

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

Spec(84)58

17 October 1984

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 19 September 1984

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 19 September to continue discussion of problems of international trade in forestry products.
2. The group had before it background documentation prepared by the secretariat - documents Spec(84)13 and Addendum 1 and Corrigendum 1. The group also had before it a summary of the points made at the meeting in June, MDF/W/2 and two position papers submitted by Canada, MDF/W/1 and MDF/W/3, respectively.
3. The Working Party noted with appreciation a statement by the observer from FAO on past and present FAO activities and studies in relation to forestry resources, production and trade. The full text of the statement was circulated in document MDF/W/8.
4. As agreed at the June meeting, the Working Party proceeded to an examination, section by section, of the secretariat document Problems of International Trade in Forestry Products, Spec(84)13, as amended by Corr. 1 - which also contains supplementary points and comments submitted by delegations.

5. Commenting on the background study, several delegates referred to some of the general statements made and explanations given at the meeting in June, as reflected in MDF/W/2. In particular, the need was emphasized to avoid measures and policies which lead to, or contribute to, uncertainties in forward planning for forest-resource and forest-industry production and-trade.
6. A number of delegations stated that the secretariat paper provided a good starting point for examining problems of international trade in forestry products but noted also that, in its present state, the study was incomplete, since it does not cover paper and paper products. Other delegations reiterated that they were not envisaging an enlargement of the study, or the scope of the Working Party's examination, to the products covered by CCCN Chapter 48.
7. The Chairman - noting the differences of view as to the exact scope and definition of the forestry products sector, reflecting, perhaps, differences in ownership structure and the degree of vertical integration from the forest resource to the industry or industries processing these resources, which are different in different countries - said that he intended to consult informally with interested 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.
8. One of the matters commented upon by several delegations concerned the actual or potential effect of trade preferences on trade flows and trade development prospects. Other delegations, while questioning the appropriateness of raising this matter in the context of the specific work being undertaken in the Working Party on Trade in Certain Natural Resource Products, appeared to be in agreement that, to the extent that contracting parties perceived trade development difficulties to exist, on account of remaining m.f.n. duties, stated that such difficulties could best be overcome through a process of negotiation.
9. Representatives from developing countries reconfirmed their interest in seeing remaining GSP exclusions or limitations for forestry products eliminated.

10. Although noting that the secretariat paper listed a variety of non-tariff measures as being relevant in the context of the examination of trade problems for forestry products, some delegations stated that certain other measures, though, perhaps, notified in a broader context, might also be relevant. Thus there remained some doubt, as noted by one delegation, about the exact impact of the replacement, or partial replacement, of the earlier United States DISC provisions by those of the Foreign Sales Corporation (FSC) corporate tax exemption. Similarly, as regards Federal- and State-procurement practices, as noted in the Industrial Products NTM Inventory, the provision of information of greater specificity as to their possible effects on trade in the products examined by the Working Party would be appreciated.

11. Several delegations reconfirmed their interest in the Working Party addressing itself to the question of import demand elasticities, tariff escalation and effective protection for the selected natural resource products and expressed the hope that those administrations that had carried out work in this respect would share the results of their work with the Working Party.

12. A number of delegations provided factual data, corrections and comments to various sections or paragraphs of the secretariat background study, Spec(84)13. These corrections, comments, additions or deletions will be reflected in the secretariat study when it is re-issued in the MDF/- documents series.

13. In closing the discussion, the Chairman expressed appreciation that, certain differences of view notwithstanding, a useful beginning had been made by the Working Party in identifying various issues of major concern to one, or more, of the participants. He informed the Working Party that, on his responsibility, he would submit to Council, in the sense indicated, an interim report. He envisaged the next meeting of the Working Party to take place in February or March of 1985, the exact date to be determined in consultation with delegations.