



Decorative Hardwoods Association®

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October 30, 2025

The Honorable Jamieson L. Greer
Ambassador
Office of the U.S. Trade Representative
600 17th Street NW
Washington, DC 20508

Re: Comments Regarding Significant Foreign Trade Barriers (Docket Number USTR-2025-0016)

Dear Ambassador Greer:

The Decorative Hardwoods Association (DHA)¹ appreciates the opportunity to respond to the Office of the United States Trade Representative's ("USTR") request for comments as it prepares its 2026 National Trade Estimate Report on Foreign Trade Barriers ("NTE Report").²

DHA represents North American manufacturers of hardwood plywood, hardwood veneer and engineered wood flooring. Unfortunately, DHA members have been the victims of unfair trade practices engaged in by countries throughout the world but particularly in Asia. In fact, just last month Roseburg Forest Products announced the closing of a hardwood plywood mill, layoff of over 100 workers, and exit from the hardwood plywood industry. In Roseburg's announcement they cited an inability to compete against the flood of dumped and subsidized imports from Asia that now dominate 80 percent of the US hardwood plywood market. In addition, last year Besse Forest Products closed after decades in the industry.

DHA members, particularly hardwood plywood manufacturers and engineered wood floor manufacturers, have successfully pursued antidumping and countervailing duty trade cases against Chinese manufacturers. While helpful, these cases are time-consuming and expensive and do not solve the problem. Too often, Chinese companies are quick to transship through other Asian countries like Vietnam, Indonesia, or Malaysia. Our hardwood plywood members through the Coalition for Fair Trade in Hardwood Plywood successfully pursued a circumvention case against Vietnamese shipments of hardwood plywood made with Chinese inputs with a ruling in

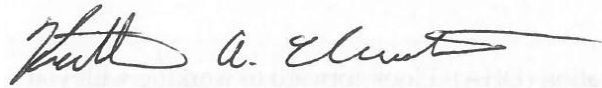
¹ The Decorative Hardwoods Association represents over 75 North American manufactures of hardwood plywood, hardwood veneer, engineered wood floors and their suppliers and distributors.

² *Request for Comments to Compile the National Trade Estimate Report on Foreign Trade Barriers*, 90 Fed. Reg. 44,448 (Office of the U.S. Trade Rep. Sept. 15, 2026).

2023. This slowed high levels of imports from Vietnam for a bit over a year, but imports are again surging, rising 52% in 2024 to nearly 615 million square feet. For comparison, U.S. manufacturers have reduced production to only 676 million square feet in 2023 after years of competing with unfair imports from Asia. U.S. capacity utilization has been reduced to around 40%, and many good jobs in rural communities have been lost when mills have been closed. These unfair trade practices have resulted in large U.S. trade deficits in finished hardwood products for example wood furniture and cabinets with a deficit of nearly \$12 billion and plywood and flooring over \$2.6 billion in 2024.

The trade barriers and trade practices that have decimated the US decorative hardwood industry are thoroughly documented in comments by the Coalition for Fair Trade in Hardwood Plywood in response to USTR's request for comments. Rather than making the same points here, DHA supports the comments of the Coalition for Fair Trade in Hardwood Plywood and has attached those detailed comments below.

Sincerely,

A handwritten signature in black ink, appearing to read "Keith A. Christman". The signature is fluid and cursive, with a long horizontal stroke at the end.

Keith A. Christman
President
Decorative Hardwoods Association

KChristman@decorativehardwoods.org

Attachment

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The Honorable Jamieson L. Greer
Ambassador
Office of the U.S. Trade Representative
600 17th Street NW
Washington, DC 20508

Re: *Comments Regarding Significant Foreign Trade Barriers (Docket Number USTR-2025-0016)*

Dear Ambassador Greer:

On behalf of the Coalition for Fair Trade in Hardwood Plywood (“Coalition”), we hereby submit the following information in response to the Office of the United States Trade Representative’s (“USTR”) request for comments as it prepares its 2026 National Trade Estimate Report on Foreign Trade Barriers (“NTE Report”).¹

I. INTRODUCTION

The Coalition is comprised of Columbia Forest Products, Commonwealth Plywood Inc., Manthei Wood Products, States Industries, Inc., and Timber Products Company. Hardwood and decorative plywood has a wide variety of uses, including wall panels, kitchen cabinets components, seat backs, table and desktops, drawer sides furniture components, trailer components and as the raw material for certain engineered wood flooring.

