



OTTAWA, April 24, 2026

DONP2 2026 IN

STATEMENT OF REASONS

Concerning the initiation of the investigations into the alleged dumping and subsidizing of

DECORATIVE AND OTHER NON-STRUCTURAL PLYWOOD ORIGINATING IN OR EXPORTED FROM THE PEOPLE'S REPUBLIC OF CHINA

DECISIONS

Pursuant to subsection 31(1) of the *Special Import Measures Act*, the Canada Border Services Agency initiated investigations on April 10, 2026, respecting the alleged injurious dumping and subsidizing of decorative and other non-structural plywood originating in or exported from the People's Republic of China.

Cet *Énoncé des motifs* est également disponible en français.
This *Statement of Reasons* is also available in French.

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SUMMARY

[1] On February 18, 2026, the Canada Border Services Agency (CBSA) received a written complaint from Columbia Forest Products (CFP) and the Canadian Hardwood Plywood and Veneer Association (CHPVA) (hereinafter referred to as “the complainants”) alleging that imports of decorative and other non-structural plywood (hereinafter, “decorative plywood”) originating in or exported from the People’s Republic of China (China), are being injuriously dumped and subsidized.

[2] On March 11, 2026, pursuant to paragraph 32(1)(a) of the *Special Import Measures Act* (SIMA), the CBSA informed the complainants that the complaint was properly documented. On March 20, 2026, the CBSA informed the Government of China that a properly documented complaint had been filed. At that time, the Government of China was provided with a non-confidential version of the subsidy complaint and was invited for consultations pursuant to Article 13.1 of the *Agreement on Subsidies and Countervailing Measures*, prior to the initiation of the subsidy investigation. The CBSA did not receive any request for consultations.

[3] The complainants provided evidence to support the allegations that decorative plywood from China has been dumped and subsidized, as well as evidence that discloses a reasonable indication that the dumping and subsidizing have caused injury or are threatening to cause injury to the Canadian industry producing like goods.

[4] On April 10, 2026, pursuant to subsection 31(1) of SIMA, the CBSA initiated investigations respecting the dumping and subsidizing of decorative plywood from China.

INTERESTED PARTIES

Complainants

[5] The name and address of the complainants are as follows:

Columbia Forest Products
225 Prince Street
Hearst, ON P0L 1N0

Canadian Hardwood Plywood and Veneer Association
89, avenue Godfrey
St-Sauveur (QC) J0R 1R5

Other producers

[6] The complainants identified ten additional producers of decorative plywood in Canada:¹

¹ Exhibit 2 (NC) – DONP2 Complaint – Attachment 5

Birchland Plywood & Veneer Ltd
P.O. Box 430, Hwy 17
Thessalon, ON P0R 1L0

Executive Woodwork
330 Spinnaker Way
Vaughan, ON L4K 4W1

Husky Plywood
15, boul. du Curé-Labelle, C.P. 90
Sainte-Thérèse (QC) J7E 4H9

Les Spécialités M.G.H. Inc.
19, rue des Érables
Tring-Jonction (QC) G0N 1X0

Monarch Custom Plywood
402 Mulock Dr, Unit 4
Newmarket, ON L3Y 9B8

Placages Multiflex
975 rue Théophile St-Laurent
Nicolet (QC) J3T 1B4

Precision Veneer Inc.
110 Morton Avenue East
Brantford, ON N3R 7J7

Pro-Ply Custom Plywood Inc.
17 Underwood Rd.
Ingersoll, ON N5C 3R5

Rainbow Wood Veneer
115 Caster Ave,
Woodbridge, ON L4L5Z2

Rockshield Engineered Woods Products
4 Boisvert Crescent, P.O. Box 1748
Cochrane, ON P0L 1C0

[7] Husky Plywood (Husky) and Rockshield Engineered Woods Products (Rockshield) supported the complaint.² The complainants did not mention if they were aware of any domestic producers who would oppose the complaint.

[8] The CBSA conducted supplementary research and did not find any other producers of decorative plywood in Canada.

Trade unions

[9] The complainants stated that CFP's direct labour employees are unionized and either below to the United Steelworkers Union or UNIFOR, depending on their location.³

Exporters

[10] The CBSA identified 238 potential exporters and/or producers of the subject goods from CBSA import documentation and from information submitted in the complaint. All of the potential exporters were asked to respond to the CBSA's Dumping Request for Information (RFI), Subsidy RFI and Section 20 RFI.

² Exhibit 2 (NC) – DONP2 Complaint – Attachments 3 & 4

³ Exhibit 2 (NC) – DONP2 Complaint – para. 21

Importers

[11] The CBSA identified 120 potential importers of the subject goods from CBSA import documentation and from information submitted in the complaint. All of the potential importers were asked to respond to the CBSA's Importer RFI.

Government

[12] Upon initiation of the investigations, the Government of China was sent the CBSA's Government Subsidy RFI and the Government Section 20 RFI.

[13] For the purposes of these investigations, the Government of China refers to all levels of government, i.e., federal, central, provincial/state, regional, municipal, city, township, village, local, legislative, administrative or judicial, singular, collective, elected or appointed. It also includes any person, agency, enterprise, or institution acting for, on behalf of, or under the authority of, or under the authority of any law passed by, the government of that country or that provincial, state or municipal or other local or regional government.

PRODUCT INFORMATION

PRODUCT DEFINITION⁴

[14] For the purpose of these investigations, subject goods are defined as:

Decorative and other non-structural plywood, whether or not surface coated or covered, and veneer core platforms for the production of decorative and other non-structural plywood, originating in or exported from the People's Republic of China. Decorative and other non-structural plywood is defined as a flat, multilayered plywood or other veneered panel, consisting of two or more layers or plies of wood veneers and a core, with the face and/or back veneer made of wood. The veneers, along with the core are glued or otherwise bonded together. Decorative and other non-structural plywood include products that meet the American National Standard for Hardwood and Decorative Plywood, ANSI/HPVA HP-1-2024 (including any revisions to that standard).

Excluding:

- a. Structural plywood that (i) is manufactured to meet CSA O121 (Douglas fir plywood), CSA O151 (Canadian softwood plywood), CSA O153 (Poplar plywood), or U.S. Products Standard PS 1-09, PS 2-09, or PS 2-10 for Structural Plywood (including any revisions to that standard or any substantially equivalent domestic or international standard intended for structural plywood), (ii) which has both a face

⁴ Exhibit 2 (NC) – DONP2 Complaint – para. 23

and a back veneer of coniferous wood, and (iii) which is for use in structural applications;

- b. Finished plywood products for use as flooring;
- c. Plywood which has a shape or design other than a flat panel;
- d. Phenolic Film Faced Plyform (PFF), also known as Phenolic Surface Film Plywood (PSF), defined as a panel with an “Exterior” or “Exposure 1” bond classification as is defined by The Engineered Wood Association, having an opaque phenolic film layer with a weight equal to or greater than 90g/m³ permanently bonded on both the face and back veneers and an opaque, moisture resistant coating applied to the edges; and
- e. Laminated veneer lumber door and window components with (1) a maximum width of 44 millimeters, a thickness from 30 millimeters to 72 millimeters, and a length of less than 2413 millimeters, (2) water boiling point exterior adhesive, (3) a modulus of elasticity of 1,500,000 pounds per square inch or higher, (4) finger-jointed or lap-jointed core veneer with all layers oriented so that the grain is running parallel or with no more than 3 dispersed layers of veneer oriented with the grain running perpendicular to the other layers, and (5) top layer machined

ADDITIONAL PRODUCT INFORMATION⁵

[15] Decorative plywood is a flat, multilayered plywood or other veneered panel, consisting of two or more layers or plies of wood veneers and a core, with the face and/or back veneer made of wood and is sometimes referred to as “hardwood plywood”, “plywood” or “engineered wood”.

