

TRADE HIGHLIGHTS

EU TO REQUIRE TREATMENT OF CONIFEROUS SOLID WOOD PACKING MATERIAL

The European Union (EU) has notified the WTO that beginning January 1, 2001, it intends to require coniferous solid wood packing material entering member states from Canada, China, Japan, and the United States to either be heat treated to 56 degrees Celsius (at the core) for at least 30 minutes and have a moisture content below 20 percent, or be pressure-treated. The regulations would also require that packing material display an officially approved mark enabling the identification of where and by whom treatment has been carried out. A significant portion of U.S. exports could be affected by the new rule in that most goods are transported using solid wood packing material, a significant portion of it made from pine and other coniferous species. U.S. exports to the EU amounted to approximately \$150 billion in 1999. The United States has requested a delay in the implementation of the new rule, noting, among other things, concerns over the timing of the new rule. Finland, a EU member state, began requiring phytosanitary certificates for U.S. coniferous solid wood packing material, as well as that of Japan, Canada, China, Korea, Mexico, and Taiwan, on May 31, 2000.

GEORGIA AND ALBANIA BECOME 137TH AND 138TH MEMBERS OF THE WTO

Georgia became the 137th member of the World Trade Organization (WTO) on June 14, 2000. Albania became 138th member of the WTO on September 9, 2000.

U.S. SUBMITS VIEWS ON ROLE OF FORESTS UNDER KYOTO PROTOCOL

On August 1, 2000, the United States submitted to the Secretariat of the U.N. Framework Convention on Climate Change its views concerning the role of forests and agricultural lands under the Kyoto Protocol. The submission reaffirmed the United States' long-standing position that carbon sinks are an integral part of any long-term solution to the challenge of climate change, and reducing the rate of deforestation and increasing the rate of sequestration through improved forest and cropland management would result in increased net removals of carbon from the atmosphere, counterbalancing in part the effects of fossil fuel emissions. Carbon sinks will be one of the central issues taken up when the Conference of the Parties to the Framework Convention meet in The Hague, November 13-24, 2000. The full text of the U.S. submission can be found on the State Department website at www.state.gov/www/global/oes.

EXPORT CERTIFICATION OF SOLID WOOD PACKING MATERIAL TO CHINA

On August 17, 2000, USDA/Animal and Plant Health Inspection Service (APHIS) published in the Federal Register the final regulations covering the certification of coniferous solid wood packing material to China. The regulations were developed following China's announcement late last year that solid wood packing material containing coniferous wood from the United States (and Japan) must be heat-treated and so certified by APHIS to prevent the further spread of the pinewood nematode. (If a shipment contains coniferous solid wood packing material, the exporter must certify on PPQ Form 553 that the solid wood packing material has been heat treated to a core temperature of 56 degrees Celsius for 30 minutes, and have it endorsed by APHIS. If the shipment contains non-coniferous solid wood packing material or no solid wood packing material, the exporter can so certify (self-certify) on the bill of lading or invoice.) The final rule is identical to the interim rule except for clarifying that heat treatment must be performed in the United States. It cannot be performed in any other country, including Canada.

JTC AND BEC COMMITTEES TO MEET IN JAPAN

The Japanese Agricultural Standards Technical Committee (JTC) and Building Experts Committee (BEC) are scheduled to meet in Tokyo, Japan, November 30 and December 1, 2000, respectively. These committees were originally set up under the terms of the 1990 U.S.-Japan Wood Products Agreement to oversee the implementation of the standards-related portions of the agreement, and are comprised of representatives from government, industry and academia from the United States, Japan, and Canada. Discussions at the upcoming JTC and BEC meetings are expected to focus on recent changes in the JAS law to allow foreign organizations to become Registered Grading/Certification Organizations, and the Building Standard Law to make it performance-based, respectively.

EU AND MEXICO ENTER INTO FREE TRADE AGREEMENT

A Free Trade Agreement between the European Union and Mexico entered into force on July 1, 2000. Under the terms of the comprehensive agreement, tariffs will be eliminated over a period not to exceed 10 years. Tariffs on industrial products in the EU and Mexico will be eliminated faster than agricultural products, by January 1, 2007, with the bulk of it by January 1, 2003. (The EU will eliminate all industrial tariffs (including those on wood products) by 2003.) The EU's tariffs on many wood products were, in fact, eliminated on July 1. Mexico will eliminate all tariffs on wood products by January 1, 2007, with many of them slated to be completely phased out in January 1, 2005 or January 1, 2007. The full text of the agreement can be found on the EU's website, www.europa.eu.int/comm/trade/bilateral/mexico/fta.htm.

MEXICO ANNOUNCES ITS INTENT TO IMPLEMENT CUSTOMS SCHEME

On September 5, 2000, Mexico's Ministry of Finance announced its intention to implement a Customs Cash Account system based on reference prices for imports of selected agricultural and non-agricultural products, including plywood, effective September 30, 2000. The measure is designed to prevent under-invoicing which the Ministry of Finance alleges has been occurring. When the invoice price is below the reference price, importers will have to deposit funds, amounting to that difference multiplied by the volume, into an interest-bearing account. These funds will be held for six months while the Ministry verifies the import price. The current import system for these products uses surety bonds instead of cash deposits.

INTERNATIONAL TROPICAL TIMBER COUNCIL TO MEET

The International Tropical Timber Council, the governing body of the International Tropical Timber Organization (ITTO), will meet in Yokohama, Japan, October 30 - November 4. Discussions are expected to center around administrative issues relating to the functioning of the organization, the development of a framework for an auditing system for ITTO's criteria and indicators for sustainable forest management, and several issues left over from the previous meeting, notably whether ITTO should be assisting countries in implementing voluntary certification schemes and facilitating mutual recognition of certification schemes.

ARGENTINA TO IMPLEMENT SOLID WOOD PACKING MATERIAL REGULATIONS

Argentina has notified the World Trade Organization that beginning October 16, 2000, solid wood packing material (used in the transport of goods) entering Argentina must be free of bark, insects and any sign of insect damage. Importers will also be assessed a fee to cover the cost of inspection, the minimum fee being 5 pesos (approximately 5 U.S. dollars).

PANEL TO EXAMINE TREATMENT OF EXPORT CONSTRAINTS UNDER U.S. CVD REGIME

On September 11, 2000, the World Trade Organization (WTO) established at Canada's request a dispute settlement panel to examine the treatment of export constraints under the United States' countervailing duty regime. Canada wants to clarify the consistency of the United States' rules with its WTO obligations before the expiration of the U.S.-Canada Softwood Lumber Agreement, due to expire on March 31, 2000. In the United States' 1992 countervailing duty investigation of Canadian softwood lumber products, the Department of Commerce found a net subsidy rate of 3.6 percent ad valorem for log export restrictions in British Columbia. It is Canada's view that export restraints are not subsidies as defined under the WTO's Agreement on Subsidies and Countervailing Measures.