Members of the Coalition are among the top producers of hardwood and decorative plywood in the United States.² Nonetheless, the American hardwood plywood industry continues to suffer from the foreign trade barriers imposed by many U.S. trading partners. These policies distort international trade and greatly harm domestic hardwood plywood producers. Among other things, they stand as barriers to U.S. exports and investment, restrict domestic manufacturers’ access to raw materials, and funnel large volumes of hardwood plywood imports into the U.S. market.

As USTR detailed in its *2025 National Trade Estimate Report on Foreign Trade Barriers (“2025 NTE Report”)*, a wide range of foreign trade barriers and other policies perpetuate unfair trade and adversely impact the wood products industry or within the main partners in this sector.³

¹ *Request for Comments on Significant Foreign Trade Barriers for the 2026 National Trade Estimate Report*, 90 Fed. Reg. 44,448 (Off. of the U.S. Trade Rep. Sep. 15, 2025).

² *Top 12 plywood manufacturers and plywood suppliers in USA*, Vinawood Ltd. (Mar. 12, 2022), available at: <https://vinawoodltd.com/blogs/news/shuttering-plywood-suppliers-in-usa>.

³ *See generally* Off. of the U.S. Trade Rep., *2025 National Trade Estimate Report on Foreign Trade Barriers* (Mar. 31, 2025) (“*2025 NTE Report*”), available at: <https://ustr.gov/sites/default/files/files/Press/Reports/2025NTE.pdf>.

These include the widespread use of subsidies, circumvention, export restrictions, import barriers, carbon policies, state-owned enterprises (“SOEs”), duty exemptions, government procurement, and numerous non-reciprocal customs and trade remedy policies. Practices like these combine to create an uneven global playing field that unfairly advantages foreign manufacturers at the direct expense of American producers and workers.

The Coalition submits herein information regarding several foreign trade barriers that affect multiple U.S. trading partners, and respectfully requests that the USTR address these issues in its upcoming 2026 NTE Report while continuing efforts to ensure that U.S. manufacturers and workers can compete fairly on the global stage.

II. USTR SHOULD CLOSELY EXAMINE THE FOREIGN TRADE BARRIERS THAT CUT ACROSS A RANGE OF HARDWOOD AND DECORATIVE PLYWOOD EXPORTING COUNTRIES

Many of the largest hardwood and decorative plywood-producing countries provide substantial subsidies to their domestic industries, with the resulting benefits frequently extending beyond their borders to the detriment of American manufacturers. Efforts to implement targeted remedies are undermined by transshipment and circumvention, particularly through countries granted exemptions or other preferential treatment under U.S. trade policies. Foreign government initiatives are often concealed strategies that further tip the scales in favor of their domestic industries. In this context, recently, the Department of Commerce (“Commerce”) initiated AD/CVD investigations on the imports of hardwood and decorative plywood from China, Vietnam, and Indonesia.⁴ These trade-distorting actions restrict, prevent, and impede the international flow of goods and services, as well as U.S. foreign direct investment, and should be addressed in USTR’s 2026 NTE Report.

In this section, the Coalition explains the trade barriers that affect many countries. In section III, we will focus on trade barriers that are specific to individual countries.

Transshipment, Circumvention, and Export Hubs. The practice of rerouting goods through third countries to mask their true origin remains a significant challenge across various industries, including hardwood and decorative plywood. Such tactics provide unfair advantages to numerous U.S. trading partners. Specifically, transshipment and circumvention schemes enable imports to evade critical U.S. trade remedies, such as antidumping and countervailing duties (AD/CVD), and can undercut the integrity of other tariff-related measures by permitting goods to enter at reduced duty rates.

Transshipment typically involves sending products through an intermediary country or export hub,⁵ where only the shipping container or paperwork is changed, without substantial (or

⁴ *Hardwood and Decorative Plywood From the People’s Republic of China, Indonesia, the Socialist Republic of Vietnam*, 90 Fed. Reg. 25,225 (Dep’t Commerce June 16, 2025) (initiation of countervailing duty invs.).

⁵ *See, e.g.,* Dep’t Commerce, Off. of Pub. Affs., Press Release, *Department of Commerce Issues Preliminary Determination of Circumvention Inquiries of Solar Cells and Modules Produced in China*, (Dec. 2, 2022),

any) alteration to the product itself. Circumvention, on the other hand, often entails artificially altering through limited further processing or assembly the country of origin or the tariff classification of a product to sidestep country- or product-specific duties. Frequently, foreign-owned entities—including those backed by state interests—establish operations in third countries to conduct minimal processing that does not materially change the product, while the bulk of manufacturing, financing, and research and development remains in the original country. The sole aim of these schemes is to gain unfair access to the U.S. market, directly disadvantaging American producers.