[16] A veneer is a slice of wood which is cut, sliced or sawed from a log, bolt, or flitch. A bolt is a short log, usually cut to a specific length, that is ready to be processed on a lathe and a flitch is the veneer sliced/cut from a bolt. To be called a “veneer”, the slice of wood would generally be 6mm or less in thickness. The face and back veneers are the outermost veneer of wood on either side of the core irrespective of additional surface coatings or covers as described below.

[17] A core is the layer or layers of one or more material that are situated between the face and back veneers. The core may be composed of a range of materials, including but not limited to veneer core platforms (consisting of one or more veneers of hardwood or softwood), particleboard, or medium-density fiberboard (MDF).

⁵ Exhibit 2 (NC) – DONP2 Complaint – paras. 24-33 & 49-56

[18] Veneer core platforms are cores composed of hardwood or softwood veneers. A veneer core platform would consist of at least two plies of wood. A veneer core platform may also be called a veneer core blank. A veneer core platform is itself covered by the product definition when the veneer core platforms are for the production of decorative and other non-structural plywood, and are themselves included as subject goods. The other types of cores (e.g. particleboard, MDF) on their own are not covered by the product definition. Decorative plywood that is made with those other cores are covered by the product definition.

[19] Decorative plywood is generally described by the number of plies, overall thickness, width, length, species of face ply, grade of face and back ply, pattern or type of cut of face ply, and type of core.

[20] Other than the products excluded from the product definition, all decorative plywood are included within the scope of these investigations regardless of whether or not the face and/or back veneers are surface coated or covered and whether or not such surface coating or cover obscures the grain, textures, or markings of the wood. Examples of surface coatings and covers include, but are not limited to: ultra-violet light cured polyurethanes; oil or oil-modified or water based polyurethanes; wax; epoxy-ester finishes; moisture-cured urethanes; paints; stains; paper; aluminum; high pressure laminate; MDF; medium density overlay (MDO); and phenolic film. Additionally, the face veneer of decorative plywood may be sanded; smoothed or given a “distressed” appearance through such methods as hand-scraping or wire brushing.

[21] Phenolic Film Faced Plyform (PFF), also known as Phenolic Surface Film Plywood (PSF), as described in the product definition exclusion sections, is excluded from the product definition. This product is a film-faced plywood for use in concrete forming.

[22] Decorative plywood is primarily manufactured as a panel. The most common panel sizes are 1219 x 1829 mm (48 x 72 inches), 1219 x 2438 mm (48 x 96 inches), and 1219 x 3048mm (48 x 120 inches). However, these panels are often cut-to-size by the manufacturer in accordance with a customer’s requirements. The most common thicknesses of the panels range from 3.2 mm (1/8 inch) to 38 mm (1.5 inches). Regardless of the actual dimensions, all products that meet the product definition are included as subject goods.

[23] Finished plywood which is used as flooring is excluded from the product definition. Construction-grade plywood used as subflooring is a structural plywood and is not covered by the product definition. However, the underlayment (a thin panel installed above the subflooring) is not structural and is not used as flooring, and therefore falls within the product definition.

[24] Decorative plywood is not required to meet a standard or certification. However, there is a voluntary standard called the American National Standard for Hardwood and Decorative Plywood, ANSI/HPVA HP-1-2024 (current version) that is commonly used in Canada and the United States. In contrast, structural plywood (which is not subject) must be certified as it is intended to be used for construction applications; it is manufactured to meet various CSA standards for structural plywood.

[25] In the context of this product definition, “non-structural” plywood refers to plywood which does not meet the requirements of a “structural” plywood, but is also not “decorative” in its application. These products are sometimes referred to as “utility panels” or “industrial panels”. Generally, these products would not have a thin face veneer. Non-structural plywood is used in applications such as shelving, garage cabinets, or dog houses. This type of plywood could also be used as “framestock” for the frames of sofas. It could even be possible that some manufacturers could use these for the interiors of cabinets or furniture if the plywood will be painted.

[26] Decorative plywood is produced on a custom basis. The production process is flexible and can produce goods to exact customer specifications. While some distributors may stock inventory for purchase by end-users, the typical purchase of decorative plywood is made in advance of production, on a spot (as opposed to contractual) basis.

[27] As decorative plywood is typically used for decorative purposes, the appearance of the face ply, and, where exposed, the back ply, is often an important feature of the plywood. For this reason, grades are assigned to the face and back plies which encompass such characteristics as colour streaks or spots, colour variations, burls, and pin knots. Some manufacturers offer proprietary or custom grades. However, the consensus grading standards are set forth in ANSI/HPVA HP-1-2024.

[28] The face ply is the side of the product that is exposed to view after installation. Face grades are delineated as “AA”, “A”, “B”, “C”, “D” and “E”, where “AA” would be considered the most aesthetically pleasing in appearance with no imperfections in the appearance and “E” would be the least aesthetically pleasing veneer face (e.g. lots of knots in the wood). A veneer face with a higher grade (e.g. “AA”) would generally entail a higher price compared to a veneer face with a lower grade (e.g. “E”). Wood species commonly used for the face veneer include ash, oak, birch, maple, cherry, pine, walnut, poplar, alder and numerous tropical hardwood species such as meranti, mahogany and Brazilian Cherry (also referred to as Jatoba). Bamboo may also be used for the face ply. Back grades are delineated as “1”, “2”, “3” or “4” (also listed in descending order of quality of grade).

[29] Decorative plywood is generally made from hardwood trees (i.e., deciduous or non-coniferous trees), but may also be made from softwood trees. Structural or construction plywood is generally made from softwood trees (i.e., coniferous trees).

[30] The manner in which a log is cut determines the appearance of the wood grain in the resulting veneers. This is of particular importance for the face ply, and where exposed, the back ply. The most common cuts for decorative plywood are rotary, quarter sliced, plain-cut (or flat-cut), and rift-cut.

PRODUCT USE⁶

[31] Decorative plywood has a variety of end uses, including kitchen cabinets, furniture, wall paneling and architectural woodwork, seat backs, table and desk tops, drawer sides, television and stereo cabinets, furniture components, trailer components, and other uses.

PRODUCTION PROCESS⁷

[32] The production of decorative plywood involves laminating a decorative face of veneer to different types of core. The production of the face veneer is done with a process of its own and mainly with different equipment. Decorative plywood producers source their face veneer from face veneer producers. As such, some decorative plywood producers also produce the face veneers and do not need to source it externally. However, the face veneer will always be made either at another location or on a different production line.

[33] There are two types of decorative plywood manufacturers: one-step producers and three-ply producers. Notwithstanding slight variations that might exist from one manufacturer to another, decorative plywood is generally produced through the same basic production process in all countries.

One-Step Producers

[34] There are producers that have the equipment to produce each ply of the core directly from logs, instead of externally sourcing veneer core platform. Producing core ply requires the logs to be rotary peeled on a lathe. The long rolls of thick veneer produced this way are then cut to size and dried in a veneer dryer.

[35] These inner plies of veneer will then pass through a glue spreader, they will be stacked together along with the decorative face and back veneer. This multiple layered product is then sent to a press where heat and pressure will laminate all these plies together. The laminated panel will then be trimmed, sanded, and inspected.

[36] As the inner, face and back plies are laminated at the same time, this process is called one-step production and these producers are referred to as one-step producers.

