush manufacturers - the National Brush Company and Cooper Laboratories Pty. Ltd.- amalgamated late in the 1970s after the Tariff had been scaled down. By 1979, they had re-located to provincial Goulburn where they decided to specialise in toothbrushes. Within 5 years, the operation had been acquired by Gillette and renamed Oral-B Laboratories Pty. Ltd.

The firm was soon under threat as a result of being shown by Gillette to be less than cost-effective against international bench-marks, and this led to the development of a plan based on marketing throughout Australia, New Zealand and Asia. The strategy involved very high quality standards, new technology, flexible factory programming and a substantial injection of capital. Over the early years of the 1990s, efficiency rose and unit costs fell to such a degree that the measured productivity increased by well over 100%. Simultaneously, the Company won the National Safety Council's prestigious Five Star Award over eight successive years (see accompanying photograph). This impressive outcome was achieved by the local workforce and the local management working in close collaboration with the company's American owners.



Case D

Rota Cota was started in Sydney in 1954, to make paint rollers under the guidance of Mr Geoffrey Butler - a person who combined engineering ability with exceptional business acumen. Growth was rapid and very soon O.R. Cormack Pty. Ltd. was drawn in to manage the distribution of the goods throughout Australia, New Zealand and the islands of the S.W. Pacific. By 1967, the company had built the largest paint roller factory in the region and, by 1980, it had backed a large 40-year-old paint brush manufacturer (T. Pollock & Son) and a subsidiary company (Hamilton Brush Co.) into the organisation. Underpinned by successive innovations and patents, its growth continued apace. Upon the retirement of Mr Butler in 1991, the Chairmanship of the firm was taken up by Mr Owen Cormack and, two years later, the entire Rota Cota - Pollock-Hamilton operation was purchased by - and became a Division of - O.R. Cormack Pty. Ltd. This formidable assemblage, with a certain amount of new machinery, was transferred to the Cormack Group's new site in Kings Park, Sydney.

The latest stage in the evolution took place at the beginning of 1997 when the Rota Cota Division was transferred to Selleys Chemical Company - a multi-product subsidiary of ICI Australia. It thus becomes a sister company of Dulux Paints. The Rota Cota brand, together with the marketing strengths of Selleys Chemical Company, suggest that a further move forward will be written into the history of this innovative company - notwithstanding the winding down of the Tariff.

Case E

Some twelve years ago, McDonald Brushware Limited began marketing imported general brushware through a network of commissioned manufacturers' agents, pending the arrival in Western Australia of new high-productivity brush-making machines. Once in production, the company relied to some extent on the imbalance in the transportation system: the west-to-east freight rates are discounted because capacity in that direction is excessive.

The manufacturing operations of Vindex Brushware in Queensland were bought out late in 1986 and this was quickly followed by the purchase of Brushes for Industry Pty. Ltd. at Kilburn in South Australia - evidently in an attempt to accelerate the market-opening campaign and to build up machine utilisation levels. While these goals were achieved, the extremely robust competition appears to have ruled out a commensurate response in profitability levels.

In 1996, a large and successful New Zealand brushware manufacturer, Artel Industries Ltd., bought out McDonald Brushware Ltd. It not only centralised the newly acquired operations at Kilburn but also incorporated the Dixbro Division of TRW Carr Ltd. - a firm which had been producing specialised brushes for industry for many years. With its sharper focus, and with its New Zealand and Malaysian connections, Artel Industries obviously plans to build up the productivity and profitability of the operations it has acquired.

This case study tends to underscore the difficulties inherent in an industry in which competition has been sharply accentuated by a falling Tariff. It is also suggestive of the advantage of scale available to firms under the Australia-New Zealand Closer Economic Relations Agreement.

LOCAL MANUFACTURERS – RECENT CLOSURES

McDonald Brushware Ltd, along with the Dixbro Division of TWR Carr, was acquired towards the end of 1996 by Artel Industries Ltd of New Zealand. Artel Industries is, in its turn, controlled by interests in Malaysia. Recent comments in the market have it that centralisation of the Australian operations in Adelaide have not turned out satisfactorily, and that much or all of the machinery is being shifted to N.Z. &/or Malaysia.

Broomrite was a long-established (but small) producer of brooms. It evidently closed its factory in Melbourne around 1997/98. The Association has not sought details.

Brushco was a small producer of brushware, located in (or near) Perth. It evidently closed down in 1998. The Association has no details.

