

# WOOD TRADE UPDATE

IWPA Meeting – April 4, 2019





**Donald J. Trump** 

@realDonaldTrump

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Tariffs are the greatest! Either a country which has treated the United States unfairly on Trade negotiates a fair deal, or it gets hit with Tariffs. It's as simple as that - and everybody's talking! Remember, we are the "piggy bank" that's being robbed. All will be Great!

4:29 AM - 24 Jul 2018

# Softwood Lumber

- AD/CVD Orders issued January 3, 2018
- Expedited CVD reviews underway
- NAFTA and WTO Appeals Ongoing
- 1<sup>st</sup> Review Starting Up
  - Petitioners named more than 1,000 Canadian companies for review.
  - Many Canadians also “self-requested”



# Multilayered Wood Flooring from China



- Current AD rates: low. **BUT**
- Recent preliminary rates are high: **48.26%** for separate rate companies and 96.51% for the PRC-Wide rate and other non-cooperating companies.
- Current CVD rates remain low (single digits)
- 8 year court appeal of original investigation ongoing

# Plywood DOC



- Petitioners file circumvention claim on “later developed” plywood with face and back of *radiata pine/agathis*
- Circumvention finding would be retroactive to entries on/after September 18 (or 21<sup>st</sup>), 2018
- AD/CVD administrative reviews requested of 65 Chinese exporters; plus one additional company for CVD. 7 importers filed review requests. Petitioners did not name anybody for review



# Plywood Court Appeals

- AAHP Appeal of ITC decision
- Chengen/Bailey AD rate appeals
- Petitioners' softwood appeal
- DOC RTA cabinet and vanity scope "clarification"

U.S. Court of International Trade



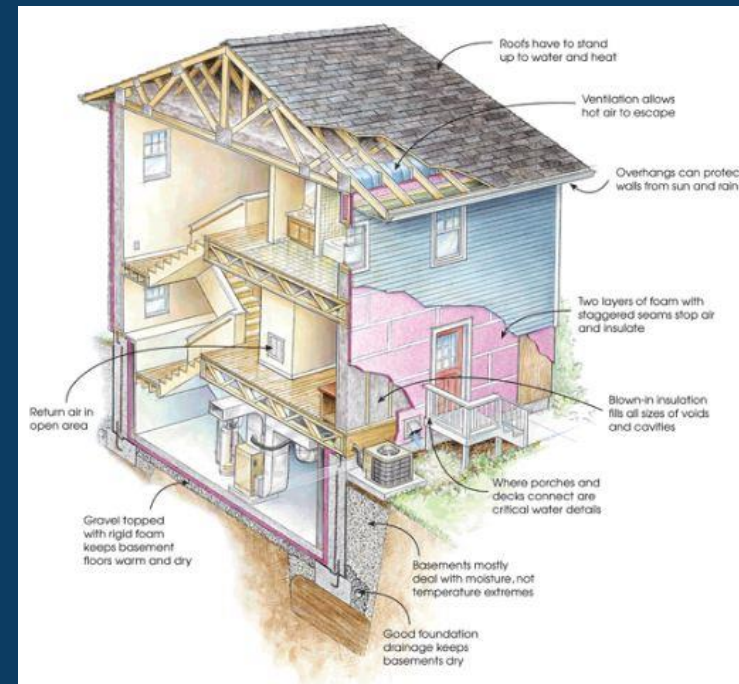
# Cabinet/Vanities Petition



- AD/CVD Case filed March 6 by “AKCA”
- ITC Hearing March 27. ITC Vote April 19
- DOC CVD Prelim as early as May 30
- Scope: Covers cabinets whether or not assembled
- Depends on whether “intent is for the cabinet to be permanently installed.” May pose challenges for CBP
- Covers doors, drawer sides and other components parts

# Duties “Hit Home”

- Housing contributes 15-18% to GDP
- Housing-related applications are significant end-use for most wood products
- NAHB estimates Softwood Lumber duties alone add \$9,000 to home price; pricing-out 1.1 million households from homeownership





# AD/CVD Cases on Housing-Related Products

- Multi-layered Wood Flooring
- Plywood
- Softwood Lumber
- Kitchen Cabinets & Vanities
- Steel sinks
- Quartz Countertops
- Nails & other fasteners
- Rebar & Wire Strand (& an old case on Cement!)
- Steel/Copper Piping & Pipe Fittings
- Threaded Rod
- Solar Cells
- Steel in Many Forms
- Aluminum Extrusions (e.g., window “curtain walls”, appliance handles, lighting components)
- Fabricated structural steel
- Bedroom Furniture, Mattresses, Innersprings, wire shelving, wire hangars
- Ironing tables
- Washers
- Tool chests and cabinets
- Candles
- Beer Kegs



