GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED
L/375/Add.1
30 September 1955
Limited Distribution
Original: English

AUSTRALIAN TREATMENT OF PRODUCTS OF PAPUA-NEW GUINEA

Australia's Application for a Waiver to Accord Duty Free Treatment for Timber from the Territory of Papua and New Guinea

Addendum

PART I - Basis for Application.

The following statement is submitted in support of the application by the Australian Government (L/375) for a waiver, under the terms of Article XXV:5(a) of the General Agreement, to enable Australia to accord duty-free treatment to timber, classifiable under the following items specified in Schedule I, when originating in and exported from the Territory of Papua and New Guinea :

291 (C)(2)(b)(2)	-	Logs, not sawn, viz. : (2) Other - (b) n.e.i. - (2) Other.
291 (H)	-	Timber, undressed, n.e.i.
291 (J)	-	Timber, for making boxes, being cut to size, and dressed or partly dressed.
291 (N)	-	Veneers.
293 (A)	-	Timber, undressed, in sizes less than 7 feet 6 inches x 10½ inches x 2½ inches for use in the manufacture of doors, as prescribed by Departmental by-laws.

2. When the application was formally submitted on 4 July all bound timber items were included to indicate all the tariff items which are included in Schedule I to the Agreement. As shown hereafter this application for a waiver is based on a recommendation by the Tariff Board that timber classifiable under these tariff items should be imported free of duty from New Guinea. However, in fact it is not desired to include in this waiver items 291(I)(1) and ex 291(L) for the following reasons:-

(a) Item 291(I)(1) - Timber classifiable under this item, when originating in and exported from Papua and New Guinea is already admissible free of duty into Australia.

(b) Item ex 291(L) - The binding under this item relates to North European Pine and Spruce which are neither produced nor likely to be produced in the Territory.

The Existing Waiver

3. On 24 October 1953 the CONTRACTING PARTIES decided, subject to certain conditions, that:

> "the provisions of paragraphs 1 and 4 (b) of Article I of the General Agreement shall be waived to the extent necessary to permit the Government of Australia to grant or continue to accord duty-free treatment to primary products of Papua and New Guinea not then specified in Schedule I to the General Agreement, without regard to the rates of duty applicable to like products of any other contracting party."

4. In adopting this decision, the CONTRACTING PARTIES took account of Australia's submissions that the waiver was sought for the purpose of promoting the economic development of the Territory of Papua and New Guinea, that the Territory of New Guinea is a trust territory and that Australia therefore has a special obligation in this matter, that the Territory is a backward area, and, finally, that development in Papua and New Guinea is dependent on increased investment which can only be encouraged by assuring investors that they can depend upon a market in Australia for new production.

5. It has previously been explained to the CONTRACTING PARTIES that the Territory of Papua and New Guinea is an Administrative Union consisting of the Territory of Papua (an Australian possession) and the Territory of New Guinea (a Trust Territory administered by Australia under agreement with the United Nations). The Territory has a separate customs system consisting of tariff duties of the low revenue raising type. It has an area of approximately 183,000 square miles and is extremely rugged and totally undeveloped in the European sense. The bulk of the indigenous inhabitants, numbering approximately 1½ million, depends on subsistence-level agriculture. The Territory was the scene of major hostilities during World War II and towns, villages and installations suffered much destruction.

6. Further details regarding these matters are set out in the application L/133 of 19 September 1953, and report of the Working Party, Document G/58 of 22 October 1953.

7. Australia's activities in the Territory of New Guinea are pursued in accordance with the principles of the United Nations Charter under which Australia "accepts as a sacred trust the obligation to promote to the utmost, within the system of international peace and security established by the Charter, the well-being of the inhabitants of the Territory".

8. It is the policy of the Government of Australia to bring about as rapid an overall development of the Territory of Papua and New Guinea as is consistent with native welfare. The Australian Government makes a substantial annual grant as free gift each year to the Administration of the Territory. The amount for 1955/56 is £8,750,000. This grant is appreciably higher than the total revenue raised by the Territory which, for 1954/55 was £3,039,725.

9. Economic development is essential in order to halt the increasing direct demands on the metropolitan government, particularly for health and education services, and to allow expenditure for such items to be serviced to a reasonable degree from local revenue.