Oral-B Laboratories Pty. Ltd. was reputedly assessed by its parent company (Gillette) as being an internationally uncompetitive toothbrush manufacturer. A very considerable improvement in productivity was achieved through a combination of:

- (i) increased capital
- (ii) improved work practices
- (iii) transfer of some overseas outlets to the factory at Goulburn, N.S.W.

Notwithstanding these steps and a sustained concentration on improvements, the operation was shifted to Malaysia in 1998.

Lincoln Brush Company Pty. Ltd., a long established manufacturer of paint brushes and paint rollers, came under pressure and was absorbed into Oldfields Pty. Ltd. during 1999.

SCHEDULE OF CONCESSIONAL INSTRUMENTS

PART 1 - TARIFF CONCESSION ORDERS

R.26

CHAPTER 96/1

Description of the particular goods including the applicable subheading of the Customs Tariff		Prescribed Item Last day of effect
9603.21	TOOTHBRUSHES, electronic ion Op. 19.9.88 Dec. date 16.3.89 - TC 8807346	50
9603.21.00	REPLACEMENT BRUSHES, electric toothbrushes but NOT including standard/regular toothbrushes Op. 05.01.93 Dec. date 13.04.93 - TC 9300904	50
9603.29	BRUSHES, shaving, animal bristle Op. 1.1.88 - TC 8438436	50
9603.29.00	BATH BRUSHES, including body brushes Op. 04.11.93 Dec. date 11.02.94 - TC 9312746	50
9603.29.00	BRUSHES, POWDER, cylindrical ferrule, maximum head diameter NOT less than 80 mm Op. 01.09.95 Dec. date 11.12.95 - TC 9510259	50
9603.29.00	BRUSHES, hair Op. 15.06.93 Dec. date 24.09.93 - TC 9304532	50
9603.29.00	FACIAL CLEANING BRUSHES Op. 04.11.93 Dec. date 11.02.94 - TC 9312747	50
9603.30	APPLICATORS, cosmetic, being ANY of the following: (a) blusher brushes; (b) eyebrow brushes; (c) eyeliner brushes; (d) eye shadow brushes; (e) lip brushes Op. 1.1.88 - TC 8438542	50
9603.30.00	APPLICATOR SETS, cosmetic, consisting of at least THREE of ANY of the following in ANY combination: (a) blusher brush; (b) eyebrow brush; (c) eyeliner brush; (d) eye shadow brush; (e) lip brush; (f) sponge applicator; (g) mascara brush/comb Op. 03.10.94 Dec. date 05.01.95 - TC 9407920	50
9603.30.00	BRUSHES, SCHOOL, ARTISTS OR SIGNWRITERS, being ANY of the following: (a) water colour; (b) wash, oval; (c) wash, round; (d) sable, round; (e) sable, bright; (f) sable, filbert; (g) sabeline oil, round; (h) sabeline oil, bright; (i) sabeline oil, filbert; (j) bristle oil, bright; (k) bristle oil, flat; (l) bristle oil, round; (m) bristle, filbert; (n) bristle, fan; (o) tempera, bright; (p) tempera, round; (q) tempera, flat; (r) tempera, filbert; (s) showcard; (t) lettering; (u) easel, flat; (v) easel, chisel; (w) easel, round; (x) acrylic, flat; (y) acrylic, chisel; (z) acrylic, round; (aa) one stroke; <i>cont'd</i>	50