Chinese manufacturers are especially active in utilizing circumvention, transshipment, and other evasive strategies to avoid U.S. tariffs—ranging from Section 301 and Section 232 measures to AD/CVD duties and recent tariff rounds targeting Chinese goods. China plays a dual role as both a major exporter and a central export hub, leveraging its large-scale production capacity, low costs, and robust logistics. Moreover, China’s influence extends to neighboring Asian nations and regions such as Africa, Oceania, and Latin America through initiatives like the Belt and Road Initiative (“BRI”). As a result, Chinese-made products are frequently shipped to nearby countries like Vietnam and Thailand, which then export these goods to the United States in ways that help Chinese producers dodge U.S. duties. To illustrate, Commerce found in 2023 that Chinese exporters were shipping core veneer materials manufactured in China for processing in Vietnam and export to the U.S., in an attempt to circumvent the antidumping and countervailing duties applied to hardwood plywood from China.⁶

Even when these schemes are uncovered and the appropriate duties are imposed, foreign exporters and producers quickly adapt—finding new countries for transshipment, setting up minor processing operations elsewhere, or creating shell companies to avoid trade remedy liability. This creates a constant cycle of evasion that undermines U.S. trade enforcement and weakens the effectiveness of remedies intended to protect American manufacturers.

Export Restrictions. Many countries have enacted substantial barriers to raw material exports to ensure an abundant domestic supply, at low prices, for their own manufacturers. These export barriers include, but are not limited to, export bans of logs. Foreign governments often use such restrictions to discourage exports of raw materials, promote the development of domestic industries, and subsidize downstream industries. Many of these trade barriers violate World Trade Organization agreements and adversely impact American hardwood plywood producers. Manufacturing industries in the countries that engage in these types of market manipulation are granted an unfair competitive advantage, while manufacturers in other countries, like the United States, face limited supplies and higher prices for strategic raw materials as a result. Log export bans, for example, are enforced in a large number of Asian countries including Vietnam,⁷

available at: <https://www.commerce.gov/news/press-releases/2022/12/department-commerce-issues-preliminary-determination-circumvention>.

⁶ *Certain Hardwood Plywood Products From the People's Republic of China*, 88 Fed. Reg. 46,740 (Dep’t Commerce July 20, 2023) (final scope deter. and affirm. final deter. of circumvention of the antidumping and countervailing duty orders) (“*HWPW China Orders*”).

⁷ *Timber Legality Risk Dashboard: Vietnam*, Forest Trends (Sept. 2024), available at: https://www.forest-trends.org/wp-content/uploads/2022/01/Dashboard_Vietnam-Jan-2025.pdf.

Indonesia,⁸ Malaysia,⁹ Laos,¹⁰ Cambodia,¹¹ Thailand,¹² Papua New Guinea,¹³ Myanmar¹⁴ and India.¹⁵ Specifically, these include:

- Vietnam imposing an outright ban on the export of round timber, sawn timber, and other natural forest wood from domestic natural forests pursuant to Circular 11/2021/TT-BNNPTNT and Circular 01/2024/TT-BNNPTNT.
- Indonesia's outright ban on the export of logs pursuant to Article 1(1) of the Government of Indonesia's Joint Decree No. 1132/KPTS-II/2001 and No. N292/MPP/Kep/10/2001.
- The Government of Malaysia's prohibition of the export of raw logs, which requires domestic logs to be used for processing and domestic consumption. Additionally, there is a total ban on the export of round logs from Peninsular Malaysia.
- Laos banning the export of logs and sawn wood through the enactment of Prime Ministerial Order, PM15. This ban sought to boost the domestic wood production industry.

⁸ The Minister of Forestry and the Minister of Trade, *Joint Decree of the Minister of Forestry and the Minister of Industry and Trade No. 1132/KPTS-II/2001 AND No. 292/MPP/Kep/10/2001 CONCERNING DISCONTINUATION OF EXPORT OF LOGS/CHIP RAW MATERIALS*, (Oct. 8, 2001), available at: https://www.flevin.com/id/lgso/translations/JICA%20Mirror/english/53.FORESTRY_%201132.2001_final.Eng.QC.html.

