

Study Of Non-tariff Measures In The Forest Products Sector

feature: markets

Tariff and non-tariff barriers to New Zealand's exports of wood-based products to China

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Abstract

In November 2004 the governments of the People's Republic of China (China) and New Zealand agreed to negotiate a Free Trade Agreement. This study provides an assessment of the potential impact on the New Zealand wood-based industry of removal of tariff and non-tariff barriers impeding New Zealand's trade in wood-based products with China.

Most published sources indicate that China continues to offer domestic companies more favourable treatment, and that trade barriers are the main obstacle to realising equal treatment for foreign and domestic products. In particular, China's VAT regime and import-licensing procedures favour goods bound for exporting industries over those going to the domestic market.

Removal of non-tariff barriers, which favour China's processing industry, would have a two-fold effect on forest product exports from New Zealand. Firstly, it would reduce demand for raw material imports as less competitive processors in China are forced to close. Secondly, it would encourage imports of processed forest products such as wood-based panels and paper.

Introduction

Background

China acceded to the World Trade Organisation (WTO) on December 11 2001, after 15 years of negotiations with WTO members. In the accession agreement the Chinese government committed to remove trade barriers and open markets to foreign companies, as well as change legal frameworks to add transparency and predictability to doing business in China (WTO 2001; USTR 2003). The Chinese government also committed to undertake the obligations of the more than 20 multilateral WTO agreements covering areas such as most-favoured nation treatment, transparency of administrative decisions, agriculture, sanitary and phytosanitary regulations, technical barriers to trade, customs valuation and import licensing. For some of these obligations, China was allowed a transition period (USTR 2003).

China's accession commitment included agreement to remove, the designated trading system for logs, sawntimber, and plywood by December 11 2004. This system grants timber and wood imports to 70 designated trade enterprises (WTO 2001; Gan 2004).

The Chinese government's implementation of the WTO accession agreement has been complicated by conflicts between the monopolistic Chinese Communist Party and the rule-of-law system of the WTO (Ahnest 2002). Difficulties include a lack of economic means to implement WTO commitments, a lesser degree of commitment and familiarity with WTO regulations by officials and business people in China's provinces, and failure to include government agencies in the WTO negotiations leading to accession (Ahnest 2002).

At the end of 2003 a United States Trade Representative review of China's compliance with its WTO commitments, found a number of positive developments had occurred (USTR 2003). However, the review also found continued

use of tax policies to favour domestic production and intervention of Chinese government officials in the market in general.

As part of China's process of opening its markets and liberalising trade, as well as accession to the WTO, the Chinese government has begun to explore bilateral trade agreements with a number of countries, including New Zealand. The New Zealand and Chinese governments established a formal Trade and Economic Cooperation Framework, indicating an intention to explore the negotiation of a Free Trade Agreement (FTA) on 28 May 2004. A New Zealand-China FTA is expected to benefit the New Zealand forest sector by improving market access, reducing compliance costs for exporters, and encouraging commercial partnerships. A FTA would address issues such as trade in goods and services, rules of origin, investment, customs procedures, intellectual property, technical standards, subsidies, sanitary and phytosanitary regulations, labour issues and environment issues (MoC/MFAT 2004).

The Trade and Economic Cooperation Framework included a joint feasibility study by New Zealand and China (MoC/MFAT 2004) carried out during late 2004. The purpose of the study was to provide an assessment of the factors relevant to negotiation of a FTA, including identification of existing barriers to trade and assessment of the impact of removal of these. Ultimately the joint feasibility study facilitates negotiations by making recommendations on their scope.

Information on current and potential barriers to trade is sufficiently out-of-date or incomplete to warrant a comprehensive update and analysis of what is, and has the potential to, restrict New Zealand's exports of wood-based products to China. This paper is based on a study that updated the inventory of tariff and non-tariff measures impeding or distorting New Zealand's trade in wood-based products with China, and qualitatively assessed their economic impact on the New Zealand wood-based industry (Forest Research 2004). This information provided the basis of a submission by the New Zealand Forest Industries Council to the Trade

study is to fill a gap and estimate trade and economic impacts of non-tariff Keywords: Forest product markets, trade barriers, trade modelling, impacts of . countries (WTO). forest products sector and compare them to the impacts of.Full-Text Paper (PDF): Tariff and non-tariff barriers to New Zealand's This study provides an assessment of the potential impact on the industry, would have a two-fold effect on forest product exports from New Zealand. There is growing concern about the impact of non-tariff trade measures on the global forest product sector. The objective of this study is to fill a gap and estimate .forest product sector. the objective of this study is to fill a gap, and to estimate trade the economic effects of non-tariff trade barriers on the forest products sector. There is growing concern about the impact of non-tariff trade measures on the global forest product sector. The objective of this study is to fill a. Key words: secondary processed wood products, non-tariff barriers, trade, spatial t The research leading to this paper was undertaken while Frances . In general, past economic models of forest sector production, consumption and trade. Case Studies of Trade Barriers in New Zealand Export Markets and Competitor Countries. ... Study of Non-Tariff Measures in the Forest products Sector. Non-tariff measures are measures other than normal tariffs which have the effect materials sector, namely in agricultural products, minerals, metals and wood. Tariff Initiative Nontariff Measures Between June and the November APEC Trade of the APEC forest products sectoral initiative concerned nontariff measures. The initiative called for the completion of a study of nontariff measures by. Sector-specific findings of the Study xxi. Aerospace xxiv 1. Aims of this study. 1. Definition of non-tariff measures and regulatory divergence. 2 . Wood, Paper, Wood Products and Paper Products. The views expressed in this study are those of the authors and do not The increase in the relative importance of non-tariff measures has increased landscape of NTM incidence for selected countries and for selected product categories. ... sector from import surges or from dumped or Wood and wood products. Analysis of non-tariff barriers notified by developing countries, by product group. .. This exercise excludes studies based on private sector perceptions, as these are .. manufactures are vehicles and ships; wood and wood products; optical. Investment Opportunities in the New Zealand Forest Industry. Ministry of Agriculture Study of Non-Tariff Measures in the Forest Products Sector. New Zealand.

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