10. Substantial long-term investment is essential for the economic development of the Territory. In fact, the key to development of the Territory is investment. The government's aim is to simulate this investment, and as far as possible to channel it into projects that have the greatest chance of success. In view of the primitive economic structure which exists in vast areas of the Territory, it is essential that a selective process of investment be followed to prevent the dispersal of effort over a number of projects, some of which may have little chance of success. It is equally essential that in order to encourage the most suitable types of investment the Australian Government should as far as possible, be able to guarantee assistance in cases which show promise of sound development. The government cannot reasonably urge Australian and overseas interests to put money into a new project, with the risks associated with establishing and fostering a new venture, unless there are some assurances of a market in Australia for the product.

11. The application, expressed in simple form, is to allow the Australian Government to assist the development of a primary industry in Papua and New Guinea, i.e. timber, by treating it as part of the Australian national economic system. No concessions by the Territory to Australia will be provided in return and the proposal is entirely in the interests of Papua and New Guinea.

12. The Working Party, which considered Australia's application at the Eighth Session, felt that the waiver then sought should apply only to certain specified products, but the Australian representatives pointed out that they were unable to submit a list of products because, at that stage, they did not themselves know what products were capable of economic exploitation. This is still the position and such products, like those which form the subject of the present request, will only become known as time passes. It was stated to the Working Party that the best solution to Australia's problem seemed to be a waiver without any limitations in respect of the products which might benefit, on the condition that proper safeguards of the interests of other contracting parties were introduced. A limitation was, however, applied and the waiver was confined to products not then specified in Schedule I to the Agreement.

The Deficiencies of the Existing Waiver.

13. The existing waiver falls short of Australian requirements because of the limitations placed on the products involved. The waiver is, however, regarded as important because of two factors:-

(a) the decision on the waiver represented an acknowledgement of the principle that Australia is justified in granting special treatment to products from Papua and New Guinea.

(b) Australia believed that, when she was in a position to specify products which require special treatment, the question of extending the waiver to cover those products would receive sympathetic consideration by the CONTRACTING PARTIES.

14. It is on this basis that the present request for a new waiver is submitted.

15. In 1953 the Australian Tariff Board was requested, in connection with a general survey on timber, to enquire and report on:

> "Whether, having regard to the Commonwealth's obligations to foster and encourage the development of its Territories, assistance should be accorded the importation into Australia of timber and timber products originating in the Territories of Papua and New Guinea and, if so found, the nature and extent of such assistance."

16. After very extensive enquiries the Board recommended, inter alia, in its report dated 17 February 1955, that:

> "Provision be made in the Tariff for the admission of the timber, other than plywood, originating in and exported from the Territory of Papua and New Guinea, free of duty",

and

> "That a total quantity, in any one financial year, of 12,000,000 sq. feet of plywood, on a 3/16 inch basis, originating in and exported from the Territory of Papua and New Guinea be admitted under by-law free of duty; any excess over that quantity to be dutiable at the lowest of the rates applicable to plywood imported from any other country."

17. The Australian Government has accepted this recommendation as being in line with its policy of assisting products of the Territory that are capable of economic exploitation. The government was able to implement the recommendation in so far as plywood is concerned in terms of the existing waiver, and the Executive Secretary was notified of this action during May 1955. However, the government is unable to implement the Tariff Board's recommendation relating to timber, other than plywood, because the relevant tariff items are specified in Schedule I of GATT.

18. It is the purpose of this application to secure the approval of the CONTRACTING PARTIES to waive the provisions of the Agreement to the extent necessary to implement the Tariff Board's recommendation in full. It is not proposed to withdraw the relevant tariff items from the Schedule or to change the bound most-favoured-nation rate. The only alteration that would be made in Australian legislation would be an amendment of the Customs Tariff (Papua and New Guinea Preference). Rates of duty applicable to products from all other countries would be unaltered.

PART II - Effects on Trade

19. Appendix A sets out in detail Australian timber imports for the items involved in this application. It will be seen that in 1953/54 the imports from Papua and New Guinea amounted to £A92,115 in a total of £A8,598,229, i.e. of the total imports of the goods concerned, Papua and New Guinea supplied only 1 per cent. The quantities and values of imports in 1953/54 from Papua and New Guinea and the total values of imports into Australia for the tariff items concerned are set out below:

	Imports from Papua-New Guinea		Total Imports
	Quantity (super feet)	Value (£A f.o.b.)	Value (£A f.o.b.)
291(C) (2) (b) (2)	386,734	8,063	349,602
291(H)	1,238,773	74,433	7,989,516
291(J)	132,797	9,619	124,337
291(N)	-	-	134,560
293(A)	-	-	214

20. A brief general description of the forests and existing timber industry in the Territory of Papua and New Guinea is set out in Appendix B.