Three-Ply Producers

[37] Under this production process, producers externally source all of their cores. The cores may be particle board, MDF or veneer core blanks. These blanks are also called platforms. The platforms are basically panels, which do not yet have an external ply of decorative veneer.

⁶ Exhibit 2 (NC) – DONP2 Complaint – para. 48

⁷ Exhibit 2 (NC) – DONP2 Complaint – paras. 34-45

[38] The production process is relatively straightforward: veneers are peeled or cut from logs into sheets; the core, regardless of type (i.e. veneer, particle board or MDF) is passed through a glue spreader. The face and the back veneer are then applied to the glue-covered core. This is then sent to a press where heat and pressure are applied to laminate the three components together. The laminated panel is then trimmed, sanded, and inspected.

[39] Three-ply producers are also referred to as two-step producers.

CLASSIFICATION OF IMPORTS⁸

[40] The allegedly dumped and subsidized goods are imported into Canada under various ten-digit tariff classification numbers falling under the heading 44.12. However, these tariff classification numbers may also include non-subject goods, and subject goods may fall under additional tariff classification numbers.

[41] The tariff classification numbers for plywood are divided between hardwood and softwood. Softwood plywood is generally used in construction or structural applications whereas hardwood plywood is generally used in decorative and non-structural applications. However, some of the tariff classification numbers for softwood plywood may contain decorative plywood and some of the tariff classification numbers for hardwood plywood may contain non-subject goods.

[42] The tariff classification numbers related to these investigations are:

| | | | |
|---------------|----------|---------------|----------|
| 4412.10.00.00 | Hardwood | 4412.39.00.21 | Softwood |
| 4412.31.00.00 | Hardwood | 4412.39.00.22 | Softwood |
| 4412.33.00.10 | Hardwood | 4412.39.00.23 | Softwood |
| 4412.33.00.20 | Hardwood | 4412.39.00.90 | Softwood |
| 4412.33.00.30 | Hardwood | 4412.91.00.00 | Hardwood |
| 4412.33.00.90 | Hardwood | 4412.92.00.00 | Hardwood |
| 4412.34.00.00 | Hardwood | 4412.99.00.00 | Softwood |
| 4412.39.00.10 | Softwood | | |

LIKE GOODS AND CLASS OF GOODS⁹

[43] Subsection 2(1) of SIMA defines “like goods” in relation to any other goods as “... (a) goods that are identical in all respects to the other goods, or (b) in the absence of any such goods..., goods the uses and other characteristics of which closely resemble those of the other goods.” In considering the issue of like goods, the CITT typically looks at a number of factors, including the physical characteristics of the goods, their market characteristics, and whether the domestic goods fulfill the same customer needs as the subject goods.

⁸ Exhibit 2 (NC) – DONP2 Complaint – paras. 57-59

⁹ Exhibit 2 (NC) – DONP2 Complaint – paras. 76-83

[44] In addressing the issue of classes of goods, the CITT typically examines whether goods potentially included in separate classes of goods constitute "like goods" in relation to each other. If those goods are "like goods" in relation to each other, they will be regarded as comprising a single class of goods.

[45] With respect to the definition of like goods, the complainants stated that decorative plywood is generally sold to order based on a number of common dimensions and finishes, and therefore the physical characteristics of the goods are the same whether imported or produced domestically. Imported and domestically produced plywood also have the same methods of manufacturing and producers may either be one-step producer or 3-ply producers. Chinese manufacturers are generally 3-ply producers and the Canadian industry is composed of both 1-step producers and 3-ply producers. The market characteristics are also the same for imported and domestically produced decorative plywood as are the customers' needs.

[46] Further, in the 2020 decorative plywood investigations, the CITT found that the domestic industry produces like goods to the subject goods and that there was a single class of goods.

[47] After considering questions of use, physical characteristics and all other relevant factors, the CBSA is of the opinion that subject goods and like goods constitute only one class of goods.

THE CANADIAN INDUSTRY

DOMESTIC PRODUCERS

[48] In addition to the complainants, there are ten other producers of decorative plywood in Canada that were identified by the complainants and the CBSA.

ESTIMATES OF DOMESTIC PRODUCTION

[49] The complaint includes the annual production of like goods for the complainants and supporting producers, as well as their estimates of the production of other producers from October 1, 2024 through September 30, 2025.¹⁰ Based on these estimates and supplementary research by the CBSA, the complainants and the supporting producers account for a majority of the production of decorative plywood in Canada.

STANDING

[50] Pursuant to subsection 31(2) of SIMA, the following conditions must be met in order for an investigation to be initiated:

- (a) the complaint is supported by domestic producers whose production represents more than 50% of the total production of like goods by those domestic producers who express either support for or opposition to the complaint, and

¹⁰ Exhibit 1 (PRO) – DONP2 Complaint – Table 2

- (b) the production of the domestic producers who support the complaint represents 25% or more of the total production of like goods by the domestic industry.

[51] Based on an analysis of information provided in the complaint, as well as the information gathered by the CBSA, the CBSA is satisfied that the standing requirements of subsection 31(2) of SIMA have been met.

THE CANADIAN MARKET

[52] The complainants, using Statistics Canada Import Data¹¹, estimated the total volume and average unit value of imports under the tariff classification numbers listed in the complaint from China and all other countries from January 1, 2022 to September 30, 2025. The complainants did not provide information on total import values, but they were able to estimate an average annual unit value of imported decorative plywood.

[53] The CBSA conducted its own independent review of imports of decorative plywood from the CBSA’s Electronic Facility Information Retrieval Management (E-FIRM) database and the CBSA Assessment and Revenue Management (CARM) system using the tariff classification numbers under which the subject goods are imported from China and all other countries. This review including removing any non-subject imports.

[54] The CBSA has prepared the following table to show estimated import percentage of decorative plywood into Canada from January 1, 2023 to December 31, 2025. The CBSA based its estimates on the import value rather than volume as several importations used different units of measure for volume and several anomalies were encountered relating to the reported quantity.

**Table 1: CBSA’s estimate of decorative plywood imports
(expressed as a percentage based on value)**

| Country | 2023 | 2024 | 2025 |
|----------------------|-------------|-------------|-------------|
| | % | % | % |
| China | 63.4% | 61.4% | 67.5% |
| United States | 12.6% | 14.6% | 5.8% |
| Other countries | 24.0% | 24.0% | 26.7% |
| Total imports | 100% | 100% | 100% |

[55] The table below summarizes the CBSA’s estimate of the apparent Canadian market for decorative plywood, in terms of market share, using data submitted by the complainants¹² along with its own further refined import data:

¹¹ Exhibit 1 (PRO) – DONP2 Complaint – Attachment 1

¹² Exhibit 1 (PRO) – DONP2 Complaint – Table 2

Table 2: CBSA’s estimates of market share of the apparent Canadian market (expressed as a percentage based on value)

| Country | 2023 | 2024 | 2025 |
|---------------------------------------|--------------|--------------|--------------|
| | % | % | % |
| Sales of domestic production | 42.7% | 38.6% | 37.3% |
| China | 36.3% | 37.7% | 42.4% |
| United States | 7.2% | 9.0% | 3.6% |
| Other countries | 13.8% | 14.7% | 16.7% |
| Total imports | 57.3% | 61.4% | 62.7% |
| Total apparent Canadian market | 100% | 100% | 100% |

[56] The CBSA will continue to gather and analyze information on the volume and value of imports during the Period of Investigation (POI) of January 1, 2025 to December 31, 2025 as part of the preliminary phase of the dumping and subsidy investigations and will refine these estimates.

