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Domestic Manufacturers Prepare for Supply Disruption

Final Anti-Dumping and Countervailing Duty Rates Announced on Hardwood Plywood from China

September 20, 2013 - Alexandria, Virginia- Earlier this week, U.S. consumers of hardwood plywood received troubling news that supplies of imported Chinese hardwood plywood will be disrupted.

Yesterday, IWPA was present for the International Trade Commission (ITC) final hearing, as companies from around the country and across industries testified on the harm increased duty rates will have on their businesses. Several IWPA members testified on the impacts of this decision, and the detrimental effect this will have on supply chains around the world.

The Department of Commerce announced the final anti-dumping (AD) and countervailing duty (CVD) rates on Tuesday for hardwood plywood imported from China. In the AD investigation, the two individually-investigated respondents received rates of 55.76% and 62.55%, while the 101 fully cooperative "separate rate" companies received a rate of 59.46%. The China-wide rate - which is applicable as a penalty to non-cooperative companies - is set at 121.65%.

The CVD duties have also been announced. All three mandatory respondents have received a de minimis rate (below 2%), while all other cooperating respondents received a 13.58% separate rate. The non-cooperative respondents received a rate of 27.16%. These rates will compound the problems faced by an already struggling wood products industry.

Tens of thousands of American jobs and businesses that depend on the use of Chinese hardwood plywood will be hurt by this decision. In addition, all users of plywood are expected to encounter price and supply disruptions as markets adjust.

Manufacturers across the United States utilize Chinese hardwood plywood every day to create cabinets, RVs, and a myriad of other affordable products for American consumers. With this roughly 73% rate increase, many small American companies may find themselves unable to absorb this disruption and stay in business.

"U.S. companies depend on a variety of veneers sourced domestically and abroad to produce their products. In our global marketplace, manufacturers seek out the best product for the job. IWPA is concerned that this action will send ripples throughout supply chains and adversely affect American consumers" noted Cindy Squires, Executive Director of IWPA.

"The true costs of this action will come not only from this initial rate, but also from the rate revisions and adjustments expected in the administrative reviews conducted annually over the next few years. These reviews could continue to create uncertainty as to the actual and final duty liability for most importers and consumers. It is extremely challenging, if not impossible, to price your products without any certainty of your fixed costs," continued Squires.

The trade remedy process forces uncertainty on businesses importing products covered under the case's scope as the rates announced are deposit requirements only. The actual duty amount owed will be calculated retroactively at an annual review (which could be several years from the announcement of rates). Once the review process is complete, the rates could fluctuate up or down. If the deposit amount is larger than the recalculated rates, the importer will receive a refund. If the deposit amount is not sufficient to cover the recalculated rates, then the importer will be billed for the difference.

For more information you can go to the American Alliance for Hardwood Plywood at www.aa-hp.org

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Established in 1956, IWPA is the leading international trade association for the North American imported wood products industry, representing 200 companies and trade associations engaged in the import of hardwoods and softwoods from sustainably managed forests. Association members consist of three key groups involved in the import process: U.S. importers and consuming industries, offshore manufacturers and the service providers that facilitate trade.