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Mexico

Solid Wood Products

Annual

2005

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Report Highlights:
Mexico's imports of solid wood products are expected to increase slightly in MY 2006. The major factors contributing to this growth are: a positive outlook of the Mexican economy in CY 2006 with higher demand from the construction and furniture sectors, as well as the shortcomings in domestic production. The strong economy and tight domestic supplies will guarantee Mexico's continued reliance on solid wood imports to meet domestic demand in MY 2006. The main challenge for U.S. wood exporters, however, will be to remain competitive with third countries in the Mexican wood market

Includes PSD Changes: Yes
Includes Trade Matrix: Yes
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ECONOMIC SITUATION AND OUTLOOK

Mexico's economy grew 4.1 percent during 2004, compared to 1.3 percent in 2003. This economic growth was supported by an increase in U.S. demand, which stimulated Mexican exports. While an improvement, the 2004 growth rate was still below the average growth rate from 1996-2001 of 5 percent. Mexico's economy is heavily dependent on the United States, which purchases 90 percent of Mexico's exports. Economic growth in Mexico is expected to slow in 2005 to approximately 3 percent, in light of a slowdown in the U.S. economy.

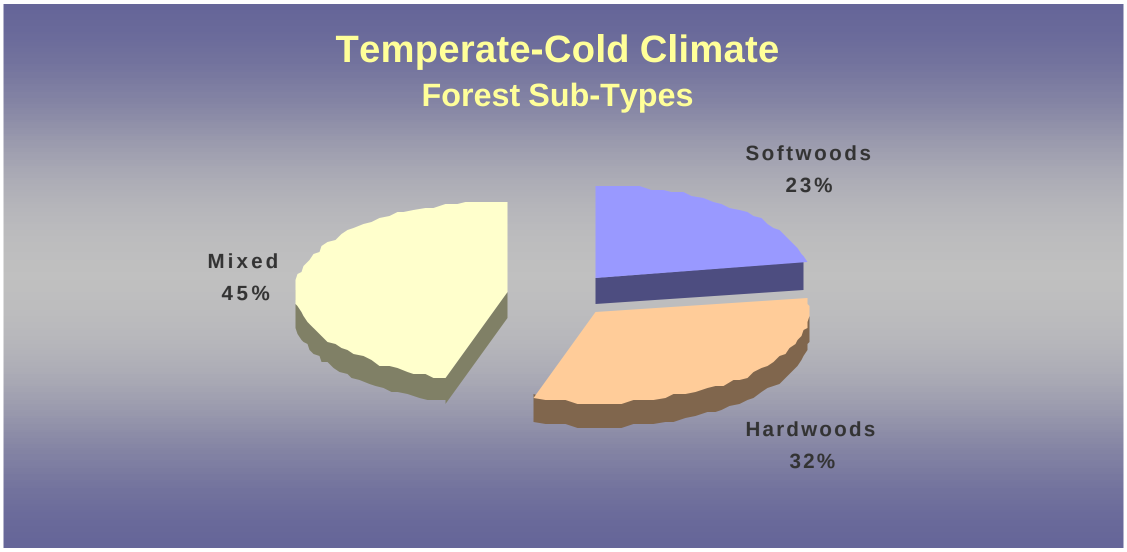
During the past year Mexico's currency and financial markets have remained stable. The stock market was one of the 10 best performers among emerging economies, and in 2004 foreign direct investment climbed 64 percent to U.S. $18 billion. This macroeconomic stability has been achieved through sound monetary and fiscal policies. However, the lack of structural reforms serves to keep Mexico from improving upon its global competitiveness. According to the World Economic Forum, Mexico ranked 48th out of 104 countries in competitiveness, down from 47th a year ago.

Part of the reason for this relatively low competitiveness rating is because congressional opposition has prevented President Fox from advancing structural reforms throughout his administration, and 2005 was no exception. Fiscal, energy, and labor reforms were all stalled during 2005. Analysts estimate that with an impending presidential election in 2006, significant reforms may be shelved until at least 2007. Most economic observers agree that passage of key reforms is critical to improving Mexico's competitiveness. Lastly, in September 2005, the GOM presented to Congress for its approval the economic program for 2006. This program seeks to maintain fiscal discipline, and therefore makes conservative macroeconomic assumptions and establishes targets for lower fiscal deficits, with reductions in income and spending. However, due to the disputes between the Executive and Congress regarding the budget during 2005, it is rather improbable that Congress will approve the government's proposal without modifying it.

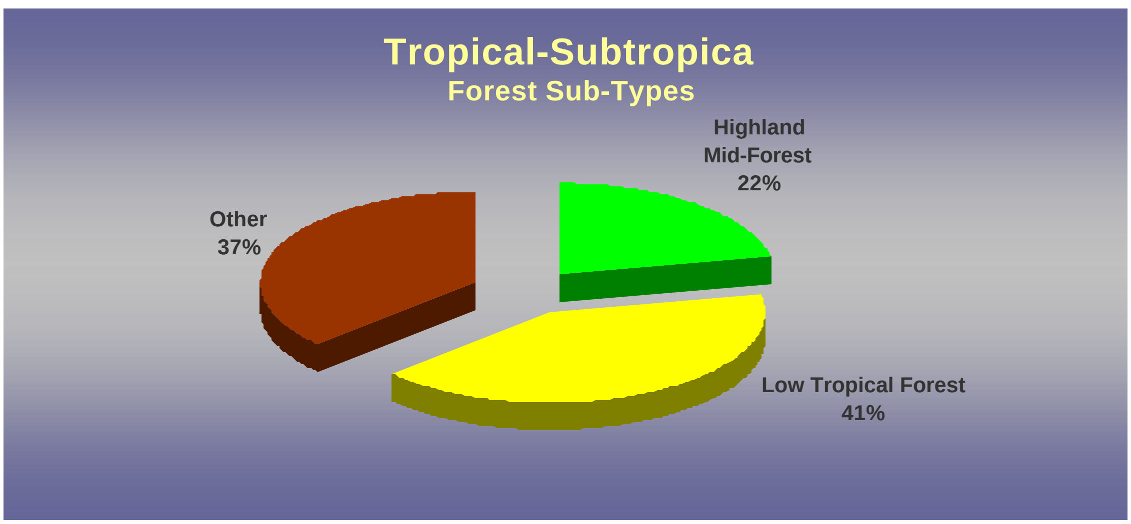
FOREST SITUATION

Based on information provided by the National Forest Commission (CONAFOR), Mexico's total forest resource base is estimated at 84.57 million hectares. The breakdown by forest type and hectarage is as follow:

MEXICO'S MAJOR FOREST TYPES



Type	Sub-Type	Has. (Millions)	%
Temperate-Cold Climate	Softwoods	7.78	23.22
	Hardwoods	11.1	33.12
	Mixed (Softwoods and Hardwoods)	14.63	44.66
	Subtotal	33.51	100



Type	Sub-Type	Has. (Millions)	%
Tropical-Subtropical	Highland mid-forest	14.48	28.36
	Low tropical forest	16.29	31.9
	Other	20.29	39.74
	Subtotal	51.06	100

Notes: Softwood: Conifer Forest; Hardwoods: Oak Forest; Mixed: Conifer – Oak Forest and Tropical Rain Forest; Highland mid-forest: High and Medium Tropical Forest; Low tropical forest: Low Tropical Forest. Other: Include some Subtropical Shrubs like conifer Shrub (MJ), Subtropical, Shrub (MST), Tamaulipeco Thorn Shrub (MET), Sarcocaule Shrub (MSC), Sacocrasicaule Shrub (MSCC), Sacrocrasicule Cloud Shrub (MSN), Submontano Shrub (MSM). Chaparral (ML) and Mezquital (MK), according to the classification system.
Source: National Forest Commission (CONAFOR): National Continuous Maps of the Land Use and Vegetation. Series II (1993) and Series III (2002).

The temperate pine-oak forests of Mexico cover the mountain ranges in western and eastern Mexico (the Sierra Madre Occidental and the Sierra Madre Oriental), which join the two ranges in central Mexico, and the Sierra Madre del Sur along the Pacific coast of Guerrero and Oaxaca. In the south, after breaking at the Isthmus of Tehuantepec, the mountains rise again in the Sierra Madre de Chiapas and the Mesa de Chiapas in southeastern Mexico. It is on the slopes of the Sierras that Mexico's pine and oak forests are found, with the greatest number of pine species of any country in the world, some 72 in two major groups. There are also some 130 species of oak. The Conifer and Oak Forests extend throughout the Sierra Regions, with pines dominating in the higher, colder altitudes, and oaks being more common at lower and drier altitudes. The majority of all forest management communities in Mexico are found in the Conifer and Oak Forests, particularly in the states of Chihuahua, Durango, Michoacán, Guerrero, Puebla, and Oaxaca.

Mexico’s forests continue to be characterized by their fragmentation and a very strong human presence. According to official data, twelve million farmers and indigenous people, whose livelihoods depend on the harvesting of timber and other forest products, live in Mexico’s forest areas. As a consequence of this large and growing population, natural resources and the environment have been damaged. One of the most important adverse impacts has been the constant degradation of forest ecosystems and deforestation. Mexico's forests have been under assault in recent decades, although studies of deforestation suggest that deforestation rates have varied between the tropical and temperate zone areas. As elsewhere in the tropics, deforestation in southeastern Mexico, where the tropical forests are concentrated, has occurred at alarming rates.

The deforestation rate estimates predict annual forest losses that range from 365,000 to 1.5 million hectares annually. A recent study of land use/land cover change in Mexico, however, has produced the most authoritative figures to date. The National Land Use Inventory of 2001, conducted by the Geography Institute of Mexico’s National Autonomous University (UNAM), states that the rate of annual forest loss in the 1976-2000 period was 0.25 percent for temperate forests, 0.76 percent for tropical forests, and 0.33 percent for semi-arid scrub forests (*matorral*). This implies an average annual loss of 86,718 hectares for temperate forests, 263,570 hectares for tropical forests, and 194,502 hectares for *matorral*, for a total average annual loss of 545,000 hectares, with a 50,000-hectare margin of error. This is based on the most rigorous and comprehensive study to date and incorporates the most trustworthy satellite images from earlier periods.

The main cause of this deforestation has been agricultural and livestock expansion (which are linked to the colonization processes). Moreover, the factors that drive these proximate causes, such as population density, population growth, increased food demand, high agricultural export prices, exchange rate devaluation, increased debt-servicing ratios, and roundwood production, can also be considered underlying causes. The consequences of deforestation include a general degradation of the ecosystem, and, specifically, erosion, sedimentation of lakes, reduction in the recharging of watersheds, flooding, reduced biodiversity, and a reduction in the productive potential of the land. Consequently, official sources have recognized the urgency to implement different types of reforestation activities. Until recently, little effort has been made to link deforestation, or stability in forest cover, with community forest management. The vast majority of community-managed forests are in the mountainous, coniferous zones, which in recent decades have shown lower rates of deforestation, although no cause-and-effect relationship has been established. In addition, tropical land use change has been well below national rates in two areas where community forestry has been prominent, southern Campeche and central Quintana Roo.

As previously mentioned, mountain ranges dominant Mexico’s topography. These ranges have serious implications on forestry and forest-related activities because most of Mexico’s forests are located in these mountainous areas. Unfortunately, difficult terrain and insufficient access to rivers make the transport of timber and other materials challenging and costly.