EVIDENCE OF DUMPING

[57] The complainants alleged that the subject goods from China have been injuriously dumped into Canada. Dumping occurs when the normal value of the goods exceeds the export price to importers in Canada.

[58] Normal values are generally based on the domestic selling price of like goods in the country of export where competitive market conditions exist or as the aggregate of the cost of production of the goods, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits.

[59] The complainants made the allegations that the engineered wood product sector, which includes decorative plywood, in China may not be operating under competitive market conditions and as such, the domestic market for decorative plywood may not be relied upon for the purpose of determining normal values. Accordingly, the complainants submitted that normal values should be determined under section 20 of SIMA.¹³

[60] The export price of goods sold to importers in Canada is generally the lesser of the exporter’s selling price and the importer’s purchase price, less all costs, charges and expenses resulting from the exportation of the goods.

[61] Estimates of normal values and export prices by both the complainants and the CBSA are discussed below.

¹³ Exhibit 2 (NC) – DONP2 Complaint – paras. 100-121

[62] The complainants estimated margins of dumping for the period of October 1, 2024 to September 30, 2025. The CBSA estimated margins of dumping for the period of January 1, 2025 to December 31, 2025, in line with the POI.

SECTION 20 ALLEGATIONS

[63] Section 20 is a provision of SIMA that may be applied to determine the normal value of goods in a dumping investigation where certain conditions prevail in the domestic market of the exporting country. In the case of a prescribed country under paragraph 20(1)(a) of SIMA, it is applied where, in the opinion of the CBSA, the government of that country substantially determines domestic prices and there is sufficient reason to believe that the domestic prices are not substantially the same as they would be in a competitive market.¹⁴

[64] The CBSA initiates dumping investigations on the presumption that section 20 is not applicable to the sector under investigation unless there is information that suggests otherwise.

[65] A section 20 inquiry refers to the process whereby the CBSA collects information from various sources in order to form an opinion as to whether the conditions described under subsection 20(1) of SIMA exist with respect to the sector under investigation. Before initiating an inquiry under section 20, the CBSA must first analyze the information submitted in the complaint and the evidence it has gathered independently to determine if it is sufficient to warrant the initiation of an inquiry.

[66] The complainants alleged that the conditions described in section 20 of SIMA prevail in the engineered wood product sector in China, which includes the subject goods.¹⁵ That is, the complainants alleged that this industry sector in China does not operate under competitive market conditions and consequently, the domestic prices of decorative plywood established in China, would not be reliable for determining normal values.

[67] The information provided by the complainants suggest that the Government of China influences the engineered wood product sector in China. The complainants alleged that the market distortions and cost advantages provided to Chinese producers of engineered wood products translate directly into distortions to decorative plywood prices in China.¹⁶

[68] The CBSA has reviewed the information provided in the complaint and conducted its own research. Based on this information, the CBSA believes that there is reasonable evidence to support an inquiry into the allegations that the measures taken by the Government of China substantially influence prices in the engineered wood product sector in China, which includes decorative plywood, and that the prices are substantially different than they would be in a competitive market.

¹⁴ China is a prescribed country under Section 17.1 of the *Special Import Measures Regulations*.

¹⁵ Exhibit 2 (NC) – DONP2 Complaint – Appendix B: Section 20

¹⁶ Exhibit 2 (NC) – DONP2 Complaint – Appendix B: Section 20

[69] Consequently, on April 10, 2026, the CBSA included in its investigations, a section 20 inquiry in order to determine whether the conditions set forth in paragraph 20(1)(a) of SIMA prevail in the engineered wood product sector in China.

[70] As part of this section 20 inquiry, the CBSA sent section 20 RFIs to all potential producers and exporters of decorative plywood in China, as well as to the Government of China, requesting detailed information related to the engineered wood product sector in China.

[71] In cases where conditions of section 20 exist, pursuant to paragraph 20(1)(c), the normal value can be determined based on profitable selling prices or full costs of production and an amount for profit on goods sold domestically in a surrogate country, to which the conditions described in section 20 of SIMA are not applicable.

[72] For the purposes of obtaining information necessary to calculate normal values pursuant to subparagraph 20(1)(c) of SIMA, the CBSA requested information from producers in surrogate countries. As such, the CBSA has selected the United States and Finland, which produce comparable goods and are believed to operate under fair market conditions, as potential surrogate countries and has sent questionnaires to known producers of decorative plywood in these countries.

[73] In the event that the CBSA does not receive sufficient information from producers and exporters of subject goods in the selected surrogate countries for the purposes of determining normal values pursuant to section 20, the CBSA may identify other surrogate countries at a later date.

[74] Importers were also requested to provide information on sales of like goods produced in surrogate countries, in the event that normal values must be determined under paragraph 20(1)(d) of SIMA.

[75] In the event that the CBSA forms an opinion that domestic prices of decorative plywood in China are substantially determined by the government, and there is sufficient reason to believe that the domestic prices are not substantially the same as they would be if they were determined in a competitive market, the normal values of the goods under investigation will be determined, pursuant to paragraph 20(1)(c) of SIMA, where such information is available, on the basis of the domestic selling prices or the aggregate of the cost of production, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits of like goods sold by producers in any country designated by the CBSA and adjusted for price comparability; or, pursuant to paragraph 20(1)(d) of SIMA, where such information is available, on the basis of the selling price in Canada of like goods produced and imported from any country designated by the CBSA and adjusted for price comparability.

NORMAL VALUE

Complainants' estimates of normal value

[76] The complainants' allegations of dumping are based on a comparison of their estimated normal values for the allegedly dumped goods with their estimated export prices. The complainants estimated margins of dumping for the period of October 1, 2024 to September 30, 2025.

[77] Although the complainants argued that the conditions of section 20 prevail in the engineered wood product sector in China, and that normal values should thus be determined pursuant to section 20 of SIMA, the complainants nevertheless estimated normal values using the methodology of paragraph 19(b) of SIMA (i.e. based on the estimated costs in China) in addition to providing estimates using the methodology of paragraph 20(1)(c) of SIMA (i.e. based on the estimated costs in the United States and Finland as surrogate countries).

[78] The complainants did not estimate normal values under section 15 of SIMA because they were unable to locate exporter specific home market pricing or any published third party pricing.¹⁷

Paragraph 19(b)

[79] The complainants estimated normal values using a constructed cost approach based on the methodology in paragraph 19(b) of SIMA, calculated based on the aggregate of estimates of the cost of production of the subject goods, a reasonable amount for administrative, selling and other costs, and a reasonable amount for profits.

[80] As detailed cost of production information from producers in China was not available, the complainants' estimates of normal values were based on the complainants' own costs of production, adjusted to reflect conditions in China as well as publicly available information on costs and profits in China.

