
EXECUTIVE SUMMARY

COMPLAINT REQUESTING INITIATION OF AN ANTI-DUMPING INVESTIGATION CONCERNING IMPORTS OF

HARDWOOD PLYWOOD

ORIGINATING IN THE PEOPLE'S REPUBLIC OF CHINA

SUBMITTED BY THE GREENWOOD CONSORTIUM

1. PRODUCT CONCERNED

The product concerned by the present complaint is plywood made, in a general sense, from any type of hardwood, including non-coniferous and tropical species. This product is commonly referred to as “*hardwood plywood*”. Hardwood plywood is a wood-based panel comprised of several veneers that are glued together. The main characteristic defining the hardwood plywood is that at least one of its outer plies is made of hardwood species.

Specifically, the Complaint defines the product concerned in the following way:

Plywood consisting solely of sheets of wood other than bamboo and okoumé, each ply not exceeding 6 mm thickness, with at least one outer ply of tropical wood or non-coniferous wood, of species specified under subheadings 4412 31, 4412 33 and 4412 34, whether or not coated or surface-covered, currently falling under HS codes ex 4412 31, ex 4412 33 and ex 4412 34, hereinafter referred to as “hardwood plywood” or “the product concerned”.

Okoumé plywood is expressly excluded from this product definition.

2. PRODUCTION PROCESS

The main raw materials for the production of hardwood plywood are logs of hardwood species. The production process of hardwood plywood can be summed up as follows: logs are peeled into veneers, the veneers are lathered in glue, laid up so that the grain direction of each veneer is perpendicular to its adjacent veneer, pressed together, and finished.

There are three prevailing processes for the hot-pressing stage. In the EU as well as in the U.S. a so-called ‘one-step process’ is predominant, in which face and back veneers are glued and hot-pressed at the same time as the core veneers. The Chinese industry most often employs a ‘two-step process’, where the core is manufactured as one step and then glued to the face and back veneers as a second independent step, or a ‘multiply process’, in which a greater number of plies are used in the construction of the plywood board resulting in an overall lower productivity and higher costs (e.g. due to greater glue consumption).

There are no significant differences in terms of the end-result in relation to the production process employed.

3. HARDWOOD PLYWOOD PRODUCED IN CHINA AND THE EU ARE LIKE PRODUCTS

There are no differences with respect to physical, technical, chemical, or any other characteristics between hardwood plywood produced and sold in the EU and hardwood plywood produced in China and subsequently exported to the EU. Both products are fully interchangeable because at the end of the production process, the differences between properties, perception by operators, or uses in the market are absent or insignificant.

4. INVESTIGATION PERIOD AND PERIOD CONSIDERED

The investigation period (“IP”) used in the Complaint comprises 1 April 2023 – 31 March 2024. The period under consideration to assess injury runs from 2021 to the IP.

5. USE OF THE PRODUCT CONCERNED

Hardwood plywood is a multifunctional end-product which is used in the construction, furniture manufacturing, transport and packaging industries, among others.

6. COUNTRY CONCERNED: CHINA

The country concerned by the present complaint is China.

China is the largest producer and exporter of hardwood plywood in the world, with an estimated global production share well above 50%. It has an estimated installed capacity of 135 million m³ of hardwood plywood and in 2022, it produced around 67 million m.³ The Chinese industry's spare capacity therefore likely reaches as much as 50% (estimated).

For Chinese producers of hardwood plywood, the EU market is the largest export market from a value perspective, and the most attractive one given the lack of protective measures in place (unlike the case of, for instance, the U.S. as well as a number of other third countries where trade-defence measures are in place for a number of years already).

Chinese producers of hardwood plywood have also greatly benefitted from current EU sanctions on Russian timber imports into the EU (as explained in detail in the Complaint).

7. CASE SUMMARY

7.1 Applicant and standing

The Complaint is submitted by European Union producers of hardwood plywood, collectively called the Greenwood Consortium.

The Complainants account for above 25% of the total production in the EU of hardwood plywood during the IP. The Complaint has additional support from other EU producers of hardwood plywood, resulting in more than 50% of the total EU production acting in support of the present Complaint.

7.2 Evidence of dumping

Calculations of the dumping margin provided in the Complaint show that hardwood plywood from China is being dumped in the EU, with substantial dumping margins. .

Dumping was established by calculating the difference between the constructed normal value (net ex-factory) and the export prices (net ex-factory) and expressed as a percentage of CIF export price.

In view of the existence of significant distortions in China in the sense of Article 2(6a) of the Basic Anti-Dumping Regulation, the normal value was constructed using Türkiye as an appropriate representative country.

7.3 Evidence of material injury

The Complaint provides clear evidence that the EU industry of hardwood plywood is suffering material injury.

In relation to imports of the product concerned from China, such import volumes increased both in absolute (volume) and relative (market share) terms between 2021 and the IP. Such imports also undercut and undersold the Union industry's prices by notable margins.

Injury indicators of the EU producers show a clear worsening trend during the period considered, including production and installed capacity, sales (in absolute and relative terms), employment, investments and profitability. In particular, concerning profitability, the Union industry has been pressured by the dumped imports from China, as it has been unable to raise prices to the same extent as the costs because of the downward pressure caused by dumped imports from China (both in terms of volumes and low prices). If not for the low-priced imports from China, the Union producers would normally have been able to increase their prices in a context of increasing raw material and other fixed costs. This price pressure of the dumped imports from China has led to the Union industry becoming loss-making during the IP.