The forest sector's main problems can be generalized as follows:

a. Poorly defined and enforced property rights, leading to short-term production decisions and an unfavorable investment climate;
b. Inadequate administration of communal property (*ejido*) and local communities as units of commercial forest production;
c. Over-exploitation of resources;
d. Negative trade balance in forest products;
e. Inefficient production and processing capacity, leading to an inability to compete in the global marketplace;
f. Environmental degradation, which is closely linked to poverty-induced behavior; and
g. Inadequate institutional and legal frameworks to promote sustainable production, resulting in high transaction costs and lack of consistency in regulations.

Almost all Mexico's timber production comes from native forests, as commercial forestry plantations are a recent development and have not yet entered into production. Reportedly, the majority of forestry plantations will be ready for production in approximately 9 years. The annual timber growth rate is estimated at 35.1 thousand M^3 per year. The average productivity in temperate forests is only 1.2 M^3 per hectare per year, and in tropical forests is 0.5 M^3 per hectare per year, due to poor forest management.

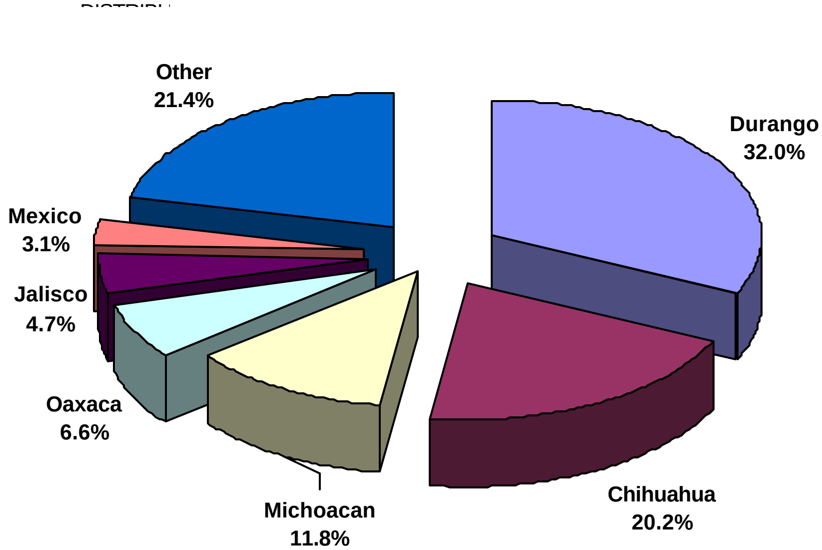
In general, Mexico is not using its forest resources in a sustainable manner, despite some isolated efforts to the contrary. Nor does the current system allow for a significant increase in production. The sector continues to be affected by insufficient resources for harvesting, inadequate basic infrastructure for distribution of raw materials, and low productivity per hectare. Moreover, extraction and transportation costs continue to be extremely high, approximately 50 percent of total cost, since the processing industry is not located close to the harvested areas, and because of poor road infrastructure.

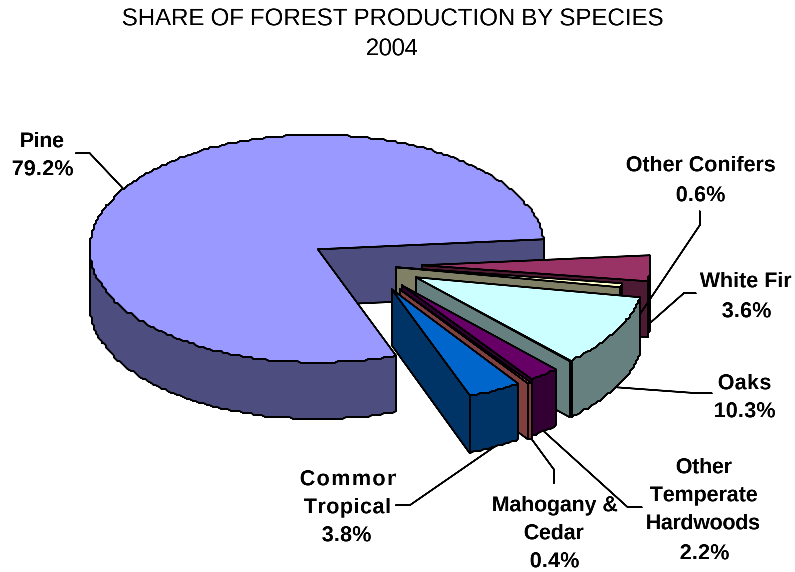
It should be noted, however, that in the last few years, forest communities and "*ejidos*" (communal property) have shown interest in certification of responsible forestry management for their forestry operations. Certification represents an unusual effort to stimulate the adoption of forest management policies through the marketplace by encouraging consumers to choose timber products from well-managed forests. Mexico's achievements in forest certification clearly show the strength of the sector in global terms. According to available information, only 3 percent of the 29.63 million hectares, which have been certified worldwide, are considered "communal," but within this category, Mexico clearly dominates, with nearly half of the communities and half of the certified community forests worldwide. The state of Durango has taken the lead with a sector-wide stakeholders effort resulting in 19 certified communities. According to the National Forest Commission (CONAFOR), this interest is reflected in over 500,000 hectares of communal forests that have already been certified, and some additional 100,000 hectares that are in the process of certification. Currently, there are approximately 90 "*ejidos*" involved in the evaluation/certification process.

Industry sources pointed out that despite this notable achievement, Mexico's communities have little to show for their efforts in terms of increased foreign or domestic markets. There have been only a few sporadic sales of certified timber, with most certified communities having sold no certified timber at all. Furthermore, as the big northern timber companies

and retailers move toward embracing certification, this will once again leave small producers and communities with no particular competitive edge in the marketplace.
Despite the fact that Mexico has the world's 11th largest total forest area, forest production plays only a very minor role in the overall Mexican economy. In the last few years, for example, the forestry sector's contribution to the national GDP was approximately 1 percent, a contribution so small that it limits the Mexican government's support to the forestry sector. In addition, the GOM has very little historic involvement in the forestry sector.

Mexico's main wood species, in terms of surface area and economic importance, are the *pinus* and *quercus* varieties, which account for approximately 80 percent and 5 percent respectively of total national timber production. The following is a breakdown of 2004 forest product (6.49 million m^3) by major producing States and species, based on SEMARNAT information:

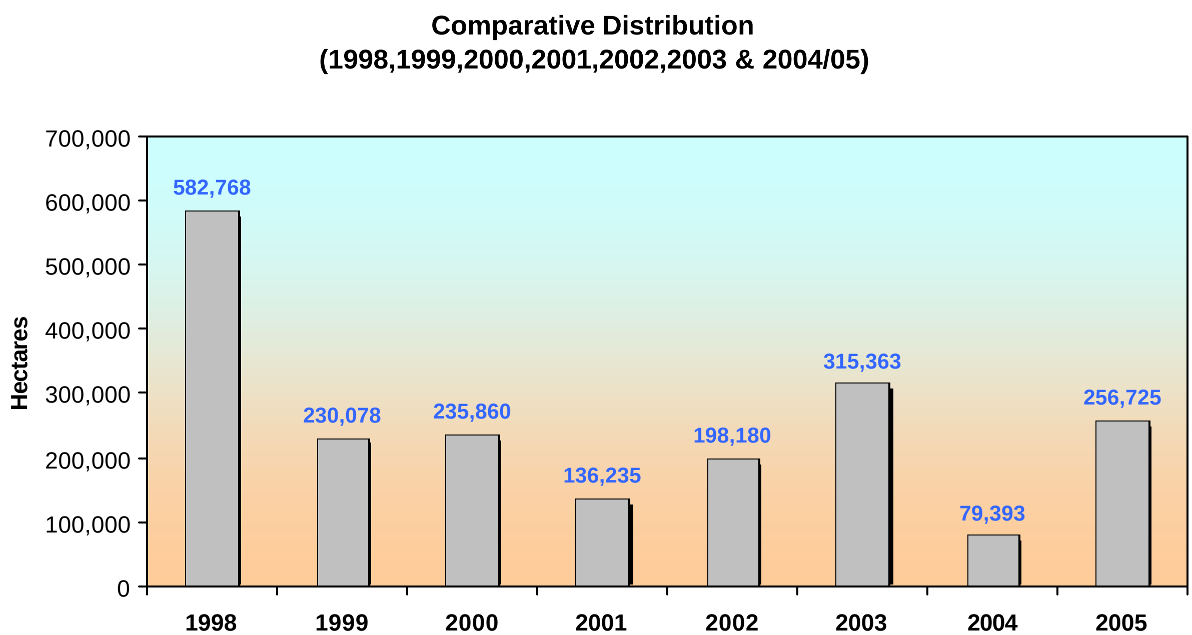




AREA AFFECTED BY FOREST FIRES

Although highly variable, during 1998-2004, the annual average area affected by forest fires was 253,982 hectares. During the first eight months of 2005, the number of forest fires was just one percent higher than the annual average. Official sources pointed out that, in 2005, unfavorable weather conditions during the first months of the year contributed to the increase in the number of forest fires. These sources also estimated that the final number of forest fires for 2005 would not change substantially, as the 2005 rainy season was fairly normal. Available CONAFOR data on area affected by forest fires as of August 11, 2005 is as follows:

AREA AFFECTED BY FOREST FIRES



PERIOD	1998		1999		2000		2001	
	FIRES	AFFECTED AREA	FIRES	AFFECTED AREA	FIRES	AFFECTED AREA	FIRES	AFFECTED AREA
JAN 1ST – AUG 11, 2005	14,252	582,768	7,954	230,078	8,550	235,860	6,315	136,235
COMPARISON TO 2005 (%)	-56	-86	19	11.58	11.11	8.85	50.44	88.44

PERIOD	2002		2003		2004		2005	
	FIRES	AFFECTED AREA	FIRES	AFFECTED AREA	FIRES	AFFECTED AREA	FIRES	AFFECTED AREA
JAN 1ST – AUG 11, 2005	8,153	198,180	8,117	315,363	6,204	79,393	9,500	256,725
COMPARISON TO 2005 (%)	16.52	29.54	17.04	-18.59	53.13	223.36	0	0

SOURCE: FOREST FIRES MANAGEMENT OFFICE, CONAFOR

The breakdown of fires by type of area affected for the first eight months of 2005 is the following: grazing land (224,106 ha) and forest area (32,619 ha). Mexican states most affected by fire in 2005 were; the states of Oaxaca, Jalisco, Chiapas, Zacatecas, Baja California, Guerrero, Michocan, Nayarit, Durango and Puebla, which represent 77.6 percent of total affected area.

STRATEGIC INDICATOR: FOREST AREA

It should be noted that the Strategic Indicator Table continues be based on the Periodical National Forest Inventory of 1994, as the Secretariat for the Environment and Natural Resources (SEMARNAT) did not publish the National Inventory of 2000-2001. According to SEMARNAT officials, this inventory was not published due to the use of inappropriate methodology in accurately estimating the forest situation. Currently, however, the National Forest Commission (CONAFOR), is managing the national forest inventory (see MX1055). CONAFOR officials stated that the final version of this inventory will not be available until 2009.

