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## ChAFTA has mixed results for wood and paper

The Australian Forest Products Association (AFPA) has noted the commencement of the China-Australia Free Trade Agreement (ChAFTA) on Sunday 20 December, which will have mixed results depending on the nature of the exposure of wood and paper products to the China market.

The Chief Executive Officer of AFPA, Mr Ross Hampton, said “The coming into force of ChAFTA is a mixed blessing for the forest and wood products sector, given the opportunities for tariff reductions for some timber product exports but an imbalance in tariff reforms for other products such as paper.”

“China is growing to be a very important export market for forestry products, with free market access for Australian raw material exports including woodchips and round wood (logs). Coming on the back of a similar free trade deal China negotiated with New Zealand, the ChAFTA will now have reduced tariffs for some manufactured wood product exports made from Australian grown radiata pine, including medium density fibreboard. This is good news.”

“However, the ongoing protection of some sectors deemed to be sensitive for China under the ChAFTA, such as pulp and paper, remains a concern for the Australian paper industry. Paper product exports to China will continue to attract tariffs of around 5% to 7.5% while Australian paper tariffs are now zero or will be zero over the next 3 to 5 years. This will have an adverse trading impact on the paper industry, and will impede export opportunities particularly for packaging paper.”

“AFPA is hopeful of working constructively with the Australian Government to improve trading opportunities for the wood and paper products industry under ChAFTA through the 3 year review mechanism, as well as in other trade negotiations including with India and the European Union.”

AFPA represents forest growers, harvesters, and manufacturers of timber and paper products.

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