⁹ Luqman Hakim & Nor Ain Mohamed Radhi, *Johari: Ban on export of raw logs to continue*, New Straits Times (Aug. 25, 2025), available at: https://www.nst.com.my/news/nation/2025/08/1265742/johari-ban-export-raw-logs-continue#google_vignette.

¹⁰ Phuc Xuan To & Kerstin Canby, *Laos Log and Sawnwood Export Ban: Impacts on the Vietnam–Lao Timber Trade*, Forest Trends (Mar. 2017), available at: https://www.forest-trends.org/wp-content/uploads/2017/03/Vietnam-Laos-Log-and-Sawnwood_final.pdf.

¹¹ *Despite National Ban, the Cambodian Exports of Timber into Vietnam continues – Propelled by Provincial Authorities*, Forest Trends (Oct. 21, 2019), available at: <https://www.forest-trends.org/pressroom/advisory-despite-national-ban-the-cambodian-exports-of-timber-into-vietnam-continues-propelled-by-provincial-authorities/#:~:text=Ever%20since%20Vietnam%20has%20banned,border%20trade%2C%20and%20environmental%20management>.

¹² *Timber Legality Risk Dashboard: Thailand*, Forest Trends (Oct. 2021), available at: <https://www.forest-trends.org/wp-content/uploads/2022/01/Thailand-Timber-Legality-Risk-Dashboard-IDAT-Risk.pdf>.

¹³ Colin Filer, *Will PNG really stop log exports in 2025? Part one*, Devpolicy Blog (Nov. 15, 2022), available at: <https://devpolicy.org/will-png-really-stop-log-exports-in-2025-part-1-20221115/#:~:text=In%20his%20inaugural%20address%20to,100%20per%20cent%20processing%20only%E2%80%9D>.

¹⁴ *Myanmar logging ban a major step to forest sector reform*, Environmental Investigation Agency (Aug. 4, 2016), available at: <https://eia-international.org/press-releases/myanmar-logging-ban-major-step-forest-reform/>.

¹⁵ *Other indicators for legal timber trade of India*, Timber Trade Portal (last accessed Oct. 29, 2025), available at: <https://www.timbertradeportal.com/en/india/70/other-aspects>.

- Cambodia’s longstanding ban on the exportation of logs and sawn wood.
- Thailand’s ban on logging in natural forests and prohibition of the export of logs and sawn wood from natural forests.
- Myanmar’s ban on all exports of rounds logs, in an effort to slow deforestation and boost its own production.

Import Barriers. Import-restrictive policies—including tariffs, import charges, quantitative restrictions, import licensing, and customs barriers—distort trade by shielding a country’s domestic hardwood and decorative plywood producers from foreign competition, thereby disadvantaging international suppliers such as those from the United States. American hardwood and decorative plywood exporters are significantly impacted by many trading partners’ reliance on non-tariff import barriers. As outlined in greater detail below, these obstacles may include non-automatic import licensing and local content requirements that specifically target industrial sectors like hardwood and decorative plywood.

Currency Manipulation. Currency manipulation remains a major concern for American manufacturers and one of the primary interventions through which foreign governments seek to give their domestic industries an unfair advantage in international markets. Historically, China has been the primary example of a country seeking unfair trade advantages through currency manipulation. Many other countries, however, distort trade flows using similar practices or have appeared on the U.S. Department of Treasury’s (“Treasury”) currency manipulation watchlist as a result of significant bilateral trade surpluses, current account surpluses, or persistent interventions in foreign exchange markets. Most recently, Treasury placed China, Vietnam, Malaysia, Thailand, and other major exporters of hardwood and decorative plywood on its June 2025 “monitoring list.”¹⁶

State-owned enterprises. Many U.S. trading partners rely on SOEs to serve their national interests. Governments backing SOEs provide grants, preferential financing, and goods and services for less than the market-value, among other support. Consequently, in the international trade context, SOEs pose a major challenge, further unbalancing the global market, especially when they are competing with private companies.¹⁷

SOEs are also among the world’s largest hardwood and decorative plywood producers. China Jilin Forest Industry Group is an example. The company is a large producer and exporter of hardwood plywood and has reported receiving support from the Chinese government for its

¹⁶ U.S. Dep’t of the Treasury, Off. of Int’l Affs., *Macroeconomic and Foreign Exchange Policies of Major Trading Partners of the United States* (June 2025) at 2, 5, available at: <https://home.treasury.gov/system/files/136/June-2025-FX-Report.pdf>.