STRATEGIC INDICATOR TABLE: FOREST AREA			
(MILLION HECTARES/MILLION M ^{3})			
COUNTRY: MEXICO	PREVIOUS	CURRENT	FOLLOWING
REPORT YEAR: 2005	CALENDAR YEAR (2004)	CALENDAR YEAR (2005)	CALENDAR YEAR (2006)
TOTAL LAND AREA	196.70	196.70	196.70
TOTAL FOREST AREA	141.17	141.17	141.17
--OF WHICH, COMMERCIAL	21.60	21.60	21.60
----OF COMMERCIAL, TROPICAL HARDWOOD	NA	NA	NA
----OF COMMERCIAL, TEMPERATE HARDWOOD	NA	NA	NA
----OF COMMERCIAL, SOFTWOOD	NA	NA	NA
--OF FOREST AREA, NONCOMMERCIAL	9.70	9.70	9.70
FOREST TYPE	30.2 1/	30.2 1/	30.4 1/
--OF WHICH, VIRGIN	NA	NA	NA
--OF WHICH, PLANTATION	0.68	0.68	NA
--OF WHICH, OTHER COMMERCIAL (RE-GROWTH)	NA	NA	NA
FOREST OWNERSHIP			
--NATIONALLY OWNED AND NO COMMERCIAL ACCESS	9.00	9.00	NA
--NATIONALLY OWNED, COMMERCIAL LOGGING PERMITTED	7.00	7.00	7.00
--OTHER PUBLICLY OWNED LAND, NO COMMERCIAL ACCESS	NA	NA	NA
--OTHER PUBLICLY OWNED, LOGGING PERMITTED	113.4 4/	113.4 4/	113.4 4/

--Privately Owned Commercial Forest	NA 2/	NA 2/	NA 2/
Total Volume of Standing Timber	2,803.49	2,803.49	2,803.49
--Of which, Commercial Timber	NA	NA	NA
Annual Timber Removal	7.5 3/	7.5 3/	7.5 3/
Annual Timber Growth Rate	35.10	35.10	35.10
Annual Allowable Cut	8.20	8.30E/	NA

1/ Corresponds to temperate-cold climate forest, of which 68 percent are softwoods and 32 percent are hardwoods
2/ 21.2 million hectares are privately owned but there is no specified commercial area
3/ Annual Average
4/ Corresponds to communal property ("ejidos") but there is not specified commercial area
Source: The Secretariat for the Environment and Natural Resources (SEMARNAT) based on The National Forest Inventory, 1994.
E/ Estimated

PROGRAMS

CONAFOR continues to coordinate the main government forestry programs such as:

- The National Forest Development Program (PRODEFOR);
- The National Program for the Promotion of Forest Plantations (PRODEPLAN);
- The Communal Forestry Development Program (PROCYMAF II); and
- The Forestry Ecosystems Restoration and Conservation Program (PROCOREF).

CONAFOR also funds and coordinates activities to fight forest fires. The following is a summary of the main results of these programs during the period 2001-2005.

PRODEFOR is a program oriented toward the development of common lands and their communities (ejidos). This program focuses on promoting responsible and sustainable forest management, the conservation of natural resources, as well as increasing the productive capacity of forest ecosystems by promoting technological modernization in the forestry sector.

PRODEFOR RESULTS 2001-2005

DESCRIPTION	REALIZED				GOAL	JAN-JUN		
	2001	2002	2003	2004	2005	2004	2005	Annual Change %
Million pesos ①	234.9	342.3	312.8	357.7	340.4	94.97	94.18	-0.8
Hectares supported for integration to technical management (Million hectares)	2.73	1.60	1.28 ③	2.40	1.30	0.879	0.214	-75.7
Production forecast ②								
Round Wood (Million M3)	1.8	1.7	1.9	2.05	1.5	0.485	0.859	77.1
# Producers benefited	5,649	2,452	5,477	4,382	3,974	1,800	553	-69.3

① Federal resources.
② Indicates the Round wood production forecast based on the Program supports for the referred year.
③ The result was modified due to adjustments to the final beneficiaries.
SOURCE: Secretariat of Environment and Natural Resources.

PRODEPLAN, the Forestry Plantations Support Program, works to stimulate private sector investment in forestry plantations by developing joint ventures with land owners, rather than merely establishing harvest contracts on ejido lands. Under this program, the maximum subsidy may not exceed 65 percent of the first seven years' investment costs. According to industry sources this program is mainly directed towards producing pulpwood for the paper and cellulose industries.

PRODEPLAN RESULTS 2001-2005

DESCRIPTION	REALIZED				GOAL
	2001	2002	2003	2004	2005
Million pesos	285.9	648.1	438.1	425.3	295.7
Supported Area (Has.)	39,725	96,748	68,461	66,213	46,000
Forecast production ①					
Round Wood (Million M3)	8.2	19.9	14.1	15.3	9.6
Producers beneficiaries	1,409	10,171	6,873	4,030	3,500

① The harvest stage requires a development period between 7 and 25 years depending on the forestry species planted, the environment and productive objective.
SOURCE: Secretariat of Environment and Natural Resources

PROCYMAF II's main objective is to provide training activities and to promote sustainable management of forest resources in the states of Durango, Guerrero, Jalisco, Michoacan, Oaxaca, and Quintana Roo. According to CONAFOR the authorized budget for 2005 was 35.7 million pesos (roughly U.S. $3.3 million). This funding is to be used to encourage community forestry development in 300 communities through the establishment of 50 community forest companies. This program will impact over 200,000 people involved in commercial forestry. This program has the support of the World Bank.

On May 7, 2004 CONAFOR established the **PROCOREF** program, which integrates reforestation, soil restoration, conservation, and forest health activities. In 2005 the federal budget of this program reached 235.5 million pesos (approximately U.S.$ 22.2 million), an increase of 4.7 percent in real terms, compared to the budget a year earlier. From this total, 68.1 percent was allocated for reforestation activities, 23.4 percent for soil restoration and conservation activities, and 8.5 percent for phyto-sanitary actions. Reforestation continues to be an important issue for the GOM (previously the program was called PRONARE, see MX4120). Approximately 160.2 million pesos (roughly U.S. $15.1 million) were allocated to this reforestation program in 2005. The main results of this program for 2001-2005 are as follow:

REFORESTATION RESULTS 2001-2005

DESCRIPTION	ANNUAL DATA						JAN-JUL		
	REALIZED					GOAL			
	2000	2001	2002	2003	2004	2005	2004	2005 ②	Annual Change %
Planted trees (Millions)	297	217	258	210	202	200	22.0	10.19	-53.7
Reforested area (1000 hectares)	240	165	225	187	196	170	19.1	9.05	-52.6
Plant survival Index (%) ①	20.0	40.0	49.0	43.9	50.0	50.0	-	-	-

① The 2004 reforestation assessment is carried out during 2005. The 50 percent figure registered in 2004 and 2005 represents the established goal.
② Preliminary figures.
SOURCE: Secretary of Environment and Natural Resources.

The forest industry is heavily concentrated in the three states of Durango, Chihuahua, and Michoacán, which constitute 63% of all industrial installations. Mexican timber production and the forest industry are not considered to be internationally competitive because, according to the World Bank, "production costs (including transport) are high, community-managed forests are inefficient, few forests are actively managed, and lack of infrastructure makes most of the timber inaccessible" (World Bank 1995). Although the World Bank lays part of the responsibility for underperformance of the Mexican forest sector on community forests, there are some other factors that mitigate this presumed underperformance, some aspects of which may become a source of competitive strength in the marketplace.

PHYTOSANITARY ISSUES

In general, U.S. wood product exports are not facing major trade barriers in Mexico. On September 15, 2005, the Mexican Secretariat of the Environment and Natural Resources (SEMARNAT) published in the Diario Oficial (Mexico's "Federal Register") that the Mexican regulation developed to comply with ISPM 15 will be implemented partially starting September 16, 2005. During this initial stage of the implementation, Mexican officials will carry out random ocular inspections to verify that Wood Packaging Material (WPM) complies with the International Standard for Phytosanitary Measures No. 15 (ISPM-15). Likewise, starting September 16th, Mexican inspectors will carry out the ocular inspection procedure established under section No. 5 and section No. 6.6 of NOM 144 (See MX 5502 and MX5501). The regulations of NOM-144 are meant to enforce the ISPM-15 established by the International Plant Protection Convention (IPPC), of which Mexico is a contracting party along with 133 other countries.

Sections No. 5 and No. 6.6 refer to the guidelines for ocular inspection.

- Sections No. 5, 5.1 and 5.2 refer to the ocular inspection. In these sections it is stated that officials have to carry on a random and free of charge visual check to verify that the WPM is marked in accordance with NOM 144 / ISPM 15. If WPM presents the authorized mark and if there is no evidence of infestation then the officials will allow the shipment to continue into Mexico.

- Sections 6.6, 6.6.1 and 6.6.2 refer to the ocular inspection and to the mechanism by which a shipment is selected for inspection. Officials will determine which shipments are subject to ocular inspection based on customs automated selection mechanism (red light – green light). Based on the red light – green light system, the official will then make a random selection from shipments that got a red light. The official has to verify that the WPM presents the mark in accordance with NOM 144. For merchandise transported in containers, officials should look for the mark on WPM that is readily visible at the moment the container is opened. If the official does not detect the mark on the visible WPM then he will request that the merchandise be unloaded in order to look for the mark on the remaining WPM.

Continuing with the implementation of NOM 144, on February 1, 2006 the GOM will implement the stage in which NOM 144 requires that prior to entry into Mexico WPM arriving at Mexican entry points without the approved treatment identity mark must:

A. Apply one of the authorized phytosanitary treatments to the packaging material and apply the certification mark; or

B. Substitute with packaging material that complies with the current regulation or use non-wood packaging material and return all non-compliant materials to the exporting country. In this case a PROFEPA official must be present to verify that approved procedures are followed.

The aforementioned measures are stated on sections 5.3 and 6.6.3 of NOM 144.

It should be noted that according to SEMARNAT sources, NOM 144 will be modified and the task force responsible for initiating the corresponding revisions and amendment process will convene at the end of January 2006. Proposed modifications must be revised by the Federal Commission for the Improvement of Regulations (COFEMER), which would likely occur in March 2006. Changes approved by COFEMER would be published for public consultation and comments some time in June 2006. Official sources estimated that reformed NOM 144 could be ready by October 2006. According to SEMARNAT, NOM 144 could be modified in order to by-pass Mexican customs responsibility in the inspection process.

On June 2, 2005, The Secretariat of Economy (SE) announced in Mexico's "*Diario Oficial*" ("Federal Register") the conclusion of the official global safeguard investigation against all plywood imports under the following tariff classifications; 4412.13.01, 4412.13.99, 4412.1499, 4412.19.01, 4412.19.99, 4412.22.01, 4412.23.99, 4412.29.99, 4412.92.01, 4412.93.99, and 4412.99.99. The official announcement states that Mexico's National Association of Plywood Producers (ANAFATA) decided to withdraw its petition for a safeguard investigation (see MX2115). It should be noted that on August 15, 2002, the GOM announced the initiation of a global safeguard investigation against all plywood imports (see MX2115) in response to a petition filed by ANAFATA (See MX5051).

As a result of this safeguard conclusion, ANAFATA continued to lobby the ministries of Finance and Economy to establish some measures that could protect the domestic plywood industry temporarily against foreign competition. In the end, ANAFATA obtained an increase of approximately 12.7 percent on the import tariffs on plywood from countries where Mexico does not have free trade agreements. Thus, U.S. plywood imports are not adversely affected by this measure. ANAFATA sources stated that imports of tropical plywood from Indonesia, Malaysia, Brazil, among others, would be primarily affected. The SE announced this increase of import tariffs in Mexico's Federal Register on September 7, 2005. The following shows the tariff codes and offers a description of the products affected by the new import duties.

