At present, the sector is still encountering a large number of technical barriers to intra-EC trade; nationally oriented standards that have already long been in existence; major differences in the procedures for technical approval; various regulations related to specific aspects of use, such as the fumes from glue components and moisture-resistance, etc. In light of the integration of the EC market in 1992, the sector is therefore involved in discussions on the implementation in the short term of European standards and technical reference documents (directives on building products, certification, Eurocode 5, CEN standards, etc.). This technical integration should result in increased intra-EC trade.

The internal market of the EC is dependent on raw materials and wood products from other countries such as Finland, Sweden, the U.S.S.R., the United States and Canada. Extra-Community imports represented a total of 13 per cent of the EC market in 1987.

3.3 Pulp, Paper and Board Manufacturing in the EC

The EC's pulp and paper industry is a dynamic sector, which has enjoyed steady growth at or slightly above the rate of increase in Community GDP. Rapid developments in publishing, information technology and food packaging and distribution have stimulated growth in the industry.

In recent years, the industry has managed to successfully meet strong international competition, both by slowing the advance of import penetration of paper and board in internal EC markets and, in particular, by rapidly expanding its exports to non-EC countries.

The EC's paper and board imports from third countries accounted for about 34 per cent of world imports, while its exports account for almost 6 per cent of total world trade. Trade in market pulp also results in a net external deficit.

The EC paper industry receives practically no tariff protection, certainly with respect to pulp and effectively with respect to newsprint. Almost 90 per cent of all imports enter duty-free, mainly from EFTA countries, but also from Canada and other GATT and non-GATT countries, and from developing countries, notably Brazil.

a) Paper and Board Sector

Paper and board production has grown steadily since the recession of 1981-82 and this growth is projected to continue into the 1990s.

However, demand for these products has grown faster than EC production. Therefore, the domestic market share of the EC industry has declined and imports, often of grades not produced in volume within the EC, have increased.

Imports of paper and board from outside the EC accounted for about 31 per cent of consumption in 1987, up from 27 per cent in 1980. In 1987 the net external deficit in paper and board was 11.3 million t, valued at 6.6 billion ECUs (European Currency Unit).

Imports are predominantly from the Nordic countries and North America, and are concentrated in lower value-added bulk or "commodity" grades of paper and board. This is easily confirmed by the large difference in average current value per tonne between intra-EC trade and imports; i.e., 849 ECUs per tonne and 656 ECUs per tonne, respectively, in 1987.

The import penetration rate is highest for kraftliner (77 per cent) and newsprint (60 per cent). These two "commodity" grade sectors alone account for almost 5.7 million t or 41 per cent of all EC imports from third countries.