SCHEDULE OF CONCESSIONAL INSTRUMENTS

PART 1 - TARIFF CONCESSION ORDERS

CHAPTER 96/2

Description of the particular goods including the applicable subheading of the Customs Tariff			Prescribed Item Last day of effect
	(ab) ceramic, stroke; (ac) ceramic, detail; (ad) ceramic, liner; (ae) china, stroke; (af) china, detail; (ag) china, liner; (ah) paste (glue); (ai) stencil; (aj) stipplers, deer foot; (ak) rigger, liner; (al) polymer, filbert; (am) polymer, flat; (an) polymer, chisel; (ao) polymer, round Op. 05.08.97	Dec. date 17.10.97	- TC 9706872
9603.40	EDGERS, paint Op. 1.1.88		- TC 8438435
9603.40.00	PAINT APPLICATORS, artist, being paint pads, but NOT including brushes Op. 19.09.94	Dec. date 05.01.95	- TC 9407694
9603.50	BRUSHES, printed circuit board, non-woven, abrasive impregnated, core mounted Op. 19.4.89	Dec. date 23.7.89	- TC 8902660
9603.50.00	BRUSHES, VACUUM CLEANER Op. 05.01.99	Dec. date 16.03.99	- TC 9900093
9603.50.00	STENTERING MACHINE BRUSHES Op. 18.05.95	Dec. date 01.09.95	- TC 9505623
9603.90	BRUSHES, watchmakers' Op. 1.1.88		- TC 8438437
9603.90	CLEANERS, smoking pipe Op. 1.1.88		- TC 8438430
9603.90	FLOOR SWEEPERS, having BOTH of the following: (a) internal brush width of NOT less than 450 mm; (b) removeable hopper having a capacity NOT less than 10 L Op. 24.3.88	Dec. date 20.9.88	- TC 8803099
9603.90.00	BRUSHES, jewellery, nylon filament bristles, length including handle NOT exceeding 65 mm, width NOT exceeding 5 mm along its length, height including bristles NOT exceeding 12 mm Op. 26.12.94	Dec. date 31.03.95	- TC 9500437
9603.90.00	BRUSHES, slicker, animal Op. 07.09.93	Dec. date 17.12.93	- TC 9310115
9603.90.00	GLOVE BRUSHES, animal, consisting of polyvinyl chloride (PVC) shaped mit and external mounted bristle pads Op. 20.01.95	Dec. date 26.04.95	- TC 9501031
9603.90.00	GOLF CLUB CLEANER, comprising ALL of the following: (a) waterproofed ball of beech wood; (b) stainless steel spike one end; (c) stiff synthetic bristles other end Op. 02.08.93	Dec. date 05.11.93	- TC 9307264
9603.90.00	SWEEPERS, FLOOR, having ALL of the following: (a) main and side brushes, with working width of 490 mm; (b) 17.5 litre dust collector; (c) removable hopper; (d) folding handle; Op. 31.08.95	Dec. date 11.12.95	- TC 9510250

APPENDIX E

IMPORT CLEARANCES – 1998/99†

KINDS OF GOODS	TARIFF ITEM 9603	VALUES - FOR - DUTY (A\$ '000)		
		TOTAL	CLEARED CONCESSIONALLY – @ 3% duty – @ zero duty ^Ø	
Tooth Brushes*	• 21.00 / SC 58	25,345	4,757	3
Hair Brushes	• 29.00 / SC 59	5,673	5,062	NIL
Nail Brushes	• 29.00 / SC 60	739	57	NIL
Other Brushes for Personal Use	• 29.00 / SC 61	1,536	683	NIL
Artists' Brushes & Like	• 30.00 / SC 62	6,512	5,026	12
Paint Brushes (Small)	• 40.00 / SC 67	1,287	NIL	NIL
Paint Brushes (Large)	• 40.00 / SC 68	2,937	< 1	10
Distemper Brushes	• 40.00 / SC 69	506	NIL	NIL
Paint Rollers & Pads	• 40.00 / SC 70	3,904	347	< 1
Brushes, being parts of M/cs etc.	• 90.00 / SC 71	4,956	219	6
Scrubbing Brushes & Cloth Brushes	• 90.00 / SC 72	1,193	NIL	NIL
Sponge/Squeeze Mops	• 90.00 / SC 73	905	NIL	NIL
Wet Mops	• 90.00 / SC 74	2,552	NIL	NIL
Dry Mops	• 90.00 / SC 75	1,659	NIL	NIL
Refills for Sponge/Squeeze Mops	• 90.00 / SC 33	544	NIL	NIL
Floor Sweepers, Un-powered	• 90.00 / SC 17	642	126	NIL
Whisk-type Brooms ('Straw' Brooms)	• 10.00 / SC 07	840	NIL	NEG
N.E.I. (many types, incl Non-Whisk Brooms)	• 90.00 / SC 76	17,899	511	21
		79,629	16,789	53

† Aggregations of figures supplied to B.M.A.A. by the Australian Bureau of Statistics.

Ø The B.M.A.A. is at a loss to explain why any imports would have been cleared at zero duty.

* As a result of the closure of a factory at Goulburn, N.S.W. a sharp rise in imports can be expected.