HTS	Description	Unit	Ad Valorem Import (%)
4412.13.01	With at least one outer ply of the following tropical woods: Dark Red Meranti, Light Red Meranti, White Lauan, Sipo, Limba, Okume, Obeche, Acajou d'Afrique, Sapelli, Mahogany, Standing Palisander), River Palisander and Rose Palisander	Kg	32.7
4412.13.99	Other	Kg	27.7
4412.14.99	Other, with at least one outer ply of non-coniferous wood.	Kg	27.7
4412.19.01	Of coniferous wood, denominated plywood	Kg	27.7
4412.19.99	Other	Kg	32.7
4412.22.01	With at least one ply of tropical wood specified in subheading note 1 to this chapter.	Kg	32.7
4412.23.99	Other, containing at least one layer of particleboard.	Kg	27.7
4412.29.99	Other	Kg	32.7
4412.92.01	With at least one ply of tropical wood specified in subheading note 1 to this chapter.	Kg	32.7
4412.93.99	Other, containing at least one layer of particleboard.	Kg	27.7
4412.99.99	Other	Kg	32.7

Also, the announcement states that these import duties will be valid until August 15, 2006. For the following three years import tariffs for these products will be as follow:

Period / Import Tariff Ad-Valorem			
HTS	August 16, 2006 to August 15, 2007	August 16, 2007 to August 15, 2008	Starting August 16, 2008
4412.13.04 4412.19.99 4412.22.01 4412.29.99 4412.92.01 4412.99.99	28.5	24.2	20.0
4412.13.99 4412.14.99 4412.19.01 4412.23.99 4412.93.99	23.5	19.2	15.0

Lastly, the announcement states that in order to maintain the competitiveness of domestic furniture manufacturers and wood products factories, these industries will have preferential import tariffs between 5 and 10 percent for their plywood imports, during the three years that this measure will be in place.

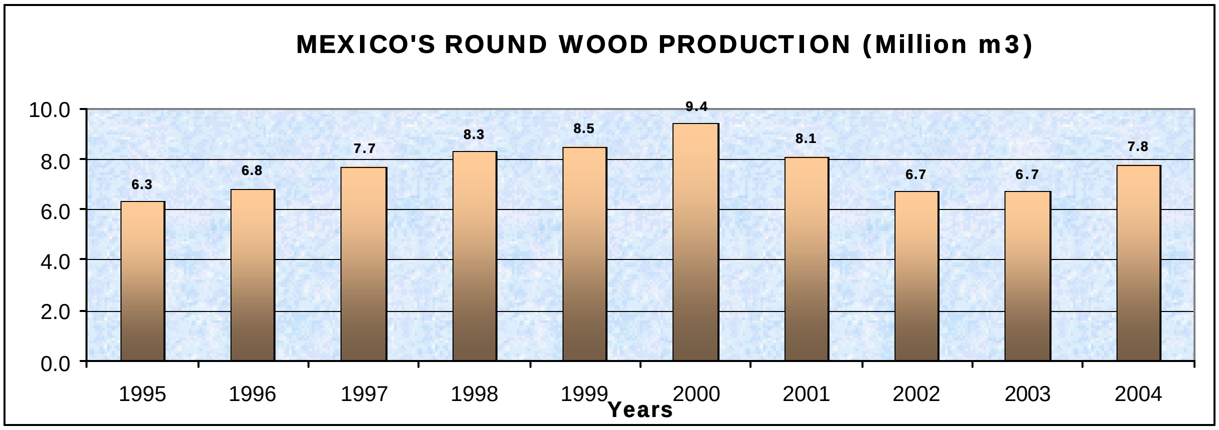
SOLID WOOD PRODUCTS OVERVIEW

The forest industry continues to be heavily concentrated in the states of Durango, Chihuahua, and Michoacan, which have more than 60 percent of all industrial installations. The Mexican timber production and the forest industry are not considered to be internationally competitive because production costs (including transport) are high, community-managed forests are inefficient, few forests are actively managed, and a lack of infrastructure makes most of the timber inaccessible. Moreover, price distortions in round wood play a fundamental role in determining wood use in Mexico. Prices for standing stump wood and delivered prices generally conform to market demands, particularly in the higher grades and species. Industry sources have insisted that the domestic price of round wood continues to be a main bottleneck for the domestic forest industry. Some domestic companies pointed out, for example, that the current cost of domestic round wood is between U.S.$ 100-110 per cubic meter, while in countries such Chile and Canada it is between 30 and 40 percent lower. In addition, there are a litany of other problems that the forest industry is facing, such as:

- Lack of information on specific properties of forest species and on market demand for the most appropriate end uses for those forest species; this has led to inefficient use of forest species.
- Fragmented forests and lack of large-scale supply areas.
- Distance from mills, low mechanization level in forestry operations, and inadequate road infrastructure. All these factors have contributed to the high extraction and transportation costs already mentioned.
- Limited vertical and horizontal integration of the industry, which results in inefficiencies at every point in the production and supply chain.
- High financing costs, which have limited investments in modern technology.

Despite these problems, preliminary official data of round wood production for 2004 indicates that it has increased to 7.8 million m^3 in 2004, and that this trend is expected to continue in

2005, when the round wood production could reach 8.2 million m^3. The main argument behind this increase is the higher production of pulpwood for the paper and cellulose industries as a result of higher international prices (see following chart):



Source: SEMARNAT

It should be stressed, however, that many private and even official sources have noted that the SEMARNAT data are probably overestimated. Private industry estimates calculate that round wood production reached 7.3 m^3 million in 2004 and will remain unchanged in 2005.

INTERNATIONAL TRADING ENVIRONMENT

As a result of all the problems mentioned there is a lack of competitiveness in the Mexican forest industry resulting in the substitution of domestic wood products through import. In addition, the positive outlook for the Mexican economy has driven the expectation that over the long term Mexico will remain a substantial importer of forest products. Much of the apparent optimism for the Mexican economy is based on strengthening in domestic sectors such as construction, furniture, in-bond companies ("maquiladoras"), and tourism. However, competition from several other countries continues to threaten growth in the Mexican market.

According to industry sources one of the most aggressive competitors in the Mexican markets continues to be Chile, which through diverse strategies such as strong pricing schemes, participation in major trade shows targeting the construction and furniture industries, and recently through franchises for distribution centers, has been gaining market share. According to some industry sources, Chilean groups such as Arauco and Masisa have established these franchises, which are modifying the wood products commercialization scheme in Mexico by reducing the number of middlemen. Based on official trade data, while U.S. exports of softwood plywood decreased 12.9 percent to U.S.$ 24.2 million in 2004, market share of Chilean suppliers has been steadily increasing, with imports of softwood plywood up 17.21 percent to U.S. $36.3 million in 2004 from U.S. $30.9 million in 2003. Moreover, Chilean softwood lumber is also competing with U.S. hardwoods in some instances. For certain applications, such as pallets or lower-quality furniture, softwoods are being used as a substitute for hardwoods. Furthermore, highly price sensitive importers are increasing their use of hardwoods from South America. Some companies interviewed perceive Brazil and Peruvian hardwoods to be superior to U.S. hardwoods in terms of quality and price. Several industry sources stated the U.S. is "falling behind" third-country suppliers due to a perceived lack of flexibility and sensitivity to the particular needs of Mexican buyers. Consequently, U.S. suppliers and distributors need to be more receptive to their Mexican clients and rely less on their advantage of geographic proximity in the face of aggressive third-country competition.

MARKET DEVELOPMENT STRATEGIES

The challenge for U.S. exporters to Mexico continues to be maintaining and /or competing with third countries for an increased share of the Mexican wood products market. As already mentioned, in recent years, the Mexican market has witnessed an influx of softwood hardwoods from South America and Asia. Moreover, due to continued strengthening of the Mexican economy it is reasonable to forecast moderate growth in Mexico's consumption of U.S. hardwoods and softwood in both the maquila (in bond companies), furniture, and construction sectors over the next several years. The housing market, for example, represents one of the most dynamic sectors in Mexico. During 2004, and the first seven months of 2005, the housing industry registered growth in practically all segments, but primarily in what are know in Mexico as the "social" and "economic" sectors, which are the low-cost housing sectors (between 82,000 and 220,000 pesos range price or roughly U.S. $8,000 and 21,000). Housing business has a key place in the overall economy due to its linkage with the construction industry, which contributed approximately 5 percent of the GDP in 2004. Moreover, the construction industry is related to a large number of sectors in its production chain, so its expansion generates a multiplier effect on the economy as a whole.

Despite the fact that wood products are generally not used in the construction of homes, except in the formation of concrete, and finish work, such as molding and parquet flooring, U.S. hardwoods have established a niche in the interiors market segment, particularly in roofs and sub-flooring. In addition, the GOM has continued with its effort to address the forest management and the national housing deficit (see MX4120). CONAFOR, along with the National Commission of Housing Promotion (CONAFOVI) are looking to create greater demand for wood as a raw material by promoting it as a construction material in low-cost housing projects. As result, the CONAFOR organized the First Contest of Wooden Housing Construction in Mexico. The contest was oriented to building and developer firms, university faculties of engineers and architects, design firms, etc. A total of 27 low-cost housing projects were received for this contest, which closed on August 31, 2005. The ceremony to deliver the award for the best project will on November 25, 2005. The first contest was oriented to the segment called emergency and rural housing (i.e. small houses with a construction area of approximately 22 m^2 and it is the type of housing that the GOM provides in case of natural disasters such as hurricanes). The American Forest & Paper Association (AF&PA) has been collaborating actively with both agencies to carry out these initiatives. AF&PA has stated that this contest is an excellent opportunity to work in coordination with public and private organizations of the housing sector to promote wood as a construction material in Mexico. Wood is a viable construction material in Mexico because it is highly competitive in terms of time, cost, comfort and, above all, sustainability. Moreover, CONAFOR has confirmed that it will organize the second contest next year, which is oriented to "Social Housing" (the main characteristics of this housing is a construction area of approximately 45 m^2, with kitchen, dining room, one or two bedrooms, and one bathroom). Reportedly there is a commitment by the main governmental building developers agencies (INFONAVIT and FONHAPO) to contract with several of the winning entries from the second contest as pilot projects.

Industry sources state that despite the fact there are a number of long-term challenges in obtaining widespread acceptance for wood frame construction in Mexico, there has already been a noticeable change in consumer preferences. In order to take advantage of this opportunity, AF&PA and softwood cooperators will continue working with Mexican governmental agencies. They recognize, however, that this will be a long-term market development effort.

Regarding the furniture and maquila sectors, industry sources stated that most manufactured Red Oak products destined for export to the U.S. will see constant or increased growth over the next few years. Unlike in the U.S., there does not appear to be significant market potential for Red Oak products in Mexico due to Mexican consumers' preference for lower-cost materials. In the last three years approximately 60 percent of all imported hardwood products in Mexico were destined for the maquiladora sector. By far the majority of products manufactured by hardwood maquilas are furniture-related. These manufacturers focus their production primarily on home furniture.

