



## ATL Shows Greater Benefits for Forest Products Exports<sup>1</sup>

*An analysis of the economic and environmental effects was carried out to assess the incremental economic and environmental impacts resulting from changes in the timing and scope of forest products tariff reductions as proposed in the Accelerated Tariff Liberalization (ATL) initiative in forest products. This initiative was proposed for agreement among member countries of the World Trade Organization. The analysis of environmental effects focuses on possible changes in timber harvest in the United States and worldwide, and rests directly on an analysis of the economic (trade, production, and consumption) effects of the initiative.*

The ATL policy will lower tariffs on wood products, particularly in Asian markets. Such a policy will cause greater lumber exports and less log exports from the PNW. It will also reduce Japan's timber harvests and increase its imports of lumber products. Globally, lumber prices decline and consumption of lumber increases. The benefits to the PNW region are small but significant. Such a policy may add from 960 to 1200 new jobs in the lumber and milling sector. While these job gains are only 20% of the potential job losses due to new proposed regulations to conserve salmon habitats, they would provide added relief to a sector that has been drastically reduced over the past 15 years.

Results of the simulation of the effects of the ATL using the CINTRA FOR Global Trade Model (CGTM) are summarized in Tables 1 and 2 on the following page. The effects of the ATL are likely to include the following:

- An absence of significant changes in production and consumption at the world scale. For all products, production and consumption changes by less than 1 percent, and typically by less than 0.5 percent, when compared to the baseline, in 2010.
- Changes in the commodity composition of trade (a shift toward more processed products), and in geographic patterns of production and trade. The results indicate that the ATL is likely to increase production in, and exports from northern Europe, Oceania (Australia and New Zealand), South America (Chile), and Asia (Indonesia and Malaysia).
- The likelihood of changes in U.S. trade (both imports and exports)—accompanied by little or no net effect on U.S. production and consumption. The results indicate the likelihood of reductions in U.S. exports of logs and increases in exports of some processed products.

<sup>1</sup> Perez-Garcia, John. 2001. The Effects of a Tariff Elimination Policy on the Forest Sector: A Global Perspective. CINTRA FOR Working Paper 79, Seattle, Wa.

Brooks, David J., J. A. Ferrante, J. Haverkamp, I. Bowles, W. Lange and D. Darr. 2001. Economic and Environmental Effects of Accelerated Tariff Liberalization in the Forest Products Sector. USDA Forest Service. Pacific Northwest Research Station. General Technical Report PNW-GTR-517. Portland, Or.

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**Table 1: Summary of the effects of the ATL across all regions as compared to the baseline, using the CINTRAFOR Global Trade Model (CGTM).**

Product	Change from Baseline in:			
	2000		2010	
	Production and Consumption	Percent	Trade	
Softwood plywood	0.30	0.08	5.90	12.90
Softwood lumber	-0.14	-0.03	9.11	5.67
Softwood pulpwood	-0.28	-0.33	1.04	1.05
Softwood sawlogs	0.14	0.24	-4.16	-4.20
Hardwood plywood	0.36	0.62	1.00	2.05
Hardwood lumber	0.00	0.11	1.11	0.95
Hardwood pulpwood	-0.03	-0.04	-0.01	-0.01
Hardwood sawlogs	0.06	0.08	0.28	0.28

**Table 2: Summary of the effects of the ATL on U.S. production, consumption, and trade, in 2010, compared to the baseline, using the CINTRAFOR Global Trade Model (CGTM).**

Product	Production	Consumption	Imports <sup>a</sup>	Exports
	Percent			
Softwood sawlogs	0.48	1.00	0.00	-7.30
Softwood sawnwood	1.10	-0.40	1.04	20.00
Softwood plywood	0.12	-0.23	NA	79.94
Hardwood sawlogs	0.39	0.39	0.00	0.39
Hardwood sawnwood	0.40	-0.22	0.54	3.94
Hardwood plywood	0.00	0.00	0.00	0.00

<sup>a</sup>These changes (in imports and exports) overstate the effects of the ATL on international trade because the model counts internal trade among regions of the United States.  
 NA = not applicable.