



# **WTO-UNECE Workshop, 23/03/2010**

## **Emerging Trade Measures in Timber Markets**

**Session: Tariffs in Timber Markets and the Doha  
Development Agenda:**

**”Forest Products’ Trade -  
a long-term EU Perspective”**

**European Commission: prepared by  
Cornelis KEIJZER, DG TRADE/A2-G3  
Jeremy WALL, DG ENTR/G/4**

# Outline of Presentation

- Pre-Uruguay Round situation for EU forest-based sector
- Uruguay Round impacts of and on EU forest-based sector
- Post-Uruguay Round developments: forest-based sector
- Doha Development Agenda (DDA)

# 1993: pre-Uruguay Round (UR) situation

- EU-12 still a major importer of most FP
- Some multilateral sectoral agreements; inter-sectoral trade-offs,
- Domination of trade negotiations by “Quad” (USA, Canada, Japan, EU)
- USA & Canada sought “double zero” - immediate removal of all FP import tariffs
- EU offer:
  - wood: significant reductions on line-by-line basis
  - paper: 10-year phase-out of tariffs



# Uruguay Round Agreement (Marrakech 1994):

- 10-year phase-out of EU paper tariffs accepted as key component of overall UR deal
- but only matched by other “Quad” partners and mostly OECD members
- thus leaving “free riders”, including low-cost FP producers with less stringent environmental rules



# Post-Uruguay Round - 1

- EU enlargements (1995, 2004, 2007): increased sustainable forest resources (+/- 90 % processing wood) & industry, and
- made EU net exporter of many FP: panels, paper, printing, (sawnwood)
- Increasing environmental consciousness in EU et al., but
- WTO Trade & Environment Cte.: no generalised solutions
- In any case, EU policy and legislation promote environmental conditions & monitoring...

## Post - UR 2: EU environmental measures

- EU mandatory measures: Packaging Waste Directive (recovery, re-use, recycling); VOC Directive; IPPC; EMS; etc.
- EU voluntary measures: EMAS, eco-label, green procurement
- EU forest-based sector:
  - forest & chain-of-custody certification
  - industry commitments (e.g. paper recovery targets)
- These measures add to costs for forest management and manufacturing forest products, but ...
- ...are not reflected in FP prices which are often set internationally in US\$ by lowest-cost producers (NB strong €!)

## Post-UR 3: forest-based industry (F-BI) trends

- EU increases roundwood imports, especially from Russia (2005-6: +/- 25 Mm<sup>3</sup>/year), since then drastically reduced
- Low return on investment (ROI) for EU forest-based industries (F-BI)
- EU F-BI: outward investment into e.g. sub-tropical forest plantations and mills
- 3rd-country, low-cost (wood, energy, labour) producers don't match strict EU environmental conditions

## Doha Development Agenda (DDA):

- origin: 1996: WSSD (Jo'burg): Millenium Goals
- DDA: “Quad” no longer dominant; rise of “BRICs” et al.; multilateral negotiations stalled
- Meanwhile, many bilateral & pluri-lateral deals
- Discussion of “environmental goods”
- EU & less-developed states: development agreements, GSP – including forest products
- EU FLEGT Action Plan (2003→), FLEGT VPAs (2006→), “due diligence” (2008→)
- USA : Lacey Act Amendment (2008) ; Switzerland, Norway, Georgia, Australia?

## EU approach to DDA – F-BI background:

- EU import tariffs: pulp & paper 0%; wood very low (plywood  $\leq 10\%$ ), but....
- ...UR FP deal has limited reciprocity by key competitors
- General increase in NTBs (NB MADB) and dumping into EU
- NAMA: “Swiss Formula” to eliminate/reduce most/all tariffs
- EU strategy: sectorals (in addition to the formula) as a complementary modality. EU (co-)sponsors sectorals for: textiles, machinery, chemicals & jewellery

THANK YOU!      MERCI!      SPACIBA!

## Useful Internet links:

- [http://ec.europa.eu/trade/index\\_en.htm](http://ec.europa.eu/trade/index_en.htm)
- <http://madb.europa.eu/mkaccdb2/indexPubli.htm>
- [http://ec.europa.eu/enterprise/sectors/wood-paper-printing/index\\_en.htm](http://ec.europa.eu/enterprise/sectors/wood-paper-printing/index_en.htm)
- [http://ec.europa.eu/development/policies/9interventionareas/environment/forest/flegt\\_en.cfm](http://ec.europa.eu/development/policies/9interventionareas/environment/forest/flegt_en.cfm)
- <http://ec.europa.eu/environment/forests/flegt.htm>
- [http://ec.europa.eu/environment/forests/illegal\\_logging.htm](http://ec.europa.eu/environment/forests/illegal_logging.htm)