International Trade in Forest Products

A Position Statement of the Society of American Foresters

Originally adopted by the SAF Council on April 25, 1992, and subsequently revised and extended by the Council on December 8, 1997, and December 7, 2003. This position will expire on December 7, 2008 unless, after subsequent review, the SAF Council decides otherwise.

Position

The Society of American Foresters (SAF) recognizes that international trade in forest products is necessary for advancing global economic and social development. Trade provides the wide variety of wood and paper products needed by the world's growing population, while stimulating economic development and social betterment. SAF supports international trade when forest products result from sustainably managed forests in which biological diversity is conserved while socio-economic benefits are provided for resource dependent rural people. In addition, SAF advocates policies and programs, such as phytosanitary inspection systems, that protect forests from the introduction of non-native insects, diseases, and noxious weeds. SAF recognizes that these safeguards must address legitimate risks and not be unwarranted non-tariff barriers to trade. Further, SAF supports the ongoing efforts of the U.S. government to eliminate trade barriers and subsidies that give unfair competitive advantages.

Issue

International trade in forest products provides the United States with an abundant supply of both solid wood and pulp and paper products from the world's temperate, boreal, and tropical forests, as well as markets for forest products produced domestically. U. S. produced wood and paper products likewise contribute to the economic well being of many nations. While imports provide U.S. consumers with a wide selection of competitively priced forest products, trade poses risks as well as benefits for the sustainability of the world's forest resources. In addition to concern about how trade barriers affect U.S. firms engaged in international trade, the SAF is concerned about the effect of international trade on the sustainability of the world's forest resources, and the conservation of biological diversity, including threats to U.S. forests from introduced insect pests and diseases.

Sustainable Forest Management. Forest products trade can make a positive contribution toward improving the sustainability of the world's forests. However, the risks associated with this trade must be both understood and managed, and the global trading partners involved in forest products trade must support and follow sustainable forestry principles and practices. Closely associated with questions about forest practices is the concern over the substantial volume of wood that is illegally harvested, particularly in the tropical forest regions of many developing nations. Efforts to bring illegal logging under control are an ongoing focus and common concern of the U. S. government, several environmental non-governmental organizations (ENGOs), and the international forest products companies who are committed to sustainable forest management.

Biodiversity Conservation. In parallel with efforts to bring more forests under sustainable forest management, much of the concern with illegal harvesting and non-sustainable forest practices centers on the threats to biological diversity that such uncontrolled practices and associated conversion of forest land to non-forest uses often represent, particularly in the tropical forest regions of many developing countries . Professionally managed forests can enhance biological diversity of selected species through targeted habitat management that may not be possible in unmanaged protected forests. Ultimately, forest biodiversity will be conserved in rural areas with growing populations only if rural people are able to earn livelihoods through forest-based enterprises such as forest products trade. In the U.S., biodiversity issues associated with international forest products trade include protecting our forests from damage associated with exotic forest insects and diseases.

Exotic Pests. The devastating and long lasting ecological and economic effects on U.S. forests that have resulted from exotic insects, diseases, and noxious weeds make it imperative that our government maintain adequate phytosanitary safeguards against potentially harmful insects, diseases, and noxious weeds that can be introduced inadvertently through forest products trade.

Trade Barriers. Although international negotiations on some forest products trade issues have demonstrated successes, other forest products trade issues remain unresolved. Currently, the U.S.-Canada softwood lumber trade relationship remains problematic after decades of contention. Approximately one-third of the annual U.S. softwood lumber consumption is produced in Canada. This $6 billion in annual trade is not fully addressed by the North American Free Trade Agreement. Following expiration of the 1996 U.S.-Canada softwood lumber agreement quota system in 2001, the U.S. imposed countervailing duties on softwood lumber imports from Canada, after finding unfair stumpage subsidies and dumping had occurred. The issues associated with this trade dispute remain contentious and subject to ongoing negotiations between both governments (Adams 2003).

Background

International trade in forest products provides social and economic benefits to the countries involved in such trade. Attaining these benefits at acceptable costs and risks is

a global challenge of considerable importance. There is no global legal instrument in which forests are the main subject and in which they are viewed in a holistic way, with attention to the full range of goods and services they provide (Ivers 2001). An international convention on forest management does not exist (Ivers 2001) and is perhaps unlikely to (Ruis 2001), as there is lack of agreement between the developed and developing nations regarding the core elements of such a convention. International forest products trade is generally conducted under terms that meet the requirements of the World Trade Organization (WTO) and General Agreement on Tariffs and Trade (GATT). In addition, the SAF recognizes several areas that can affect the sustainability of the world's forest resources that need to be considered as conventions for international trade are deliberated.