In order to maintain market share in Mexico and compete internationally, there are a wide-variety of activities and services that U.S. Cooperators can employ in order to help develop a general interest in U.S. hardwood and softwood products in Mexico. The following are some examples:

- Support GOM pilot housing projects;
- Conduct mini road show seminars in Mexican cities which have shown interest in wood housing;
- Offer wood housing workshops at key conferences and trade shows;
- Sponsor U.S. training missions for Mexican builders, developers, and GOM agencies involved in wood housing;
- Work with Mexican banking authorities to determine the current policies towards financing wood housing and provide information as needed;
- Increase Mexican consumers' awareness of the advantages of the physical and mechanical properties of U.S. hardwood and softwood products through promotional and educational efforts;
- Supply technical information, organize seminars, and carrying out site visits to smaller Mexican facilities to discuss ways in which their competitiveness may be improved through the use of wood materials;
- Consider compiling a credit profile of key Mexican importers for distribution to U.S. exporters. A list of importers along with a brief credit history may be supplied in advance to U.S. exporters, or the U.S. cooperators could act as an in-country source of credit information on an ongoing, need-to-know basis. Such information would be very helpful for U.S. exporters who are considering extending credit to Mexican buyers, and would ultimately help foster more reliable purchasing and a reduction in cases of non-payment;
- Visits from Mexican buyers to U.S. softwood and hardwood mills are a time-tested means of demonstrating the quality and efficiency of U.S. production facilities, bridging knowledge gaps, and helping to nurture personal business ties;
- In addition to efforts within professional circles, promotional work should be targeted at wood consumers who may purchase U.S. hardwoods at the retail level, or request that builders, architects, and interior designers include U.S. hardwoods in their home building / renovation plans. Such advertising should help drive hardwood consumption in Mexico and translate into higher imports. Again, the U.S. "brand" should continue to be emphasized.

SOFTWOOD LOGS PS&D

PSD TABLE						
Country	**Mexico**					
Commodity	**Softwood Logs**			1000 CUBIC METERS		
	2004 Revised		**2005 Estimate**		**2006 Forecast**	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	**01/2004**		**01/2005**		**01/2006**	
Production	5,342	6,491	0	6,755	0	6,940
Imports	5	13	0	16	0	17
TOTAL SUPPLY	**5,347**	**6,504**	**0**	**6,771**	**0**	**6,957**
Exports	1	2	0	4	0	5
Domestic Consumption	5,346	6,502	0	6,767	0	6,952
TOTAL DISTRIBUTION	**5,347**	**6,504**	**0**	**6,771**	**0**	**6,957**

TRADE MATRIX SOFTWOOD LOGS

NOTE: Despite the fact that SE's official data shows a considerable increase in MY 2004 in softwood logs imports, FAS/Mexico's estimates have been revised based on U.S. Census data. It should be noted that no private or other government sources, including SEMARNAT, concurred with the SE's figures. Imports of softwood logs should increase slightly in MY 2006, as is reflected in our PS&D

SOFTWOOD LOGS	H.S. 4403.20	**UNITS: CUBIC METERS**	
EXPORTS FOR 2004 TO:		IMPORTS FOR 2004 FROM:	
U.S.	1,800	U.S.	61,554
OTHER		OTHER	
JAPAN	104	BELIZE	0
TOTAL OF OTHER	104	TOTAL OF OTHER	0
OTHERS NOT LISTED	0	OTHERS NOT LISTED	0
GRAND TOTAL	1,904	GRAND TOTAL	61,554

SOURCE: World Trade Atlas. Mexico Edition. June 2005.

SOFTWOOD LOGS	H.S. 4403.20	**UNITS: CUBIC METERS**	
EXPORTS FOR 2005 TO:		IMPORTS FOR 2005 FROM:	
U.S.	1,958	U.S.	11,709
OTHER		OTHER	
JAPAN	72	BRAZIL	25
TOTAL OF OTHER	0	TOTAL OF OTHER	25
OTHERS NOT LISTED	0	OTHERS NOT LISTED	0
GRAND TOTAL	2,030	GRAND TOTAL	11,734

SOURCE: World Trade Atlas. Mexico Edition. June, 2005.
*** As of June, 2005.**

PRODUCTION – SOFTWOOD LOGS

Total MY 2006 softwood production is forecast to increase to approximately 6.9 million M^3, or 3 percent higher than in MY 2005. Production also grew in MY 2004 and 2005 because the Mexican economy continues to grow. As the economic panorama continues to improve along with the construction and furniture industries, forest product consumption will increase in MY 2006. Traditionally these sectors consume the largest percentage of forest products production. The quality of available timber has declined in recent years. Private sector sources indicated overcutting continues to be very common due to inadequate infrastructure and a lack of necessary funding to manage and protect forests. Total illegal cutting has been estimated at 13 million m^3 per year, however no one knows exactly the magnitude of this illegal overcutting. Moreover, individual use of roundwood as firewood, most of which is not recorded by official statistics, has continued at significant levels in the countryside.

CONSUMPTION – SOFTWOOD LOGS

The MY 2004 and 2005 consumption estimates have been revised upwards to reflect the comeback of the construction sector along with the strong demand for furniture. For MY 2006 it is expected that consumption will increase by approximately 3 percent, as this positive trend of the construction and furniture sectors continues.

The demand for softwood logs continues to come from the sawmill industry (75.4 percent), the paper industry (14.3 percent), and firewood consumption (8.6 percent). The rest reflects demand from railroad, telephone, and the electricity industries. These figures represent SEMARNAT data.

TRADE – SOFTWOOD LOGS

Imports are forecast to increase to approximately 17,000 M^3 because the Mexican economy is expected to continue growing in MY 2006. Import and export estimates for MY 2004 and 2005 (preliminary data for this year) have been revised upward based mostly on U.S. Census data. There is a big difference from official Mexican data and U.S. Census data.

TEMPERATE HARDWOOD LOGS PS&D

PSD TABLE						
Country	**Mexico**					
Commodity	**Temperate Hardwood Logs**				1000 CUBIC METERS	
	2004 Revised		**2005 Estimate**		**2006 Forecast**	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	**01/2004**		**01/2005**		**01/2006**	
Production	788	975	0	1,052	0	1,080
Imports	10	4	0	6	0	3
TOTAL SUPPLY	**798**	**979**	**0**	**1,058**	**0**	**1,083**
Exports	0	0	0	0	0	0
Domestic Consumption	798	979	0	1,058	0	1,083
TOTAL DISTRIBUTION	**798**	**979**	**0**	**1,058**	**0**	**1,083**

TRADE MATRIX TEMPERATE HARDWOOD LOGS

Note: Due to inconsistencies in the Government of Mexico's 2004 & 2005 trade data, the MY 2004 and MY 2005 PS&D trade estimates have been based on information gathered from industry sources. It should be noted that no private or other government sources, including SEMARNAT, concurred with the SE's figures. These inconsistencies have not been corrected and are reported as SE data indicates.

TEMPERATE HARDWOOD LOGS	H.S. 4403.9[a]	UNITS: CUBIC METERS	
EXPORTS FOR 2004 TO:		IMPORTS FOR 2004 FROM:	
U.S.	277	U.S.	760
OTHER		OTHER	
JAPAN	37,886	COSTA RICA	1,286
TOTAL OF OTHER	37,886	TOTAL OF OTHER	1,286
OTHERS NOT LISTED	137	OTHERS NOT LISTED	1,483
GRAND TOTAL	38,300	GRAND TOTAL	3,529

SOURCE: World Trade Atlas. Mexico Edition. June 2005.

TEMPERATE HARDWOOD LOGS	H.S. 4403.9[a]	UNITS: CUBIC METERS	
EXPORTS FOR 2005*TO:		IMPORTS FOR 2005*FROM:	
U.S.	130	U.S.	699
OTHER		OTHER	
JAPAN	258	CHILE	950,960
TOTAL OF OTHER	258	TOTAL OF OTHER	950,960
OTHERS NOT LISTED	157	OTHERS NOT LISTED	1,717
GRAND TOTAL	545	GRAND TOTAL	953,376

SOURCE: World Trade Atlas. Mexico Edition. June 2005.
[a] Expressed values for HS 4403.9 consolidates the following subheadings: 4403.91, 4403.92 & 4403.99
*** As of June 2005.**

PRODUCTION – HARDWOOD LOGS

Production estimates for MY 2004 and preliminary MY 2005 have been revised upward reflecting official SEMARNAT information. For MY 2006 temperate hardwood production is expected to increase 2.7 percent due to strong domestic demand, of which 85 percent will be oak and the balance ash, alder, mesquite, ebony and madrone. Overall, there is renewed optimism in the Mexican hardwood products industry due to strengthening in the construction and furniture manufacturing sectors. In MY 2004, temperate hardwood log production represented approximately 12.5 percent of total Mexican round wood production and is expected to remain roughly the same in MY 2005.

CONSUMPTION – HARDWOOD LOGS

In MY 2005, hardwood consumption increased to over 1.0 million M^3, indicating that Mexico has continued to recognize the potential uses and resistant features of most of the temperate hardwood species. This is due to the furniture manufacturers' increased demand for temperate hardwood, especially those that produce flooring and furniture for export. FAS/Mexico expects this consumption trend to continue in MY 2006. Reportedly, Mexican importers for furniture manufacturers have increased acceptance of U.S. hardwood species. For example, by far the majority of products manufactured by hardwood maquilas (in-bond manufacturers) are furniture-related. These manufacturers focus their production on primarily home furniture. The MY 2005 and MY 2005 consumption estimates have been revised upward due to new industry information.

TRADE – HARDWOOD LOGS

For MY 2005, imports are forecast to decrease to 3,000 M^3, as the Mexican market continues to be a price-driven market. As a result, several furniture plants have opted for better-priced tropical hardwood species. Moreover, as a consequence of increased competition, some manufacturers expect to adjust their species mix. Some furniture manufacturers, for example, are beginning to import U.S. hardwoods that are relatively cheaper, such as Alder and Tulipwood, while attempting to preserve the quality of their products. Import estimates for MY 2004 and MY 2005 (preliminary data for this year) have been revised downward based mostly on official Secretariat of Economy (SE) data.

SOFTWOOD LUMBER PS&D

PSD TABLE						
Country	**Mexico**					
Commodity	**Softwood Lumber**		1000 M^3			
	2004 Revised		**2005 Estimate**		**2006 Forecast**	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	**01/2004**		**01/2005**		**01/2006**	
Production	1,948	3,246	1,983	3,378	0	3,480
Imports	4,140	2,217	4,260	2,200	0	2,240
TOTAL SUPPLY	**6,088**	**5,463**	**6,243**	**5,578**	**0**	**5,720**
Exports	70	99	73	80	0	85
Domestic Consumption	6,018	5,364	6,170	5,498	0	5,635
TOTAL DISTRIBUTION	**6,088**	**5,463**	**6,243**	**5,578**	**0**	**5,720**

TRADE MATRIX SOFTWOOD LUMBER

SOFTWOOD LUMBER		H.S. 4407.1[c]	UNITS: CUBIC METERS
EXPORTS FOR 2004 TO:		IMPORTS FOR 2004 FROM:	
U.S.	97,627	U.S.	454,188
OTHER		OTHER	
CUBA	590	CHILE	1,492.080
		CANADA	199.241
TOTAL OF OTHER	590	TOTAL OF OTHER	1,691.321
OTHERS NOT LISTED	338	OTHERS NOT LISTED	71.352
GRAND TOTAL	98,555	GRAND TOTAL	2,216.861

SOURCE: World Trade Atlas. Mexico Edition. June 2005.