Effects on Trade of Papua - New Guinea

21. It is expected that the admission of timber duty free from New Guinea will assist the timber industry in the Territory against the handicaps arising from the pressing need for capital expenditure on plant, roads, housing etc., but these handicaps are so great that only a gradual increase in timber production can be expected.

22. The coastal forests of Papua-New Guinea contain such a multiplicity of species and so few species of special value, while access to them generally is so difficult, that it is very doubtful if, for some years to come, exports from the Territory will be more than a few million super feet per annum.

23. Territory timber is costly to log, mill and ship to market and often the normal method of clearing land for agriculture is simply to burn the timber. Now, as a result of improvements in prices in Australia and the building of some roads, there are good prospects of working timber in certain areas. However, Territory timber is still comparatively costly to produce and market. The granting of the waiver sought on the timber items bound under Schedule I is considered necessary to encourage the further capital investment required and to permit the development of a local sawmilling industry where conditions make it economic.

24. Territory milling costs are higher than Australian milling costs and where forests are close to ports it is often more profitable to export logs to Australia to be milled. Many logs are sawn into hardwood building timbers in Australia. These are subject to a duty which is bound under Schedule I. Some of the land from which these logs are being cut is to be used for agricultural development when the timber has been taken and the returns from the timber will reduce the high cost of clearing the land which amounts to £80-85 per acre in the Territory if no return is obtained from the timber.

25. Where the forests are some distance from the ports it is economic to saw the logs before incurring transport costs so that freight on the waste is avoided. The best method is to saw the timber to approximately its final form before transporting it by road to the port for shipment. However, the Australian tariff has graduated rates of duty which become higher as the timber approaches its final form and a number of these items are bound under Schedule I.

26. It is envisaged that the development of the Territory timber industry, if the waiver is granted, would be gradual and commensurate with the expanding Australian economy. Australian sawn timber imports and log imports on a sawn timber basis have varied during the past five years between 432 million and 117 million super feet with an average of approximately 300 million super feet. It is expected that the average Australian imports on a sawn timber basis will increase appreciably in the future because of a rapidly increasing population and an expected decline in locally produced timbers. If substantial sums are invested in sawmills in the Territory and a number of roads constructed, it is considered that the Territory exports to Australia on a sawn timber basis might increase from approximately 1,750,000 super feet at present to a possible maximum of 30 million super feet after some years. The expanding market in Australia should therefore provide ample opportunities for the developing timber industry of the Territory as well as imports from other sources.

Effects on Trade of other Contracting Parties.

Logs - Item 291(C)(2)(b)(2)

27. There is a shortage in Australia of peeling logs and it is necessary to import them. Importers find it difficult to import peeling logs unless they are also prepared to import logs for sawmilling, because exporters are not prepared to accept orders for better-class logs without the inclusion of some proportion of second-rate logs. This is because it is uneconomic to cut peeling logs from a forest and leave the other timber standing.

28. As peeler logs already enter Australia duty free from all countries and logs of special value occur much less frequently in New Guinea than they do in the forests of Malaya and Borneo, there seems to be no reason why the relaxation of duty on sawmill logs from New Guinea should have any appreciable effect upon the quantity of logs imported from other sources.

Sawn Timber, n.e.i. - Item 291(H)

29. For the year 1953/54, exports of sawn timber from Australia to Papua-New Guinea were practically the same as imports to Australia from Papua-New Guinea.

30. Apart altogether from the relatively small quantity likely to be involved, importations of timber from New Guinea free of duty are unlikely to affect imports from such countries as Canada, United States, Baltic countries, or Brazil, because the timbers available from those countries are entirely different and used for entirely different purposes. They could, however, have some effect upon importations from such places as North Borneo and Malaya where timbers of similar types are obtainable, but owing to the problems regarding occurrence and accessibility referred to in paragraphs 21 and 22 it is not believed that this effect could be serious.