Sustainable Forest Management

The sustainability of forest resources is a core value of SAF and a focal point for concerns about world forestry (SAF 2002), and several definitions of sustainable forest management have been recognized (Helms 1998). As the world's largest producer and consumer of forest products, the United States has both an obligation and a major role to play in helping to insure that international forest products trade contributes to the advancement of sustainable forestry globally. The net social benefits of global forest products trade will be more fully realized when the temperate, boreal, and tropical forests that supply the world's wood and paper products are managed according to agreed-upon sustainable forestry principles and practices. Achieving this goal globally requires that forest owners, producers, suppliers, and consumers of forest products support ongoing efforts to verify that the wood and paper products involved in international trade have been produced according to recognized sustainable forest management standards. The historical development of these standards is described below.

UNCED 1992. Global environmental conventions -- legally binding agreements negotiated among governments to take action in concert to combat or mitigate a global environmental threat -- have proliferated in recent decades, particularly following the United Nations Conference on Environment and Development (UNCED) held in 1992 in Rio de Janeiro (Ivers 2001). Governmental, forest industry, and environmental non-governmental organization (ENGO) efforts since then have been focused on forests that provide raw materials from which internationally traded forest products are derived. The concern is whether or not these forests are being managed according to accepted standards for sustainable forest management. During the negotiations in Rio it became apparent that the international community was far from reaching consensus on the contents of a forest convention (Ruis 2001). Instead UNCED resulted in a set of non-binding Forest Principles that were intended to guide United Nations member countries in examining the adequacy of their domestic forest policies and practices in view of the growing global demand for forest products and the need to maintain and enhance the environmental benefits of forests (Heissenbuttel et al. 1992). While the UNCED efforts were initially focused on the tropical hardwood producing countries in the southern hemisphere, the same questions have been directed at sustainable forestry practices in the northern temperate and boreal forest regions (SAF 2002).

Criteria and Indicators. Following UNCED, in 1994 the "Montreal Process" began its work, formally titled the Working Group on Criteria and Indicators for the Conservation and Sustainable Management of Temperate and Boreal Forests. The major softwood producing and consuming countries in both the northern and southern hemispheres participated in this effort to advance the development of internationally agreed criteria and indicators for the conservation and sustainable management of temperate and boreal forests at the national level. In February 1995 in Santiago, Chile, the participating countries endorsed a comprehensive set of criteria and indicators for forest conservation and sustainable management for use by their respective policy makers (Canadian Forest Service 1995). These criteria and indicators are now being used by the U.S. Forest Service to meet its mandate for periodically assessing U.S. forest and rangelands (USDA Forest Service 2000).

Forest Certification Programs. In response to global concerns, several internationally recognized certification systems have been developed during the past decade to enable forest owners to verify and document that they are following sustainable forestry practices, and provide global customers with assurance that the wood and paper products they buy are legally produced from sustainably managed forests. In parallel with the Montreal Process, several non-governmental market-driven initiatives were directed at advancing and verifying the use of sustainable forestry practices among producers of forest products engaged in international trade. While much of the initial force behind these initiatives resulted from pressure brought to bear by international ENGOs on both customers and producers of forest products, the major forest products companies involved in international trade recognized the need to provide assurances to their customers that their wood and paper products were supplied from sustainably managed forests. Consequently, over the past decade, a growing volume of the wood and paper products being traded in international markets has been certified under one or more of the forest certification systems developed during that period, and several million acres of industrial forest ownership and tenure in the softwood producing countries has been certified as meeting one or more of the sets of standards for sustainable forest management.

Unsustainable Logging Continues. While the need for sustainable forest management has been well accepted by the major producers of forest products in the developed countries, concerns remain that large areas of the world's forests are subject to non-sustainable, often illegal, logging practices, particularly in the tropical regions of the developing nations. Illegal logging in these countries remains a current concern of the U. S. government, several international ENGOs, and is also a significant concern among producers of certified forest products because their products must compete in the same global markets as products produced from non-sustainable and illegally harvested forests.

Biodiversity Conservation

An offshoot of UNCED in 1992, the Convention on Biological Diversity provides an international forum for the exchange of ideas and promotion of agendas that have

received limited governmental attention elsewhere, with concerns manifested at the intersection of environmental, trade and ethical issues (Ivers 2001, Laird 2001). The SAF supports forest management approaches that consider the interaction of biological diversity with other forest ecosystem characteristics, including human and natural disturbances. This requires not only selecting appropriate management practices, but associated challenges incorporating biological diversity considerations into planning, monitoring, education, research, and data collection and analysis (SAF 2003). Global forest products trade must recognize that temperate, boreal, and tropical forests serve as reservoirs for biodiversity and provide critical habitats for threatened and endangered species. Governments and non-governmental organizations need to identify and extend appropriate means to protect biodiversity.