There is also a risk of an imminent and further aggravation of injury given the large production overcapacities of the Chinese industry linked to the cooling of the Chinese economy, the attractiveness and accessibility of the EU market, as well as the ability of Chinese exporting producers to benefit from cheaper Russian raw materials imports as a result of EU sanctions. In particular, Chinese domestic consumption of the product concerned has decreased recently as a result of the ongoing real estate crisis, which heavily affects construction, one of the key users of hardwood plywood. This drives Chinese producers to compensate lagging domestic consumption through an increase in their exports at dumped prices.

7.4 Injury elimination level

Given the existence of significant distortions on the main raw materials in China in the sense of Article 7(2a) of the Basic Anti-Dumping Regulation, the Complainants request that anti-dumping duties are imposed at the level of the dumping margin, thus waiving the so-called 'lesser duty rule'.

7.5 Causal link between dumped imports and material injury

The Complaint shows that dumped imports of hardwood plywood from China are the sole reason for material injury of the EU industry because of the coincidence in time between the material injury and the increase in unfair imports, and no other factors potentially breaking that causal link were identified.

7.6 Union interest

The Complaint provides detailed arguments confirming that the imposition of anti-dumping measures on imports of hardwood plywood from China is in the overall interest of the EU, as this would allow to restore fair-market conditions to the benefit of all stakeholders, including the EU producers, users and importers. The European Union has every interest to combat and prevent injurious dumping, since it results in negative consequences not only for the Union industry of hardwood plywood but for the whole EU hardwood plywood ecosystem, including the upstream and downstream sectors. There are therefore no compelling reasons not to apply such protective measures against hardwood plywood imports from China.

8. KNOWN INTERESTED PARTIES

8.1 EU producers

There are numerous producers of hardwood plywood in the EU. Some of the largest include the following:

Austria

- Welde Gesellschaft m.b.H

Bulgaria

- DVT Darvoobrabotvane-VT Co.

Czech Republic

- DYAS.EU, a.s.
- Ploma a.s.
- Wotan Forest

Estonia

- Estonian Plywood AS

Finland

- Koskisen oyj
- Metsa Wood
- UPM Kymmene

France

- Drouin S.A.S.
- Groupe Arbor – SAS Arbor
- Ets Guy Joubert S.A.S.
- La Boisserolle
- Malvaux Industries
- Ober / Marottes
- Rhone Placages
- Thébault Group

Germany

- Delignit (Germany total)

Greece

- Mourikis

Hungary

- Derula KFT

Italy

- Artoni e Fadani
- Bellotti SPA
- Benazzi Comp. SRL
- Brivio Compensati SPA
- C.I.M.A. s.r.l.
- Compensati Toro SPA
- Compla Srl
- E. Vigolungo S.p.A
- IBL SPA (Bonzano)
- Invernizzi S.p.a.
- Panguaneta S.p.A
- San Giorgio SPA
- Sais Compensati Spa

Estonia

- Tarmeko

Latvia

- Amber Birch
- AS Latvijas Finieris
- SIA Kurzemes Finieris (STIGA)

Poland

- Bydgoskie Zaklady Sklejek Sklejka Multi S.A
- Paged Pisz Sp. Z o.o.
- Paged Morag S.A.
- Piotrkowskie Zaklady Przemyslu Sklejek
- Sklejka Orzechowo S.A.

Romania

- Forest Product
- Imprelg
- Plapaf

Slovakia

- Bucina a.s.
- Bukoza
- Europlac s.r.o.

- Slovincom

- Unión Fabril Exportadora, S.L.

Spain

- Contrachapados Industriales, S.L.
- Contrachapados Morati, S.L.
- Grupo Garnica Plywood, S.A.U.
- Maderas y Tableros del Oja, S.A.
- Tableros Losán, S.A.

Sweden

- PlyFa
- Vänerply AB

8.2 EU Associations

- European Panel Federation
- European Timber Trade Federation

8.3 EU Importers

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| ▪ Altripan | ▪ Meplax |
| ▪ Bois Plus | ▪ Multiplacas |
| ▪ Carl Gotz | ▪ Omniplex |
| ▪ CIBM | ▪ Orlimex |
| ▪ Cora Legnami | ▪ Panganoni Legnami |
| ▪ FamHaus | ▪ PERI GmbH |
| ▪ FEPCO | ▪ Poly-wood |
| ▪ Houtwerf | ▪ Robert Neudeck |
| ▪ ICM | ▪ Roggeman |
| ▪ Imola Legno | ▪ Rowood |
| ▪ International Plywood BV | ▪ Salimer |
| ▪ ISB | ▪ Tamalsa |
| ▪ JAF Frischeis | ▪ Treecraft |
| ▪ Klöpferholz | ▪ Woodex |
| ▪ Kornix | ▪ ZEG |

8.4 Chinese exporting producers

There are around 900 known Chinese producers of hardwood plywood identified in the Complaint. Some of the most important include:

- Arser Wood
- Feiya Wood Industry

- Guanxi Forest Industry Group
 - Shouguang Luli Wood Industry
 - Sumec
 - Yalong Wood Co.
 - Zhejiang Yuhua Wood Industry,
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