Box Shooks - Item 291(J)

31. At the present time small quantities of egg shooks are imported from New Guinea, mainly from offcuts of klinki pine. It is possible that if duty were removed, exports from New Guinea would be increased to some extent.

Veneers - Item 291(N)

32. At present the main veneer imported from New Guinea is a limited quantity of rotary cut klinki pine for the plywood trade, and a still smaller quantity of sliced klinki pine for battery separators. Imports of veneer from countries other than New Guinea are of fancy sliced veneer, and it is not considered that developments in export of this class of veneer of New Guinea would be likely to affect imports from such countries.

ANNEX A
ANNEXE A

CLEARANCES OF TIMBER UNDER TARIFF ITEM 291(C)(2)(b)(2)
BOIS D'OEUVRE DEDOUANE AU TITRE DE LA POSITION 291(C)(2)(b)(2)

Country of Origin Pays d'origine	1951-1952		1952-1953		1953-1954		Nine months Neuf mois 1954-1955	
	Quantity Quantité (Sup.Ft.)	Value Valeur (£A.f.o.b.)	Quantity Quantité (Sup.Ft.)	Value Valeur (£A.f.o.b.)	Quantity Quantité (Sup.Ft.)	Value Valeur (£A.f.o.b.)	Quantity Quantité (Sup.Ft.)	Value Valeur (£A.f.o.b.)
Borneo (Br.) Bornéo (Brit.)			6,004,115	130,396	13,519,882	293,887	9,863,195	241,271
Ceylon Ceylan	1,548	54						
Dominican Republic Rép. Dominicaine			7,866	1,493	375	130	1,236	520
Fiji Iles Fidji							928	21
Malaya, Federation of Fédération de Malaisie					12,481	245		
New Guinea Nouvelle-Guinée			16,576	331	386,734	8,063	495,572	10,222
New Hebrides Nouvelles-Hébrides					169,514	2,840	271,936	5,083
Norfolk Is. Iles Norforlk							61,878	1,510
Phillippines Republic République des Philippines							1,207	24
Solomon Is. Iles Salomon			1,020,039	22,058	2,053,928	44,419	1,786,572	46,494

TARIFF ITEM 291(C)(2)(b)(2)
POSITION DU TARIF 291(C)(2)(b)(2)

Country of Origin Pays d'origine	1951-1952 Quantity Quantité (Sup.Ft.)	1951-1952 Value Valeur (£A.f.o.b.)	1952-1953 Quantity Quantité (Sup.Ft.)	1952-1953 Value Valeur (£A.f.o.b.)	1953-1954 Quantity Quantité (Sup.Ft.)	1953-1954 Value Valeur (£A.f.o.b.)	Nine months neuf mois 1954-1955 Quantity Quantité (Sup.Ft.)	Nine months neuf mois 1954-1955 Value Valeur (£A.f.o.b.)
Sweden Suède					100	18		
United Kingdom Royaume-Uni			221	734				
TOTAL	1,548	54	7,048,817	155,018	16,143,014	349,602	12,482,524	295,145

CLEARANCES OF TIMBER UNDER TARIFF ITEM 291(H)
BOIS D'OEUVRE DEDOUANE AU TITRE DE LA POSITION 291(H)

Country of Origin Pays d'origine	1951-1952		1952-1953		1953-1954		Nine months Neuf mois 1954-1955	
	Quantity Quantité (Sup.Ft.)	Value Valeur (£A.f.o.b.)	Quantity Quantité (Sup.Ft.)	Value Valeur (£A.f.o.b.)	Quantity Quantité (Sup.Ft.)	Value Valeur (£A.f.o.b.)	Quantity Quantité (Sup.Ft.)	Value Valeur (£A.f.o.b.)
United States Etats-Unis	117,838,656	5,372,381	28,990,769	1,315,912	63,826,550	2,533,197	46,124,645	1,935,062
Canada	74,278,819	3,402,206	34,516,759	1,449,956	82,778,879	3,056,135	79,758,793	2,999,310
New Zealand Nlle - Zélande	25,907,494	1,270,088	7,972,212	278,098	21,685,333	680,299	26,736,801	864,664
United Kingdom Royaume-Uni	90,693	31,107	57,131	15,750	129,454	32,246	52,811	10,428
New Guinea Nlle -Guinée	746,001	46,985	997,344	61,133	1,237,753	74,371	1,308,372	78,253
Brazil Brésil	30,060,223	2,055,220	5,233,451	129,743	13,544,948	788,274	5,916,094	398,996
France	12,524	12,221	-	-	3,621	468	7,341	754
Japan Japon	523,569	46,429	244,053	19,890	54,220	3,897	97,727	6,324
Sweden Suède	27,236,542	1,288,488	1,181,083	48,982	1,622,143	89,928	428,394	112,171
Borneo (Br.) Bornéo (Brit.)	1,446,582	82,211	1,359,892	64,647	2,899,052	145,304	5,748,645	265,125
Malaya, Fed. of Féd. de Malaisie	11,124,809	752,852	1,561,263	93,026	7,114,122	414,932	12,646,427	699,364
Fiji Iles Fidji	7,136	429	-	-	40	6	-	-

