

I. SUMMARY AND CONCLUSIONS

Western Europe is Canada's major off-shore market for forest products. European Community economic integration in the form of Europe 1992 has wrought changes in the structure of entire industries within all of Western Europe. On the demand side, significant internal and global factors have affected geographic and product markets. The impact of these influences are hitting the Canadian industry.

To better understand the scope and direction of change, External Affairs and International Trade Canada - in cooperation with Forestry Canada, Industry Science and Technology Canada, and Agriculture Canada - initiated a meeting of industry and government experts in Brussels on May 21-22, 1991. Canadian forest products commercial officers from 18 Western European Embassies and Consulates were joined by senior representatives of leading industry associations - the Council of Forest Products of British Columbia (COFI), le Bureau de Promotion des Industries du Bois (BPIB), the Canadian Pulp and Paper Association (CPPA) - and of the provinces of British Columbia, Alberta and Quebec.

The meeting focused on environmental-related issues, market access issues, and market development opportunities. Roundtable discussions were prefaced by prepared presentations by participants. Particular attention was placed on situation reports of the 15 countries represented.

The situation with respect to environmental concerns is perhaps the most potentially volatile. The degradation of the global environment has brought into question all industrial practices. Forestry has not been immune, and has assumed prominence as a result of the vast destruction of tropical rain forests. Within Canada, custodian of 10% of the world's forests, concern has at times turned to conflict. Recently, our domestic circumstances are being brought to the attention of some European publics. Environmental activists have at times presented a distorted view of Canadian practices. Media reports are not always balanced. How proactive should we be, when faced with only isolated reports in select countries?

Across Western European countries the situation is not homogeneous. Issues vary and include air pollution/acid rain, water pollution/mill effluents, recycling, forest fires, storm damage, recycling, and forestry management. As a rule, issues tend to be local. However, national and EC-wide environmental standards are increasing. Meeting participants concluded that while forestry is likely to come increasing under scrutiny, the current record of Canadian industry and governments' actions demonstrates a high level of responsibility. The challenge is in how to communicate factual supporting information when we are faced with attacks which can elicit emotional responses in the public and reactions in the marketplace. Canadian actions must be specifically tailored to countries and circumstances, and a consistent and reasoned approach is required. Recommendations were proposed for improving the quality of and posts access to factual information with which to better explain Canadian practices.

Market access issues focus on the European Commission which has authority over EC external trade policy. A pressing concern is the EC's position on imports of some \$700 million of Canadian softwood lumber. The EC has imposed a kiln-drying requirement which is due to take effect at the beginning of 1992. The legislation is predicated on concerns over possible infestation of EC forests by the pinewood nematode parasite, which is found sporadically in Canada. A \$1 million cooperative Canada-EC research project is expected to offer options to kiln-drying. However, with results not due until late fall