

# TRADE POLICY HIGHLIGHTS

## USTR RELEASES SUMMARY OF U.S. NEGOTIATING POSITIONS FOR FTAA

On January 6, 2001, U.S. Trade Representative Charlene Barshefsky released a detailed summary of the United States' negotiating position on each of the nine Free Trade of the Americas (FTAA) negotiating groups (market access; agriculture; services; investment; intellectual property; government procurement; subsidies, antidumping, countervailing duties; competition policy; and dispute settlement), as well as environment and labor. In the area of market access, the United States has advocated "fair and reasonable procedures that will ensure that the benefits of free trade are broadly distributed," and the rapid reduction of tariffs. (Tariffs would be eliminated immediately or phased out over five or ten years.) Draft, bracketed text for each of the nine negotiating groups, reflecting the position of all FTAA countries (including the United States), will be submitted to Ministers at the upcoming FTAA Ministerial in Buenos Aires April 6-7, 2001. The text of the summaries can be found on USTR's web site ([www.ustr.gov](http://www.ustr.gov)).

## KOREA IMPLEMENTS QUOTA AND ADJUSTMENT TARIFFS FOR 2001

On December 27, 2000, the Korean Ministry of Finance and Economy made public its quota and adjustment tariffs for 2001. Quota tariffs are used to foster imports of desired products and stabilize domestic prices. In-quota tariff rates are lower than WTO bound rates. Twenty-nine agricultural and forest products (chips, logs and veneer for plywood) will be subject to quota tariffs through June 2001. These tariffs will be reviewed in May, and a decision will be made at that time whether to maintain them or not. Adjustment tariffs, on the other hand, are used to control imports to prevent serious damage to the domestic industry. Twenty-three agricultural, forestry (plywood) and fishery products will be subject to adjustment tariffs in 2001. Adjustment tariffs are reviewed each November.

## MEXICO IMPLEMENTS EMERGENCY RULE ON IMPORTATION OF FOREST PRODUCTS

On January 18, 2001, Mexico's Secretariat of Environment and Natural Resources (SEMARNAT) published an emergency rule in the Diario Oficial specifying those forest products required to have a Mexican import phytosanitary certificate, as well as those products only subject to a visual inspection. The rule specifies the requirements for both new and used, and unmanufactured and manufactured wood products. The emergency rule took effect January 19, 2001. According to SEMARNAT, the new rule did not result in significant changes to Mexico's phytosanitary requirements. The main difference is that SEMARNAT will now require a Mexican import Phytosanitary Certificate instead of the previous Technical Format of Requirements (Formato de Requerimiento Tecnicos) for importation of the specified forest products. The new rule does change the requirements for the importation of pallets, requiring a phytosanitary certificate in lieu of visual inspection.

### **CHINA REPORTEDLY TO REQUIRE TREATMENT OF IMPORTED LOGS**

According to several reports, China will begin requiring treatment of all logs with bark (e.g. fumigation, heat treatment) prior to import beginning July 1, 2001. (It is not clear at this time whether July 1 refers to the date of shipment or the date of arrival.) Shipments will also need a phytosanitary certificate attesting that the logs are pest-free. According to an article in the China Daily, the action was taken following the detection by Chinese officials of more than 250 species of forest pests in the past four years.

### **DRAFT INTERNATIONAL STANDARD DEVELOPED FOR SOLID WOOD PACKING MATERIAL**

On February 15, 2001, a Working Group of the Interim Commission on Phytosanitary Measures of the International Plant Protection Convention (IPPC), meeting in Mexico City, completed work on a draft international standard intended to reduce the risk of the introduction and spread of quarantine pests through the movement of goods using solid wood packing material (e.g. pallets, wood containers). The standard would require the heat treatment of all solid wood packing material. (Alternative treatments (e.g. fumigation, chemical impregnation) would be recognized as being appropriate in certain circumstances.) The draft standard is expected to be taken up by the IPPC's Interim Standards Committee when it meets in May. If approved, the draft standard would then be made available to the 113 governments that make up the IPPC for comment. A final standard is not expected before April 2002.

### **CANADA REQUESTS CONSULTATION WITH UNITED STATES**

On January 17, 2001, Canada requested consultations with the United States on certain provisions of U.S. law which restrict the refund of antidumping and countervailing duties even after the World Trade Organization has determined that the decision to impose those duties was inconsistent with the United States' WTO obligations. This action, along with last year's complaint regarding the treatment of export constraints under the United States' countervailing duty regime, are perceived by many as a "pre-emptive strike" on a possible countervailing duty investigation following the expiration of the U.S.-Canada softwood lumber agreement on March 31, 2001.