Concerns with illegal logging and unsustainable forest practices, as expressed by ENGOs, are focused primarily on risks to global biodiversity, particularly in forests that have been proposed for protected area status and forests in regions that have been identified as critical habitats for imperiled species on The World Conservation Union "Red List" (IUCN 2003). Identification of such areas has been a major focus of several international ENGOs, including the World Wide Fund for Nature, the Nature Conservancy, Conservation International, and the World Resources Institute, as well as institutions such as the World Bank. Most of the major international forest products companies, and their most important customers in the United States and Europe, support efforts to identify forests that warrant protection due to their importance for biodiversity, as well as efforts to extend sustainable forestry practices to the remaining temperate, boreal, and tropical forest regions that are not designated as protected areas.

Exotic Pests

In addition to concerns about protection of biodiversity, both public and private forest owners and managers in the United States recognize the potential risk that international trade in forest products may result in the introduction of harmful, exotic insects, diseases, or noxious weeds to U.S. forests. Having experienced the long lasting and devastating effects that introduced pests, particularly white pine blister rust, chestnut blight, Dutch elm disease, and the gypsy moth, have had on U.S. forests over the past century, it is generally well-accepted that the U.S. must maintain adequate phytosanitary safeguards against introduction of additional harmful insects, diseases, and noxious weeds via forest product imports or other channels. Species such as the Asian gypsy moth, Asian long-horned beetle, and the European woodwasp represent serious new threats that require both preventative protection measures and effective detection and control measures to prevent them from becoming established in North American forests (Ciesla 2003). While legitimate phytosanitary restrictions are necessary to safeguard U.S. forests, they must be administered and enforced in a manner that does not become an unwarranted non-tariff barrier to forest products trade. At the same time, recognizing that introduced pests represent a potential threat to other countries, U.S. phytosanitary safeguards must also reduce the likelihood that indigenous U. S. insects, diseases, or noxious weeds are inadvertently exported through forest products trade.

Trade Barriers

Recognizing that international forest products trade is conducted according to rules established by governmental agreement through the World Trade Organization (WTO), SAF believes that forest owners and forest products manufacturers in the United States must be able to participate in global forest products trade on a "level playing field" with the countries our producers compete with in global markets.

As participants in global forest products trade, either directly or indirectly, forest owners and the forest products industry in the United States engage in commerce with, and compete with, trading partners in many other countries. As with trade in other sectors of our economy, the U.S. has long advocated that its trading partners follow the rules agreed to under the General Agreement on Tariffs and Trade (GATT) under which the 140 member nations of the WTO work toward the goal of reducing and phasing-out institutional barriers to the free flow of goods and services in world commerce, and elimination of trade-distorting subsidies that provide an unfair advantage to our competitors. Through WTO-level and bilateral trade negotiations, substantial progress has been made in reducing both tariff and non-tariff barriers to U.S. forest products exports.

The U.S. is the world's largest producer and consumer of lumber, wood-based panels, market pulp, and paper and paperboard, and has been a net importer of forest products since 1915. Our per capita consumption of industrial roundwood and the roundwood equivalent of net trade, at 62.5 cubic feet per year, represents approximately six times the average global consumption of wood and paper products. The U.S. is a major importer of softwood lumber, wood based panels, newsprint, and market pulp, and at the same time, is a significant exporter of softwood logs, hardwood and softwood lumber, and market pulp.

Other countries in the temperate and boreal forest regions that are major producers of forest products, and thus competitors with the U.S. in global trade, include Canada, Finland, Sweden, Russia, Chile, and New Zealand. In the tropical forest regions our competitors are Brazil, Indonesia, and several other countries in southeast Asia and Africa. Among the major importers of wood and paper products are the European Union, Japan, Korea, China, and the Middle Eastern countries.

In the U.S., many private forest owners, particularly in the Pacific Northwest, the southern states, and the Appalachian hardwood region, depend on access to global markets, which provide an additional incentive to invest in long-term sustainable forestry practices, and important alternative markets during cyclical downturns in domestic demand. However, from time to time restrictions have been proposed that would limit the ability of private forest owners to export softwood logs or hardwood or softwood wood chips. Advocates for such restrictions include some domestic manufacturers seeking protection from international competition, as well as some environmental groups who allege that export of logs or wood chips puts additional pressure on U.S. forest resources. With few exceptions, private log and wood chip exports remain unrestricted

throughout the U.S., while export of unprocessed products from public lands west of the 100th meridian is prohibited by the Forest Resources Conservation and Shortage Relief Act of 1990.

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