

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

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Working Party on Trade in Certain Natural Resource Products

NOTE ON THE PROCEEDINGS OF THE WORKING PARTY ON TRADE IN CERTAIN NATURAL RESOURCE PRODUCTS: - FORESTRY PRODUCTS - HELD ON 16 SEPTEMBER 1985

Prepared by the Secretariat

1. Under the chairmanship of Mr. M. Cartland (United Kingdom, Hong Kong), the Working Party on Trade in Certain Natural Resource Products met on 16 September 1985.
2. The Chairman reported that in the early months of 1985, informal, bilateral consultations had been held with the main interested delegations with a view to exploring how the mandate given to the Working Party could best be implemented.
3. From these informal consultations it could be concluded that there existed a broad consensus that useful work had been carried out with respect to the product groups covered by the secretariat study (Spec(84)13 and Add.1), but, on the other hand, there continued to be a divergence of views on the question of coverage, or non-coverage, respectively of paper and paper products.
4. The bilateral consultations had been followed by a series of plurilateral consultations, held in April, May and July 1985. The question of enlarging the secretariat study to cover also paper and paper products had simultaneously been raised in the GATT Council by one of the main interested delegations. A request for such an enlargement of the study was supported by several delegations, but opposed by other, also mainly interested, delegations. A summary of the points made in the Council on this particular question is set out in documents C/W/467 and Add.1, and in the Council Minutes, documents C/M/183, 187, 188, 190 and 191. As noted in the Minutes, the Council took note of statements made.

5. Since the matter had last been discussed in the Council, in July 1985, one of the main interested delegations had submitted, for consideration by the Working Party, documentation relating to trends in production, trade and consumption, and tariff treatment and related issues, in respect of paper and paper products (MDF/W/49 of 16 August 1985).

6. The task before the Working Party was to continue discussion on the documentation before it, and thereafter, to address the question of the report to be submitted to the Council and the form of such a report. For instance, if the general sentiment should favour the submission to Council of a Chairman's Report, he would be prepared to present a draft text to this meeting.

7. Introducing background document MDF/W/49, the delegate of Canada stated that, while the Secretariat study, Spec(84)13, provided a good starting point for the discussion of problems of trade in forestry products, the study was not complete. They had submitted the additional documentation for facilitating discussion. He then highlighted the main points made in paragraphs 13 to 26 of the document, relating to developments in international trade in woodpulp, newsprint, printing and writing papers and other paper and paperboard products. In respect of information on tariff treatment of paper and paper products he said there was clear evidence of tariff escalation as between pulp, paper and products thereof. Also, tariff averages for paper and paper products were higher than tariff averages for newsprint. In Japan, for instance, the weighted tariff average for newsprint was higher than the weighted tariff average for all industrial goods. In the EEC, the simple and weighted post-Tokyo-Round tariff averages were significantly higher for paper and paper products (other than newsprint) than for all industrial products. As regards the simple tariff average for "other paper and paper products" in Finland, it approximated that of Japan, even though Finland is a major producer of forestry products. He also referred to some non-tariff measures mentioned in the document. The examples cited should be sufficient to indicate that the overall level of protection was significant. As a result, paper and paper products manufacturing industries were often located behind protective barriers rather than in the resource-endowed countries.

8. A representative of a developing country, noting his delegation's appreciation of the additional documentation submitted, expressed the hope that it would be possible for the secretariat to complete the information, by identifying also the specific problems of developing countries in regard to international trade in paper and paper products.

9. A representative from one of the major paper-producing and -exporting countries, stated that the comments of a technical nature which he intended to make should be without prejudice to the well-known position they had adopted on the question of work relating to paper and paper products. In relation to the data and analysis contained in MDF/W/49, he said, it was difficult to assess accurately developments in trade, and the evolution of market shares, on the basis of such aggregate, value data as were available from FAO. In other words, the FAO statistics, on which MDF/W/49 is based, do not provide a real breakdown by identifiable types and qualities of paper and paper products, with the exception of newsprint which is reported in a separate category.

10. A representative of another major paper-producing and -exporting country, also stating that his comments should be seen as being without prejudice to the position adopted on the question of paper industry coverage, explained that the figures cited in para. 36 of MDF/W/49 on State-aids to industry could not be correct, since the amount shown would be equivalent to about four fifths of the total State budget, a budget of which large portions were accounted for by defence and health care expenditures.

11. Other delegations stated that the additional documentation, though interesting, was perhaps suffering from certain inadequacies. In this connection, it was pointed out by one delegation that possible inadequacies reflected the fact that not all of the forest product sub-sectors had been adequately dealt with in the work carried out. There was, however, support from several delegations for identifying the existing documentation in the report to be submitted to Council.

12. On the question of the report, several delegations stated that they thought it might, indeed, be more practical to agree on having the Chairman prepare, on his responsibility, the report to be presented to the Council. One delegation stated that, while they were prepared to reflect on such a course of proceedings, they would much prefer that the Working Party draw up an agreed report.

13. The Chairman explained that his suggestion of possible alternative approaches in preparing a report had been prompted by the fact that, as had clearly been shown in the plurilateral consultations and in the Council discussions, there remained major differences of view on one important question. On the other hand, he said, there seemed to be a consensus that some important and useful work had been done and views had also been expressed on the follow-up on some major issues identified. Members of the Working Party concurred.

14. The Working Party took note of the indications given by the Chairman regarding the form and content of the report he intended to submit to the Council. Some members of the Working Party commented on certain specific points referred to by the Chairman in his draft text.

15. Several members of the Working Party expressed appreciation of the initiative and the efforts made by the Chairman to draw up a Chairman's report. It was agreed that any further comments by delegations in relation to the draft of the Chairman's report should be submitted before the end of September. The chairman's report on Problems of International Trade in Forestry Products will be issued under the symbol MDF/20.