[81] The complainants estimated the cost of production using:

- The costs of the two primary inputs, veneer and resin, obtained from the 2024 UN Comtrade weighted average import data for China for the tariff classification numbers that contain those inputs.¹⁸
- The complainants' labour costs adjusted to reflect the difference between wages in Canada and China, using the average manufacturing wages in the two countries.¹⁹
- The complainants' unadjusted overhead costs.²⁰

¹⁷ Exhibit 2 (NC) – DONP2 Complaint – paras. 89-90

¹⁸ Exhibit 2 (NC) – DONP2 Complaint – para. 95

¹⁹ Exhibit 2 (NC) – DONP2 Complaint – para. 96

²⁰ Exhibit 2 (NC) – DONP2 Complaint – para. 97

[82] To estimate a reasonable amount for administrative, selling and all other costs, financial expenses, and a reasonable amount for profits for the subject goods from China, the complainants relied on the publicly available financial results of three Chinese producers of decorative plywood and comparable wood-based panels: Dehua Tubao New Decoration Material Co., Ltd; Guangxi Fenglin Wood Industry Group Co., Ltd.; and Fujian Yongan Forestry (Group) Co., Ltd. The SG&A expense, financial expense, and amount for profit were estimated based on the simple averages of these amounts from these three companies' financial statements. This resulted in an SG&A expense of 8.9%, a financial expense of 0.3% and an amount for profit of 10.6%, all expressed as a percentage of costs.²¹

Section 20

[83] As per the section 20 allegations, the complainants also provided normal value calculations for subject goods based on a surrogate methodology. The complainants submitted that the United States and Finland would be appropriate surrogate countries as they have a similar GDP growth trends, and economic and labour market profiles; comparable consumer base sizes; shared major export market (i.e. Canada); and access to production costs for decorative plywood.²²

[84] As such, the complainants estimated section 20 normal values, using the methodology of subparagraph 20(1)(c)(ii), on the basis of the aggregate of the estimated costs of production, a reasonable amount for administrative, selling and all other costs, and a reasonable amount for profits, in both the United States and Finland.

[85] More specifically, for the United States, the complainants used the actual costs of production, amount for administrative, selling and all other costs, financial expenses, and amount for profits for CFP USA, an American producer of decorative plywood that is related to one of the complainants.²³

[86] For Finland, the complainants used the same approach for estimating section 20 normal values that they used for their section 19 estimates, except using UN Comtrade import data for Finland and using publicly available financial data of three Finnish plywood producers, Koskisen Oyj, UPM-Kymmene Corporation, and Metsä Group for, an amount of administrative, selling and all other costs, financial expenses, and an amount for profits.²⁴

²¹ Exhibit 2 (NC) – DONP2 Complaint – para. 98-99

²² Exhibit 2 (NC) – DONP2 Complaint – para. 122-151

²³ Exhibit 2 (NC) – DONP2 Complaint – para. 152-159

²⁴ Exhibit 2 (NC) – DONP2 Complaint – para. 160-171

CBSA's estimate of normal value

Paragraph 19(b)

[87] For the purposes of initiation, the CBSA estimated normal values using a constructed cost approach based on the methodology in paragraph 19(b) of SIMA, calculated based on the aggregate of estimates of the cost of production of the subject goods, a reasonable amount for administrative selling and other costs, and a reasonable amount for profits. The CBSA reviewed the complainants' methodology to determine how normal values were estimated under this methodology, and found that the approach was reasonable; although the CBSA revised the complainants' calculation on the basis of the information provided.

[88] While the complainants estimated normal values using data from Q4 2024 to Q3 2025, the CBSA instead relied on data from 2025 only as it is more recent. Further, for an amount for administrative selling and other costs, financial expenses, and an amount for profits, the CBSA took the weighted average (weighting based on total costs) of these amounts from the financial statements of the three Chinese producers that were provided in the complaint, whereas the complainants used the simple average.

EXPORT PRICE

[89] The export price of goods sold to an importer in Canada is generally determined in accordance with section 24 of SIMA as the lesser of the exporter's sale price for the goods and the price at which the importer has purchased or agreed to purchase the goods adjusted by deducting all costs, charges, expenses, and duties and taxes resulting from the exportation of the goods, as provided for in subparagraphs 24(a)(i) to 24(a)(iii) of SIMA.

Complainants' estimates of export price

[90] The complainants estimated export prices based on import data from Statistics Canada, using the weighted average unit value. The complainants also estimated an amount for inland freight and export handling, which was deducted from the weighted average unit value. This deduction was based on actual data from logistics companies operating in China.²⁵

CBSA's estimates of export price

[91] In order to estimate export prices of subject goods into Canada from China, the CBSA relied on information available through customs data, for the period of January 1, 2025 to December 31, 2025. The CBSA made certain adjustments to the data.

[92] The CBSA used the adjusted import data to calculate export prices. From these estimated prices, an amount for freight costs associated with shipping the goods from China was deducted.

²⁵ Exhibit 1 (PRO) – DONP2 Complaint – paras. 86-88

ESTIMATED MARGINS OF DUMPING

[93] For the purposes of the initiation of the dumping investigation, as previously mentioned, the CBSA has estimated a margin of dumping using normal values based on the methodology of section 19 of SIMA.

[94] During the investigation, the CBSA will endeavor to gather additional information regarding domestic prices in China from exporters in order to calculate normal values under section 15 of SIMA, if warranted.

[95] The CBSA acknowledges that there is a reasonable indication that the conditions of section 20 may exist in the engineered wood product sector in China; however, the CBSA finds the methodology of section 19 to be a conservative and reasonable basis for estimating the margin of dumping at this stage. The CBSA will endeavor to gather additional information from exporters, government, and other relevant sources in order to enable the CBSA to form an opinion as to whether the conditions of section 20 exist in the relevant market sector in China.

[96] Based on the normal values estimated under section 19, the CBSA estimated the margin of dumping for the subject goods by comparing the total estimated normal values with the total estimated export prices for the period of January 1, 2025 to December 31, 2025. The CBSA estimates that subject goods from China were dumped by 33.8%, expressed as a percentage of the export price.

EVIDENCE OF SUBSIDY

[97] In accordance with section 2 of SIMA, a subsidy exists where there is a financial contribution by a government of a country other than Canada that confers a benefit on persons engaged in the production, manufacture, growth, processing, purchase, distribution, transportation, sale, export or import of goods. A subsidy also exists in respect of any form of income or price support within the meaning of Article XVI of the General Agreement on Tariffs and Trade, 1994, being part of Annex 1A to the World Trade Organization (WTO) Agreement that confers a benefit.

[98] Pursuant to subsection 2(1.6) of SIMA, a financial contribution exists where:

- a. practices of the government involve the direct transfer of funds or liabilities or the contingent transfer of funds or liabilities;
- b. amounts that would otherwise be owing and due to the government are exempted or deducted or amounts that are owing and due to the government are forgiven or not collected;
- c. the government provides goods or services, other than general governmental infrastructure, or purchases goods; or
- d. the government permits or directs a non-governmental body to do anything referred to in any of paragraphs (a) to (c) above where the right or obligation to do the thing is normally vested in the government and the manner in which the non-governmental

body does the thing does not differ in a meaningful way from the manner in which the government would do it.

[99] A state-owned enterprise (“SOE”) may be considered to constitute “government” for the purposes of subsection 2(1.6) of SIMA if it possesses, exercises, or is vested with, governmental authority. Without limiting the generality of the foregoing, the CBSA may consider the following factors as indicative of whether the SOE meets this standard: 1) the SOE is granted or vested with authority by statute; 2) the SOE is performing a government function; 3) the SOE is meaningfully controlled by the government; or 4) some combination thereof.

[100] If a subsidy is found to exist, it may be subject to countervailing measures if it is specific. A subsidy is considered to be specific when it is limited, in law or in fact, to a particular enterprise or is a prohibited subsidy. An “enterprise” is defined under SIMA as also including a “group of enterprises, an industry and a group of industries”. Any subsidy which is contingent, in whole or in part, on export performance or on the use of goods that are produced or that originate in the country of export is considered to be a prohibited subsidy and is, therefore, specific according to subsection 2(7.2) of SIMA for the purposes of a subsidy investigation.

