EUROPEAN PANEL FEDERATION
WOOD-BASED PANELS

ICDLI
International Committee of the Decorative Laminates Industry

Joint EPF and ICDLI Position Paper on the EU-India Free Trade Agreement

Ensuring a level playing field for the European wood-based panels value chain

Table of Contents

1. Introduction

The European Panel Federation (EPF), representing the European wood-based panels industry, and the International Committee of the Decorative Laminates Industry (ICDLI), are closely following the negotiations of the EU-India Free Trade Agreement (FTA). While EPF and ICDLI support open and rules-based trade, it is essential that the agreement ensures fair competition and safeguards the resilience of European industrial value chains.

The wood-based panels sector is a key component of the European bioeconomy and is closely linked to downstream industries, in particular furniture and construction. Any imbalance resulting from the FTA would therefore have broader implications for European manufacturing and competitiveness.

Products covered by this position paper: wood-based panels such as particleboard (HS 441011), OSB (HS 441012), low, medium and high-density fibreboard (HS 4411), plywood (HS 4412) and High Pressure Laminate (HPL, HS 392190, 392194). Throughout this paper, these products are referred as wood-based panels, engineered wood products and HPL.

2. Increased import pressure on wood-based panels

The FTA is expected to eliminate tariffs on most industrial products, including wood-based panels and HPL, over a relatively short transition period. This will significantly improve the price competitiveness of Indian products on the EU market and is likely to lead to increased imports of wood-based panels, HPL and engineered wood products.

While current trade flows between India and the EU remain limited, India has substantial production capacities, particularly in plywood, with a focus on expanding capacities, including in the HPL sector, which could be redirected towards export markets. The combination of tariff reductions and global sourcing shifts away from other regions may accelerate this trend.

For the HPL segment, market erosion is already underway: data show that the growth rate of HPL imports into the EU has significantly outpaced the production growth of EU HPL manufacturers in recent years, pointing to an imbalance that tariff elimination for imports of HLP from India would further aggravate (with volumes being already 59% higher in 2025 versus 2019). This underlines the urgency of proactive safeguard measures rather than a purely monitoring-based approach.

3. Indirect impact through furniture imports

EPF's and ICDLI`s primary concern lies in the indirect effects of the agreement on downstream industries. Increased imports of furniture from India, driven by tariff reductions and lower production costs, risk displacing European furniture manufacturers.

This would have direct consequences for the wood-based panels sector, as furniture production is a major outlet for panels. A loss of competitiveness in the furniture sector would therefore translate into reduced demand for European wood-based panels, weakening the entire value chain – accompanied by a loss of industrial know-how and artisanal entrepreneurship.

This type of dynamic has already been observed in other sectors, where trade liberalisation without adequate safeguards has led to progressive erosion of domestic industrial capacity.

4. Structural competitiveness imbalances

The risks associated with the FTA are further amplified by structural differences between the EU and India, particularly in terms of labour costs, regulatory frameworks and environmental standards.

Without appropriate safeguards, imported products may not reflect comparable production conditions, resulting in an uneven playing field for European manufacturers. As highlighted in broader EU industry analyses, imports that do not internalise environmental and social costs can create significant distortions in competition.

5. Risk of circumvention and global overcapacities

Global overcapacities and evolving trade patterns increase the risk that India could become a hub for processing and re-exporting products to the EU. This includes the possibility of products incorporating inputs from third countries entering the EU market under Indian origin, e.g. input from sanctioned Russian and Belarussian wood and wood products.

Experience in the European plywood market shows that circumvention practices are becoming increasingly sophisticated, with production and supply chains reorganised to bypass existing trade measures. This risk is particularly relevant for products such as plywood and HPL.

6. Limitations of current trade defence and enforcement

Existing EU trade defence instruments are often too slow and reactive to address rapid changes in trade flows. Safeguard measures remain difficult to trigger, and investigations can take significant time, during which market disruption may already have occurred.

At the same time, enforcement challenges persist. Customs controls remain limited, with only a small proportion of imports subject to physical checks, increasing the risk of non-compliant or circumvention practices entering the EU market.

7. Non-compliance of imported products with EU rules and regulations

Key data from 2022 to 2024 from a EU Commission report shows that more products have been stopped by customs and ultimately refused entry to the EU market because they do not comply with EU rules. Across the EU, customs refused an average of 13 items per million products released in 2024 due to non-compliance or serious risks; an increasing number of items mainly from Asia are failing customs inspections.

Especially the expansion of e-commerce-driven imports outpaced the rate at which control measures were implemented. According to the report, only 0.0082 percent of all imported products were inspected by customs authorities – that is, 82 items per million that were cleared for free circulation. Of those 82 inspected items per million, 13 were refused entry – meaning that among products actually checked, approximately 16% were found to be non-compliant. If this failure rate is representative of uninspected products, the scale of non-compliant goods entering the EU market could be substantial.

While European manufacturers of wood-based panels and furniture strongly comply with EU regulations on safety and environmental standards, products entering the EU market often do not meet these standards as the report from the EU Commission proves. This poses significant health and safety risks to consumers in the EU. Here, too, there is an urgent need for more resources to ensure adequate import controls and a level playing field when it comes to compliance with EU standards.

8. EPF and ICDLI recommendations

In this context, EPF and ICDLI consider that the EU–India FTA must include strong and operational safeguard mechanisms allowing rapid intervention in case of import surges, market disruption or price distortions. The Commission should apply a level of ambition for industrial safeguards comparable to that foreseen for sensitive agricultural sectors in other trade agreements. Given that the displacement of EU HPL producers by import competition has already been evidenced by above data – EPF and ICDLI call for safeguard measures to be introduced immediately following the surge in imports and material injury to the EU industry. Continuing monitoring of trade balances and production impacts must be built into the agreement as a standing obligation.

The agreement should also be complemented by measures addressing global overcapacities and unfair competition, including the possibility to take into account impacts across the full value chain. Enforcement must be strengthened, with improved monitoring of trade flows, enhanced customs controls and effective verification of compliance with EU standards. EPF and ICDLI call specifically for a significant increase in the resources allocated to customs inspections: the current inspection rate of 82 products per million is wholly inadequate to guarantee a level playing field. Member States and EU customs authorities must be equipped with the personnel, infrastructure and risk-profiling tools needed to materially increase the proportion of imports subjected to physical and documentary checks.

At the same time, EPF and ICDLI call for the European Commission to address non-tariff barriers in India, such as its cumbersome certification process or its BIS standards deviating significantly from internationally recognised ISO standards, in order to ensure meaningful market access for European wood-based panels and furniture products. This FTA must deliver concrete, enforceable commitments to eliminate or substantially reduce Indian import tariffs on EU wood-based panels and HPL and to reform BIS certification process so that it is transparent, timely and aligned with international standards. Without these conditions, any reciprocal market-opening offered by the EU side would amount to an asymmetric concession.

9. Conclusion

The EU-India FTA presents both opportunities and risks. For the wood-based panels sector, the risks are significant and relate not only to direct imports, but also to indirect impacts on downstream industries and the broader value chain.

Without adequate safeguards and effective enforcement, the agreement could undermine European manufacturing competitiveness and weaken industrial ecosystems. A balanced approach is therefore essential to ensure that trade liberalisation supports, rather than undermines, a resilient, competitive and sustainable European industry.

2026-09-18