

Plywood News:

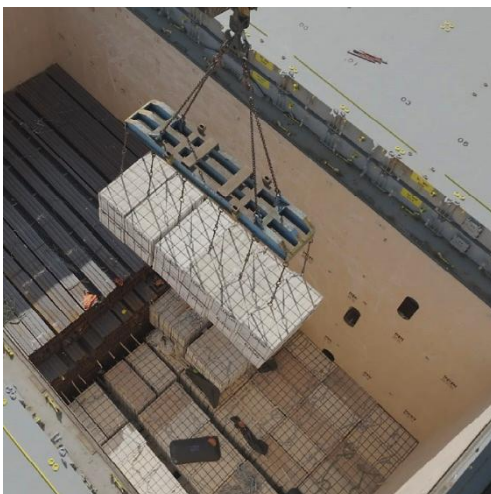
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Dear clients and partners,

As we approach the Pre-disclosure of the Provisional Measures in the antidumping investigation concerning Chinese hardwood plywood (AD717), we want to keep you informed on key developments. The pre-disclosure, expected this Friday, will outline the provisional duty rates per exporter. We anticipate that Pizhou Jiangshan, the sole cooperating exporter, will receive a company-specific duty rate, while a general rate will apply to all other Chinese exporters. This marks the first official indication of the European Commission's assessment of antidumping margins on Chinese hardwood plywood imports.

As you may know, last year we launched the PTIA, which now unifies over 20 importers—representing approximately 35–40% of Chinese plywood import volume. The strength of this alliance has encouraged many of our members to also engage in the defence against the recently launched investigation into Brazilian softwood plywood, signalling that this cooperative spirit could continue well beyond the current AD cases.

We believe everyone in our sector agrees that the market demand remains weak and that prices for new production are sharp now. In anticipation of potential retroactive duties and the narrowly postponed implementation of the EUDR, Treecraft proactively shipped two large batches of EUDR-compliant Chinese plywood. This move has allowed us to maintain robust stock levels despite supply uncertainties.



Adapting with Alternative Products

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In light of the investigation, many importers have turned to alternative products not subject to current antidumping measures. However, these solutions are not without challenges. For instance, the use of Radiata Pine veneers increases production costs. It is essential for us to ensure that outer layers are indeed pine—something relatively easy to verify visually for standard veneers, but nearly impossible for engineered veneers (EV).

To ensure compliance, we've implemented wood species verification for all imports into the EU. Our focus now lies in two options: panels with Engineered Veneer faces, and a new development—uniform grade Bleached Pine faces. For film-faced plywood, we successfully introduced a pine-under-film product with a smooth finish, closely matching the original appearance. However, some manufacturers rely on Pine EV, which may pose visual inconsistencies and risks during Customs testing.

For anti-slip panels—where higher pressure pressing is used—a mechanically joined core is critical to ensure the pine layers beneath remain concealed.

Looking beyond Chinese Supply

The current freight conditions—impacted in part by shifts in U.S. policy—have led to reduced exchange rates and sea freight costs for Chinese exports. Still, weak demand and high inventories make importers cautious. Additionally, the Greenwood Consortium has already argued that softwood-layer alternatives from China may constitute circumvention, casting doubt on their long-term viability.

Recognizing the need for stability, we've worked hard over the past 5–6 months to develop new sourcing channels outside of China. Vietnam has emerged as a leading alternative, especially with import duties lifted at the start of the year. We've built solid partnerships with Vietnamese manufacturers and logistics providers, and can now offer turnkey solutions for hardwood film-faced and premium eucalyptus plywood. Malaysia and Indonesia remain additional key areas of focus.



Team Expansion and EUDR Readiness

Regardless of the investigation's outcome, our headquarters will remain in China. To further strengthen our capabilities, we're pleased to welcome two seasoned professionals to our sourcing team:

- George Wu, bringing over 20 years of sourcing experience in Southeast Asia.
- Ben Yang, a native Chinese speaker fluent in Vietnamese.

With EUDR implementation confirmed for 31 December 2025 for non-SMEs (this including Treecraft), Susie's role becomes all the more pivotal. Although last year's postponement was disappointing—especially after our investment in GPS-tracked, EUDR-compliant sourcing—we're in a strong position. The tools and practices we developed remain valid, and our next goal is to foster similar cooperation with partners beyond China to ensure full EUDR and CE compliance.

Looking Ahead

Although uncertainty persists about our product line-up beyond 2025, we are not standing still. Our recent team investments underscore our commitment to being your trusted partner for plywood sourcing from Asia.

At your service,

On behalf of Jan and the full Treecraft team