[101] In accordance with subsection 2(7.3) of SIMA, notwithstanding that a subsidy is not specific in law, a subsidy may also be considered specific in fact, having regard as to whether:

- there is exclusive use of the subsidy by a limited number of enterprises;
- there is predominant use of the subsidy by a particular enterprise;
- disproportionately large amounts of the subsidy are granted to a limited number of enterprises; and
- the manner in which discretion is exercised by the granting authority indicates that the subsidy is not generally available.

[102] For purposes of a subsidy investigation, the CBSA refers to a subsidy that has been found to be specific as an “actionable subsidy”, meaning that it is countervailable.

SUBSIDY PROGRAMS IN CHINA

[103] In alleging that actionable subsidies were applicable to the subject goods imported from China, the complainants relied on: previous CBSA subsidy investigation findings and US Department of Commerce (USDOC) investigations and previous countervailing findings. The complainants also relied on publications issued by the WTO and the Government of China, and general news articles and publications.²⁶

²⁶ Exhibit 2 (NC) – DONP2 Complaint - Appendix A

[104] Based on the information available, the complainants identified and provided evidence for numerous subsidy programs that producers of subject goods in China may have benefited from. The complainants categorized these subsidy programs under the following headings:

1. Provision of Inputs by the Government of China at Less than Fair Market Value;
2. Provision of Land-Use Rights by the Government of China for Less than Fair Market Value;
3. Preferential Loans, Loan Guarantees, and Interest Rates;
4. Preferential Tax Programs;
5. Government of China Catalogue of Industries for Encouraging Foreign Investment;
6. Grants Programs;
7. Special Economic Zones;
8. Sales of Goods to State-Owned Enterprises; and
9. Equity Programs.

[105] Within heading 1, the complainants identified electricity, water, timber and urea/formaldehyde as potential goods/services that were provided by the Government of China for less than fair market value. The complainants argue that decorative plywood producers may benefit from these subsidy programs.²⁷

[106] Within heading 2, the complainants identified multiple different programs relating to the provision of land by the Government of China for less than fair market value. The complainants argue that decorative plywood producers may benefit from these subsidy programs.²⁸

[107] Under heading 3, the complainants asserted that several loan programs have been put into place through China's central bank which make direct support available to decorative plywood producers. The complainants added that preferential financing is made available through state policy banks and state-owned commercial banks.²⁹

[108] Under heading 4, the complainants assert that numerous preferential tax programs are available to producers of decorative plywood in China. The complainants identified multiple preferential tax policies that may be applicable to producers of decorative plywood located in China.³⁰

[109] Under heading 5, the complainants identified the Catalogue of industries encouraged by the state for foreign investment. Such industries may benefit from various preferential policies including tariff exemptions, preferential land prices and lower corporate tax rates.³¹

²⁷ Exhibit 2 (NC) – DONP2 Complaint - Appendix A, paras. 19-26

²⁸ Exhibit 2 (NC) – DONP2 Complaint - Appendix A, paras. 27-30

²⁹ Exhibit 2 (NC) – DONP2 Complaint - Appendix A, paras. 31-46

³⁰ Exhibit 2 (NC) – DONP2 Complaint - Appendix A, paras. 47-139

³¹ Exhibit 2 (NC) – DONP2 Complaint - Appendix A, paras. 140-141

[110] Within heading 6, the complainants identified nearly 100 grants and grant equivalents made available by the Government of China to producers of decorative plywood. The complainants submitted that some of these grants and grants equivalents were found countervailable by either the CBSA or the European Union.³²

[111] Within heading 7, the complainants identified 15 Special Economic Zones (SEZs) throughout China in which producers of decorative plywood are located. These different SEZs provide similar but varying levels of incentives including provision of support grants and grant equivalents, preferential tax rates, rent subsidies, preferential loans, incentives for investments and R&D as well as import duty and tax exemptions among other services.³³

[112] Under heading 8, the complainants asserted that the Government of China, including SOEs, is a large purchaser of decorative plywood in China. Therefore producers of decorative plywood in China may be receiving more than adequate remuneration.³⁴

[113] Under heading 6, the complainants identified one subsidy equity program that may be available to decorative plywood producers in China.³⁵

[114] The complainants also asserted that the subsidy programs it has identified are not exhaustive and alleged potential additional countervailable subsidy programs available to producers of decorative plywood in China.³⁶

[115] Where information was available, the complainants provided a general description of each alleged subsidy program, together with references to the provisions in SIMA, under which the subsidy is alleged to constitute a financial contribution and under which it would be considered to be specific and, therefore, actionable. The complainants alleged that each identified program potentially confers an actionable or prohibited subsidy to producers and exporters of decorative plywood in China. The documents that formed the basis for these allegations were appended to the complaint.³⁷

[116] Based on the information available, the CBSA identified 45 potentially actionable subsidy programs that may have benefited Chinese producers/exporters of decorative plywood. Many of these are programs that the CBSA has already countervailed in respect of previous subsidy investigations concerning goods from China. These programs have been grouped into the following five categories:

1. Preferential loans and loan guarantees;
2. Grants and grant equivalents;
3. Preferential tax programs;

³² Exhibit 2 (NC) – DONP2 Complaint - Appendix A, paras. 142-333

³³ Exhibit 2 (NC) – DONP2 Complaint - Appendix A, paras. 334-392

³⁴ Exhibit 2 (NC) – DONP2 Complaint - Appendix A, paras. 393-395

³⁵ Exhibit 2 (NC) – DONP2 Complaint - Appendix A, paras. 396-399

³⁶ Exhibit 2 (NC) – DONP2 Complaint - Appendix A, para. 6

³⁷ Exhibit 2 (NC) – DONP2 Complaint - Appendix A, Attachments A1-A93

4. Relief from duties and taxes; and
5. Provision of goods or services at less than adequate remuneration

[117] The CBSA's analysis revealed that the alleged subsidy programs constitute potential financial contributions by the Government of China that may have conferred benefits to producers/exporters of decorative plywood. In addition, the programs were further examined and were considered to be potentially specific either in law or in fact within the meaning of subsections 2(7.2) and 2(7.3) of SIMA.

[118] The descriptions of the identified programs to be investigated are found in the Subsidy RFI.

[119] If more information becomes available during the investigation process that indicates that some exporters/producers of subject goods may have benefited from any other programs during the POI, the CBSA will request complete information from the Government of China and exporters/producers of subject goods to pursue the investigation of these programs.

[120] Sufficient evidence is available to support the allegations that decorative plywood originating in or exported from China have been subsidized. In investigating these programs, the CBSA has requested information from the Government of China, exporters and producers to determine whether exporters/producers of subject goods received benefits under these programs and whether these programs, or any other programs, are actionable subsidies and, therefore, countervailable under SIMA.

ESTIMATED AMOUNT OF SUBSIDY

[121] The complainants were unable to estimate the amounts of subsidy on a program basis for the subject goods imported from China. Instead, the complainants estimated the amount of subsidy as being equal to the difference between the estimated total cost of production and the export price for decorative plywood sold into Canada from October 1, 2024 to September 30, 2025. The total cost of production and export price was estimated using the same methodology presented in the dumping section.³⁸

[122] It is the CBSA's understanding that subsidies have the effect of lowering the full cost of the goods, including the cost of production and the amount for selling, administrative and all other costs, which allows exporters to pass-through the subsidy benefits in reducing the selling price of those goods to Canada. Therefore, the CBSA is satisfied that the exporter's ability to sell subject goods to Canada at prices substantially below their estimated full costs supports the complainants' allegations that subsidies are being conferred on the imported goods.

[123] The CBSA's analysis of the available information indicates that subject goods imported into Canada during the period from January 1, 2025 to December 31, 2025 were subsidized and that the estimated amount of subsidy is 24.5% of the export price.

