

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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STATEMENT BY THE OBSERVER FROM FAO MADE AT THE MEETING OF THE  
WORKING PARTY ON TRADE IN CERTAIN NATURAL RESOURCE PRODUCTS  
ON 19 SEPTEMBER 1984

Forest Products Trade

Coverage of forest products trade has been part of the forestry programme of the Food and Agriculture Organization of the United Nations since its foundation about forty years ago. Continuing activities are those concerned with the collection, analysis, interpretation and dissemination of information on the past evolution, the present situation and the future trends and prospects of forest products trade. Other work elements related to short-term issues changed considerably or completely in the course of the dynamic evolution of this trade. Accordingly, requirements of member governments changed and new development needs and priorities emerged.

There has been a rapid increase in world trade of forest products. Between 1950 and 1980 total exports rose from US\$ 3 304 million to US\$ 55 682 million. In 1980 developing country exports amounted to US\$ 9 106 million, or 16 percent of the world total. This period has seen several fluctuations which severely interrupted trade development, with significant repercussions on the forestry sector as a whole. Only recently, the value of world trade in forest products fell again within only two years by 16 percent from the peak level it had attained in 1980.

Trade issues and problems are closely related to production, and most FAO work on trade has been in the course of studies on supply and demand, resources, etc.

Major trends in emphasis of FAO's work in forest products trade were characterized during the immediate post-war period by the strong accent put on mobilizing export trade to those

countries with reconstruction needs. During those days the foundation was laid for the Geneva-based Timber Committee, which has grown into a body with permanent concern for European trade and many corollary activities.

With the strengthening of regional activities through the establishment of Regional Forestry Commissions serviced by Regional Forestry Officers, international trade matters received more impetus, and they were supported by technical and commodity-oriented meetings of the FAO Committee on Wood Based Panel Products, the Advisory Committee of Experts on Pulp and Paper, and the Committee on Forest Development in the Tropics. This included a number of world-wide and regional consultations for the same group of products.

There is little need to emphasize the central role which the FAO Yearbook on Forest Products plays in providing basic information. The latest issue covers the years 1971 to 1982 and includes data on volume and value of trade and volume of production for 158 countries, and for geographical and economic regions trade flow data and unit values are also included. It includes 50 products or product groups spanning fuelwood, industrial roundwood, sawnwood, wood-based panels and pulp and paper. Specific price series for the range of forest products are published separately annually with series from about 50 countries in "Forest Products Prices" (latest edition 1982).

The Monthly Bulletin on Tropical Forest Products in World Timber Trade covers most recently available information on monthly exports and imports, their comparison with previous periods, major trade flows, and reference to latest developments in the marketplace. The information contained in the Monthly Bulletin is market-oriented and purposely detailed, taking into account as many individual products and wood species as are readily available and suitable for supporting tropical timber production and trade in developing countries where

diversification of products and markets are essential elements in the development process. Since market demand for tropical timber cannot be considered in isolation from overall developments in world timber trade, monthly data for coniferous and temperate zone non-coniferous timbers are also included. Quarterly supplements show prices - monthly average prices being representative for major trade flows - and present in graphical form past trends in trade over one to two years. Feature articles written by prominent personalities and published in the Quarterly Supplement draw attention to major events and developments in the production and trade of tropical timber.

Outlook studies for supply and demand of forest products, some of which are also known as timber trends and prospects studies, have been a recurrent and prominent feature in FAO's Forestry programme. Because of the lengthy production periods involved in forestry the evaluation of likely future trends in supply and demand, and thus in production and trade of forest products are an essential basis for supporting policy formulation and investment decision-making for the sector by Member Governments. These assessments include a series of regional studies from 1953, and a number of global studies. The latter include: "Wood - World Trends and Prospects", 1967, and the forest sector components of the "Indicative World Plan for Agricultural Development", 1970, "Agriculture Towards 2000", 1982, and "World Forest Products Demand and Supply 1990 to 2000", 1982. International trade features prominently in these studies which are also discussed, reviewed and extensively used by the FAO Advisory Committees on Pulp and Paper, on Wood-based Panels, and particularly by the Committee on Forestry which at its Seventh Session last May discussed a Secretariat paper entitled "Forestry Beyond 2000", where developments in trade formed a central issue with a considerable bearing on other considerations.

The Forestry Department of FAO is currently carrying

through a programme on outlook studies with the aim of presenting regional and commodity reports in 1985 and 1986. Additional impetus to work on the outlook for pulp and paper supply and demand is provided through a trust fund supported by the industry through the FAO Advisory Committee of Experts on Pulp and Paper.

Trade and marketing has been a regular item on the agenda of the Committee on Forest Development in the Tropics since its first session in 1967, with the objective of supporting improved marketing and expanding trade in tropical timber, and developing and diversifying its products. Discussion topics included (a) the role of utilization research in an expanding market for tropical timber; (b) properties and uses of tropical timbers in the focus of national and international action for promoting lesser-known species; (c) product development and the choice and effective application of promotional measures to advance the wider use of products from the tropical moist forests; (d) concepts and guidelines for the utilization and marketing of tropical timber in a changing supply and demand situation; and, finally, at its last session in 1983, a more general topic on (e) improved marketing of tropical timber. Discussions were supported by numerous specific papers prepared by the secretariat and by prominent specialists in particular fields. In the light of the changing supply and demand situation, the Committee analysed recent developments in international tropical timber markets, with emphasis on the repercussions of these developments on producing countries and on trade structures. As a consequence of these findings, Regular Programme activities will give particular attention to the analysis of non-cyclical factors which are increasingly influencing the structure of the tropical timber trade.

Protectionism and structural adjustment in forest products trade is the theme of a recently approved André Mayer Research Fellowship which will focus on trade barriers and their effect in developing countries. It will study tariff and non-tariff

protection schemes, including transport barriers, quality requirements, quotas and bureaucratic requirements, as well as the discrimination against processed wood product exports from developing countries. It will analyse policies to promote (or hamper) international trade and the variations in comparative advantage of countries in forest products trade. It will also propose possible policy measures aimed at promoting the export of manufactured forest products from developing countries.

The subject of "Protection and the pulp and paper industry" was discussed at the last session of FAO's Advisory Committee on Pulp and Paper under the topic "Essential phases and specific features in establishing successful pulp and paper projects in developing countries". The Committee recommended further work on marketing systems and methods in the domestic markets of developing countries, and evaluation of trends and trade flows between industrialized and developing countries.

It would take too long to enumerate the numerous activities and studies carried out by FAO within the scope of country operations and regional/sub-regional programmes and projects.

I trust that this brief presentation has given you an impression of the manifold aspects of our development-oriented work in forest products trade and its complex linkages with other forestry activities.