APPENDIX F

DUMPING OF PAINT BRUSHES

Early in 1984, the Australian producers of paint brushes complained of the damage being inflicted on them by imports of like goods from the People's Republic of China. Not only was the economy of China recognised as an artificially contrived one, but that country produced about 99% of the world's hog bristle – the material par excellence for paint brushes. Customs soon established that Chinese paint brushes were being dumped in Australia and that the local industry was being materially injured. Customs foreshadowed further enquiries and, late in 1984, it was announced that the Government had arranged "undertakings" in relation to this trade.

By 1986, the ineffectiveness of the arrangements had become obvious. Consequently, Customs imposed securities while enquiries proceeded. In mid-1987, Customs found that:

- The Australian industry has suffered material injury since 1982, and (the undertakings) have not been sufficient to remove the injury.
- Immediate action needs to be taken to prevent further injury from dumped imports of paint brushes from the People's Republic of China.
- If price undertakings are not offered by all the suppliers (in the P.R. of C) the Minister should impose definitive duties.

In June 1988, the Minister accepted undertakings from Chinese exporters. The nature of these undertakings was not disclosed to the local industry. Some 18 months or so later, the Anti-Dumping Authority completed a new inquiry and found:

- Significant deficiencies in the price undertakings. For one thing (they) only cover paint brushes not put up for retail sale. For another, the undertakings were signed only by the 8 Chinese exporting to Australia in mid-1988 but, in the last 18 months they have been joined by another **thirty** exporters from China to Australia. As a result, some 60% of value of the exports from China to Australia in the 18 months to December 1989 have not been covered by the undertakings.
- While these flaws allowed leakage through and around the undertakings, exports from China actually fell in the first 6 months of 1988 but they then grew to about their previous level.

On the Authority's assessment, they have never accounted for more than 5% by value of the Australian market.

- On the question of the re-occurrence of injurious dumping, were the undertakings to be revoked, the Authority said:
 - (i) current and past undertakings are weak;
 - (ii) undertakings cover only a minority of exporters and exports;
 - (iii) the local industry shows no signs of injury; on the contrary, output and profits have risen strongly and imports from China have never taken more than 5% of the market by value;
 - (iv) injurious dumping from China is unlikely to commence;
 - (v) the exporters should be released by the Minister from the undertakings and the case terminated (both these recommendations were adopted).

The present position may be summarised as follows:

- Imports from China now account for **14 to 15% of the local market by value (approx. 55% by number)**.
- Some of the Australian manufacturers of paint brushes have felt it necessary to resort to defensive importing.
- One long-time manufacturer came under severe commercial pressure and was absorbed by Oldfields Pty. Ltd. during 1999.
- One new manufacturer has commenced production in Sydney.
- The U.S.A., N.Z. and Canada have taken anti-dumping measures against paint brushes from China; indeed, the first two have recently reviewed and extended the measures. It is striking to compare our situation with the U.S.A. where an Australian businessman, uninvolved with the manufacture or marketing of paint brushes, has just advised "a dumping duty of 351.92% on natural bristle paint brushes".
- So far as the E.C. is concerned, we are informed that a new case is being planned following a legal hitch in a German court.
- The business practices of Chinese paint brush interests seem to be persistent as the attached item, from the Nov./Dec. 1999 issue of the British 'Brushwork' journal, will show.

Looking back over a fair time span, the industry has been unable to reconcile the conclusions reached by the Anti-Dumping Authority with those reached by Customs around 1985-86. The information set out above reveals that the Authority was profoundly wrong in its conclusions – eg. (iv) above. While the anti-dumping legislation has been criticised (and amended) more than once, we see the flaws as residing more in the administration.

One of the purposes of these observations is to ensure that the Commission is aware of the difficulties that have been experienced over paint brushes; and to ask that they be taken account of. Another reason is to make the point that few brushware manufacturers are likely to look for a future in a market wherein dumping is controlled; they are more likely to quit than to resort to protracted, secretive and unreliable anti-dumping procedures.

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Brushwork

September 1999

November/December 1999



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News From the Trade

Jones Companies, Ltd. Names Two New Positions

Jones Companies, Ltd. ernennt zwei neue Positionen

Jones Companies, Ltd. of Humboldt, TN has created two new positions to increase service and quality in its coarse count cotton yarn spinning. The position of Materials Manager goes to Mr. Thomas. Based in the company headquarters in Humboldt, TN, Mr. Thomas will be responsible for raw material purchasing for Jones Companies, Ltd.