³⁸ Exhibit 2 (NC) – DONP2 Complaint – para. 182

EVIDENCE OF INJURY

[124] The complainants alleged that the subject goods have been dumped and subsidized and that such dumping and subsidizing have caused and are threatening to cause material injury to the decorative plywood industry in Canada.

[125] SIMA refers to material injury caused to the domestic producers of like goods in Canada. The CBSA has concluded that decorative plywood produced by the domestic industry are like goods to the subject goods from China.

[126] Given concerns with respect to the confidentiality of the information provided by the domestic producers, the CBSA is limited in its ability to discuss certain information contained in the complaint.

[127] In support of their allegations, the complainants provided evidence of:

- Increased volume of imports of subject goods, lost sales and market share;
- Price undercutting, price depression and price suppression;
- Adverse impact on financial performance;
- Adverse impact on production and utilization; and
- Adverse impact on employment.

INCREASED VOLUME OF IMPORTS OF SUBJECT GOODS, LOST SALES AND MARKET SHARE

[128] The complainants alleged that imports of subject goods from China have increased significantly in recent years, directly contributing to its lost market share. To support its allegation, the complainants provided estimates of imports, its own domestic volume of sales and of other Canadian producers during the period from 2022 to September 2025.³⁹

[129] According to the complainants' estimates, imports of subject goods have steadily risen in both relative and absolute terms. The share of decorative plywood imports from China rose steadily over this period, growing from a 68% market share in 2022 to 72% in 2024, and a total volume increase of 7% over this same time.⁴⁰

[130] The complainants also provided evidence of decreased sales volume and a decline in market share by the domestic industry during this same period, including specific examples of lost sales to multiple different customers.⁴¹

[131] The complainants argued that the low price of dumped and subsidized subject goods has negative impacts on the domestic industry, including lost sales. They stated that all else being equal, customers will purchase the product with the lower price.⁴²

³⁹ Exhibit 1 (PRO) – DONP2 Complaint – para. 192 & Table 16

⁴⁰ Exhibit 1 (PRO) – DONP2 Complaint – para. 193 & Table 16

⁴¹ Exhibit 1 (PRO) – DONP2 Complaint – paras. 201-210

⁴² Exhibit 1 (PRO) – DONP2 Complaint – paras. 212-213

[132] The CBSA's estimate of the apparent Canadian market for decorative plywood is reported in **Table 2**. The CBSA's analysis of import data supports the allegation of an increase in the import volume of the allegedly injurious dumped and subsidized goods between 2023 to 2025.

[133] The CBSA finds that the injury factors of increased volume of subject goods and lost sales and market share are sufficiently supported and linked to the allegedly dumped and subsidized goods.

PRICE UNDERCUTTING, PRICE DEPRESSION AND PRICE SUPPRESSION

[134] The complainants alleged that the dumped and subsidized goods have resulted in price undercutting, price depression and price suppression.

[135] The complainants provided the actual average selling prices of decorative plywood in Canada by CFP, Husky, and Rockshield and compared these to the estimated average import price of subject goods during the same period and found that prices of subject goods consistently undercut the selling price of the domestic producers.⁴³

[136] The complainants also provided 24 specific examples of price undercutting that CFP experienced between 2023 and 2024 where subject goods were priced below CFP's selling prices.⁴⁴

[137] The complainants also provided evidence that the subject goods put downward pressure on the selling prices of the domestic producers. This resulted in price depression as domestic industry could not raise its prices and remain competitive. In addition, domestic producers could not raise their prices at the same rate in which costs rose, resulting in price suppression.⁴⁵

[138] Based on the CBSA's analysis of the information contained in the complaint and of its own import data, the CBSA finds the claim of price undercutting, price depression and price suppression in the complaint to be supported and sufficiently linked to the allegedly dumped and subsidized goods.

ADVERSE IMPACT ON FINANCIAL PERFORMANCE

[139] The complainants alleged that the dumped and subsidized goods have had an injurious impact on the profitability of the domestic producers. To support its allegation, the complainants provided the financial data of CFP, Husky, and Rockshield between 2022 and September 2025.⁴⁶

⁴³ Exhibit 1 (PRO) – DONP2 Complaint – paras. 214-216

⁴⁴ Exhibit 1 (PRO) – DONP2 Complaint – paras. 217-221

⁴⁵ Exhibit 1 (PRO) – DONP2 Complaint – paras. 222-225

⁴⁶ Exhibit 1 (PRO) – DONP2 Complaint – paras. 226-231

[140] The CBSA reviewed the financial information submitted by the complainants and finds that it supports the complainants' allegations of reduced profitability. The CBSA finds that the injury factor of adverse impact on financial performance to be sufficiently supported and reasonably linked to the alleged dumped and subsidized goods.

ADVERSE IMPACT ON PRODUCTION AND UTILIZATION

[141] The complainants provided evidence that showed that the utilization of the production capacity for CFP, Husky, and Rockshield has declined in recent years.⁴⁷

[142] The CBSA reviewed the production information submitted by the complainants and finds that the injury factors of an adverse impact on production and utilization to be sufficiently supported and linked to the allegedly dumped and subsidized goods.

ADVERSE IMPACT ON EMPLOYMENT

[143] The complainants alleged that low-priced imports of subject goods had an adverse impact on employment in the production of decorative plywood at CFP, Husky, and Rockshield. The complainants provided information to support this allegation as well as other factors that had an impact on this decline of employment in order to show that despite those other factors, there was still a decline due to the subject goods.⁴⁸

[144] The CBSA reviewed the information submitted by the complainants and finds that the injury factor of adverse impact on employment to be sufficiently supported and linked to the allegedly dumped and subsidized goods.

CBSA'S CONCLUSION

[145] The injury factors allegedly suffered by the domestic industry include:

- Increased volume of imports of subject goods, lost sales and market share;
- Price undercutting, price depression and price suppression;
- Adverse impact on financial performance;
- Adverse impact on production and utilization; and
- Adverse impact on employment.

[146] The CBSA has reviewed the injury factors discussed above. Based on the evidence provided in the complaint, and supplementary data available to the CBSA through its own research and its customs data, the CBSA is satisfied that there is a reasonable indication that the allegedly dumped and subsidized subject goods from China have caused injury to the domestic industry.

⁴⁷ Exhibit 1 (PRO) – DONP2 Complaint – paras. 232-235

⁴⁸ Exhibit 1 (PRO) – DONP2 Complaint – paras. 236-240

THREAT OF INJURY

[147] The complainants alleged that dumping and subsidy are threatening to cause injury to its production and provided evidence for each of the following factors to support its allegations:

- Excess production capacity in China;⁴⁹
- Decrease in demand in China;⁵⁰
- Chinese producers are export-orientated;⁵¹
- Likely diversion of subject goods to Canada due to anti-dumping and countervailing measures from other countries;⁵²
- Attractiveness of the Canadian market;⁵³ and
- Significant and continued increase in import volumes of low-priced subject goods;⁵⁴ and
- Likely performance of the domestic industry.⁵⁵

[148] In light of the CBSA's conclusion that sufficient evidence has been provided to indicate that the allegedly dumped and subsidized subject goods have caused injury to the domestic industry and in order to fulfill objectives of administrative efficiency, the CBSA will not address whether there is a reasonable indication that the dumping and subsidizing of the subject goods is threatening to cause injury.

SCOPE OF THE INVESTIGATIONS

[149] The CBSA is conducting investigations to determine whether the subject goods have been dumped and/or subsidized.