TARIFF ITEM 291(H)
POSITION DU TARIF 291(H)

Country of Origin Pays d'origine	1951-1952 Quantity Quantité (Sup.Ft.)	1951-1952 Value Valeur (£A.f.o.b.)	1952-1953 Quantity Quantité (Sup.Ft.)	1952-1953 Value Valeur (£A.f.o.b.)	1953-1954 Quantity Quantité (Sup.Ft.)	1953-1954 Value Valeur (£A.f.o.b.)	Nine months Neuf mois 1954-1955 Quantity Quantité (Sup.Ft.)	Nine months Neuf mois 1954-1955 Value Valeur (£A.f.o.b.)
Thailand (Siam) Thaïlande	28,438	9,148	4,190	1,513	10,843	3,209	32,114	7,649
Indonesia Indonésie	2,429,403	151,150	836,710	43,977	2,028,123	117,110	2,416,125	146,184
Ceylon Ceylan	23,274	1,432	6,348	338	-	-	-	-
Kenya	51,962	3,619	-	-	78	6	90,291	4,271
Guiana (Br.) Guyane (Brit.)	211,086	16,280	51,888	2,805	-	-	-	-
Gold Coast Côte de l'Or	168,944	6,781	-	-	-	-	13,386	1,292
Czechoslovakia Tchécoslovaquie	3,720,903	225,506	10,023	671	3,421	365	-	-
Austria Autriche	1,127,242	53,204	-	-	-	-	-	-
Finland Finlande	3,329,314	161,317	-	-	90,027	4,616	317,690	15,304
Norway Norvège	348,076	20,738	-	-	40	5	-	-
Rumania Roumanie	6,144,511	291,457	-	-	-	-	-	-

TARIFF ITEM 291(H)
POSITION DU TARIF 291(H)

Country of Origin Pays d'origine	1951-1952		1952-1953		1953-1954		Nine months 1954-1955	Neuf mois
	Quantity Quantité (Sup.Ft.)	Value Valeur (£A.f.o.b.)	Quantity Quantité (Sup.Ft.)	Value Valeur (£A.f.o.b.)	Quantity Quantité (Sup.Ft.)	Value Valeur (£A.f.o.b.)	Quantity Quantité (Sup.Ft.)	Value Valeur (£A.f.o.b.)
Yugoslavia Yougoslavie	3,626,534	278,559	2,880	294	9,128	1,178	-	-
Union of S.Africa Union Sud-Africaine	1,500	221	-	-	-	-	-	-
Portugal	106,705	4,328	-	-	8	1	-	-
Tanganyika	10,646	759	-	-	-	-	5,605	311
Bahamas Iles Bahamas	31,930	1,936	5,689	8,090	-	-	-	-
India Inde	30,079	782	12,002	783	76,647	4,149	-	-
Singapore Singapour	183,566	12,122	-	-	60,015	3,867	15,851	932
Belgium Belgique	11,977	742	7,489	959	12,821	1,567	5,689	709
Ecuador Equateur	34,446	2,380	106,853	5,570	204,197	7,214	61,130	3,226
Nigeria & Br.Cameroons Nigeria et Cameroon brit.	66,753	6,412	-	-	912	88	12,119	1,098
Honduras (Br.)	6,000	493	-	-	-	-	1,855	516
Papua	14,084	738	-	-	1,020	62	-	-

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TARIFF ITEM 291(H)
POSITION DU TARIF 291(H)

