

## **The Woodstock Consortium welcomes provisional anti-dumping duties imposed today by the EU Commission on Russian imports of birch plywood as a crucial and necessary step towards restoring the level playing field in the EU**

- **The European Commission confirmed that Russian exporting producers sold birch plywood in the EU at dumped and injurious prices;**
- **The dumping margins determined for Russian producers are between 15% and 15,9% and the provisional anti-dumping duties will be imposed at these levels;**
- **Imports from Russia were offered in the EU at significantly lower prices than those of EU producers, causing material injury and deterioration of the financial and economic performance of the EU domestic industry and driving its profitability to deep negative levels;**
- **The European Union industry together with the Commission will remain watchful of any attempts by the Russian exporting producers to circumvent the provisional duties in light of the massive production capacities and various distortive elements of the operation of its domestic industry.**

The Woodstock Consortium welcomes the decision of the European Commission, as a crucial step toward offsetting the effects of the continuous dumping practices by Russian producers, restoring a level and sustainable playing field on the EU market.

Following an eight-month in-depth investigation, the European Commission determined that Russian exporters were selling birch plywood products in the EU at less than fair value, and will now impose provisional anti-dumping measures ranging from 15% to 15,9% in response to these dumping practices.

This is a crucial first step towards reversing the long-term effects of the continuous dumping practices by Russian producers of birch plywood and restoring a level playing field on the European Union's market as well as towards ensuring a sustainable future for the EU producers in the long term.

The Commission's Implementing Regulation<sup>1</sup> confirmed that Russian exporting producers – which are supported by broad government interventions and control over half the EU market – sold massive volumes of birch plywood to the EU at dumped prices that resulted in material injury of the EU producers. Indeed, the Commission confirmed that imports from Russia increased by 37 % during the period considered and that these increasing imports were made at prices lower than those of the Union industry throughout the period considered. In a context of a substantial increase of the Union consumption (+ 14 %), imports from Russia increased even stronger during the period considered (+ 37 %), at prices which significantly undercut those of the Union industry.

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<sup>1</sup> Commission Implementing Regulation (EU) 2021/940 of 10 June 2021 imposing a provisional anti-dumping duty on imports of birch plywood from Russia, Official Journal of the EU, L 205/47 of 11.6.2021 (available [here](#)).

This allowed Russian exporting producers to reach a market share of 56 % in the investigation period (up from 46 % in 2017). In these circumstances, the Union industry was not only prevented from benefiting from an expanding market, but its economic situation worsened as shown by all major macro-indicators presenting a negative trend: production (-14 %), EU sales (-17 %) and a significant reduction of its market share (from 44 % to 32 %) in the period considered.

Furthermore, in a situation of increasing costs and the price pressure exerted by the Russian dumped imports, the Union industry was precluded from setting sustainable prices, which resulted in a very strong drop in profitability from 10 % to losses (-3 %), and the consequent deterioration of its financial indicators. The investigation also confirmed that Russian imports suppressed sales prices in the EU and were sold at prices up to 18,5% lower than the Union industry's prices and up to 54% lower than the EU non-injurious prices which would cover the cost of production and provide for a reasonable profit of the EU industry.

It should also be noted that the Commission set the provisional anti-dumping duties at the lower level of the dumping margins rather than the higher level of the injury margins found for the Russian producers, so the European industry may still struggle in the face of aggressive Russian pricing tactics in the EU market, following the imposition of the anti-dumping duties.

The Commission also confirmed that the level of the measures will likely not bring Russian imports to a halt, but rather allow the continued sourcing of birch plywood from Russia at fair prices. In addition, birch plywood can still be imported from other third countries, like Ukraine and Belarus.

Moreover, the underlying risks for the downstream users and their costs will be limited, due to the modest level of the duties. Indeed, the Commission has determined that for the sectors capturing the majority of the birch plywood consumption, the impact of the measures has been assessed to be limited or negligible (for the packaging sector, the estimated impact in the cost structure would be limited and it can be expected to be passed on to customers). As far as the parquet and flooring sector is concerned, birch plywood has various substitutes, like other types of wood and alternative materials, which is another reason why the impact of possibly slightly higher cost of birch plywood is expected to be limited.

Finally, Russian producers of birch plywood benefit from various domestic support programs of the Russian government aimed to unfairly support their export-oriented business model. Together with massive production capacities, reinforced by new installations coming online during the post-investigation period, the impact of Russian imports on the EU industry will be irreparable and uncontrolled in the long-term without anti-dumping measures in force.

The Woodstock Consortium will continue full cooperation with the Commission in the framework of this investigation and will provide its further comments on the provisional findings in due course. The Consortium will also remain watchful of any attempts by the Russian producers to circumvent or otherwise absorb the provisional duties and expects the Commission to equally remain vigilant in the coming months leading to imposition of the definitive anti-dumping measures later this year.