[150] The CBSA has requested information from all potential exporters and importers to determine whether or not subject goods imported into Canada during the POI of January 1, 2025 to December 31, 2025 were dumped and/or subsidized. The information requested will be used to determine the normal values, export prices, margins of dumping, if any. The CBSA also requested information from the Government of China with respect to the possibility that the conditions of section 20 of SIMA exist in the engineered wood product sector in China.

[151] The CBSA has also requested information from the Government of China and all potential producers/exporters to determine whether or not subject goods imported into Canada during the POI of January 1, 2025 to December 31, 2025 were subsidized. The information requested will be used to determine the amounts of subsidy, if any.

⁴⁹ Exhibit 2 (NC) – DONP2 Complaint – paras. 251-262

⁵⁰ Exhibit 2 (NC) – DONP2 Complaint – paras. 263-268

⁵¹ Exhibit 2 (NC) – DONP2 Complaint – paras. 269-277

⁵² Exhibit 2 (NC) – DONP2 Complaint – paras. 278-285

⁵³ Exhibit 2 (NC) – DONP2 Complaint – paras. 286-297

⁵⁴ Exhibit 2 (NC) – DONP2 Complaint – paras. 298-299

⁵⁵ Exhibit 2 (NC) – DONP2 Complaint – paras. 300-302

[152] All parties have been clearly advised of the CBSA's information requirements and the time frames for providing their responses.

FUTURE ACTION

[153] The CITT will conduct a preliminary inquiry to determine whether the evidence discloses a reasonable indication that the alleged dumping and subsidizing of the goods has caused or is threatening to cause injury to the Canadian industry. The CITT must make its decision on or before the 60th day after the date of the initiation of the investigations. If the CITT concludes that the evidence does not disclose a reasonable indication of injury to the Canadian industry, the investigations will be terminated.

[154] If the CITT finds that the evidence discloses a reasonable indication of injury to the Canadian industry and the CBSA's preliminary investigation reveals that the goods have been dumped and/or subsidized, the CBSA will make a preliminary determination of dumping and/or subsidizing within 90 days after the date of the initiation of the investigations, by July 9, 2026. Where circumstances warrant, this period may be extended to 135 days from the date of the initiation of the investigations.

[155] Under section 35 of SIMA, if, at any time before making a preliminary determination, the CBSA is satisfied that the volume of goods of a country is negligible, the investigations will be terminated with respect to goods of that country.

[156] Imports of subject goods released by the CBSA on and after the date of a preliminary determination of dumping and/or subsidizing, other than goods of the same description as goods in respect of which a determination was made that the margin of dumping of, or the amount of subsidy on, the goods is insignificant, may be subject to provisional duty in an amount not greater than the estimated margin of dumping and/or the estimated amount of subsidy on the imported goods.

[157] Should the CBSA make a preliminary determination of dumping and/or subsidizing, the investigation will be continued for the purpose of making a final determination within 90 days after the date of the preliminary determination.

[158] After the preliminary determination, if, in respect of goods of a particular exporter, the CBSA's investigations reveals that imports of the subject goods from that exporter have not been dumped or subsidized, or that the margin of dumping or amount of subsidy is insignificant, the investigation(s) will be terminated in respect of those goods.

[159] If a final determination of dumping and/or subsidizing is made, the CITT will continue its inquiry and hold public hearings into the question of material injury to the Canadian industry. The CITT is required to make a finding with respect to the goods to which the final determinations of dumping and/or subsidizing apply, not later than 120 days after the CBSA's preliminary determinations.

[160] In the event of an injury finding by the CITT, imports of subject goods released by the CBSA after that date will be subject to anti-dumping duty equal to the applicable margin of dumping and countervailing duty equal to the amount of subsidy on the imported goods. Should both anti-dumping and countervailing duties be applicable to subject goods, the amount of any anti-dumping duty may be reduced by the amount that is attributable to an export subsidy.

RETROACTIVE DUTY ON MASSIVE IMPORTATIONS

[161] When the CITT conducts an inquiry concerning injury to the Canadian industry, it may consider if dumped and/or subsidized goods that were imported close to or after the initiation of the investigations constitute massive importations over a relatively short period of time and have caused injury to the Canadian industry.

[162] Should the CITT issue such a finding, anti-dumping and countervailing duties may be imposed retroactively on subject goods imported into Canada and released by the CBSA during the period of 90 days preceding the day of the CBSA making preliminary determinations of dumping and/or subsidizing.

[163] In respect of importations of subsidized goods that have caused injury, however, this provision is only applicable where the CBSA has determined that the whole or any part of the subsidy on the goods is a prohibited subsidy, as explained in the previous “Evidence of subsidizing” section. In such a case, the amount of countervailing duty applied on a retroactive basis will be equal to the amount of subsidy on the goods that is a prohibited subsidy.

UNDERTAKINGS

[164] After a preliminary determination of dumping by the CBSA, other than a preliminary determination in which a determination was made that the margin of dumping of the goods is insignificant, an exporter may submit a written undertaking to revise selling prices to Canada so that the margin of dumping or the injury caused by the dumping is eliminated.

[165] Similarly, after the CBSA has rendered a preliminary determination of subsidizing, a foreign government may submit a written undertaking to eliminate the subsidy on the goods exported or to eliminate the injurious effect of the subsidy, by limiting the amount of the subsidy or the quantity of goods exported to Canada. Alternatively, exporters with the written consent of their government may undertake to revise their selling prices so that the amount of the subsidy or the injurious effect of the subsidy is eliminated.

[166] An acceptable undertaking must account for all or substantially all of the exports to Canada of the dumped or subsidized goods. Interested parties may provide comments regarding the acceptability of undertakings within nine days of the receipt of an undertaking by the CBSA. The CBSA will maintain a list of parties who wish to be notified should an undertaking proposal be received. Those who are interested in being notified should provide their name, telephone number, mailing address and email address to the email address identified in the Contact us section of this document.

[167] If undertakings were to be accepted, the investigations and the collection of provisional duties would be suspended. Notwithstanding the acceptance of an undertaking, an exporter may request that the CBSA's investigations be completed and that the CITT complete its injury inquiry.

PUBLICATION

[168] Notice of the initiation of these investigations is being published in the Canada Gazette pursuant to subparagraph 34(1)(a)(ii) of SIMA.

CONTACT US

[169] Interested parties are invited to file written submissions presenting facts, arguments, and evidence that they feel are relevant to the alleged dumping. Written submissions must be filed through CBSA's [ACE web application](#).

[170] To be given consideration in these investigations, all information should be received by the CBSA by August 17, 2026, at noon.

[171] Any information submitted to the CBSA by interested parties concerning these investigations is considered to be public information unless clearly marked "confidential". Where the submission by an interested party is confidential, a non-confidential version of the submission must be provided at the same time. This non-confidential version will be made available to other interested parties upon request.

[172] Confidential information submitted to the CBSA will be disclosed on written request to independent counsel for parties to these proceedings, subject to conditions to protect the confidentiality of the information. Confidential information may also be released to the CITT, any court in Canada, or a WTO or Canada-United States-Mexico Agreement (CUSMA) dispute settlement panel. Additional information respecting the CBSA's policy on the disclosure of information under SIMA may be obtained by contacting the CBSA at the email address identified below.

[173] The schedule of the investigations and a complete listing of all exhibits and information are available through the CBSA's website. The exhibit listing will be updated as new exhibits and information are made available.

[174] For further information, please contact the CBSA at:

Email: simaregistry-depotlmsi@cbsa-asfc.gc.ca

A handwritten signature in black ink, appearing to be 'S. Borg', with a stylized flourish at the end.

Sean Borg
a/Executive Director
Trade Programs Directorate