

## United States Senate

WASHINGTON, DC 20510

COMMITTEES:  
APPROPRIATIONS  
COMMERCE  
HEALTH, EDUCATION,  
LABOR, AND PENSIONS

March 21, 2023

The Honorable Gina M. Raimondo  
Secretary  
U.S Department of Commerce  
1401 Constitution Avenue, NW  
Washington, D.C. 20230

Dear Secretary Raimondo,

I am writing on behalf of Wisconsin-based manufacturers of hardwood plywood that have faced unfair import competition from China in recent years. I was proud to stand with Wisconsin hardwood plywood manufacturers in their petition against Chinese dumping in 2018 and again in 2020 when those orders were being circumvented through exports from Vietnam. Today, as Commerce considers modifying the circumvention orders, I write to urge you to ensure that producers of Chinese hardwood plywood are not allowed to continue circumventing the orders by bringing in Chinese merchandise that is assembled in Vietnam without the lawful payment of duties.

In January 2018, antidumping and countervailing orders were issued on hardwood plywood from China. As a result of these orders, substantial duties were imposed on all Chinese exporters of hardwood plywood. However, even while the antidumping and countervailing duty (AD/CVD) investigations were ongoing, Chinese producers began finding ways to circumvent the potential duties.

Unfortunately, since duties were imposed, these circumvention schemes have not only continued, but have intensified, depriving the domestic hardwood plywood industry in Wisconsin of much needed and hard-fought trade relief. These schemes have resulted in significant and devastating financial and employment losses for the domestic industry at a time when it should be benefitting from the orders.

In February 2020, the American manufacturers filed a circumvention request asking Commerce to find that hardwood plywood originating in China, with only minor assembly in Vietnam, is subject to the scope of the orders. Commerce reached an affirmative preliminary determination in this proceeding in July 2022, concluding that hardwood plywood assembled in Vietnam from Chinese veneers are circumventing the orders. This was a very significant win for the domestic producers, including Wisconsin manufacturers.

However, I understand Commerce is now considering modifying its preliminary determination to allow Vietnamese companies who did not cooperate with Commerce's investigation to avoid

paying duties on their merchandise. If adopted, this would be inconsistent with the statute and Commerce's practice. It would invite more evasion and would severely undercut the impact of the affirmative determination. In effect, Commerce would be giving non-cooperative companies that already failed to cooperate another chance and let bad actors off the hook. Commerce's certification proposal would also allow Vietnamese companies to effectively self-certify retroactively, with no third-party oversight.

After hearing from Wisconsin-based manufactures impacted by these circumvention schemes, I introduced the bipartisan Play By the Rules Act with Senators Capito, Stabenow, and Cassidy. My legislation would provide the Commerce Department additional flexibility when reviewing anti-circumvention petitions filed against nonmarket economies like China and Vietnam. I plan to reintroduce the legislation this session of Congress to make it easier for Commerce to address circumvention cases like these.

In closing, I reiterate my request that Commerce carefully consider the evidence and ensure that producers and importers of Chinese hardwood plywood are not allowed to continue circumventing the orders by bringing in Chinese merchandise assembled in Vietnam without the lawful payment of duties. If you have any questions about this matter, please do not hesitate to contact my office.

Sincerely,

A handwritten signature in blue ink that reads "Tammy Baldwin". The signature is written in a cursive, flowing style.

Tammy Baldwin  
United States Senator