

# **Real barriers to trade in forest products**

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## Preface

The New Zealand Institute of Economic Research (NZIER), based in Wellington, was founded in 1958 as a non-profit making trust to provide economic research and consultancy services. Best known for its long-established *Quarterly Survey of Business Opinion* and forecasting publications, *Quarterly Predictions* and the annual *Industry Outlook* with five-yearly projections for 25 sectors, the Institute also undertakes a wide range of consultancy activities for government and private organisations. It obtains most of its income from research contracts obtained in a competitive market and trades on its reputation for delivering quality analysis in the right form, and at the right time, for its clients. Quality assurance is provided on the Institute's work :

- by the interaction of team members on individual projects;
- by exposure of the team's work to the critical review of a broader range of Institute staff members at internal seminars;
- by providing for peer review at various stages through a project by a senior staff member otherwise disinterested in the project;
- and sometimes by external peer reviewers at the request of a client, although this usually entails additional cost.

## Authorship

This paper has been prepared at NZIER by Mary Clarke. It was presented at the New Zealand Institute of Forestry's Conference on the Assessment and Management of Forest Investment Risks held over 17 to 19 April 2000. The paper is based on work in progress for the Ministry of Agriculture and Forestry.

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# 1. INTRODUCTION

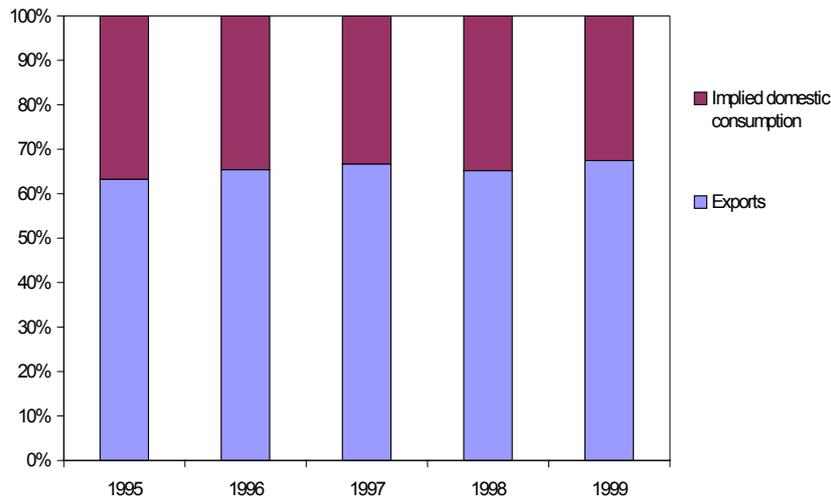
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With between 60% and 70% of New Zealand's current wood supply being sold in overseas markets, the forestry industry's success is critically linked to success in trade.

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**Figure 1 The importance of trade today**

Percent of total roundwood removals



Source: Ministry of Agriculture and Forestry 2000.

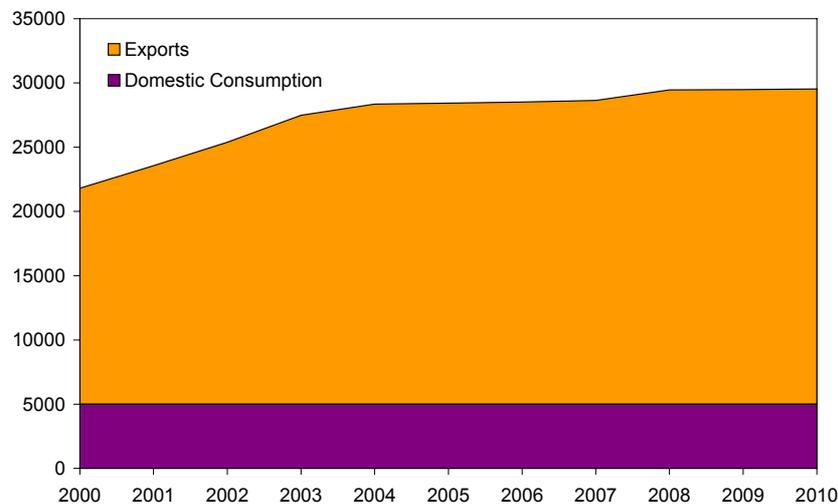
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And in future years it will be even more critical: our wood supply is projected to double if not triple by 2025 (depending on the rate of new planting), while domestic consumption is expected to remain fairly static, implying that increasing quantities will need to find markets outside of New Zealand.