¹⁷ *See State-Owned Enterprises as Global Competitors: A Challenge or an Opportunity?*, Org. for Econ. Coop. and Dev. (2016), available at: https://www.oecd.org/content/dam/oecd/en/publications/reports/2016/12/state-owned-enterprises-as-global-competitors_g1g6c657/9789264262096-en.pdf.

operations.¹⁸ And, as highlighted throughout this submission, the influence of Chinese SOEs and government interference is not limited to China but rather spreads to and through many other U.S. trading partners.

III. USTR SHOULD CLOSELY EXAMINE THE FOREIGN TRADE BARRIERS THAT ADVERSELY IMPACT DOMESTIC HARDWOOD AND DECORATIVE PLYWOOD PRODUCERS AND WORKERS

Below the Coalition provides comments on several of the most significant trade barriers imposed by the largest U.S. trading partners with respect to hardwood and decorative plywood.¹⁹ These foreign trade barriers heavily distort international trade and directly harm the American producers and workers and should therefore be addressed in USTR’s forthcoming NTE Report.

A. China

China continues to be a disruptive force in global markets, including hardwood and decorative plywood, and a significant source of much of the unfair trade that permeates many of the United States’ trading relationships. As mentioned in section II, China’s influence extends to neighboring Asian nations and regions such as Africa, Oceania, and Latin America through initiatives like BRI. Under this policy, called “international capacity cooperation,” the Chinese government provides massive financial support to Chinese firms that shift production capacity into overseas production bases, allowing them to maintain international market access in the face of trade measures on shipments directly from China.²⁰ As of 2023, China has signed bilateral investment agreements with 135 partners, free trade agreements with 28, and conventions to avoid double taxation with 112.²¹

Specifically for hardwood and decorative plywood, a comprehensive array of programs and policies implemented by China provide substantial support to Chinese producers of hardwood and decorative plywood. These programs operate at various levels—local, provincial, and national—to confer financial advantages and incentives to domestic manufacturers.²² Among the most prominent are income tax credits and exemptions, which reduce the tax burden on companies purchasing domestically-produced equipment and on foreign-invested enterprises engaged in

¹⁸ Jilin Quanyangquan Co., Ltd. 2025 First Quarter Report at 3, attached as **Exhibit VI-77** to Petition for the Imposition of Countervailing Duties, *Hardwood and Decorative Plywood from Indonesia, the People’s Republic of China, and the Socialist Republic of Vietnam*, vol. VI (May 22, 2025) (“*HWPW Petition vol. VI*”).

¹⁹ The Coalition notes that Canada is an important trade partner to the U.S., and an exception for purposes of trade barriers.

²⁰ See, e.g., James McBride, Noah Berman & Andrew Chatzky, *China’s Massive Belt and Road Initiative*, Council on Foreign Relations (last updated Feb. 2, 2023), available at: <https://www.cfr.org/backgrounder/chinas-massive-belt-and-road-initiative>.

²¹ *Belt and Road Initiative 10 years and counting*, People’s Daily Online (Oct. 12, 2023), available at: <https://en.people.cn/n3/2023/1012/c90000-20082514.html>.

²² 2025 NTE Report at 48.

productive activities or research and development.²³ Such targeted tax benefits help lower operational costs and encourage continued investment in the hardwood and decorative plywood sector. In addition to income tax relief, Chinese producers benefit from value-added tax and import duty exemptions for imported equipment that further bolster their competitiveness in both domestic and international markets. The Chinese government also significantly interferes on the economy through the provision of goods and services for less than their market value, aiming at incentivizing certain sectors and industries. Collectively, these state-directed tools have enabled Chinese hardwood and decorative plywood producers to offer their products at prices well below the cost of production.

Moreover, as described by the U.S. Department of State, “China remains a relatively restrictive investment environment for foreign investors due to restrictions in key sectors and regulatory uncertainties.”²⁴ The Chinese government continues to apply “ownership caps and requirements to form joint venture (JV) partnerships with local firms, industrial policies to develop indigenous capacity or technological self-sufficiency, and pressures to transfer technology as a prerequisite to gaining market access.”²⁵

Lastly, China has maintained a long-held policy of controlling the exchange rate of its currency, allowing it to promote exports to the United States and other markets. While the U.S. government no longer officially designates China as a currency manipulator, with Treasury now only listing China on its currency manipulation monitoring list, that does not mean that the Chinese government has ceased manipulating its currency at the expense of U.S. manufacturers. Rather, Treasury recognizes that “China stands out among our major trading partners in its lack of transparency around its exchange rate policies and practices.”²⁶

B. Indonesia

Indonesia has emerged as a major supplier of hardwood and decorative plywood to the U.S., exporting approximately 867,583 thousand square feet in 2024—a 56% increase over the previous year.²⁷ This growth reflects Indonesia’s strategic push to expand its timber product exports, supported by government subsidies and favorable trade conditions. The United States has 20 AD/CVD orders in place on products from Indonesia,²⁸ and as mentioned, there are currently

²³ *HWPW Petition vol. VI* at 82-90.

