

Wood, Pulp, Paper and Paperboard Sector

Sector Overview

The EC's pulp and paper industry is a dynamic sector which has enjoyed steady growth at, or slightly above, the rate of increase of the Community's GDP. Rapid developments in publishing, information technology and food distribution have stimulated growth in the industry. There were 830 companies active in the industry in 1987, operating a total of 1032 pulp, paper or board mills.

The combined production value of pulp, paper and paper board in the EC was estimated for 1987 at \$38.9 billion CDN. The EC's 1987 production of 32.7M tonnes was only half that of the United States (65.9M tonnes), but was 50% greater than Japan's output (21.1M tonnes). With 15.4 % of world production and 20.7 % of world consumption, the EC is the world's second largest producer and consumer, after the United States.

The EC paper industry has little tariff protection. Almost 90% of all imports enter duty free.

Production, Foreign Trade and Investment - Paper and Board

millions \$ CDN	1981	1984	1987
Production			
Current value	19759	18338	36223
Index (1980=100)	108	138	150
Constant Value	18002	13949	24922
Index (1980=100)	99	105	103
Imports Extra-EC	6955	6999	15176
Index (1980=100)	13	156	186
Exports Extra-EC	1626	1952	3820
Index (1980=100)	110	182	197
Exports/Imports	0.23	0.28	0.25
Gross Investment	1193	1076	3122

Source: CEPAC (European Confederation of Pulp, Paper and Board Industries)

Production, Foreign Trade and Investment - Market Pulp

millions \$ CDN	1981	1984	1987
Production			
Current value	1173	1215	2617
Index (1980=100)	129	184	219
Constant Value	1068	924	1801
Index (1980=100)	118	140	150
Imports Extra-EC	4462	4231	7353
Index (1980=100)	125	163	156
Exports Extra-EC	144	161	355
Index (1980=100)	144	220	268
Exports/Imports	0.03	0.04	0.05
Gross Investment	134	77	144

Source: CEPAC (European Confederation of Pulp, Paper and Board Industries)

For market pulp, the EC represents by far the world's largest single market. The 8.5M tonnes imported in 1987 was approximately 39% of total world trade.

Many of the mills in the European Community are either not integrated or are only partially integrated with pulp products. Dependence on imports of market pulp, reflected in a 74% import rate, constitutes one of the industry's principal weaknesses.

Major differences exist between member states in the average size of mills and machines. Production of the various grades of pulp and paper is also unevenly distributed. Market pulp products are concentrated in Portugal, Spain, France and Belgium. Newsprint is made primarily in West Germany and most recently, in the United Kingdom; coated papers are manufactured in West Germany, France and Italy; kraftliner in France; uncoated stocks in West Germany, the United Kingdom, Italy and Spain, to name but a few examples.