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Media Contact: Mike Burita

202.420.9361 or mike@buritamedia.com

Federal Government Duty Announcement Finds No Dumping But Applies Duties to Chinese Imported Hardwood Plywood Market Anyway

Protectionist Campaign is a Lose-Lose for Global Marketplace, U.S. Manufacturers and Jobs

Portland, OR – A protectionist campaign initiated by a handful of domestic companies has resulted in U.S. manufacturers being hit with more duties on imported Chinese hardwood plywood even after the U.S. government found that all individually-investigated exporters did not engage in “dumping” (unfair pricing). Hardwood plywood is a vital component of the wood products supply chain and the broad range of industries that rely on it. As part of its ongoing investigation of Chinese hardwood plywood market practices, the U.S. Department of Commerce announced a preliminary antidumping duty of zero percent on all Chinese exporters who were individually examined. However, Commerce refused to apply a zero percent to the remaining exporters who were fully cooperative. Instead, Commerce used an average that included a penalty duty normally reserved for non-cooperative companies. The resulting average duty, 22.14 percent, applies this penalty to U.S. manufacturers’ purchases of hardwood plywood from these fully cooperative exporters.

The Commerce Department took a similar path in the countervailing duty investigation that examined whether the Chinese government conferred illegal subsidies on exports of hardwood plywood. After finding that all three investigated companies received no subsidies, Commerce applied a penalty duty to the rest of the exporting industry.

In other words, the government has now invested significant resources in pursuing the petitioners’ complaint and found that, in every single instance, the

Chinese exporters were not subsidized and did not engage in dumping. Yet, Commerce still applied duties.

“Today’s preliminary antidumping determination reflects what our alliance has stressed from the beginning—Chinese hardwood plywood producers are not engaged in predatory pricing,” AAHP co-chair Greg Simon said. “Unfortunately, our own government continued its bias against imports and imposed duties anyway. The domestic petitioners are seeking a competitive advantage through this investigation, but their fallout will be far-reaching—supply disruption, price volatility and longer lead times, negatively affecting the petitioners very own customer base. These unfair duties will be felt throughout the imported and domestic supply chain by many U.S. manufacturers and the thousands of people that they employ.”

The Department of Commerce antidumping ruling is the latest stage of an investigation that commenced last fall when six domestic companies, that represent a small fraction of the global plywood market, led a protectionist campaign to disrupt the imported woods market by alleging “unfair” trade practices in China and petitioned the government for a mandated 300% in tariffs on hardwood plywood imported from China that is heavily used by American manufacturers to produce kitchen and bath cabinetry as well as furniture, flooring, boats, paneling, store fixtures, shipping containers and many other American made products. Many manufacturers in these segments are already seeing a ripple effect from market distortions resulting from the preliminary duty determinations and are grappling with supply uncertainties.

For a wide variety of specific applications, Chinese hardwood plywood fills an important supply niche that domestic sources simply cannot meet, it is an apples and oranges market comparison. To meet continued customer demand for the Chinese material, many U.S. companies will likely lose business and jobs in manufacturing products to importing finished products from China and overseas that is duty free.

“Manufacturing is trying to make a comeback and to do that we need a strong global supply of raw material that can be manufactured into high demand consumer products right here at home by American workers,” said AAHP co-chair Gregg Wilkinson. “When the U.S. government applies duties on imports even after finding no subsidies and no dumping it is hard to view the process as anything but protectionist. The irony is that the unfair tariffs instigated from this protectionist campaign will harm the U.S. market and the only free trade we will see is the export of U.S. jobs to China.”

AAHP stressed that today's Department of Commerce antidumping determination was preliminary and that a thorough review of the process and methodology behind the 22.14% rate would take place in the coming weeks before a final determination is made. Rates could, and likely will, adjust up or down.

"We are encouraged that the petitioners' claims have again been totally disproven. We look forward to the opportunity to convince Commerce to apply a more rational average duty rate in the final determination," Simon concluded. "Importers and manufacturers are already seeing alarming market signs in both import and domestic supply based on the CVD preliminary announcement. Any employer that is concerned by the long term disruption that this will have on their business and employees should contact the Department of Commerce and their local U.S. representative and urge them to consider the real world impact that any excessive tariffs will have on U.S. jobs."

The American Alliance for Hardwood Plywood (<http://www.aa-hp.org>) is an organization of American importers, distributors and manufacturers of hardwood plywood, along with other U.S. companies that depend on the availability of global resources.

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