²⁴ U.S. Dep’t of State, *2022 Investment Climate Statements: China* (2022), available at: <https://www.state.gov/reports/2022-investment-climate-statements/china/>.

²⁵ *Id.*

²⁶ U.S. Dep’t of the Treasury, Press Release, *Treasury Releases Report on Macroeconomic and Foreign Exchange Policies of Major Trading Partners of the United States* (June 5, 2025), available at: <https://home.treasury.gov/news/press-releases/sb0157>.

²⁷ *Hardwood and Decorative Plywood from China, Indonesia, and Vietnam*, Inv. Nos. 701-TA-764-766 and 731-TA-1747-1749, USITC Pub. 5648 (July 2025) (Prelim.) at Table 4.2 (“*USITC Report*”).

²⁸ *ADCVD Proceedings*, Dep’t Commerce, Int’l Trade Admin. (last accessed Oct. 30, 2025), available at: <https://www.trade.gov/data-visualization/adcvd-proceedings>.

ongoing AD/CVD investigations on the imports of hardwood and decorative plywood from China, Vietnam, and Indonesia.

Indonesia grants multiple incentives to its domestic producers, including hardwood and decorative plywood, through various channels at the national, provincial, and local levels, including direct financial assistance, preferential access to resources, and other state-directed support.²⁹ As a result of these government-backed programs, Indonesian hardwood and decorative plywood producers are able to sell their products at prices below the cost of production, creating an unbalanced market that materially injures the U.S. hardwood plywood industry. The artificially low prices driven by these subsidies provide Indonesian exporters with an unfair competitive advantage, threatening the viability of U.S. manufacturers.

The country also continues to impose significant localization requirements on foreign manufacturers, including restrictions related to company size, location, and industry sector. Notwithstanding limited improvements, key barriers persist—such as local content requirements and mandatory technology transfers for certain products. These challenges distort competitive conditions and create obstacles for U.S. companies. Notably, these policies also impact the hardwood and decorative plywood sector, as similar localization requirements could apply to manufacturers in this industry.

C. Vietnam

Vietnam is a dominant and expanding exporter of hardwood and decorative plywood, consistently ranking among the top supplier to the U.S. market. In 2024, Vietnam exported approximately 303,992 thousand square feet in 2024—an 11% increase over the previous year.³⁰ The United States has 32 AD/CVD orders in place on products from Vietnam, demonstrating the Vietnamese industry’s history of trading unfairly to access the U.S. market. In addition, as mentioned, there are currently ongoing AD/CVD investigations on the imports of hardwood plywood from China, Vietnam, and Indonesia.

Vietnam grants numerous subsidies to its domestic hardwood plywood producers. These subsidies are distributed through a variety of state-directed programs and policies that significantly lower the cost of production for Vietnamese manufacturers. For instance, land rent exemptions and reductions offered under Decree No. 35/2022 and Decision No. 189/2000 help enterprises operating in special zones and foreign-invested companies to minimize operational expenses. Additionally, Vietnamese producers benefit from the provision of inputs and services for below-market prices, such as utilities and standing timber, which further reduce their production costs.

The government’s support extends beyond domestic programs, as Vietnamese hardwood and decorative plywood producers also benefit from via China. For example, the Chinese government has supplied inputs to Vietnamese manufacturers—often owned or supported by Chinese companies—at subsidized rates. These mechanisms allow Vietnamese producers to sell hardwood and decorative plywood at prices well below the actual cost of production, creating an

²⁹ 2025 NTE Report at 223-224.

³⁰ USITC Report at Table 4.2.

unfair competitive advantage in the global market, and injuring the American producers of hardwood and decorative plywood.