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**Figure 2 The importance of trade tomorrow**

Thousands of cubic metres



Source: NEFD 1996; author.

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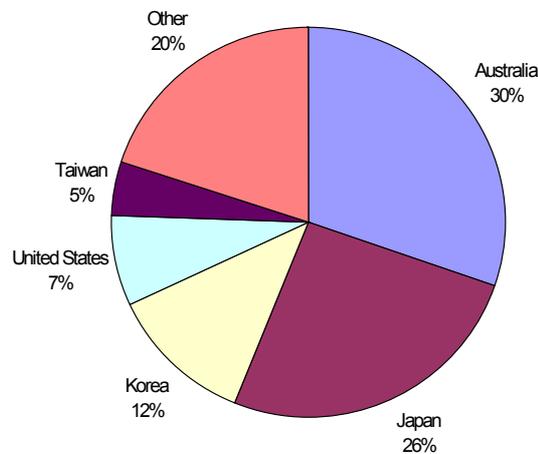
Success in trade is a function of a multitude of factors, including market access. This paper is based on work in progress by the New Zealand Institute of Economic Research (NZIER) for the Ministry of Agriculture and Forestry. We are grateful to MAF for allowing us to reflect our interim findings in this working paper. The purpose of the study is to identify the real barriers to the export of forest products from New Zealand.

The trade barriers we are most concerned about are those that place New Zealand exporters at a disadvantage in our major emerging export markets. Our major markets are Australia, Japan, Korea, the United States and Taiwan. Together these markets account for 80% of our trade in forest products.

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**Figure 3 Major export markets**

Percentage share of the total value of forest products exported in June 1999



Total value of all forest products exported: \$2.3 million

Source: Ministry of Agriculture and Forestry, 1999.

Emerging markets of significance are China, India, Thailand, Malaysia and the Philippines. Our key competitors in major and emerging markets are the United States, Russia, Chile, Malaysia, Canada and Indonesia. Any preferential tariff enjoyed by these countries and any special non-tariff privileges that benefits their production creates for them an advantage ahead of us in the markets where we compete.

In the following sections of this paper we will:

- explain the reasons why barriers to trade are generally considered to be “bad”;
- outline recent initiatives to liberalise the forest products trade, in particular, the proposal to accelerate tariff liberalisation, and other initiatives to begin to address non-tariff measures (NTMs);
- discuss tariff issues. These include the tendency for tariffs to increase with the degree of value added; tariff preferences extended under the GATT, and multilateral and bilateral trade agreements; and the practice of some markets to apply different tariffs to slightly differentiated products;
- draw out the implications of tariff liberalisation, including tariff elimination, tariff reduction, reduced tariff escalation, and narrowed preferential margins;
- analyse the impacts of tariff liberalisation on trade, production and consumption, and harvest rates;
- consider NTMs - the bigger problem;
- define NTMs in a manner different from recent studies;
- suggest a categorisation of NTMs based on effect. The categories are quantitative restrictions, charges on imports, financial assistance, standards, and transaction costs;
- discuss NTM issues. Quantitative restrictions are still the most visible of NTMs, and financial assistance is widespread. Non-traditional NTMs, such as technical standards, requirements for environmental certification, and phytosanitary restrictions are an increasing frustration;
- urge that the next challenge for the sector is NTM liberalisation; and
- highlight at the end the key points of this paper that we wish to leave you, the reader, with.

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## 2. LIBERALISATION OF TRADE IN FOREST PRODUCTS

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### 2.1 Why are barriers to trade “bad” and their removal “good”

Implicit in the argument for free trade is the proposition that a situation where there are barriers to trade is worse than one where free trade prevails. Tariff and non-tariff barriers must, therefore, involve a “cost” for society.

Barriers to trade cause consumers to be worse off and so too producers. Consumers are worse off because they end up paying more for, or receive less of, imported forest products than they would have had there been no barriers to trade. Producers are worse off because trade barriers encourage them to produce forest products when they lack a competitive advantage. Resources are misallocated; they would have created greater benefit had they been otherwise allocated. While in the case of tariff barriers the government receives a revenue from imports, no such revenue accrues when NTMs are imposed.

