importance to the products supplied from Canada (i.e., softwood plywood and possibly waferboard/OSB).

Plywood for concrete forms has an established acceptance in Northern Europe and is likely to be increasingly used in Southern Europe, replacing lumber boards. In addition, timber frame housing is projected to continue its growth on the Continent.

Only minor volumes of softwood plywood are produced in Western Europe, and the major share of consumption is satisfied by imports from North America. The outlook for increased imports of softwood plywood is excellent since there is limited potential for increased domestic production.

The development of domestic supplies of OSB could have some negative impact on international suppliers. It is believed, however, that after some initial penetration into traditional plywood uses, the presence of locally produced OSB will tend to expand the overall use of structural boards and create new markets, so that additional plywood will still be required.

Higher value-added products, such as architectural millwork, have long-term potential but are limited by marketing complexities, and to some extent, by tariffs. Some limited opportunities in this area may exist.

Europeans, especially the Germans, use wood for decorative purposes in masonry houses. Often door and window frames are naturally finished, and wood panelling is popular. Hardwood imports, such as mahogany, have been losing market appeal in recent years as lighter colour finishes are coming back into vogue, or because customers have boycotted tropical timbers in the hope that this would reduce pressures on tropical rain forests. These customs and trends, if they continue, could tend to favour B.C. clear lumber and Canadian hardwoods. Eastern pine lumber is suited for rafters, and the production of wood pallets used in shipping.

5.4 Market Pulp

The EC will continue to rely heavily on pulp imports from a wide variety of producing regions to supply its substantial paper and paperboard industry.

In 1987, EC mills produced 35.8 million t of paper and board, and the Nordic countries 17.4 million t, for a total of more than 53 million t. European paper and paperboard producers imported more than 10.9 million t of pulp in 1987 to furnish their production requirements.

The forecast is for this 53 million t of paper and paperboard production to increase to about 85 million t by the year 2010. Even allowing for the high proportion of waste paper used in Europe (45 to 50 per cent), and increases in filler components, an additional 15 to 20 million t of paper-grade pulps will be required to meet the forecast levels of production.

The Nordic countries will continue to supply the EC with high quality grades of market pulp. However, the established European paper and paperboard producers will have to purchase most of their incremental supplies from elsewhere. In order to compete successfully with Nordic paper producers, EC domestic producers will direct as much of their pulp purchases as possible to the lower cost supply sources.

The national European paper industries are collectively expanding, and the ongoing wave of mergers and acquisitions will continue. An assured and long-term supply of market pulp is imperative for their success and Canadian suppliers will have the potential to maximize and even