

This agreement will have implications for PNG. Future growth in our exports of processed products would appear limited unless we become competitive with Malaysian exporters. Log exports, of which Japan currently accounts for 19%, may also come under pressure particularly round logs for plywood manufacture.”

Japan, Malaysia agree on free trade

JAPAN and Malaysia have reached agreement on a free trade agreement. The framework for this was reached last year but has now been finalised and will cover, among other things, forest products and agriculture.

Except in the case of plywood, all duties on forest products will be

removed as soon as the treaty goes into effect, which is expected to be by mid-2006.

Negotiations on the details of tariff changes for plywood will continue after the agreement comes into force. The free trade treaty will be reviewed periodically.