BIRCH PLYWOOD ALLIANCE
EUROPEAN IMPORTERS, DISTRIBUTORS & END USERS

European Commission
Executive Vice-President Valdis Dombrovskis' Office
Commissioner Thierry Breton's Office
Rue de la Loi 200
1049 Brussels, BELGIUM

3 June 2021

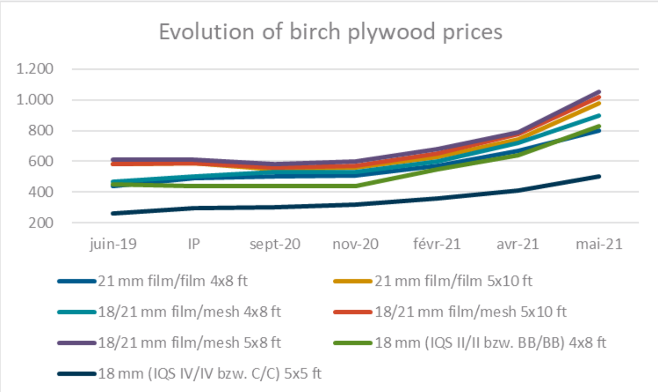
European industry strongly rejects provisional anti-dumping duties on imports of birch plywood

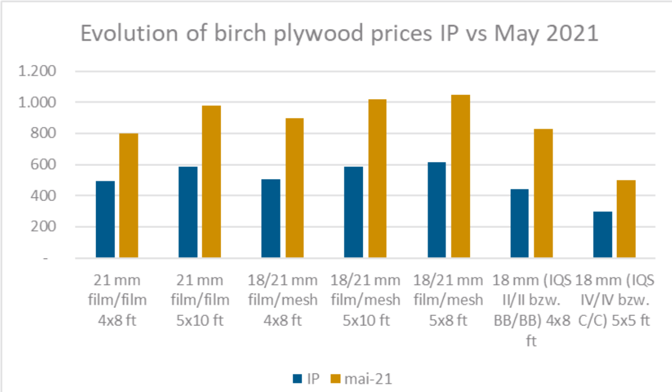
Dear Executive Vice-President Dombrovskis,

Dear Commissioner Breton,

Following the Commission's announcement of provisional anti-dumping duties on Russian-origin imports, the 66 signatories from 18 Member States signing this letter would like to reiterate the devastating impact that duties will have if applied as of 12 June. The market, feeding into the construction, flooring, automotive, and furniture-producing sectors, to name a few, is already in turmoil with skyrocketing prices and supply shortages.

First, following the investigation period (1 July 2019 – 20 June 2020), EU prices for birch plywood went up by a staggering 62% - 88% (see annex 1). This is an enormous cost burden on European companies – users of birch plywood, most of which are SMEs, which are already struggling in the COVID-affected economy. Alliance members have no more buffers left to absorb these price increases. An additional price hike from anti-dumping measures is a reckless and inconsiderate move that goes against Union interest.





Second, the EU consumes around 2.2 million m3 of birch plywood a year. The EU producers' yield is only 850 thousand m3 yearly. Imports from Russia are therefore necessary to address Europe's growing plywood supply and demand gap (see annex 2). There is simply no, or not enough, domestic product on the market, nor international alternatives, let alone one with the same level of quality or technical parameters. Moreover, birch plywood can in most cases not be substituted due to its unique material qualities. For instance, a significant product group of "square panels", used among others for packaging and parquet production, is not produced in the EU at all and cannot be substituted.

Should tariffs be adopted, European importers, distributers and end-users will be in a very difficult position. We will have no choice but to continue importing from Russia, while paying a higher price. The situation is exacerbated by the record-high prices for plywood, which will duplicate the cost burden for the plywood supply chain.

Third, the Russian plywood industry is a global player, leading the world market with 70% of global production, and will continue to supply other markets (e.g. the United States and China). Domestic producers in these other markets will continue to sell end-products containing Russian plywood to the EU. Restraining our access to this key material will not only raise our costs even more, but also reduce our competitiveness, resulting in lower European production, if not bankruptcy for several of us.

The companies represented in the Birch Plywood Alliance can speak to the market situation for 18 Member States; and our numbers keep growing as days pass and as the case continues. Unlike the handful of complainants, who are known importers of birch logs from Russia and seemingly only come from two Member States, we provide a much better picture of the European market. We invite you to carefully study our list of signatories, who represent a great diversity in sectors and geographies.

We fully support the Commission's efforts to increase Europe's competitiveness, but imposing duties on plywood imports is not the way. The EU's open economy is its greatest asset. We simply cannot absorb such a financial blow, with many of us having barely survived the pandemic. We ask once again for your decisive intervention and for the Commission to forego the imposition of harmful and unnecessary provisional antidumping measures.

We are currently setting up meetings with your respective cabinets to outline in greater detail the grim reality of these provisional duties. We remain available at your best convenience.

