

Commerce Initiates Scope/Circumvention Inquiry Involving U.S. Hardwood Plywood Products from China that are Completed in Vietnam

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Washington, DC – Today, the U.S. Department of Commerce (Commerce) announced its initiation of an inquiry into whether imports of hardwood plywood completed in Vietnam, using components from China, are circumventing the existing antidumping and countervailing duty orders on hardwood plywood from China (Orders). Commerce is also initiating a concurrent inquiry to determine whether such imports are covered under the scope of the Orders. Commerce's initiation is in response to a February 2020 request filed by the Coalition for Fair Trade of Hardwood Plywood (Coalition), asking the agency to confirm that certain hardwood plywood products from China that are assembled in Vietnam before being imported into the United States are covered by the scope of the Orders.

As the Coalition explained in its initial request, since the Orders were imposed in January 2018, Chinese producers/exporters of hardwood plywood have engaged in a number of schemes, including transshipment through Vietnam, to avoid paying antidumping and countervailing duties. As part of its filing, the Coalition submitted extensive evidence, including trade statistics, declarations, website excerpts, and press reports, indicating that Chinese hardwood plywood is undergoing minor assembly and finishing in Vietnam and improperly entering the United States as Vietnamese-origin plywood for the express purpose of avoiding AD/CVD duties.

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Practice Areas

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If Commerce concludes that the products identified in Commerce's initiation notice are in-scope merchandise, they will be subject to the current antidumping and countervailing duties on Chinese hardwood plywood, which exceed 200% combined. Moreover, any duties owed must be paid retroactive as to the date of publication of Commerce's initiation notice in the Federal Register, which will likely occur in the next few days.

"The American hardwood plywood industry strongly supports this new scope and circumvention inquiry by the Commerce Department," said Timothy C. Brightbill, partner in Wiley Rein LLP's International Trade Practice. "After the U.S. industry won this trade case against dumped and subsidized hardwood plywood from China, the relief was quickly undermined by Chinese plywood and plywood components being shipped through and completed in Vietnam. The level of transshipment and circumvention through Vietnam has been staggering. Vietnamese imports skyrocketed in 2018, doubled in 2019, and are up 60% again so far this year," Mr. Brightbill added. "We commend Commerce for taking this action, and we urge a rapid investigation and affirmative determination that these products should be covered by the existing duty orders."

The underlying trade cases were filed on behalf of the Coalition for Fair Trade of Hardwood Plywood, a group of U.S. producers and manufacturers that are committed to safeguarding the U.S. hardwood plywood industry and its thousands of workers. Wiley Rein LLP represents the Coalition.

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