



# Department of Justice

FOR IMMEDIATE RELEASE  
WEDNESDAY, OCTOBER 1, 2014  
[WWW.JUSTICE.GOV](http://WWW.JUSTICE.GOV)

AT  
(202) 514-2007  
TTY (866) 544-5309

## **FLAKEBOARD ABANDONS ITS PROPOSED ACQUISITION OF SIERRAPINE**

### *Decision to Abandon Deal Preserves Competition in the MDF Industry*

WASHINGTON, D.C. — Flakeboard America Ltd. abandoned its plan to acquire one medium-density fiberboard (MDF) and two particleboard mills from SierraPine, after the Department of Justice expressed concerns about the transaction’s likely anticompetitive effects in MDF. The department said that the transaction likely would have substantially lessened competition in the market for the production of MDF sold to customers in the West Coast states of California, Oregon, and Washington.

MDF is a manufactured wood product widely used in furniture, kitchen cabinets, and decorative mouldings. An increase in the price of MDF would likely result in significant harm to MDF consumers on the West Coast, the department said.

“This deal threatened to weaken competition and raise MDF prices for customers on the West Coast,” said Bill Baer, Assistant Attorney General of the Department of Justice’s Antitrust Division. “The companies’ decision to abandon the deal is a victory for consumers, who will continue to enjoy the benefits of MDF competition between Flakeboard and SierraPine.”

Flakeboard and SierraPine are two of only four significant suppliers of MDF to the West Coast. Both companies operate MDF mills in Oregon—Flakeboard in Eugene; SierraPine in Medford—and the nearest competing mill is several hundred miles away. For many customers, Flakeboard and SierraPine are the two closest sellers of MDF. The proposed merger would have given the combined firm a 58 percent market share for the thicker and denser grades of MDF that Flakeboard and SierraPine sell on the West Coast.

According to the department, the acquisition would have eliminated significant head-to-head competition between Flakeboard and SierraPine. In addition, by gaining control over SierraPine’s MDF mill, the department said that Flakeboard would have been in a better position to raise prices by restricting the amount of MDF available to the West Coast. The acquisition also would have enhanced the risk of coordination between Flakeboard and its few remaining rivals on output and prices, the department said.

Flakeboard is a Delaware corporation headquartered in Ontario, Canada. Flakeboard’s parent company is Celulosa Arauco y Constitución (Arauco), which is held by Inversiones

Angelini y Compañía Limitada, a Chilean corporation headquartered in Santiago, Chile. In 2013, Flakeboard's annual revenues from its MDF business were approximately \$380 million. SierraPine is a California limited partnership headquartered in Roseville, California. In 2013, SierraPine's annual revenues from its MDF business were approximately \$70 million.

###

14-1071