

TRADE HIGHLIGHTS

FINLAND REQUIRES PHYTO FOR CONIFEROUS SOLID WOOD PACKING MATERIAL

Effective May 31, 2000, Finland began requiring phytosanitary certificates for US coniferous solid wood packing material (SWPM), as well as that of Japan, Canada, China, Korea, Mexico, and Taiwan. This action was taken following interceptions of SWPM with pinewood nematodes, grub holes, and bark. USDA/APHIS is working with Finland to resolve this matter as quickly as possible in light of its policy of not issuing phytosanitary certificates for SWPM. In the interim, APHIS is recommending that U.S. exporters use non-coniferous pallets or packing material. Approximately \$100 million of U.S. exports to Finland per month are potentially impacted by this emergency measure.

JORDAN BECOMES 136TH MEMBER OF THE WTO

Following five years of negotiations, Jordan became the 136th member of the World Trade Organization (WTO) on April 11, 2000. Accession negotiations are underway with 30 other governments around the world, including three in the Mideast (Lebanon, Sultanate of Oman, and Saudi Arabia). Georgia is expected to become the 137th member of the WTO.

CAROUSEL RETALIATORY PROVISIONS ENACTED

Legislation enacted on May 18, 2000, to liberalize trade with Africa and the Caribbean (Trade and Development Act of 2000), contains a provision (Section 407) which requires the Office of the U.S. Trade Representative (USTR) to review retaliatory actions taken under Section 301 of the Trade Act of 1974 and to revise them, in whole or part, 120 days after their initial effective date, and every 180 days thereafter. Report language accompanying the legislation noted that the conferees expected USTR to undertake a review of current retaliatory actions within 30 days of the legislation's entry into force, necessitating a review of bananas and beef. The WTO Dispute Settlement Body has authorized the United States to suspend trade concessions with the European Community (EC) valued at \$191.4 million (bananas) and \$116.8 million (beef), for failing to comply with its rulings and recommendations. The European Union has indicated that it will likely seek consultations with the United States on the carousel provision, the first step in the formal dispute settlement process.

AVERAGE COST OF JAPANESE HOME \$367,565

The Japan Lumber Journal recently reported that the average price of a new home (built for sale) in Japan was \$367,565 (1,054 square feet in size) in October 1999. In comparison, the average price of a new home in the United States was \$195,700 (2,190 square feet in size) in 1999.

CANADA REQUESTS CONSULTATIONS ON U.S. CVD RULES ON EXPORT BANS

On May 19, 2000, Canada requested consultations with the United States on its measures that treat a restraint on exports of a product as a subsidy to other products made using or incorporating the restricted product if domestic prices of the restricted product are affected by the constraint. Canada argues that export restraints are not subsidies as defined under the WTO's Agreement on Subsidies and Countervailing Measures. The outcome of the requested consultations and/or any subsequent dispute settlement panel could influence future subsidy

determinations by the United States. In the U.S. 1992 countervailing duty investigation of certain 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.

BRAZIL EXEMPTS U.S. FROM SOLID WOOD PACKING MATERIAL REGULATIONS

Effective April 14, 2000, Brazil removed the United States from the list of countries whose solid wood packing material must be fumigated and accompanied by a phytosanitary certificate attesting to the fumigation. This action was taken after APHIS was able to assure Brazilian agricultural officials that the Asian longhorned beetle, the pest of concern, has limited distribution in the United States, affecting only the metropolitan areas of Chicago and New York/Long Island, and that APHIS has a quarantine and eradication program in place to prevent the spread of the beetle to other parts of the United States. China, Hong Kong, Japan, Taiwan, North Korea, and South Korea are still subject to the requirements.

INTERNATIONAL TROPICAL TIMBER COUNCIL MEETS

The Twenty-Eighth Session of the International Tropical Timber Council (ITTC), the governing body of the International Tropical Timber Organization (ITTO), met in Lima, Peru, May 24-30, 2000. Representatives from over 40 countries took part in the meeting, as did a number of representatives from industry, trade, and the environmental community. Noteworthy of decisions taken by ITTC were decisions to extend the International Tropical Timber Agreement (subject to confirmation by some member countries) to December 31, 2003; to enhance the participation of members of civil society; and to develop a framework for auditing systems, i.e., for assessing sustainable forest management. No consensus could be reached in several areas, most notably on the ITTO assisting countries to implement voluntary certification schemes and facilitating mutual recognition of certification schemes.

APEC MINISTERS MEET

APEC ministers responsible for trade took up a wide-range of issues during two days of meetings earlier this month (June 6-7) in Darwin, Australia. The Ministers called for an early launch of a new WTO round "to maintain and enhance the momentum of trade liberalization," including preparatory work on industrial tariffs and related areas. APEC ministers also agreed that the key to launching a new round is "building confidence in multilateral trade negotiations." In that regard, they identified a number of steps to enhance the capacity of developing economies to implement WTO agreements and to prepare for a new round. Ministers also announced that they supported the rapid completion of WTO accession negotiations with China and Taiwan, and the advancement of accession negotiations with Russia and Vietnam.

APEC TO RELEASE STUDY OF NON-TARIFF MEASURES IN THE FOREST PRODUCTS SECTORS

APEC's Committee on Trade and Investment (CTI) has released to the public the recently completed Study of Non-tariff Measures in the Forest Products Sector. The study done on behalf of APEC by New Zealand Forest Research provides a comprehensive inventory of non-tariff measures and other policies impeding or distorting the trade of forest products within the APEC region; an enumeration of the most frequently used measures/policies; and a qualitative and quantitative analysis of the impact of these measures/policies on trade, including a broader analysis of the policy goals underlying those measures/policies and the economic and environmental costs and benefits stemming from their application. The study is

(Trade Highlights Continued)

available for viewing/downloading at <http://www.apecsec.org.sg/pubs/freepubs.html#2000>. The United States served as Project Overseer for the study. The Terms of Reference for the study calls for an examination and discussion of the completed study by a (yet unconsummated) Forestry Experts Group and the formulation of appropriate recommendations (e.g. areas in need of additional work) for the consideration of the CTI and Senior Officials.