Country of Origin Pays d'origine	1951-1952		1952-1953		1953-1954		Nine months / Neuf mois 1954-1955	
	Quantity Quantité (Sup.Ft.)	Value Valeur (£A.f.o.b.)	Quantity Quantité (Sup.Ft.)	Value Valeur (£A.f.o.b.)	Quantity Quantité (Sup.Ft.)	Value Valeur (£A.f.o.b.)	Quantity Quantité (Sup.Ft.)	Value Valeur (£A.f.o.b.)
E. Germany Allemagne orientale	-	148	-	-	-	-	-	-
Germany, Fed.Rep.of Rép.féd. d'Allemagne	-	26	-	-	20	5	56	72
Trinidad and Tobago Trinité et Tobago	112,140	5,875	82,144	23,797	2,480	134	-	-
Netherlands Pays-Bas	-	-	4,836	315	-	-	-	-
Chile Chili	-	-	-	-	986,073	24,767	262,217	13,451
Burma Birmanie	-	-	-	-	1,200	238	-	-
Fr.Equat. Africa Afr.Equat. française	-	-	-	-	291	15	-	-
New Hebrides Nouvelles-Hébrides	-	-	-	-	4,019	100	-	-
Bermuda Bermudes	-	-	-	-	8,879	401	-	-
Jamaica Jamaïque	-	-	-	-	4,235	318	-	-
Solomon Is. Iles Salomon	-	-	-	-	-	-	11	5

TARIFF ITEM 291(H)
POSITION DU TARIF 291(H)

Country of Origin Pays d'origine	1951-1952		1952-1953		1953-1954		Nine months Neuf mois 1954-1955	
	Quantity Quantité (Sup.Ft.)	Value Valeur (£A.f.o.b.)	Quantity Quantité (Sup.Ft.)	Value Valeur (£A.f.o.b.)	Quantity Quantité (Sup.Ft.)	Value Valeur (£A.f.o.b.)	Quantity Quantité (Sup.Ft.)	Value Valeur (£A.f.o.b.)
Hong-Kong	-	-	-	-	-	-	23,228	1,406
Luchu and Bonin Is. Iles Ryu-Kyu et Bonin	-	-	-	-	-	-	10,000	598
OTHER (AUTRES)	2,000	808	1,693	900	10,671	1,044	-	335
TOTAL	311,094,561	15,617,578	83,246,702	3,567,149	198,416,263	7,989,516	182,093,417	7,567,810

CLEARANCES OF TIMBER UNDER TARIFF ITEM 291(J)
BOIS D'OEUVRE DEDOUANE AU TITRE DE LA POSITION 291(J)

Country of Origin Pays d'origine	1951-1952		1952-1953		1953-1954		Nine months Neuf mois 1954-1955	
	Quantity Quantité (Sup.Ft.)	Value Valeur (£A.f.o.b.)	Quantity Quantité (Sup.Ft.)	Value Valeur (£A.f.o.b.)	Quantity Quantité (Sup.Ft.)	Value Valeur (£A.f.o.b.)	Quantity Quantité (Sup.Ft.)	Value Valeur (£A.f.o.b.)
Canada	1,205,604	85,375	213,836	15,934	-	-	-	-
United States Etats-Unis	1,262,529	109,824	-	-	-	-	-	-
New Guinea Nouvelle Guinée	7,732	516	53,869	4,232	132,797	9,619	87,408	6,058
New Zealand Nouvelle-Zélande	3,215,103	167,196	1,980,851	116,549	962,580	57,056	122,650	7,453
France	11,100	773	-	-	-	-	-	-
Japan Japon	221,284	14,568	261,293	16,234	284,657	18,641	125,253	6,107
Netherlands Pays-Bas	14,047	3,864	-	-	3,609	1,120	4,100	1,155
Portugal	3,573,447	157,018	306,905	17,282	367,487	17,088	155,676	7,357
Sweden Suède	1,993,771	159,361	1,978,466	153,469	269,119	19,588	184,536	15,294
United Kingdom Royaume-Uni	-	-	1,060	144	1,092	147	657	84
Union of S.Africa Union Sud-Africaine	-	-	13,005	1,002	-	-	-	-

TARIFF ITEM 291(J)
POSITION DU TARIF 291(J)