Mr. Thomas comes to Jones Companies, Ltd. after twenty-one years in the textile industry, including Manager of Cotton Purchasing for The Dixie Group and Fieldcrest Cannon, Inc.

Dudley Baker has been selected as Latin American Business Development and Customer Service Representative for Jones Companies, Ltd.

Mr. Baker will manage the Latin American accounts for Jones Companies, Ltd. while serving as a bilingual representative to Hispanic customers.

Mr. Baker recently graduated from Rhodes College with a Bachelor of Arts in Latin American Studies and Spanish.



Jim Thomas, Materials Manager



Dudley Baker, Latin America Business Development and Customer Service Representative

Jones Companies, Ltd. in Humboldt, TN, hat zwei neue Positionen geschaffen, um den Service und die Qualität in seinem Spinnbetrieb für Grob-Baumwollgarn zu verbessern. Jim Thomas bei Jones Companies Ltd. als Leiter für Materialwirtschaft angefangen. Thomas, der in den Firmenzentrale in Humboldt, TN, arbeitet, ist für den Einkauf von Rohmaterialien verantwortlich. Er war vor seiner Einstellung einundzwanzig Jahre in der Textilindustrie beschäftigt, u. a. als Leiter des Baumwolleinkaufs für The Dixie Group und Fieldcrest Cannon, Inc.

Dudley Baker wurde als Vertreter für lateinamerikanische Geschäftsentwicklung und den Kundendienst der Jones Companies Ltd. gewählt. Er leitet die lateinamerikanische Rechnungsabteilung und dient den hispanischen Kunden als zweisprachiger Vertreter. Baker hat kürzlich am Rhodes College seinen Bachelor of Arts in Lateinamerikanischen Studien und Spanisch bestanden.



A Case Of Fraud Betrugsfall

A report by PETA CO LTD

Our Company recently experienced a very serious fraud case, and we would like to share it with you as a warning to other paint brush manufacturers.

A Chinese factory, acting on instructions from Chinese export agents, started production of poor quality paint brushes using our Trademark (as well as address and tel. numbers on the carton boxes to make it more convincing) and exporting to some of our customers in the Middle east, especially Dubai.

Upon discovery of the fraud we reported the incident to the Dubai Authorities, the Cyprus Government and the Chinese Embassy in Cyprus.

Thanks to the very prompt action of the Dubai Authorities, products were seized and the importers were fined.

During the course of the investigation it was found that two other brands, Accord and Petra (indicating the UK as country of origin, but clearly originating from China) have also been marketed by the Chinese in Dubai, and eventually to other countries in the region.

It is our belief that such actions should be dealt with immediately, in order to stop the Chinese from such acts of fraud. Otherwise, the Brand credibility and income of several European paint brush manufacturers will obviously be adversely affected, and we must take every step to protect our interests.

Ein Bericht der PETA CO LTD

Unsere Firma ist kürzlich auf einen schlimmen Betrugsfall gestoßen, und wir möchten Ihnen darüber berichten, sodass Sie als Hersteller von Malerpinseln gewarnt sind.

Ein chinesisches Unternehmen, das auf Anweisungen chinesischer Exportagenten handelte, begann mit der Herstellung minderwertiger Malerpinsel, verwendete unsere Handelsmarke (sowie auch unsere Adresse und Telefonnummern auf dem Karton, um überzeugend zu wirken), und sandte diese an einige unserer Kunden im Nahen Osten, besonders nach Dubai.

Als wir diesen Betrug entdeckten, informierten wir die Behörden in Dubai, die Regierung in Zypern und die chinesische Botschaft in Zypern.

Dank des schnellen Handelns von seiten der Behörden in Dubai, wurden die Erzeugnisse beschlagnahmt und die Importeure zu einer Geldstrafe verurteilt.

Während der Ermittlung wurden zwei weitere Marken entdeckt: Accord und Petra (wieder als britische Erzeugnisse ausgezeichnet, aber unerkennbar aus China stammend) sind ebenfalls von den Chinesen anfänglich in Dubai, und dann in anderen Ländern der Region verkauft worden.

Wir sind der Meinung, dass man sich mit solchen Handlungsweisen sofort befassen sollte, um diese chinesischen Betrugsfälle zu unterbinden. Sonst wird der Aussagewert von Marken und das Einkommen mehrerer europäischer Hersteller von Malerpinseln selbstverständlich negativ beeinflusst, und wir müssen sämtlich Maßnahmen unternehmen, um unsere Belange zu schützen.