

MARKET ACCESS FOR NON-AGRICULTURAL PRODUCTS

Progress Report: Discussions on Forestry NTBs

Communication from New Zealand and the United States

Addendum

The following communication, dated 7 December 2005 is being circulated at the request of the Delegations of New Zealand and the United States.

Introduction

1. This report has been prepared to inform the Negotiating Group on Market Access (NGMA) of the current state of the discussions on the New Zealand-US non-tariff barriers (NTBs) forestry proposal.
2. In January this year, New Zealand and the US submitted a paper to the NAMA negotiating group entitled, *'Non-Tariff Barriers: Building codes and the Wood Products Sector: Some Suggested Negotiating Opportunities'* (TN/MA/W/48). The purpose of the paper was to: a) draw Members' attention to the way standards and conformity assessment methods are used in national building codes and how these can result in NTBs, b) note the costs these NTBs imposed, and c) suggest possible ways of addressing them.
3. These NTBs, which can discriminate against the use of timber or types of timber in building construction, were identified as an obstacle to wider wood usage and a hindrance to trade, thus eroding the benefits of tariff elimination.
4. The paper noted that there were six specific issues or areas, which were the source of many of these NTBs. These were:
 - Technical regulations and standards that create an inappropriate incentive for use of limited types of products.
 - Differing technical regulations and standards in different jurisdictions create market segmentation.
 - Exclusive reliance on nationality or geographic location of conformity assessment bodies rather than technical competence.
 - Duplicative and /or discriminatory testing requirements.
 - Overly restrictive limits on use of wood products in national building codes.
 - Problems with counterfeiting and lack of enforcement of technical regulations.
5. The paper suggested a range of possible options for addressing these NTBs. All options to some extent first necessitate that a comparative assessment be undertaken of Members' standards, test methods and conformity assessment systems that underlie building codes.

Summary of discussions

GENEVA MEETINGS

6. Since January New Zealand and the US have hosted six meetings (during the January, March, April, June, September and October NAMA weeks) in Geneva to discuss the proposal and consider ways of moving work forward. The meetings have been attended by both developed and developing country Members¹.

7. A central point of discussion in these meetings has been about the development of an information 'Matrix' to be used for the assessment of Members' building regulatory systems. The 'Matrix' was developed by New Zealand and US timber building experts as a tool to facilitate assessment of the standards, test methods and conformity assessment systems that underlie Members' building codes. Its purpose is to compare and contrast the different elements of the standards and test methods referenced in building codes in a uniform, structured manner. Presenting technical information in this manner allows for similarities and differences in standards/test methods/conformity assessment procedures to be easily identified.

8. The 'Matrix' was distributed at the April meeting with the request that Members attempt to complete the document in time for a technical level discussion in Geneva in June. In addition to New Zealand and the US, Australia and Norway completed copies of the matrix but, it was clear at the June meeting that greater technical expert participation was needed to advance further work.

ENGAGEMENT WITH INTERNATIONAL STRUCTURAL TIMBER EXPERTS

9. As a means of strengthening this technical engagement, it was agreed that a presentation should be made to international structural timber experts attending the International Organisation for Standardisation's (ISO's) Technical Committee (TC) 165 annual meeting in New Zealand in November. It was felt that the work of TC 165 aligned closely to that of the New Zealand/US proposal; i.e., an effort to reduce technical barriers to trade for structural timber. While it was recognised that ISO was not the only relevant standard setting organisation, it was agreed that the meeting offered a useful forum of gathered technical experts among whom the proposal could be discussed.

10. The proposal was well received by TC 165 delegates who recognised the similarity in objectives to their own work. Delegates were enthusiastic and expressed an interest in engaging further, but raised questions concerning the initiative's efficacy and potential sources of funding.

Next Steps

PROPOSED WORK PROGRAMME FOR 2006

11. Based on the various discussions in Geneva plus the initial feedback from TC 165 delegates, New Zealand and the US have developed a provisional work programme for 2006. The purpose of this programme would be to ensure tangible outcomes are achieved prior to the scheduled end of trade negotiations in December 2006.

12. The programme envisaged would be built around a two-track approach that would consider the six aforementioned issues noted at the start of this paper (refer para 4 bullet points) and detailed in the original January 2005 proposal. Two working groups – one technical, the other trade policy focused – would be established to provide the expertise for finding necessary solutions. Membership

¹ Attending members have included: Australia, Brazil, Canada, Chile, the EC, Ecuador, Japan, Korea, Malaysia, New Zealand Norway, South Africa, Thailand, Uruguay and the US.

of these groups could be drawn from relevant technical and trade policy bodies e.g. TC 165 in the case of the former and Member WTO delegations for the latter. The two-track approach would be necessary because the six issues can be either technical or trade policy focused or indeed a combination of the two. It is assumed that because of this overlap there would be a need for close co-operation between the two working groups on the various issues.

13. In addition to its role in providing solutions for the six issues, the trade policy group would also be tasked with determining how exactly the results of the work programme would be incorporated into Members' schedules at the end of the round. If Members thought it necessary, the trade policy group could also develop a framework that set out the longer-term process for resolving structural timber NTBs on a plurilateral and potentially multilateral basis.

14. A clear commitment of both technical and trade policy resources from participating Members would be needed to ensure that this work programme was viable.

E-DIALOGUE

15. New Zealand and the US recognise that there is a need for further detailed discussion around the technical / trade policy work programme in order to more closely define the scope and objectives of the programme.

16. As a first step towards achieving this, New Zealand and the US plan to initiate an e-dialogue with interested WTO Members and TC 165 delegates over the next one or two months. New Zealand and the US are eager to share the work they have already done in developing and refining the work programme in order to rapidly advance this important initiative to remove these unnecessary NTBs.

17. Members that wish to participate are invited to contact the New Zealand Permanent Mission (Diana Reaich, email: diana.reaich@mfat.govt.nz) with the name of their contact point(s).