Country of Origin Pays d'origine	1951-1952		1952-1953		1953-1954		Nine months Neuf mois 1954-1955	
	Quantity Quantité (Sup.Ft.)	Value Valeur (£A.f.o.b.)	Quantity Quantité (Sup.Ft.)	Value Valeur (£A.f.o.b.)	Quantity Quantité (Sup.Ft.)	Value Valeur (£A.f.o.b.)	Quantity Quantité (Sup.Ft.)	Value Valeur (£A.f.o.b.)
Malaya, Fed. of Féd. de Malaisie	-	-	-	-	1,963	100	439,770	25,137
Norway Norvège	-	-	-	-	16,276	978	13,560	850
Singapore Singapour	-	-	-	-	-	-	13,234	765
Germany, Fed.Rep. of Rép.féd. d'Allemagne	-	-	-	-	-	-	1,203	333
Finland Finlande	-	-	-	-	-	-	83,704	396
TOTAL	11,504,617	699,495	4,809,285	324,846	2,039,780	124,337	1,231,751	70,989

CLEARANCES OF TIMBER UNDER TARIFF ITEM 291(N)
BOIS D'OEUVRE DEDOUANE AU TITRE DE LA POSITION 291(N)

Country of Origin Pays-d'origine	1951-1952		1952-1953		1953-1954		Nine months Neuf mois 1954-1955	
	Quantity Quantité (Sup.Ft.)	Value Valeur (£A.f.o.b.)	Quantity Quantité (Sup.Ft.)	Value Valeur (£A.f.o.b.)	Quantity Quantité (Sup.Ft.)	Value Valeur (£A.f.o.b.)	Quantity Quantité (Sup.Ft.)	Value Valeur (£A.f.o.b.)
United Kingdom Royaume-Uni	4,674,991	61,678	209,209	3,721	1,516,483	23,693	1,784,512	32,100
France	3,069,052	62,617	777,727	16,816	1,058,583	24,501	1,328,021	30,522
Germany, Fed.Rep. of Rép.féd. d'Allemagne	428,991	5,910	-	-	469,501	7,492	885,520	12,618
Switzerland Suisse	1,592,276	26,453	601,741	8,361	924,178	20,995	772,351	16,211
United States Etats-Unis	1,347,698	22,766	571,751	8,332	751,392	9,749	847,300	10,291
Canada	1,935,747	31,074	854,342	14,895	1,866,977	31,463	624,988	10,006
Union of S.Africa Union Sud-Africaine	-	-	-	-	900	40	-	-
Finland Finlande	3,899	135	5,063	223	4,803	245	34,089	2,004
Italy Italie	69,204	1,810	26,535	1,247	352,893	15,552	608,981	18,652
Sweden Suède	215,327	2,191	10,775	454	19,221	830	38,111	1,367

TARIFF ITEM 291(N)
POSITION DU TARIF 291(N)

Country of Origin Pays d'origine	1951-1952 Quantity Quantité (Sup.Ft.)	1951-1952 Value Valeur (£A.f.o.b.)	1952-1953 Quantity Quantité (Sup.Ft.)	1952-1953 Value Valeur (£A.f.o.b.)	1953-1954 Quantity Quantité (Sup.Ft.)	1953-1954 Value Valeur (£A.f.o.b.)	Nine months Neuf mois 1954-1955 Quantity Quantité (Sup.Ft.)	Nine months Neuf mois 1954-1955 Value Valeur (£A.f.o.b.)
Czechoslovakia Tchécoslovaquie	69,959	839	15,396	298	-	-	-	-
New Zealand Nouvelle-Zélande	6,000	49	-	-	-	-	-	-
Austria Autriche	306,388	5,557	-	-	-	-	29,144	339
Belgium Belgique	308,386	4,196	-	-	-	-	150,194	4,066
Brazil Brésil	5,249,592	47,891	-	-	-	-	-	-
Denmark Danemark	285,713	2,104	-	-	-	-	-	-
Japan Japon	63,000	1,633	-	-	-	-	-	-
New Guinea Nouvelle Guinée	-	-	-	-	-	-	2,758,173	11,411
Spain Espagne	-	-	-	-	-	-	153,926	1,873
TOTAL	19,626,223	276,903	3,072,539	54,347	6,964,931	134,560	10,015,310	151,460

CLEARANCES OF TIMBER UNDER TARIFF ITEM 293(A)
BOIS D'OEUVRE DEDOUANE AU TITRE DE LA POSITION 291(A)

Country of Origin Pays d'origine	(Sup.Ft.)		(Sup.Ft.)			(Sup.Ft.)	
Malaya Fédération de Malaisie	-	-	-	3,242	214	-	-
New Guinea Nouvelle Guinée	-	-	-	-	-	39,330	2,182
TOTAL	-	-	-	3,242	214	39,330	2,182

ANNEX B

TIMBER RESOURCES PAPUA AND NEW GUINEA

FORESTS

The flora of the Territory is very rich and thousands of species of flora have already been identified.