SOFTWOOD LUMBER	H.S. 4407.1[c]	UNITS: CUBIC METERS	
EXPORTS FOR 2005 TO:		IMPORTS FOR 2005 FROM:	
U.S.	39.349	U.S.	247,976
OTHER		OTHER	
CUBA	221	CHILE	315,937
TOTAL OF OTHER	221	TOTAL OF OTHER	315,937
OTHERS NOT LISTED	1	OTHERS NOT LISTED	118,016
GRAND TOTAL	39,571	GRAND TOTAL	681,929

SOURCE: World Trade Atlas. Mexico Edition. June 2005
[c] Expressed values for HS 4407.1 consolidates the following subheadings: 4407.10.01, 4407.10.02, 4407.10.03, 4407.10.04 & 4407.10.99
*** As of June 2005**

PRODUCTION – SOFTWOOD LUMBER

MY 2004 and 2005 production estimates have been revised upward according to the most recent industry information, which takes into account the favorable economic conditions of the past few years and the dynamic performance of the construction sector. Similarly, for MY 2006 softwood lumber production is forecast to increase approximately 3 percent at 3.4 million M^3, because of expected growth in construction activity. The largest construction companies in the middle-cost housing segment, for example, are expecting to increase their sales by 17 percent in 2006. This is in-line with the target estimate of the two main financing bodies serving the housing market (INFONAVIT and FOVISSTE), which expect to increase their number of loans by 16 percent. These increases should positively impact softwood lumber production.

CONSUMPTION – SOFTWOOD LUMBER

Consumption should increase in MY 2006 due to the expectation that Mexico's economy will continue rebounding and consequently the furniture, in-bond industries, and construction sectors. The MY 2004 and 2005 consumption data has been revised downward based on the most recent industry information. The majority of softwood lumber production continues to go to the construction sector, as well as for packing purposes and for small to medium household furniture manufacturers. Also, softwood lumber is used in the formation of concrete. Industry sources stated that purchasing decisions continue to be price-focused.

TRADE – SOFTWOOD LUMBER

MY 2004 and 2005 import estimates have been revised downward based on official SE data and as result of higher than previously estimated domestic production. For MY 2006 imports are forecast to increase slightly to 2.24 million M^3, as a result of the strength of the Mexican construction sector. The export estimates for MY 2004 and 2005 (preliminary data) have been revised upward, again based on final official SE data.

TEMPERATE HARDWOOD LUMBER PS&D

PSD TABLE						
Country	**Mexico**					
Commodity	**Temperate Hardwood Lumber**			1000 CUBIC METERS		
	2004 Revised		**2005 Estimate**		**2006 Forecast**	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	**01/2004**		**01/2005**		**01/2006**	
Production	404	488	415	526	0	540
Imports	235	179	240	220	0	225
TOTAL SUPPLY	**639**	**667**	**655**	**746**	**0**	**765**
Exports	0	0	0	0	0	0
Domestic Consumption	639	667	655	746	0	765
TOTAL DISTRIBUTION	**639**	**667**	**655**	**746**	**0**	**765**

TRADE MATRIX TEMPERATE HARDWOOD LUMBER

Note: Due to inconsistencies in the Government of Mexico's 2004 & 2005 export data (preliminary information for 2005), the MY 2004 and MY 2005 PS&D trade estimates have been based on information gathered from industry sources. There is a big difference from official Mexican data and U.S. Census data.

TEMPERATE HARDWOOD LUMBER	**H.S. 4407.9[d]**	**UNITS: CUBIC METERS**	
EXPORTS FOR 2004 TO:		IMPORTS FOR 2004 FROM:	
U.S.	8,566	U.S.	100,139
OTHER		OTHER	
GERMANY	51,741	CANADA	27,941
TOTAL OF OTHER	51,741	TOTAL OF OTHER	27.941
OTHERS NOT LISTED	31,829	OTHERS NOT LISTED	51,326
GRAND TOTAL	92,136	GRAND TOTAL	179,406

SOURCE: World Trade Atlas. Mexico Edition. June 2005.

TEMPERATE HARDWOOD LUMBER	**H.S. 4407.9[d]**	**UNITS: CUBIC METERS**	
EXPORTS FOR 2005 TO:		IMPORTS FOR 2005 FROM:	
U.S.	67,992	U.S.	98,299
OTHER		OTHER	
GUATEMALA	150	PERU	3,506
		CANADA	1,149
TOTAL OF OTHER	150	TOTAL OF OTHER	4,655
OTHERS NOT LISTED	135	OTHERS NOT LISTED	2,681
GRAND TOTAL	68,277	GRAND TOTAL	105,635

SOURCE: World Trade Atlas. Mexico Edition. June 2005.

[d] Expressed values for HS 4407.9 consolidates the following subheadings: 4407.91.01, 4407.92.01, 4407.92.99, 4407.99.01, 4407.99.02, 4407.99.03, 4407.99.04, 4407.99.05 & 4407.99.99.

*** As of June 2005**

PRODUCTION – HARDWOOD LUMBER

Total MY 2006 temperate hardwood lumber production is estimated to grow at approximately 540,000 M^3, 2.7 percent higher than the revised MY 2005 estimate, as domestic demand for furniture, maquila-furniture, flooring, and millwork industries remains strong. Increasingly, Mexican maquila furniture plants are using U.S. hardwoods in their production. Higher volumes will be consumed as bilateral trade in furniture increases. Primary species are red and white oak, the poplars, walnut, maple, cherry, beech and alder. The production estimates for MY 2004 and 2005 have been revised upward to reflect official data from SEMARNAT.

CONSUMPTION – HARDWOOD LUMBER

Consumption figures for MY 2004 and 2005 have been revised upward, reflecting the stronger than expected demand from the furniture industry (including the maquila sector) as well as the flooring and architectural millwork sectors. For MY 2006 consumption is forecast to increase to 765,000 M^3 as the Mexican economy is expected to continue growing. The expected increase in consumption is partially attributed to maquila-furniture manufacturers, which have maintained strong demand for U.S. hardwoods. Reportedly, these manufacturers perceive Mexican hardwoods to be of inferior quality to U.S. woods. In terms of delivery and service, U.S. hardwoods are also perceived positively thanks to quality servicing and geographical proximity. The positive outlook by Mexican maquiladoras is centered on renewed optimism for the U.S. economy. Since the maquiladora sector exists to supply products to the U.S. market, the improved performance of the economy will drive the sector’s productive activity.

TRADE – HARDWOOD LUMBER

Import estimates for MY 2004 and 2005 have decreased. This decline is based on official SE data (preliminary figures for the MY2005), which reflect higher than originally expected domestic production for these years. For MY 2006, imports are expected to increase approximately 2.5 percent to 225,000 M^3. It should be noted, however, that a factor that could prevent the increase of U.S. hardwood lumber is the rising trend of American hardwood prices. While prices evidently follow a cyclical trend, recent rises may prompt Mexican buyers to seek alternative sources. Therefore, the American Hardwood Export Council (AHEC) would be wise to develop a regularly updated publication or Website in order to provide price information to Mexican importers so that they may find alternative, more economical, species within the U.S. In theory this information would make producers less motivated to substitute their U.S. hardwoods with softwoods or hardwoods from elsewhere. Moreover, AHEC is advised to continue its efforts to communicate the advantages of U.S. hardwoods among maquiladoras, multi-use facilities, carpenters, architects, distributors, and in professional school programs. In light of growing competition from third-country suppliers, AHEC efforts should continue to attempt to differentiate and “brand” U.S. hardwood vis-à-vis its competition. According to industry sources, the quality and natural beauty of U.S. wood should keep the market open.

TROPICAL HARDWOOD LUMBER PS&D TABLE

PSD TABLE						
Country	Mexico					
Commodity	**Tropical Hardwood Lumber**				1000 CUBIC METERS	
	2004 Revised		**2005 Estimate**		**2006 Forecast**	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	**01/2004**		**01/2005**		**01/2006**	
Production	170	162	175	200	0	205
Imports	90	90	115	90	0	93
TOTAL SUPPLY	**260**	**252**	**290**	**290**	**0**	**298**
Exports	0	0	0	0	0	0
Domestic Consumption	260	252	290	290	0	298
TOTAL DISTRIBUTION	**260**	**252**	**290**	**290**	**0**	**298**

TRADE MATRIX TROPICAL HARDWOOD LUMBER

TROPICAL HARDWOOD LUMBER 4407.2[e]	H.S.	UNITS: CUBIC METERS	
EXPORTS FOR 2004 TO:		IMPORTS FOR 2004 FROM:	
U.S.	24,624	U.S.	805
OTHER		OTHER	
UNITED KINGDOM	7	PERU	110,195
TOTAL OF OTHER	7	TOTAL OF OTHER	110,195
OTHERS NOT LISTED	0	OTHERS NOT LISTED	112,638
GRAND TOTAL	24,631	GRAND TOTAL	223,638

SOURCE: World Trade Atlas. Mexico Edition. June 2005.

TROPICAL HARDWOOD LUMBER	H.S. 4407.2[e]	UNITS: CUBIC METERS	
EXPORTS FOR 2005 TO:		IMPORTS FOR 2005 FROM:	
U.S.	171	U.S.	138
OTHER		OTHER	
DOMINICAN REPUBLIC	68	PERU	39,664
TOTAL OF OTHER	68	TOTAL OF OTHER	39,664
OTHERS NOT LISTED	32	OTHERS NOT LISTED	4,351
GRAND TOTAL	271	GRAND TOTAL	44,153

SOURCE: World Trade Atlas. Mexico Edition. June 2005.

[e] Expressed values for HS 4407.2 consolidates the following subheadings: 4407.24.01, 4407.24.99, 4407.25.01, 4407.26.01, 4407.29.01,4407.29.03 & 4407.29.99

*** As of June 2005**

PRODUCTION - TROPICAL HARDWOOD LUMBER

An approximate 2.5 percent increase in production is expected in MY 2006, due to the anticipated growing of the Mexican economy. Tropical hardwood log production has remained at low levels due to depletion of jungle areas, poor technology, and the remote location of some species. According to CONAFOR, deforestation in southeastern Mexico, where the tropical forest is concentrated, has occurred at alarming rates. According to regional studies, a block of the Lacandon rainforest, in Southern Mexico, had lost nearly one-third of its natural forest. Another study has demonstrated that only 27 percent of the original cover of seasonally dry tropical forest remains in Mexico. Production figures for MY 2004 and MY 2005 have been revised downward, and upward respectively, according to official final data (preliminary information for MY2005).

CONSUMPTION - TROPICAL HARDWOOD LUMBER

Domestic consumption of tropical hardwood lumber is forecast to increase to 298,000 M^3 in MY 2006 as the furniture/interior joinery market continues growing, along with the gradual growth of the Mexican interior market. For MY 2004, consumption estimates have been revised downward based on the most recent industry information. The Mexican market continues to be price-driven and thus remains very sensitive to low-priced South American tropical lumber, especially given the relative scarceness and high prices of domestic tropical hardwood. Domestically, mahogany and red (Spanish) cedar continue to dominate the marketplace. Mahogany is the most popular wood due to the status and tradition associated with it.

TRADE - TROPICAL HARDWOOD LUMBER

Imports of tropical lumber should increase approximately 3 percent in MY 2006 compared with the MY 2005 estimate, assuming the continued demand for finished products, such as furniture and flooring. The MY 2005 import estimate has been revised downward mostly based on information gathered from industry sources. It should be noted that due to inconsistencies in Government of Mexico 2004 and 2005 trade date, the MY 2004 and MY 2005 PS&D trade estimates have been based on industry sources. Consequently the official trade data reflected in the trade matrix of 2004 differs significantly from the PS&D estimate in this report.

