

II. INTRODUCTION

1. Background to the Meeting

Canada is the world's largest exporter of forest products. The European Community, with its current population of 243 million and gross domestic product exceeding that of the United States, is Canada's second largest export market for forest products.

In 1990, Canadian exports of forest products to the EC totalled \$3.3 billion, a drop of over \$200 million over 1989. Not only was the market depressed by lower commodity and product prices brought on by increasing competition and overcapacity, but it was also evident that significant structural changes were taking place in the Western European industry and in the market itself. Superimposed on this shifting pattern, there appeared to be certain fundamental changes occurring in Western European consumer attitudes and values. These dynamics continue to reshape the market.

Equally important are those factors which directly and indirectly affect market access. Current EC trade policies, both in place and under consideration, influence Canadian competitiveness and product acceptability. Not only are some of these instruments complex, but the decision-making processes underlying them are often complicated by the interplay between EC authority and Member State influence. The EC's drive to complete the Single Market - Europe 1992 - has and continues to reshape the institutional framework.

Canada has an extensive network of representatives in place throughout Western Europe. This network includes company sales offices and agents, industry trade association offices, Provincial Delegations, and Canadian Government trade commissioners and commercial officers posted in Embassies and Consulates. Collectively, these represent the most effective existing source of market knowledge. They also present a front line in dealing with government authorities in Europe. Since the 1970's, this Canadian network throughout Western Europe has met periodically to focus on developments and to assess the market environment.

Issues in the forestry sector today have never been more critical nor potentially threatening to our trade. Recognizing this, External Affairs and International Trade Canada - in cooperation with Forestry Canada, Industry Science and Technology Canada, and Agriculture Canada - initiated a two-day meeting of 18 EC and EFTA (European Free Trade Association) posts. Provincial representatives came from British Columbia, Alberta and Quebec. Industry was represented by the Council of Forest Industries of British Columbia, le Bureau de Promotion des Industries du Bois, and the Canadian Pulp and Paper Association. All told, 48 representatives gathered in Brussels. The agenda included an extensive review of environmental issues, trade policy issues affecting softwood lumber, plywood and newsprint, lumber and wood products standards, market development programs, market situation reports, and assessments of market opportunities.

The report which follows describes the proceedings, and includes summaries of many of the presentations delivered.