# 301 “List 3” Duties on Wood Products

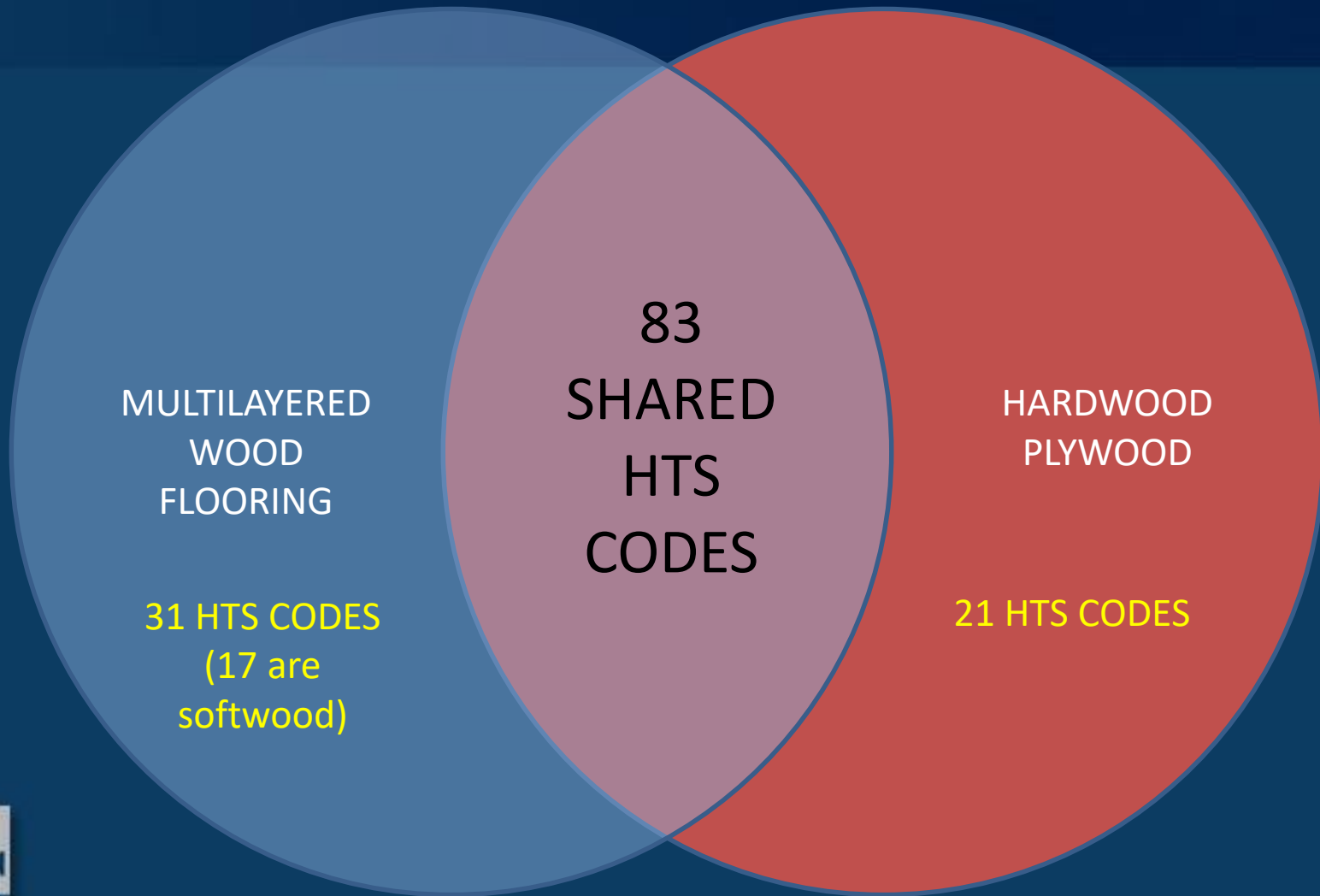
- Section 301 “List 3” duties went into effect on 9/24 @ 10 percent. Few wood products were spared.
- Thousands of requests to remove HTS codes from final list
- Only **286** HTS codes were fully removed from proposed list
- Tariffs now cover approximately 7% of US imports
- Average duty levels nearing 1970s levels



# SCOPE NIGHTMARES



# FLOORING OR PLYWOOD?



# General Circumvention/Transshipment Concerns

- Importers should increase due diligence. “Trust but Verify”
- CBP/HSI teams conduct factory visits
- CBP policing HTS changes. CF 28s are up!
- CBP audits on “first sale” value restructuring expected to increase





# EAPA

- EAPA allegations filed by July 9
- Claims Vietnam Finewood transshipped Chinese plywood
- CBP accepted the allegation July 25, 2018. CBP visited Finewood October 25, 2018
- “Interim measures” announced under “reasonable suspicion” legal standard
- Final determination expected in June (or August if extended). “Substantial evidence” legal standard

# LACEY

- APHIS to notify importers of PPQ 505 non-compliance
- Still no formal mechanism to correct erroneous PPQ 505s
- Okoumé from Rep. of Congo and Gabon: **EIA March 25 Report**



# Questions?

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