

Against the Grain: Russian Hardwood Plywood Exports

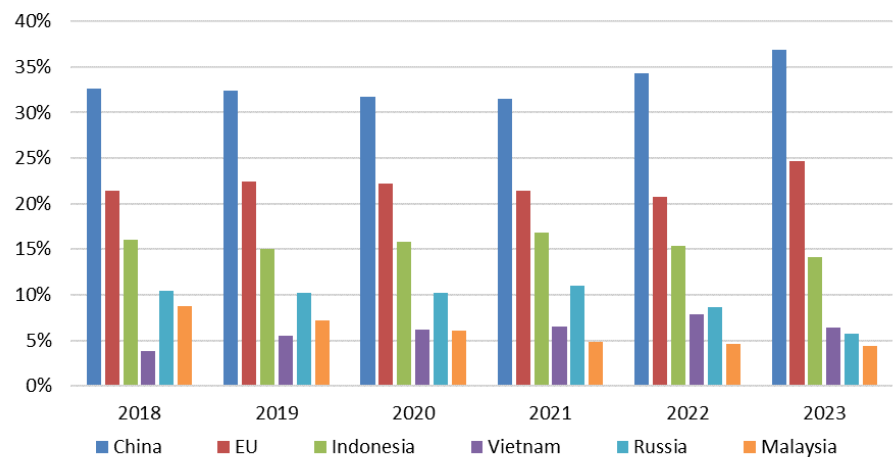
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Russia's invasion of Ukraine over two years ago (February 2022) has affected its hardwood plywood (HWPW) exports and earned them "conflict timber" status. The U.S. suspended permanent normal trade relations with Russia and some countries banned imports of Russia's wood products after the invasion. At the same time, other countries have increased their imports of Russian HWPW, albeit at lower prices. This Executive Briefing examines the uneven impact of trade sanctions on Russia's hardwood plywood.

Hardwood plywood (HWPW) is plywood that has an exposed surface of hardwood veneer.¹ Many finished goods are made with HWPW, including cabinets, flooring, and furniture.

Global HWPW exports: Global HWPW exports totaled \$11.8 billion in 2023—the top six sources accounted for most HWPW exports (93 percent). After its invasion of Ukraine in early 2022, Russia lost export share to other sources—particularly the EU and China (figure 1).²

Figure 1 Leading HWPW export sources, by share of value



Source: HS subheadings 4412.10, 4412.31, 4412.32, 4412.33, 4412.34, 4412.51, 4412.52, 4412.91, 4412.92, and 4412.94. GTA/S&P Global, accessed April 11, 2024.

Russian plywood production: More than a fifth of the world's forested areas are in Russia. Before the Russian war in Ukraine (2021), wood products were among the leading Russian exports; Russia was the sixth largest plywood producer and exported most (73 percent) of its output. However, production has reportedly declined in the last two years (down 27.3 percent).

HWPW imports from Russia: Global imports of HWPW from Russia decreased to \$674.9 million in 2023, down 47 percent from 2022 as over 30 countries (including the United States) levied sanctions and other economic actions on Russian exports starting in 2022. Russia has since banned exports to these countries to retaliate against the sanctions. Moreover, wood products from Russia have been declared "conflict timber" and international certification bodies, the Forest Stewardship Council and Programme for the Endorsement of Forest Certification, have suspended their certifications. Nevertheless, some countries are not imposing the same restrictions as the U.S. and the EU, and Russian exporters have expanded into these now critical markets.

Historically, the EU and the U.S. were the main markets for Russian HWPW.³ However, subsequent to the trade sanctions (figure 2), EU imports have ceased, and U.S. imports have slowed considerably. EU countries, which had been the main destination market for Northwest Russia's sawmills, stopped allowing

¹ HWPW refers to certain products covered under HS subheadings 4412.10, 4412.31, 4412.33, 4412.34, 4412.51, 4412.52, 4412.91, 4412.92, and 4412.94. However, because these subheadings also contain other products, trade data concerning the volume and value of HWPW exports may be overstated.

² Values are used, as multiple countries report quantity in different units of measure (volume, area, or weight). Mirror import data are used for Russia and Vietnam, as these countries have not reported export data for the most recent years.

³ Egypt became Russia's top country market in 2023.

