



The Coalition for Fair Trade of Hardwood Plywood: Position Paper

- In 2008, the U.S. International Trade Commission completed an investigation requested by the U.S. Senate of the domestic hardwood plywood and flooring industries. The investigation concluded that imports of hardwood plywood products from China vastly increased within a brief period of time and succeeded in capturing a vast portion of the U.S. market formerly held by domestic manufacturers. U.S. hardwood plywood manufacturers, including Columbia Forest Products and Timber Products Company, actively participated in that investigation, and brought to the attention of policymakers the wide array of unfair trade practices used by Chinese suppliers.
- Over the last several years, the share of the U.S. hardwood plywood market captured by manufacturers in China has grown from single digits to **50 percent of the hardwood plywood market**. In other words, **one out of every two square feet of hardwood plywood now sold in the U.S. comes from China**. This has not been accomplished on a “level playing field,” as China does not abide by the same rules that U.S. manufacturers do. As such, we assert that Chinese manufacturers have unfairly “dumped” product into the U.S., below cost, to gain an unfair advantage and capture market share.
- How do they do it? **By dumping product into the U.S. market at prices that are well below fair value, by an array of Government-provided subsidies, and by manipulation of currency exchange rates. All of these add up to a hugely unfair advantage for China, creating a very un-level playing field.**
- These unfair practices injure our entire industry. The results have exacerbated an extremely difficult economic environment for the domestic hardwood plywood industry. The workforce has dwindled. Production capacity is now operating at rates below 50 percent. And manufacturers are unable to gain the margin necessary to continue operations at a competitively viable level.

- Moreover, these unfair trade practices threaten continuing injury to this industry, and present a fundamental obstacle to the industry's ability to recover, even when underlying economic conditions in this country turn more favorable.
- However, it's not only U.S. manufacturers that are harmed. It's also the companies that supply those manufacturers. And it's the communities in which these companies reside. Distributors and specialty retailers who have long taken enormous pride in selling products Made In the U.S.A. have seen their margins squeezed. Well-designed and well-styled U.S. products that once earned a reasonable profit have been all but relegated to commodity status. In addition, service levels have suffered as supply chain issues become evident. The quality and sustainability of the Chinese hardwood plywood products is uncertain at best. So, in the end, it's the consumer that ultimately suffers, and no one wins if the domestic hardwood plywood industry continues to devolve.
- To restore the competitive manufacturing position of this proud U.S. industry, a coalition of domestic hardwood plywood manufacturers, representing the vast majority of the industry, plans to file an unfair trade petition regarding imports of hardwood plywood from China. Using well-established legal procedures established for this very purpose, the petition will be filed on September 27, 2012, with the U.S. Department of Commerce and the U.S. International Trade Commission (ITC).
- This petition will clearly document dumping and subsidies practices freely exploited by Chinese manufacturers, and the injury these practices have caused and continue to cause the U.S. industry. The petition will urge the U. S. government to impose antidumping and countervailing duty orders on imports of hardwood plywood products from China.
- We, as domestic hardwood plywood manufacturers, can compete with any manufacturer in the world in the areas of quality, styling and service. We are the world leaders in technical and design innovation as well as environmental stewardship. All we ask for is a level playing field.

For more information: www.hardwoodplywoodfairtrade.org