### 2.2 Liberalisation of trade in forest products

Subsequent to the Tokyo Round of GATT negotiations, considerable effort has focused on reducing tariff barriers to trade. The relative transparency of tariffs has made this possible. The momentum picked up in the 1990s with the Uruguay Round where the forest product negotiations took place in separate fora. There a number of countries signed up to a zero-for-zero agreement to eliminate tariffs on pulp and paper products by 2004. A similar agreement for wood products was unsuccessful, but some significant tariff concessions were, nevertheless, achieved.

As progress has been made on reducing tariff barriers to the forest products trade, attention is increasingly turning towards NTMs. The Uruguay Round solution to interventions more traditionally thought of as NTMs was to bind those applied on imports at their tariff equivalent levels, and to commit members to reducing their effective subsidies on exports. Attempts at beginning to address the less traditional constraints on trade to come out of the Uruguay Round are the Agreement on the Application of Sanitary and Phytosanitary Measures, and the Agreement on Technical Barriers to Trade. Interventions defended on the grounds of environmental concerns were not addressed.

#### 2.2.1 Recent initiatives

In 1994, APEC Leaders agreed to a goal of free and open trade in the APEC region by 2010 for developed countries and by 2020 for developing countries. In an effort to begin taking steps toward this goal, APEC Trade Ministers in mid-1997 called on APEC members to nominate sectors for Early Voluntary Sectoral Liberalization (EVSL). Within a group of over 60 proposals, the forest products sector received nominations from the United States, Canada, Indonesia and New Zealand. The four countries' forest products proposals were subsequently merged together in order to constitute the Forest Products EVSL initiative. New Zealand agreed to act as overall country co-ordinator for the proposal. Canada, Indonesia, and the United States have remained active proponents of the proposal in a co-sponsor role.

The merged proposal was intended to address trade barriers in the forest products sector (wood, rattan, pulp, paper, printed products, wood furniture, wood chemicals and pre-fab housing) in a comprehensive manner, including tariffs, non-tariff barriers, standards, and economic and technical co-operation. Each of the four co-sponsors assumed responsibility for overseeing one

element of the initiative: New Zealand for tariffs, Canada for standards, Indonesia for economic and technical (eco-tech) co-operation, and the United States for non-tariff measures.

Towards the end of 1997, APEC Leaders selected forest products as one of 15 EVSL sectors. Within that group of 15, forest products was selected as one of the nine for immediate action.

However, in 1998 some APEC countries expressed reservations about the tariff portions of the initiatives. A major contributing factor was the Asian market crisis. The lack of backing of key members, such as Japan, and the United States position not to support the proposed tariff reductions unless the majority (85%) of APEC members did so as well, prompted a decision late in 1998 to move the tariff portions to the World Trade Organisation (WTO). The purpose of the move was to seek a critical mass of support for concluding an agreement in all sectors. Work on the other elements of the sectoral EVSL initiatives continues within APEC.

### ***a) Accelerated Tariff Liberalisation***

The tariff initiative has become known as Accelerated Tariff Liberalisation (ATL) in WTO fora. The ATL proposal is:

- For wood chemicals, wood, rattan, and wood furniture, developed countries would eliminate tariffs by January 1, 2002. The proposal suggests that developing countries should strive to meet the same targets, but accepts that in special circumstances and on a case-by-case basis, elimination could be delayed until January 1, 2004.
- For pulp, paper, and printed products, existing parties to the Uruguay Round zero-for-zero agreement would accelerate tariff removal to January 1, 2000. Others would attempt to remove tariffs by the same date, but developing countries could delay tariff removal until January 1, 2002, on a case-by-case basis for a limited number of specific products.

The above targets have been endorsed three times by APEC Trade Ministers - at Kuching in June 1998, Kuala Lumpur in November, 1998, and Auckland in September, last year.

### ***b) Non-Tariff Measures***

The second element of the APEC Forest Products EVSL initiative concerned NTMs. The initiative called for the completion of a study of NTMs. New Zealand's own Forest Research was selected by the APEC Secretariat to undertake the study. NZIER was part of the study team brought together by Forest Research; we modelled the economic impacts of selected NTMs. The study was completed towards the end of last year and is a valuable platform to advance the liberalisation of NTMs.