Yours sincerely,

The Birch Plywood Alliance – European Importers, Distributers and End Users

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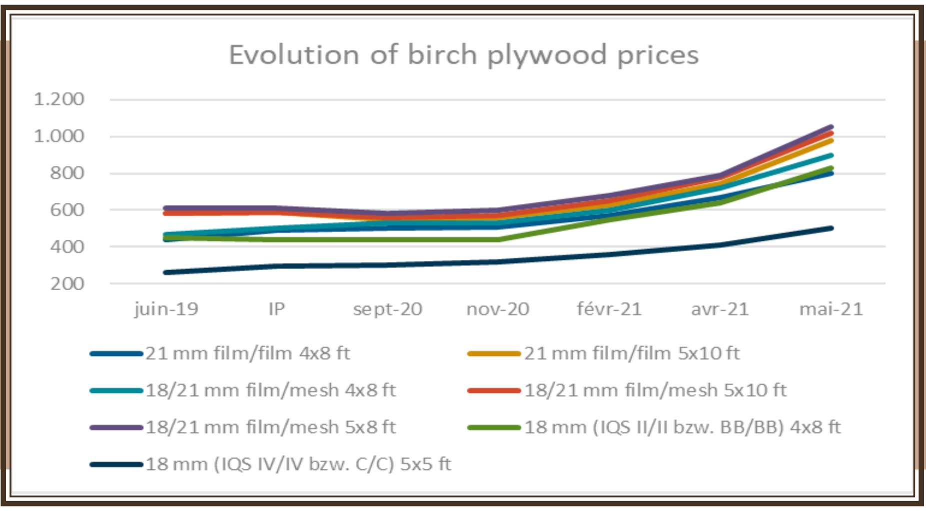
ANNEX 1

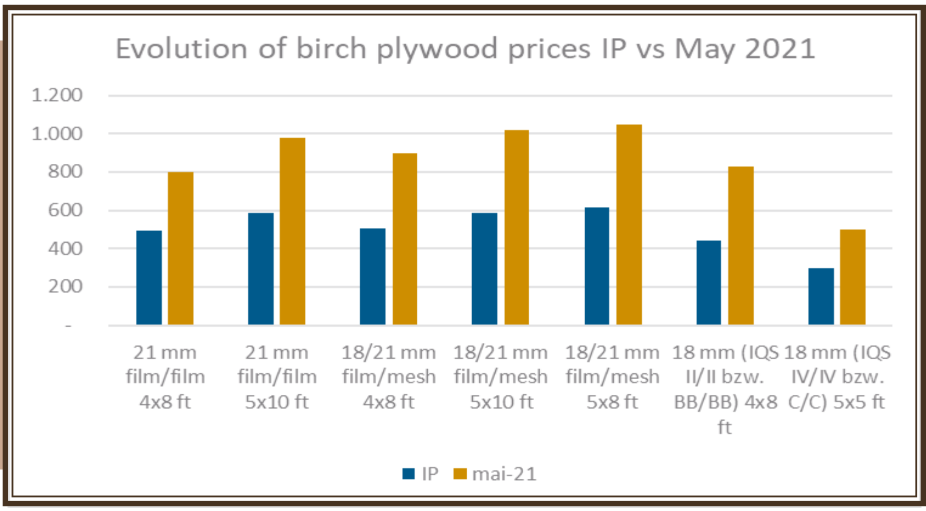
Evolution of plywood prices in the EU



	Jun 19	IP	Sep 20	Nov 20	Feb 21	Apr 21	May 21
21 mm film/film 4x8 ft	440	493	500	510	570	670	800
21 mm film/film 5x10 ft	585	586	550	560	630	740	980
18/21 mm film/mesh 4x8 ft	470	503	530	530	600	720	900
18/21 mm film/mesh 5x10 ft	580	588	560	570	650	780	1020
18/21 mm film/mesh 5x8 ft	610	614	580	600	680	790	1050
18 mm (IQS II/II bzw. BB/BB) 4x8 ft	450	441	440	440	550	640	830
18 mm (IQS IV/IV bzw. C/C) 5x5 ft	260	296	300	320	360	410	500

Source: EUWID - EUWID Price Watch: Birch Plywood Russia in EUR/M3 (Lower range)

Evolution of birch plywood prices IP vs May 2021



	IP	May 21
21 mm film/film 4x8 ft	493	800
21 mm film/film 5x10 ft	586	980
18/21 mm film/mesh 4x8 ft	503	900
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ANNEX 2

Supply & Demand gap

	2017	2018	2019	IP Complaint
Consumption (m3)	2 050 121	2 176 202	2 159 183	2 155 010
Production (m3)	982 658	1 009 772	879 540	843 175
Gap production vs. Consumption (% of consumption)	**52,07%**	**53,6%**	**59,27%**	**60,87%**
Capacity (m3)	1 244 310	1 296 650	1 328 000	1 303 000
Gap capacity vs. Consumption (% of consumption)	39,31%	40,42%	38,5%	39,54%

Source: Complaint, Tables 1 and 4.

The Birch Plywood Alliance – European Importers, Distributers and End Users is an ad-hoc coalition of concerned European companies. Questions can be directed at the Alliance's Secretariat, managed by Portland Communications, transparency register: 7223777790-86.
Contact: Birch-Plywood-Alliance@portland-communications.com