

R799 - Circumvention of anti-dumping measures on imports of birch plywood originating in Russia by imports from Kazakhstan and Türkiye

EUROPEAN COMMISSION GENERAL DISCLOSURE DOCUMENT¹

KEY FINDINGS

1. COUNTRY-WIDE CIRCUMVENTION

The Commission decided that conditions for a **country-wide circumvention** by imports from Kazakhstan and Türkiye are all met:

1.1 Condition 1: There is a change in the pattern of trade

- Russian birch plywood imports to the EU *decreased* after the imposition of the original AD duty **by 94%** in the RP² compared to 2019.
- Kazakh imports of birch plywood to the EU commenced only after the imposition of the AD duties and increased **by more than 200%** in the RP compared to 2022.
- Turkish imports of birch plywood to the EU also increased after the imposition of the AD duties **by more than 700%** in the RP compared to 2019.
- Kazakh imports of Russian origin birch plywood as well as raw materials (birch logs, birch veneers) only started in 2022 and increased **by more than 600%, 140% and 270%**, respectively, in the RP compared to 2022. Turkish imports from Russia also significantly increased between 2022 to RP, **by more than 700%** for birch plywood and **by more than 900%** for birch veneer.

1.2 Condition 2: There is a circumvention practice in a form of transshipment of birch plywood from Russia as well as assembly operations using Russian birch veneers and logs

- Commission **confirmed transshipment** of Russian birch plywood via intermediary companies in Kazakhstan and Türkiye,
- On its own initiative, the Commission also **investigated the assembly operations** in both countries using Russian raw materials. The Commission applied the *raw materials share* and *value-added-test* and found that the raw materials sourced from Russia exceeded 60% threshold and the value added was less than the necessary 25% threshold.

1.3 Condition 3: There is insufficient due cause and economic justification other than the imposition of the AD measures in force

- Two Kazakh companies (Favorit and SFK) argued that the imports had increased because of the sanctions against Russia and not the anti-dumping duties.

¹ European Commission (Commission) released the results of R799 investigation on 1 March 2024 in its General Disclosure Document ("GDD"). According to GDD, the original AD duty "for all other companies" (AD duty of 15,8 %) applicable on birch plywood imports from Russia should be extended to all imports from Kazakhstan and Türkiye, and to be collected retroactively on the registered imports starting from August 2023. None of the exemption requests by Kazakh and Turkish cooperating producers are accepted.

² RP, or review period, is July 2022 – June 2023.

- However, the Commission established that the change in the pattern of trade could already be observed **before the entry into force of the relevant sanctions.**

1.4 Condition 4: There is evidence of undermining of the remedial effects of the AD measures against Russia:

- The **market share** of imports from Kazakhstan increased **from 0% to 8%** and for Türkiye **from 0% to 3%** during the RP since the original investigation period.
- There is **price underselling of 66%** for Kazakhstan and **19% for Türkiye**; as well as **price undercutting of 37%** and **15%**, respectively.
- There is also **evidence of dumping** by imports from Kazakhstan and Türkiye.

2. EXEMPTION REQUESTS

The Commission received **five** exemption requests from Kazakh producers and **four** exemption requests from Turkish producers:

- **Kazakhstan:** Favorit LLP, QazFanCom LLP, Semipalatinsk Wood Processing LLP, Severnyi Fanernyi Kombinat LLP (“SFK”), VFP LLP.
- **Türkiye:** Intur Construction Tourism and Forest, Murat Sahin Orman Urunleri, Petek Kontrplak San ve Tic A.S., Saglamlar Orman Tarim Urunleri San. Ve. Tic. AS.

Out of the nine companies that requests the exemption, the Commission considered only **four** companies (three in Kazakhstan and one in Türkiye) due to insufficient cooperation by others. The Commission **rejected all four exemption requests.**

2.1 Kazakhstan

- **Favorit LLP:** The Commission found that the accounting records of Favorit **were not reliable since their veracity could not be confirmed independently.** The Commission found the quantity of Russian birch plywood purchased was significant and represented [10-40] % of Favorit’s total sales and close to the quantity that Favorit exported to the Union.
- **Semipalatinsk Wood Processing LLP:** Semipalatinsk reported all raw material inputs to be non-Russian. However, during the verification the Commission found that **this was not correct.** Also, Semipalatinsk did not provide complete questionnaire replies for its related companies RKD LLP and RKD Latvia in a timely manner. Semipalatinsk was sourcing Russian “*pressed wood in the form of slabs*” and inserting as top layer own-produced birch veneers from Kazakh logs.
- **Severnyi Fanernyi Kombinat LLP (SFK):** During the verification, the Commission found that SFK did not disclose its related raw material supplier in Russia and misreported Russian logs as Kazakh. The Commission considered that SFK **significantly impeded the investigation by supplying false and misleading information.**

2.2 Türkiye

- **Intur Construction Tourism and Forest:** The Commission found that Intur **substantially increased its imports of input materials from Russia** in 2021 after the AD investigation as well as **export sales of finished product to the EU** (no export in 2019 while in the RP it exported [2 000-3 000] m3). **All birch veneers were purchased from Russia.** Prices of imports by Intur undersold the Union prices by more than **37%**.