D. Russia

Russia—which is the predominant producer in the world of birch logs—is considered a Non-Market Economy (“NME”) by Commerce for trade defense purposes, in recognition of the fact that the Russian market is strongly distorted by governmental intervention and influence.³¹ As Commerce noted in its determination to re-designate Russia as a NME, the Russian government has significant control over the labor market and maintains significant ownership in the means of production.³² Specifically, Commerce found that government ownership in the Russian economy accounted for somewhere between 33 and 50% of the means of production.³³ Commerce noted that the Russian government had “consolidated its role in the economy by creating ‘national champions,’” (*i.e.*, large, vertically integrated conglomerates that dominate strategic sectors of the economy), and that the Russian government supports its producers through several subsidy programs.³⁴ Commerce also found that the Russian government exerted significant control over the allocation of resources and prices of commodities in Russia.³⁵ The state controls all forests in Russia, and interferes in the Russian forestry industry, distorting the price of birch logs.³⁶ In this context, Commerce found that many of Russia’s largest timber and plywood producers are owned by oligarchs with close ties to the Russian government and Russian president Vladimir Putin.³⁷ For example, the Segezha Group, Russia’s largest logging firm, is owned by Vladimir Yevtushenkov, who has been closely linked to President Putin, and has been sanctioned by the United Kingdom.³⁸ Likewise Sveza, one of Russia’s largest birch ply manufacturers, is owned by Alexei Mordashov, a Putin ally that is under EU sanctions.³⁹

³¹ See Memorandum from Leah Wils-Owens, Economist in the Econ. Analysis Unit, for Lisa Wang, Assistant Sec’y for Enf’t & Compliance, re: *Reconsideration of Russia’s Status as a Market Economy Country* (Nov. 9, 2022) (ACCESS Barcode: 4309525-01) (“Russia NME Determination”).

³² See *id.* at 27-28, 40-41.

³³ See *id.* at 41.

³⁴ See *id.* at 37.

³⁵ See *id.* at 47-48.

³⁶ See *Russian Federation, Forest Governance and Policy* (last updated Mar. 2024), available at: <https://forestpolicy.org/risk-tool/country/russian-federation>.

³⁷ See Andrew W. Lehren, *The U.S. put punishing tariffs on Russian plywood after the Ukraine invasion. Did it actually cut imports?*, NBC News (Feb. 23, 2023), available at: <https://www.nbcnews.com/news/world/us-tariffs-russian-plywood-ukraine-invasion-cut-imports-rcna71914>; Yevheniia Martyniuk, *The EU banned Russian timber—then bought € 1.5 billion worth anyway*, Euro Mайдan Press (Jan. 2, 2025), available at: <https://euromaidanpress.com/2025/02/01/the-eu-banned-russian-timber-then-bought-e-1-5-billion-worth-anyway/>.

³⁸ See *id.*

³⁹ Yevheniia Martyniuk, *The EU banned Russian timber—then bought 1.5 billion worth anyway*, Euro Mайдan Press (Jan. 2, 2025), available at: <https://euromaidanpress.com/2025/02/01/the-eu-banned-russian-timber-then-bought-e-1-5-billion-worth-anyway/>.

Additionally, economic sanctions in place due to Russia's invasion of Ukraine⁴⁰ have significantly limited the markets into which Russia may sell its wood products. To illustrate, Russian birch—whether in log form or in a further processed form—is banned in the European Union.⁴¹ Similarly, the United States significantly increased tariffs on Russian wood products, creating additional barriers for Russian-origin products in the world market.⁴² Nonetheless, Russian materials continued to enter these markets. For example, even with higher tariffs, Russia continues to sell large quantities of birch-faced hardwood plywood in the U.S. market.

To maintain sales of birch logs and downstream products despite the referred sanctions, Russian producers have increased exports to allies, where its products could be further processed and transformed into non-Russian originated products. Indeed, between 85 and 90 percent of all Russian logs are exported to China, and these imports account for 63% of all Chinese lumber.⁴³ Once in China, the Russian-origin birch logs are processed into veneers.⁴⁴ As a result, the U.S. market is still being used to fund the Russian war effort in Ukraine. This reinforces the need of close monitoring from USTR, as well as action against Russian birch no matter where it is processed into end products like plywood and cabinets. Finally, Russia has also adopted import substitution policies that increase the challenges for U.S. exporters.⁴⁵

E. Other countries of concern

In addition to the policies discussed above, multiple Asian suppliers have been investigated for routing Chinese plywood or components through third countries to dodge duties, intensifying the unfair competition with U.S. producers. Commerce has already found that “Vietnam-completed” hardwood plywood using Chinese core/veneers falls within the China AD/CVD orders

⁴⁰ 2025 NTE Report at 308.