### ***c) Standards and Conformance***

The third element involves working to develop an APEC position on standards involving the use of forest products. An APEC sub-committee has been established for this purpose. The principal objectives of the sub-committee are to:

- encourage alignment of members' standards with international standards;
- achieve mutual recognition among APEC economies of conformity assessment in regulated and voluntary sectors;
- promote co-operation for technical infrastructure development in order to facilitate broad participation in mutual recognition arrangements in both regulated and voluntary sectors; and
- ensure the transparency of the standards and conformity assessments of APEC economies.

The majority of the sub-committee's work has focused on wood products and their use in construction applications.

### ***d) Economic and Technical Co-operation***

The fourth element of the APEC Forest Products EVSL initiative is economic and technical co-operation (so called eco-tech), which is technical assistance to developing countries to support the broader APEC goals of trade liberalisation and trade facilitation. APEC members agreed that candidate initiatives for economic and technical co-operation should focus particularly on programs which further a number of environmental goals.

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## 3. TARIFFS

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### 3.1 Issues

Trade in forest products has generally benefited from successive post-war GATT agreements and other international initiatives. Forest product tariffs now tend to be low. Nonetheless, some issues remain and continue to create problems for New Zealand exporters of forest products. These include:

- **tariff escalation:** This refers to the extent to which tariff levels rise with the level of value added processing of forest products. For example, in the Taiwanese market no tariff attaches to the import of logs, sawn timber and pulp, while the tariff on wooden furniture may be as high as 10% (refer Table 1). The effective rate of protection on the higher value added products is considerably more than that suggested by the actual tariffs as these products compete against products made locally using tariff free raw materials. Other markets where exporters of forest products contend with tariff escalation are Japan, Korea, China, India, Malaysia, Philippines and Thailand.

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**Table 1 Example of tariff escalation: Taiwan**

Logs, sawn timber and pulp	0%
Paper	2.5%-9%
Particleboard & fibreboard	3%
Plywood	5%-20%
Furniture	2.5%-10%
Last text line	

Source: APEC Tariff Database 2000

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- **Generalised System of Preferences (GSP):** The GSP provides lower duty rates for developing country exporters, and has resulted in many products from these countries entering developed countries free or at a reduced rate of duty. Developed country exporters are placed at a disadvantage in some markets. Chile, Malaysia and Indonesia, each of whom are significant competitors in the international markets for forest products, are classified as developing countries.
- **bilateral and multilateral agreements:** The preferences allowed under these agreements work in favour of the signatories and to the competitive disadvantage of other forest product exporters. For example, the North American Free Trade Agreement puts non-signatory exporters on the backfoot relative to Canadian exporters in the lucrative United States market for solidwood products.
- **slightly differentiated products:** In some markets different tariffs are applied to slightly differentiated forest products. The example many in forestry will be familiar with is the differential rates on rough, planed and sanded sawn timber in the Japanese market, where spruce, pine and fir sawn timber are more heavily tariffed. The differentials have, however, reduced following the Uruguay Round. The United States is another market where differences can be found. Here we are both losers, as in the case of plywood, and winners, where mouldings are concerned (refer Table 2). We are also winners in Taiwan and China:

the Taiwanese tariffs on plywood, and the tariffs applied in China to logs and sawn timber, favour the import of softwood products.

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**Table 2 Example of different tariffs for slightly different products: United States**

Plywood less than 6mm $\geq$ one outer of ...	
tropical and non-coniferous wood	0.6%-8%
coniferous wood	1%-10.4%
Standard wood mouldings	
pine	0.3%
other	6%

Source: APEC Tariff Database 2000.