SOFTWOOD PLYWOOD PS&D TABLE

PSD TABLE						
Country	**Mexico**					
Commodity	**Softwood Plywood**		1000 CUBIC METERS			
	2004 Revised		**2005 Estimate**		**2006 Forecast**	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	**01/2004**		**01/2005**		**01/2006**	
Production	146	146	155	205	0	230
Imports	230	190	242	200	0	180
TOTAL SUPPLY	**376**	**336**	**397**	**405**	**0**	**410**
Exports	5	1	7	1	0	2
Domestic Consumption	371	335	390	404	0	408
TOTAL DISTRIBUTION	**376**	**336**	**397**	**405**	**0**	**410**

TRADE MATRIX SOFTWOOD PLYWOOD

SOFTWOOD PLYWOOD	H.S. 4412.1[f]	UNITS: CUBIC METERS	
EXPORTS FOR 2004 TO:		IMPORTS FOR 2004 FROM:	
U.S.	1,102	U.S.	70,185
BELIZE	4	CHILE	78,576
OTHERS NOT LISTED	2	OTHERS NOT LISTED	41,897
GRAND TOTAL	1,108	GRAND TOTAL	190,658

SOURCE: World Trade Atlas. Mexico Edition. June 2005.

SOFTWOOD PLYWOOD	H.S. 4412.1[f]	UNITS: CUBIC METERS	
EXPORTS FOR 2005 TO:		IMPORTS FOR 2005 FROM:	
U.S.	446	U.S.	33,358
COSTA RICA	23	CHILE	45,747
TOTAL OF OTHER	1	TOTAL OF OTHER	24,667
GRAND TOTAL	470	GRAND TOTAL	103,952

SOURCE: World Trade Atlas. Mexico Edition. June 2005.
[f] Expressed values for HS 4412.19 consolidates the following subheadings: 4412.19.01, 4412.19.02 & 4412.19.99
*** As of June 2005**

PRODUCTION – SOFTWOOD PLYWOOD

As a result of the increase on import duties for plywood imposed by the GOM (see Policy section), Mexican softwood production is expected to increase to 230,000 M^3 for MY 2006. It should be noted, however, that the increase of import duties will not affect plywood imported from countries where Mexico has free trade agreements, such the United States and Chile, among others. An additional factor that should increase the plywood production is the dynamic performance of the construction and furniture sectors. In the case of the construction sector, for example, it is estimated that in 2004, approximately 710,000 houses were built, and for the next few years it is expected that private financial institutions will increase credit for mortgages considerably. This will encourage construction firms to build houses mainly in the “middle” and “upper” segments of the market over the next five years.

According to ANAFATA, in Mexico there are only 14 plywood plants, and 7 of them are working at approximately 80-percent capacity, while the rest are operating at only 30 percent. This is primarily due to increased competition from imported plywood, as well as furniture imports from China. Mexican plywood plants, with few exceptions, are very old by industry standards. Moreover, there are negative expectations in Mexico’s low-end furniture sector as a result of increased competition from China. Additionally, sources have stated that Chinese furniture is competing very aggressively with Mexican hardwood furniture in the U.S. market. Production estimates for MY 2005 have been revised upward based on the most recent ANAFTA information.

CONSUMPTION – SOFTWOOD PLYWOOD

MY 2006 consumption is forecast at 408,000 M^3 due to the increased activity in the construction sector. The primary uses of softwood plywood are in the construction industry and the furniture sector. Consumption estimates for MY 2004 and MY 2005 have been revised downward and upward, respectively, reflecting ANAFATA information.

TRADE – SOFTWOOD PLYWOOD

MY 2006 imports are expected to decrease approximately 10 percent, due to increased domestic production and higher import duties imposed by the GOM on September 7, 2005 (see Policy Section). Import estimates for MY 2004 and 2005 (preliminary information for this year) have been revised based on final data issued by the Secretariat of Economy (SE). Exports are expected to increase slightly in MY 2006 assuming that the trend of high international prices continues. Export estimates for MY 2004 and 2005 have been revised downward based on official data of the SE and preliminary data of ANAFATA for MY 2005.

SOFTWOOD PLYWOOD WHOLESALE PRICES

THICKNESS In mm.	LAYERS	SIZE In cm.	GRADES		
			AD	BD	CDM
- Softwood plywood					
2.7	3	1.22x2.44	$81.11	$74.41	$65.17
3.0	3	1.22x2.44	$95.26	$87.40	$76.94
4.5	3	1.22x2.44	$112.72	$103.41	$91.06
5.5	5	1.22x2.44	$122.76	$112.62	$98.17
8.6	5	1.22x2.44	$170.95	$156.84	$148.99
12.0	5	1.22x2.44	$205.25	$188.32	$178.90
15.0	5	1.22x2.44	$254.82	$233.79	$222.08
18.0	7	1.22x2.44	$291.61	$267.54	$254.17
- Construction centering①					
15.0	5	1.22x2.44	$245.63		
16.0	5	1.22x2.44	$271.18		

①Concrete pouring

Source: Productora de Triplay, Durango, México.

HARDWOOD PLYWOOD PS&D TABLE

PSD TABLE						
Country	**Mexico**					
Commodity	**Hardwood Plywood**		1000 CUBIC METERS			
	2004 Revised		**2005 Estimate**		**2006 Forecast**	
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]
Market Year Begin	**01/2004**		**01/2005**		**01/2006**	
Production	11	11	12	20	0	25
Imports	32	40	34	50	0	50
TOTAL SUPPLY	**43**	**51**	**46**	**70**	**0**	**75**
Exports	0	0	0	0	0	0
Domestic Consumption	43	51	46	70	0	75
TOTAL DISTRIBUTION	**43**	**51**	**46**	**70**	**0**	**75**

TRADE MATRIX TEMPERATE HARDWOOD PLYWOOD

TEMPERATE HARDWOOD PLYWOOD	H.S. 4412.14[g]	UNITS: CUBIC METERS	
EXPORTS FOR 2004 TO:		IMPORTS FOR 2004 FROM:	
U.S.	0	U.S.	2,355
OTHER		OTHER	
		PERU	11,909
TOTAL OF OTHER	0	TOTAL OF OTHER	11,909
OTHERS NOT LISTED	0	OTHERS NOT LISTED	26,193
GRAND TOTAL	0	GRAND TOTAL	40,457

SOURCE: World Trade Atlas. Mexico Edition. June 2005.

TEMPERATE HARDWOOD PLYWOOD	H.S. 4412.14[g]	UNITS: CUBIC METERS	
EXPORTS FOR 2005 TO:		IMPORTS FOR 2005 FROM:	
U.S.	0	U.S.	1,220
OTHER		OTHER	
		PERU	10,826
TOTAL OF OTHER	0	TOTAL OF OTHER	10,826
OTHERS NOT LISTED	0	OTHERS NOT LISTED	17,749
GRAND TOTAL	0	GRAND TOTAL	29,795

SOURCE: World Trade Atlas. Mexico Edition. June 2005.
[g] Expressed values for HS 4412.14 consolidates the following subheadings: 4412.14.00 & 4412.14.99
*** As of June 2005**

PRODUCTION – HARDWOOD PLYWOOD

According to ANAFTA information, total hardwood plywood production between MY 2004 and MY 2005 increased from 11,000 to 20,000 M^3. FAS/Mexico forecasts that this trend will continue in MY 2006 to reach 25,000 M^3, due primarily to the strong demand of the furniture industry.

CONSUMPTION – HARDWOOD PLYWOOD

The consumption should continue to increase from MY 2005 levels as a result of the strong demand of the furniture industry. Larger plywood producers continue to buy U.S. hardwoods; especially those producers who are exporting finished products to the United States. Consumption estimates for MY 2004 and 2005 were obtained from ANAFATA data.

TRADE – HARDWOOD PLYWOOD

Import estimates for MY 2004 and 2005 have been revised upward in accordance with SE official data (preliminary information for MY 2005). According to industry sources, imports have increased sharply due to the strong demand from furniture manufacturers. For MY 2006, however, imports are expected to remain unchanged compared with a year earlier due to the higher import duties imposed by the GOM on September 7, 2005 (see Policy section).

STRATEGIC INDICATOR TABLE

FOREST PRODUCT TARIFFS AND TAXES (percent)						
Country: Mexico Report Year: 2005		Tariff Current Year	Tariff Following Year	Other Import Taxes/Fees ①	Total Cost of Import	Export Tax
H.T.S.	Product Description					
4401	Fuel wood, in logs, in billets, in twigs, in faggots or in similar forms; wood in chips or particles; sawdust and wood waste and scrap, whether or not agglomerated in logs, briquettes, pellets or similar forms.					
4401.10.01	Fuel wood, in logs, in billets, in twigs, in faggots or in similar forms.	EX	N/A	10.00	N/A	EX
4401.21.01	Coniferous.	EX	N/A	10.00	N/A	EX
4401.22.01	Nonconiferous.	EX	N/A	10.00	N/A	EX
4401.30.01	Sawdust and wood waste and scrap, whether or not agglomerated in logs, briquettes, pellets or similar forms.	EX	N/A	10.00	N/A	EX
4403	Wood in the rough, whether or not stripped of bark or sapwood, or roughly squared.					
4403.10.01	Treated with paint, stain, creosote or other preservatives.	EX	N/A	10.00	N/A	EX
4403.20.99	Other, coniferous.	EX	N/A	10.00	N/A	EX
4403.41.01	Dark Red Meranti, Light Red Meranti and Meranti Bakau.	EX	N/A	10.00	N/A	EX
4403.49.01	Other.	EX	N/A	10.00	N/A	EX
4403.49.99	Other.	EX	N/A	10.00	N/A	EX
4403.91.01	Of oak (Quercus spp.).	EX	N/A	10.00	N/A	EX
4403.92.01	Of beech (Fagus spp.).	EX	N/A	10.00	N/A	EX
4403.99.99	Other.	EX	N/A	10.00	N/A	EX
4404	Hopwood; split poles; piles, pickets and stakes of wood, pointed but not sawn lengthwise; wooden sticks, roughly trimmed but not turned, bent or otherwise worked, suitable for the manufacture of walking-sticks, umbrellas, tool handlers or the like; chips					
4404.10.01	Coniferous.	EX	N/A	15.00	N/A	EX
4404.10.99	Coniferous.	EX	N/A	15.00	N/A	EX
4404.20.01	Nonconiferous.	EX	N/A	20.00	N/A	EX
4404.20.02	Nonconiferous.	EX	N/A	15.00	N/A	EX
4404.20.03	Nonconiferous.	EX	N/A	15.00	N/A	EX
4404.20.04	Nonconiferous.	EX	N/A	15.00	N/A	EX
4404.20.99	Nonconiferous.	EX	N/A	15.00	N/A	EX
4405	Wood wool (excelsior); wood flour.					