⁴¹ See, e.g., Tara Ganesh, *Blocking imports of Russia's conflict timber is possible, and essential*, Fern (June 11, 2025), available at: <https://www.fern.org/publications-insight/blocking-imports-of-russias-conflict-timber-is-possible-and-essential/>; *EU Sanctions Alert: High risk of circumvention - Import of plywood*, European Commission (Mar. 14, 2025), available at: https://finance.ec.europa.eu/publications/eu-sanctions-alert-high-risk-circumvention-import-plywood_en.

⁴² See e.g., U.S. Int'l Trade Comm'n, *Against the Grain: Russian Hardwood Plywood Exports* (June 2024) at 2 (noting that tariffs on Russian hardwood plywood were raised from 0-8 percent to 40-50 percent *ad valorem*), available at: https://www.usitc.gov/publications/332/executive_briefings/ebot_scott_against_the_grain_russian_hwp_exports.pdf.

⁴³ See Jason Ross, *85% of Russia's Logs Are Sent to China—Where Do They End Up?*, Wood Central (May 21, 2024), available at: <https://woodcentral.com.au/85-of-russias-logs-sent-to-china-where-do-they-end-up/>; Jason Ross, *China Gets 63% of Lumber from Russia: Can EU Producers Keep Up?*, Wood Central (Apr. 22, 2024), available at: <https://woodcentral.com.au/china-gets-63-of-lumber-from-russia-can-eu-producers-keep-up/>.

⁴⁴ Because of the antidumping and countervailing duty orders on *Hardwood Plywood from China*, China has an even greater incentive to sell these veneers to countries such as Indonesia that produce significant volumes of hardwood plywood, given that they are now largely cut off from the U.S. market.

⁴⁵ 2025 NTE Report at 312.

(*i.e.*, a Vietnam circumvention finding).⁴⁶ U.S. Customs and Border Protection has also identified Cambodia as a transshipment location, with importers mislabeling Chinese plywood as Cambodian origin.⁴⁷

Malaysia has also emerged as a country of concern: DOJ/CBP enforcement described schemes moving Chinese plywood through Malaysia (and Sri Lanka) to conceal origin, resulting in criminal penalties, and investigative reporting and trade litigation around wood products routed via Malaysia further underscore the risk profile.⁴⁸ More broadly, trade-risk advisories cite **Thailand**—alongside Vietnam and Malaysia—as a frequent transshipment hub for Chinese goods, heightening scrutiny of plywood supply chains that attempt to re-flag origin to evade U.S. remedies. Together, these actions and findings reinforce that U.S. producers face fierce, unfairly traded competition from Asian suppliers using circumvention tactics, and that agencies are actively policing those routes to protect domestic industry.

In addition, most of these countries not only employ circumvention and evasion schemes to export to the U.S. but also restrict imports from the U.S. through mechanisms like burdensome import licensing, and others.⁴⁹ To illustrate, in Thailand import licenses are required for the importation of many items, including wood, petroleum, industrial machinery, textiles, pharmaceuticals, cosmetics and food, and agricultural items, such as plants, seeds, processed meats, and salt.⁵⁰ When no import license is required, many times Thailand requires payment of additional fees and compliance with stricter certificate of origin requirements.⁵¹

IV. CONCLUSION

In sum, these foreign trade barriers restrict, prevent, or impede the international exchange of goods and services, and/or U.S. foreign direct investment, and therefore should be addressed in USTR's 2026 NTE Report.

⁴⁶ *Tariff Hikes, Trade Fraud, and Enforcement: White-Collar Risks of Trump's New Duties*, Dynamis LLP (last accessed Oct. 30, 2025), available at: <https://www.dynamisllp.com/knowledge/tariff-increases-customs-fraud-enforcement-risks>; *HWPW China Orders* at 46,740.

⁴⁷ U.S. Customs and Border Prot., Final Administrative Determination in EAPA Case 7321 (Sep. 13, 2022), available at: <https://www.cbp.gov/document/publications/eapa-case-7321-interglobal-forest-llc-american-pacific-plywood-inc-and-us>.

⁴⁸ *Tariffs Are Here – Be Aware Of Criminal And Civil Enforcement Risks*, Cooley (Apr. 7, 2025), available at: <https://www.cooley.com/news/insight/2025/2025-04-07-tariffs-are-here-be-aware-of-criminal-and-civil-enforcement-risks>.

⁴⁹ *2025 NTE Report* at 339.

⁵⁰ *Id.*

⁵¹ *Id.*

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I appreciate your consideration of these comments. Please do not hesitate to contact me if you have any questions or if additional information would be useful.

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