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### 3.2 Implications of tariff liberalisation initiatives

If the ATL initiative gains traction at the WTO negotiations the implications would be:

- **Tariff elimination:** As the name given this initiative suggests, the primary objective of ATL is to accelerate the elimination of tariffs. It shortens the timeframe for eliminating tariffs on pulp and paper agreed to at the Uruguay Round, and proposes a timetable for eliminating tariffs on wood products, following the failure to strike zero-for-zero deals at the Uruguay Round. Table 3 (over) summarises the implications.
- **Tariff reductions:** The key objective of ATL is to eliminate rather than merely reduce tariffs. However, it is likely that if the proposal is agreed to, some countries will seek to achieve their tariff removal undertakings through staged reductions.
- **Reduction in tariff escalation:** ATL, which spans the forest products value chain, will further and hasten the reduction in tariff escalation by eliminating tariffs altogether.
- **Reduction and elimination of preferential margins:** Accelerating the liberalisation of tariffs on forest products will reduce and eventually eliminate preferential margins over a shorter timeframe than agreed to at the Uruguay Round.

**Table 3 Forest product tariffs under current and proposed liberalisation initiatives**

	Pre-Uruguay Round	Post Uruguay Round	ATL (proposed)
<b>Wood</b>			
wood in rough	0.0	0.0	0.0
wood-based panels	9.4	6.5	0.0
semi-manufacturers	0.9	0.4	0.0
wood articles	4.7	1.6	0.0
total	2.0	1.1	0.0
<b>Paper</b>			
pulp and waste	0.0	0.0	0.0
paper and paperboard	5.3	0.0	0.0
printed matter	1.7	0.3	0.0
paper articles	7.3	0.0	0.0
total	3.5	0.0	0.0

- Notes:
- (1) Tariffs are average rates for products imported by developed countries.
  - (2) For wood products, the Uruguay Round tariff reductions were fully implemented as of January 1999
  - (3) For pulp and paper, the Uruguay Round reductions will not be fully implemented until January 2004.

Source: USTR 1999.

### 3.3 Impacts

Two recent (1999) studies have attempted to assess the incremental economic impacts resulting from changes in the timing and scope of forest product tariff reductions, as proposed in the ATL initiative. The first was conducted by a United States interagency group under the oversight of the United States Trade Representative (USTR) and White House Council on Environmental Quality (CEQ). The second is by economists Sedjo and Simpson. Both use a partial equilibrium framework to conduct their analyses and draw their conclusions.

Key conclusions common to the two studies were that:

- Aggregate world trade in forest products will increase, but the increase will be modest as most of the gains from tariff liberalisation have already been realised. The USTR-CEQ study estimates that growth will be 2% at a maximum.
- The composition of trade in forest products will comprise more value added forest products.
- Changes in production and consumption will also be small. The USTR-CEQ analysis puts the change for most forest products at less than 1% by 2010 compared to baseline.
- The more liberal environment will favour countries with planted forest estates, such as New Zealand and Chile.
- On a world-scale, however, the change in the rate of harvest will be small. The USTR-CEQ estimate is less than 0.5%.

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## 4. NON-TARIFF MEASURES

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### 4.1 The bigger problem

NTMs are a bigger problem than tariffs:

- They have a major impact on the forest products trade, much greater than tariffs. Recent studies have estimated the impact within the APEC region to be in the order of one percent of member countries' combined gross domestic product. Given that these studies typically do not consider the dynamic impacts, count partial rather than general equilibrium effects, and are unlikely to have captured the impact of all NTMs, it is reasonable to expect that the impact is greater than this.
- The gains from liberalising NTMs considerably exceed the gains from addressing tariff issues. However, as NTMs are becoming increasingly disguised, liberalisation is becoming much more of a daunting challenge.
- NTMs are motivated by a variety of factors. The recent APEC study by Forest Research considered NTMs motivated on social and political grounds, and for health and safety, and environmental reasons.
- NTMs distort trade in a variety of ways. They variously manipulate prices, quantities demanded, production and transaction costs, and standards of quality.

### 4.2 Definition

Traditionally NTMs have been thought of as import quotas, export bans, export subsidies or taxes, and other like instruments. In more recent years they have acquired a more effects-based definition. That is, any externally imposed privilege or condition that alters trade outcomes comes under the banner of NTMs. Under this definition, some phytosanitary rules and regulations, technical standards, and environmental requirements could be classified as NTMs.

### 4.3 Categories

In a departure from other recent studies of NTMs, which have categorised on the basis of motivation, we have adopted an effects-based categorisation. This helps us to better understand the implications of the barriers we face in major and emerging markets.