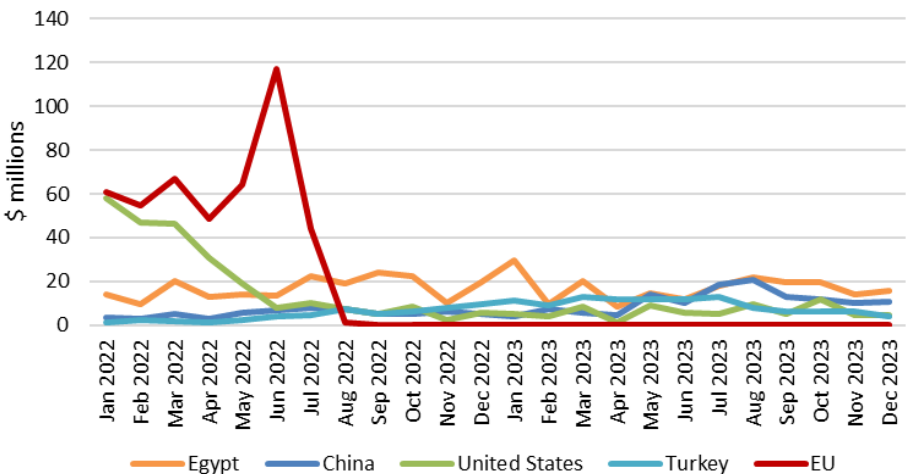
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HWPW deliveries in mid-2022 (July 9 was the end of the grace period for deliveries that were under contract). EU members and some other European countries have banned all timber products from Russia.

HWPW was one of the leading U.S. imports from Russia (other than gas and oil); the U.S. had been Russia's largest HWPW export market for many years. The United States suspended Normal Trade Relations (NTR) with Russia as of April 9, 2022, and duty rates were imposed as set forth in column 2 of the

HTS—raising tariffs on Russian HWPW from 0-8 percent ad valorem to 40-50 percent.⁴ US imports of HWPW from Russia decreased to \$73.7 million in 2023, down 70 percent from 2022.

Figure 2 HWPW Imports from Russia, by value



Source: HTS subheadings 412.10, 4412.31, 4412.32, 4412.33, 4412.34, 4412.51, 4412.52, 4412.91, 4412.92, and 4412.94. GTA/S&P Global, accessed April 11, 2024.

Lower prices: Due to the sanctions and lack of certification, demand for Russia's exports fell significantly, resulting in falling prices. The remaining purchasers of Russian HWPW have benefitted from these low prices and have increased their purchase quantities. Two of Russia's larger remaining markets, China and Egypt, paid significantly lower prices in 2023 as compared to 2022. Between these two periods, both the value and quantity of China's imports from Russia increased, but the quantity (162 percent) grew at a much faster rate than the value (107 percent), resulting in a 21 percent decrease in unit value. The value of Egypt's imports from Russia decreased slightly (1 percent) while their quantity increased (about 18 percent) in 2023 as compared to 2022, resulting in a large unit value decrease.⁵ Smaller markets, such as Turkey and Kazakhstan, have also increased the quantity of imports from Russia in 2023 as compared to 2022 (by 147 percent and 1,334 percent, respectively), with substantial drops in prices.

Sources: Adams, , [Russia bans export of wood and forest products](#), March 11, 2022; DHA eNews, [U.S. imports of Russian hardwood plywood](#), June 23, 2022; FAO, [Yearbook of Forest Products 2020](#), 2022; FSC, [FAQ on the current situation in Russia](#), February 22, 2023; Garnica, [Here's the solution to your Russian birch problem](#), January 26, 2023; Global Wood, [Russian plywood exports](#), February 11, 2023; Lehren, [The U.S. put punishing tariffs on Russian plywood](#), February 23, 2023; Lipsky, [The market of wood-based panels and plywood in Russia](#), January 28, 2024; Metsäteollisuus, [Illegal transport of birch plywood from Russia](#), April 12, 2023; Nelson et al., [Russia's War on Ukraine](#), February 22, 2023; OEC World, [Russia / Egypt Trade](#), January 2022; PEFC, [Timber from Russia](#), March 4, 2022; The White House, [A Proclamation on Increasing Duties](#), February 24, 2023; USITC, [Hardwood Plywood from China](#), Publication 5426, May 2023; DOC, [Certain Hardwood Plywood Products](#), 88 FR 46740, July 20, 2023; Wood Floor Business, [Despite war in Ukraine, U.S. imports](#), June 27, 2022; Wood Resources International, [China, Russia, and the uncertain state](#), March 9, 2023.

⁴ Pub. L. No. 117-110, 136 Stat. 1159 (April 8, 2022)

⁵ Egypt's quantity reporting shifted from using weight (KG) to volume (m³) during 2022. Plywood was one of the top exports from Russia to Egypt in 2022 (after wheat, refined copper, railway passenger cars, and hot-rolled iron). *The views expressed solely represent the opinions and professional research of the author. The content of the EBOT is not meant to represent the views of the U.S. International Trade Commission, any of its individual Commissioners, or the United States government.*