The flora has much in common with that of north-eastern Australia, but, because of the large proportion of Asian elements, the Territory is classified botanically as part of the Indo-Malayan region, although, owing to the large number of endemic species not shared with the neighbouring countries, it is often regarded as a separate sub-region termed "Papuasia".

The vegetation of the Territory may be divided into the following six classes:

(a) Lowland Forest. This class includes the most important and extensive vegetative type in the Territory and occupies all the better drained soils up to 2,000 feet above sea level. The flora is very complex and there is great variation from place to place. Most of the potentially accessible timber suitable for milling is included in this group. It is estimated that about 63 per cent of the total area of the Territory is included in this category.

(b) Mid-Mountain Forest. There is considerable local variation in the limits of mid-mountain forest, which usually ranges between 1,500 and 7,000 feet. Many of the broad grasslands of the high plateaux were originally covered by forest of this type, the Native people being responsible for the conversion from forest to grassland through repeated burnings. The potentialities of these forests in regard to timber suitable for milling are greater than for any other type in the Territory; however, except in the Bulolo Valley, the stands are not readily accessible.

(c) Moss Forest. The lower limit of the moss forest is reached between 6,000 and 8,000 feet above sea level, depending on local conditions, and continues to above 10,000 feet. Cold damp conditions prevail and there is almost unceasing mist and drizzle. The trees are only from 20 to 40 feet high, with crooked trunks which are lichen covered and festooned with mossy growth.

(d) Alpine Vegetation. At about 10,000 feet above sea level, the misty belt of the moss forest gives way to a drier and sunnier climate. In this zone, the trees are stunted conifers. The timber is rarely continuous, but grows in stands separated by stretches of grassland.

(e) Grassland. A number of areas in various parts of the Territory are completely covered by tall grasses, of which Kunai (Imperata sp.) and kangaroo grass are dominant. The main areas of grassland are in the Waria, Markham, Ramu and Sepik Valleys and on the plateau country between the Bismarck Range and the Papuan border, which extends some 300 miles to the Netherlands New Guinea border.

(f) Swamp. Large areas of lowland forest are regularly flooded and some are subject to practically continuous inundation. The composition is usually more limited than normal forest and the growth is comparatively stunted, with vines and rattans well represented. Difficulty is usually experienced in harvesting this timber.

On sheltered muddy shores, especially near the deltas and estuaries of large rivers, mangrove forests are found. As the trees grow close together, there is a dense tangle of roots and trunks which is very difficult to penetrate.

Further up the estuaries than the mangroves, and in river deltas, is found the nipa palm. The palms grow very close together, and often form a very dense wall of vegetation about 10 to 15 feet in height.

The sago palm (Metroxylon rumphii) grows extensively in swamps beyond the limits of brackish water. Starch from the trunk forms the staple diet in some areas and is widely used as a standby during the drier periods. It is estimated that about 14 per cent of the total area of the Territory is included in this category.

TIMBER INDUSTRY

Although the Territory's timber resources are appreciable, coastal swamps and rugged inland country make heavy capital outlay necessary for development and increase costs. The development of the timber resources is a long term project and the use of many forest areas in inaccessible regions is not feasible under existing conditions.

Until recently large quantities of timber were imported from Australia. Until the last few years the Territory was a net importer of timber. Some sawn hardwood is still imported from Australia.

The former trade pattern was mainly attributable to lack of local milling capacity, difficulty in communications, the great demand for timber in rebuilding war devastated towns and the difficulty of working forests at certain times of the year.

In 1953/54 57 mills, many of them small, were in operation. Cutting was at the approximate rate of 33m. super feet of logs per annum. Of this about 27m. super feet went to produce approximately 14,000,000 super feet of sawn timber, 775,000 super feet was exported as logs and the balance was used for plywood manufacture. In round figures 1,350,000 super feet of sawn timber and 2,140,000 sq. feet of plywood were exported in 1953/54.