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1991, an interim solution in the form of an extension to an existing derogation is being sought. Concurrently, application is being made to the EC for exemption of certain wood species. A follow-up meeting was scheduled in Ottawa to review the issue with a wider cross-section of provinces and industry associations.

Other issues such as restrictive EC duty-free quotas on newsprint and plywood hinder the flow of trade, and place Canadian suppliers at a competitive disadvantage relative to European suppliers. Canadian negotiators are aiming to level the playing field during the Uruguay Round negotiations.

The harmonization of EC standards is subjecting a range of Canadian lumber and wood products to uncertainty. A detailed explanation of the changes in grading standards and testing and certification procedures was presented. COFI has been designated to monitor and assess developments, and has been informing and advising government and industry.

Posts presented situation reports identifying shifts in demand and in competitive influences which are opening up opportunities for Canadian products. The most common message was the call to Canadian sawmills and remanufacturers to establish closer relations with European end-users, be more responsive to market requirements, and move towards increased value-added products. External Affairs and International Affairs Canada, under its "Going Global" program, is now completing a study directed towards this sector. An extensive series of presentations will be conducted during fall 1991.