FOREST PRODUCT TARIFFS AND TAXES (percent)						
Country: Mexico Report Year: 2005 H.T.S.	Product Description	Tariff Current Year	Tariff Following Year	Other Import Taxes/Fees ①	Total Cost of Import	Export Tax
4405.00.01	Wood wool (excelsior); wood flour.	EX	N/A	15.00	N/A	EX
4405.00.02	Wood wool (excelsior); wood flour.	EX	N/A	15.00	N/A	EX
4406	Railway or tramway sleepers (cross-ties) of wood.					
4406.10.01	Not impregnated.	EX	N/A	15.00	N/A	EX
4406.90.99	Other.	EX	N/A	15.00	N/A	EX
4407	Wood sawn or chipped lengthwise, sliced or peeled, whether or not planed, sanded or finger-jointed, of a thickness exceeding					
4407.10.01	Coniferous.	EX	N/A	10.00	N/A	EX
4407.10.02	Coniferous.	EX	N/A	15.00	N/A	EX
4407.10.03	Coniferous.	EX	N/A	10.00	N/A	EX
4407.10.99	Coniferous .	EX	N/A	15.00	N/A	EX
4407.24.01	Virola, Mahogany (Swietenia spp.), Imbuia and Balsa.	EX	N/A	15.00	N/A	EX
4407.24.99	Virola, Mahogany (Swietenia spp.), Imbuia and Balsa.	EX	N/A	15.00	N/A	EX
4407.25.01	Dark Red Meranti, Light Red Meranti and Meranti Bakau.	EX	N/A	15.00	N/A	EX
4407.26.01	White Lauan, White Meranti, White Seraya, Yellow Meranti and Alan.	EX	N/A	15.00	N/A	EX
4407.29.01	Other	EX	N/A	15.00	N/A	EX
4407.29.99	Other	EX	N/A	15.00	N/A	EX
4407.91.01	Of oak (Quercus spp.).	EX	N/A	15.00	N/A	EX
4407.92.01	Of beech (Fagus spp.).	EX	N/A	10.00	N/A	EX
4407.92.99	Of beech (Fagus spp.).	EX	N/A	15.00	N/A	EX
4407.99.01	Other.	EX	N/A	15.00	N/A	EX
4407.99.02	Other.	EX	N/A	10.00	N/A	EX
4407.99.03	Other.	EX	N/A	10.00	N/A	EX
4407.99.04	Other.	EX	N/A	10.00	N/A	EX
4407.99.05	Other.	EX	N/A	15.00	N/A	EX
4407.99.99	Other.	EX	N/A	15.00	N/A	EX
4408	Veneer sheets and sheets for plywood (whether or not spliced) and other wood sawn lengthwise, sliced or peeled, whether or not planed, sanded or finger-jointed, of a thickness not exceeding 6 mm.					
4408.10.01	Coniferous.	EX	N/A	15.00	N/A	EX
4408.31.01	Dark Red Meranti, Light Red Meranti and Meranti Bakau.	EX	N/A	15.00	N/A	EX
4408.39.99	Other.	EX	N/A	15.00	N/A	EX
4408.90.99	Other.	EX	N/A	15.00	N/A	EX

FOREST PRODUCT TARIFFS AND TAXES (percent)						
Country: Mexico Report Year: 2005 H.T.S.	Product Description	Tariff Current Year	Tariff Following Year	Other Import Taxes/Fees ①	Total Cost of Import	Export Tax
4409	Wood (including strips and friezes for parquet flooring, not assembled) continuously shaped (tongued, grooved, rebated, chamfered, V-jointed, beaded, molded, rounded or the like) along any of its edges or faces, whether or not planed, sanded or finger-joi					
4409.10.01	Coniferous.	EX	N/A	20.00	N/A	EX
4409.10.02	Coniferous	EX	N/A	10.00	N/A	EX
4409.10.99	Coniferous.	EX	N/A	20.00	N/A	EX
4409.20.01	Nonconiferous.	EX	N/A	20.00	N/A	EX
4409.20.99	Nonconiferous.	EX	N/A	20.00	N/A	EX
4410	Particleboard and similar board of wood or other ligneous materials, whether or not agglomerated with resins or other organic binding substances.					
4410.11.01	Waferboard, including oriented strand board.	EX	N/A	N/A	N/A	EX
4410.19.99	Other	EX	N/A	N/A	N/A	EX
4410.90.01	Of other ligneous materials.	EX	N/A	15.00	N/A	EX
4410.90.02	Of other ligneous materials.	EX	N/A	N/A	N/A	EX
4410.90.99	Of other ligneous materials.	EX	N/A	20.00	N/A	EX
4411	Fiberboard of wood or other ligneous materials, whether or not bonded with resins or other organic substances.					
4411.11.01	Not mechanically worked or surface covered.	EX	N/A	15.00	N/A	EX
4411.19.99	Other.	EX	N/A	15.00	N/A	EX
4411.21.01	Not mechanically worked or surface covered.	EX	N/A	15.00	N/A	EX
4411.29.99	Other.	EX	N/A	15.00	N/A	EX
4411.31.01	Not mechanically worked or surface covered.	EX	N/A	15.00	N/A	EX
4411.39.99	Other.	EX	N/A	15.00	N/A	EX
4411.91.01	Not mechanically worked or surface covered.	EX	N/A	15.00	N/A	EX
4411.99.99	Other	EX	N/A	15.00	N/A	EX
4412	Plywood, veneered panels and similar laminated wood.					
4412.13.01	With at least one outer ply of tropical wood specified in subheading note 1 to this chapter.	EX	N/A	20.00	N/A	EX
4412.13.99	With at least one outer ply of tropical wood specified in	EX	N/A	15.00	N/A	EX

FOREST PRODUCT TARIFFS AND TAXES (percent)						
Country: Mexico Report Year: 2005 H.T.S.	Product Description	Tariff Current Year	Tariff Following Year	Other Import Taxes/Fees ①	Total Cost of Import	Export Tax
	subheading note 1 to this chapter.					
4412.14.99	Other, with at least one outer ply of nonconiferous wood.	EX	N/A	15.00	N/A	EX
4412.19.01	Other, with both outer plies of coniferous wood.	N/A	N/A	15.00	N/A	EX
4412.19.02	Other, with both outer plies of coniferous wood.	EX	N/A	N/A	N/A	EX
4412.19.99	Other, with both outer plies of coniferous wood.	EX	N/A	20.00	N/A	EX
4412.22.01	With at least one ply of tropical wood specified in subheading n ote 1 to this chapter.	EX	N/A	20.00	N/A	EX
4412.23.99	Other, containing at least one layer of particle board	EX	N/A	15.00	N/A	EX
4412.29.99	Other.	EX	N/A	20.00	N/A	EX
4412.92.01	With at least one ply of tropical wood specified in subheading note 1 to this chapter.	EX	N/A	20.00	N/A	EX
4412.93.99	Other, containing at least one layer of particleboard.	EX	N/A	15.00	N/A	EX
4412.99.99	Other.	EX	N/A	20.00	N/A	EX
4413	Densified wood, in blocks, plates, strips or profile shapes.					
4413.00.01	Densified wood, in blocks, plates, strips or profile shapes.	EX	N/A	10.00	N/A	EX
4413.00.02	Densified wood, in blocks, plates, strips or profile shapes.	EX	N/A	15.00	N/A	EX
4413.00.99	Densified wood, in blocks, plates, strips or profile shapes.	EX	N/A	20.00	N/A	EX
4414	Wooden frames for paintings, photographs, mirrors or similar objects.					
4414.00.01	Wooden frames for paintings, photographs, mirrors or similar objects.	EX	N/A	20.00	N/A	EX
4415	Packing cases, boxes, crates, drums and similar packing, of wood; cable-drums, of wood; pallets, box-pallets and other load boards, of wood; pallet collars of wood.					
4415.10.01	Cases, boxes, crates, drums and similar packing; cable-drums.	EX	N/A	20.00	N/A	EX
4415.20.01	Pallets, box-pallets and other load boards; pallet collars	EX	N/A	20.00	N/A	EX
4415.20.99	Pallets, box-pallets and other load boards; pallet collars.	EX	N/A	20.00	N/A	EX

FOREST PRODUCT TARIFFS AND TAXES (percent)						
Country: Mexico		Tariff Current Year	Tariff Following Year	Other Import Taxes/Fees ①	Total Cost of Import	Export Tax
Report Year: 2005						
H.T.S.	Product Description					
4416	Casks, barrels, vats, tubs and other coopers' products and parts thereof, of wood, including staves.					
4416.00.01	Casks, barrels, vats, tubs and other coopers' products and parts thereof, of wood, including staves.	EX	N/A	Ex.	N/A	EX
4416.00.02	Casks, barrels, vats, tubs and other coopers' products and parts thereof, of wood, including staves	EX	N/A	20.00	N/A	EX
4416.00.03	Casks, barrels, vats, tubs and other coopers' products and parts thereof, of wood, including staves	EX	N/A	20.00	N/A	EX
4416.00.04	Casks, barrels, vats, tubs and other coopers' products and parts thereof, of wood, including staves	EX	N/A	20.00	N/A	EX
4416.00.99	Casks, barrels, vats, tubs and other coopers' products and parts thereof, of wood, including staves	EX	N/A	20.00	N/A	EX
4417	Tools, tool bodies, tool handles, broom or brush bodies and handles, of wood; boot or shoe lasts and trees, of wood.					
4417.00.01	Tools, tool bodies, tool handles, broom or brush bodies and handles, of wood; boot or shoe lasts and trees, of wood.	EX	N/A	15.00	N/A	EX
4417.00.99	Tools, tool bodies, tool handles, broom or brush bodies and handles, of wood; boot or shoe lasts and trees, of wood.	EX	N/A	20.00	N/A	EX
4418	Builders' joinery and carpentry of wood, including cellular wood panels and assembled parquet panels; shingles and shakes.					
4418.10.01	Windows, French-windows and their frames.	EX	N/A	20.00	N/A	EX
4418.20.01	Doors and their frames and thresholds.	EX	N/A	20.00	N/A	EX
4418.30.01	Parquet panels.	EX	N/A	20.00	N/A	EX
4418.40.01	Formwork (shuttering) for concrete constructional work.	EX	N/A	20.00	N/A	EX
4418.50.01	Shingles and shakes.	EX	N/A	20.00	N/A	EX
4418.90.01	Other	EX	N/A	20.00	N/A	EX
4418.90.99	Other.	EX	N/A	20.00	N/A	EX
4419	Tableware and kitchenware, of wood.					

FOREST PRODUCT TARIFFS AND TAXES (percent)							
Country: Mexico		Tariff Current Year	Tariff Following Year	Other Import Taxes/Fees ①	Total Cost of Import	Export Tax
Report Year: 2005						
H.T.S.	Product Description					
4419.00.01	Tableware and kitchenware, of wood.	EX	N/A	20.00	N/A	EX
4420	Wood marquetry and inlaid wood; caskets and cases for jewelry or cutlery and similar articles, of wood; statuettes and other ornaments, of wood; wooden articles of furniture not falling within chapter 94					
4420.10.01	Statuettes and other ornaments, of wood.	EX	N/A	20.00	N/A	EX
4420.90.99	Other.	EX	N/A	20.00	N/A	EX
4421	Other articles of wood.					
4421.10.01	Clothes hangers.	EX	N/A	20.00	N/A	EX
4421.90.01	Other.	EX	N/A	15.00	N/A	EX
4421.90.02	Other.	EX	N/A	15.00	N/A	EX
4421.90.03	Other.	EX	N/A	20.00	N/A	EX
4421.90.04	Other.	EX	N/A	15.00	N/A	EX
4421.90.99	Other.	EX	N/A	20.00	N/A	EX
4422		N/A	N/A	N/A	N/A	N/A
4423		N/A	N/A	N/A	N/A	N/A
4424		N/A	N/A	N/A	N/A	N/A
4425		N/A	N/A	N/A	N/A	N/A
Pre-fabricated Houses, a subsection under chapter 96		N/A	N/A	N/A	N/A	N/A

①Tariff rates applicable during 2005 to imported commodities from countries, which Mexico has not signed any Free Trade Agreement, under the MOST FAVORED NATION (MFN) duty as published in the Mexican Diario Oficial (Federal Register) on January 18, 2002 and modified on December 30, 2004.