

GENERAL AGREEMENT ON TARIFFS AND TRADE

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PROBLEMS OF TRADE IN CERTAIN NATURAL RESOURCE PRODUCTS

Communication from Canada

Addendum

The following communication, dated 30 May 1985, has been received from the Permanent Mission of Canada.

The following background information has been submitted by Canada for the information of Council.

1. Initially, the proposal to study the problems of trade affecting forest products was put forward by Chile (PREP.COM/W/29 of 16 September 1984). It should be noted that the paper is founded on the FAO definition of forest products, which includes paper and paper products.

2. As a result of the discussions prior to and during the 1982 Ministerial meeting, the proposal was combined with separate proposals to examine problems of trade in non-ferrous metals and minerals and problems of trade in fish and fisheries products. The result of those discussions were included in the Ministerially-approved work program (L/5424 of 29 November 1982). Although a number of comments were registered by some delegations after adoption of the Ministerial Declaration and Work Program, none of these refer to the study on forest products (SR.38/9 of 14 December 1982). Nor were any reservations expressed informally with respect to forest products at any time prior to the conclusion of the Session of the CONTRACTING PARTIES in 1982.

3. During the first quarter of 1983, the Secretariat convened a number of informal meetings to discuss the follow up to the Ministerial decision on resource-based products. In the course of these discussions, some delegations asserted that the forest products study should be confined to wood products. Representatives at that time generally agreed that it made no sense to consider the pulp and paper industries separately from each other. Prior to adoption of a decision on implementation of the studies on trade in resource-based products, it was agreed informally that the Secretariat would begin work by addressing CCCN chapters 44 and 45 (wood products and cork). The Secretariat indicated informally that it would find it very difficult not to prepare a study which would be requested by a number of delegations. On March 24, 1983, a few delegations were informed of the Secretariat's intention to examine paper and paper products, to which no objections were voiced. Against this background, Canada agreed to the decision taken by Council on April 4, 1983 (C/M/167 of May 6, 1983). A year later, Council agreed to establish a Working Party to begin examination of the background documents prepared by the Secretariat to that time (C/M/176 of 10 April and C/126 of April 30, 1984). There was no discussion on that occasion of the coverage of the forest products study.

4. At the first two Working Party meetings called to consider the forest products study (June 26 and September 19, 1984), a number of delegations called on the Secretariat to complete the Working Party's documentation by preparing a note on paper and paper products (MDF/W/2 of 21 August 1984 and MDF/W/16 of 5 November 1984). Indeed, Canada had written the Secretariat soon after the circulation of the first Secretariat background document on forest products (SPEC(84)13 of 19 March 1984) to reiterate its expectation that the Secretariat would proceed to prepare a document on the problems of trade in paper. Some delegations continued to oppose the inclusion of paper and paper products and, as a result, the Chairman of the Working Party stated his intention to consult informally with delegations "with a view to exploring how remaining differences, including the question of the scope of the documentation, can be overcome and how the mandate given to the Working Party can best be implemented" (MDF/W/16).

5. In the course of the various discussions since 1983, Canada has stated that it could not agree to exclude paper from the forest products study. In the face of arguments that paper could not be considered a forest product, Canada has

pointed to the accepted practice in other international organizations, including the FAO where for the past several decades the scope of forest products has been agreed to include paper. In the face of arguments that paper is something more than a processed product, Canada has referred to the usual definitions of "process" and "manufacture" (in French, "transformer", "fabriquer" and "manufacturer") (Oxford and Larousse dictionaries) which indicate that such arguments are not founded. Moreover, the Working Party has already discussed highly advanced products (e.g. pre-fabricated wood housing, insulated electric wire and cable and canned processed fish products) which require considerable amounts of processing and which are no closer to the appearance of the resource on which they are based than is paper to its resource origin.

6. Finally, Canada wishes to note that the exclusion of paper from the forest products study raises a number of questions of principle about the capacity of delegations to prevent Secretariat work that has been mandated by CONTRACTING PARTIES. It continues to be Canada's hope that a GATT precedent will not be created in the context of the Working Party on Certain Natural Resource Products which could have widespread implications for the GATT's work, as well as Canada's approach to it.