- **Quantitative restrictions** constrain the quantities of forest products that may be traded. Examples included import quotas, import licences, and export bans.
- **Charges on imports** other than tariffs, such as import taxes and surcharges, raise the price of the imported product. For example, on top of what are already very high tariffs, the Government of India applies a 5% import surcharge on imports of wooden products and a domestic exercise tax of 18%. The effective charges on imports are thus considerably higher than those suggested by the tariffs.
- **Financial assistance** to producers in competitor countries and export markets lowers the costs of growing trees and/or processing the wood relative to the costs faced by New Zealand producers and exporters of forest products. The assistance may be via producer or export subsidies, grants, loans or export credit.
- **Standards** specify the acceptable quality of product. Standards may be in respect of the use of wood for construction purposes. Or they may be set to advance environmental or phytosanitary ends.

- **Transaction costs.** This is the cost of doing business in overseas markets. Factors contributing to transaction costs include complex customs procedures, unwieldy distribution networks, and complicated financial transactions.

Table 4 is a sample categorisation of the impediments incurred in the Korean market for forest products.

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**Table 4 Sample categorisation: Korea**

<b>CATEGORY</b>	<b>PRODUCTS AFFECTED</b>
<b>Quantitative restrictions</b>	
import licensing	particleboard, fibreboard
<b>Financial assistance</b>	
government funding of non-wood construction	logs, sawn timber, panels
loans to assist forest development	all
<b>Standards</b>	
building codes	logs, sawn timber, panels

Source: Forest Research 1999, author

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## 4.4 Issues

Quantitative restrictions are visible and have an obvious impact on the forest product trade. Financial assistance is widespread. And standards are a source of increasing frustration for New Zealand exporters of forest products.

### 4.4.1 Quantitative restrictions continue to have a big impact

Over the last 15 to 20 years quantitative restrictions have had the most obvious impact on the forest products trade (Maplesden and Clarke, 2000). The motivation has often been to encourage value added processing within the domestic economy.

The example of the Indonesian log ban is useful for illustrating the distortions quantitative restrictions can cause in domestic and international markets. Log exports have been banned in Indonesia since 1985 and punitive export taxes have applied to sawn timber since 1988/89 in order to favour the development and maintenance of a plywood industry. Counterfactual studies have questioned whether Indonesia would have been better off if its forest products export mix was determined by a market free of these impediments, and whether the Indonesian plywood industry is as efficient as it would otherwise be. From our own experiences we know how prolonged assistance can dampen the incentive to seek to create and advance real competitive advantages.

The impact of the ban on the forest products trade has been to artificially hold down the world price for plywood and increase the price of logs. The high tariffs on plywood imports in many markets is suggestive of the degree of price distortion. If the ban was removed, as prices tend towards their true free market values, more countries would be able to participate in the international plywood trade, global output of logs would fall due to supply-side responses to lower returns, and the output of other processed wood products would increase due to cheaper log inputs. Our case study analysis of the global impacts if the ban was removed (conducted as part of the Forest Research APEC study) predicts that world GDP would rise by 0.03% or US\$6.6 billion.

#### 4.4.2 Financial assistance is widespread

The provision of financial assistance to encourage investment in forest growing and development is widespread. Just as the New Zealand Government provided grants and loans in the past to encourage the development of a forest resource base for domestic self-sufficiency and trade, so too have the governments of other countries. More recently the motivation for assistance in some countries has changed to environmental protection.

The financial assistance provided wood processors is no less widespread but more difficult to detect as disguised and indirect means of assistance are often used, such as tax concessions, low input costs, infrastructural assistance, and government funded research.

The effect of financial assistance is to lower the costs of products we compete against in our export markets.

#### 4.4.3 Standards are an increasing frustration

The growing and moving array of externally determined standards New Zealand exporters of forest products are required to meet is a source of increasing frustration. The biggest bugbears relate to technical conditions, environmental constraints and phytosanitary restrictions.

- **Technical:** These are technical conditions imposed by importing countries that place the imported product at a competitive disadvantage. The most trade impairing restrictions faced by New Zealand forest product exporters is the overly prescriptive Japanese Agricultural and Industrial Standards (JAS and JIS). These have effectively prevented the use of radiata pine in construction. The good news is that the Japanese government is attempting to address the situation. Since 1995 it has held concerns regarding the high cost and short lifespan of housing. It has moved to amend the building legislation to make it more effects based and allow government approved agencies to verify that performance standards are being met. The not so good news is that the political process has been slow, government bureaucrats like prescription, and importer and customer expectations are entrenched. Improvements will be a long time coming.
- **Environmental:** Markets are increasingly demanding assurances that their forest product imports are environmentally friendly – derived from sustainably managed forests and produced using environmentally sensitive techniques. More and more importers and consumers, such as those in the United States, are refusing to accept product unless it has the Forest Stewardship Council's stamp of approval. However, the prerequisites necessary to receive such a stamp has been a moving feast. New Zealand producers are attempting to address this in conjunction with other forest product trading nations through an initiative entitled Verification of Environmental Performance. This initiative is effects based. It aims to facilitate recognition of the various certification programmes, so long as they advance mutually agreed to performance characteristics.
- **Phytosanitary:** As exporters have adapted to meet demands for environmental certification, environmental non-government organisations have attempted to resurrect in their place phytosanitary constraints to trade. A recent example was the United States injunction on the issuing of import permits for manufactured wood products. The argument was that no imports should be allowed unless they met strict and exacting import procedures. The NGO plaintiffs lost there case, but not before it cost New Zealand exporters between an estimated \$30-\$40 million in lost trade opportunities.

#### 4.5 NTM liberalisation - the next challenge

Traditional NTMs, including quantitative restrictions and some forms of financial assistance, are the most visible of NTMs and are where much of the liberalisation effort has focused to date. The Uruguay Round solution was to bind these measures at their tariff equivalent levels

and urge their reduction over time. Less than full capture of these measures, high bound rates and other loopholes has compromised progress to date.

Addressing the more disguised non-traditional NTMs is proving to be even more of a challenge. Agreements were reached during the Uruguay Round in respect of technical standards and phytosanitary restrictions, but not environmental constraints. And the EVSL package being advanced in APEC circles includes initiatives to address NTMs. These go little further than identify what are the NTMs that impact on the forest products trade. While this is an important first step, it is only the first step.

In theory there are three approaches that could be used to address NTMs. These are:

- **Ban NTMs:** Besides being politically unacceptable in many countries, NTMs may legitimately exist to address externalities.
- **Behavioural rules:** The idea here is to place rules around the behaviours that could result in trade distorting outcomes. This has been the approach traditionally taken in fora like the GATT. It has had some measure of success in addressing the more traditional NTMs. But a cynic would suggest that the rules have also encouraged the growth of NTMs that lie outside the rules or which make use of existing loopholes. For example, the GATT rules for subsidies do not apply to the financial assistance extended producers through state trading enterprises. While rules can be amended and new rules introduced there are likely to be incalculable ways of distorting trade and it would be an ambitious if not impossible task to develop a comprehensive regulatory regime.
- **Results-oriented approaches:** The idea here is to target desired outcomes. ATL is an example of a results-oriented approach aimed at the outcome of tariff elimination. Examples of outcomes that may be targeted in respect of NTMs include alignment of conditions for environmental certification, or mutual recognition of the different means of verifying environmental standards. Building standards that are effects-based rather than prescriptive is another end worth pursuing.

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## 5. KEY POINTS TO TAKE AWAY

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The key points the reader should take away from this paper are that:

- **Barriers to trade are generally “bad”** they raise the price or restrict the availability of products to consumers, and distort production decisions.
- **Most of the gains from liberalising tariffs have been realised.** Tariffs on forest products are now generally low.
- **But this is no excuse for a “cuppa”, some issues remain.** These include the tendency for tariffs to increase with the degree of value added; tariff preferences extended under the GATT, and multilateral and bilateral trade agreements; and the practice of some markets to apply different tariffs to slightly differentiated products
- **NTMs are the big problem.**
- **Traditional NTMs continue to distort trade.** Quantitative restrictions have an obvious and large economic impact. Financial assistance of forest growing and development, and wood processing is widespread.
- **Non-traditional NTMs are an increasing frustration.** The biggest bugbears are technical standards, requirements for environmental certification, and phytosanitary restrictions.
- **Addressing NTMs is a challenge too important to ignore.** Results-oriented approaches are likely to be more effective than behavioural rules.

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