

Trade Liberalisation

The need for real market access and fair competition access

The issue

Trade liberalisation has been a major “catalyst of growth” for pulp & paper markets over the last two decades. The European pulp and paper industry has increased its exports by 75% over the last decade thanks to sustained marketing and investment in new capacities. Europe is the largest paper exporting area in the world, shipping 15 million tonnes of paper and board annually, i.e. 15% of its production.

Major paper producing countries – US, Canada, Japan, EU, Korea, and New Zealand – eliminated pulp and paper tariffs from 2004. This sectoral agreement was achieved during the 1994 Uruguay Round and provides free access to pulp and paper products originating in countries that still maintain high tariffs. However it was only signed by the major OECD countries. Many competitors are less open than the EU and sometimes significantly so. By negotiating the removal of tariff and non-tariff barriers, and ensuring regulation converges with that of the EU’s trading partners and competitors, the EU can open new markets for its industry – particularly the pulp and paper industry. An open and fair international trading system is therefore a major contribution to the European pulp and paper industry’s competitiveness, since increased exports mean higher volumes produced and greater economies of scale.

Impacts on the industry

Some emerging countries have invested heavily in world-class paper mills and have become major consumers and producers of paper. In a context of very strong euro, the European pulp and paper industry has been experiencing increased competition from such countries in its domestic markets as a result. But while we welcome competition, we also feel that the European paper industry should be in a position to benefit from the growth witnessed in the most dynamic areas of the world – namely Asia and South America.

The repeated failures of the WTO round will limit opportunities for the European pulp and paper industry. We will not improve access to the growth markets in emerging economies such as China, which retains tariffs up to 7.5%, India (up to 15%), and Mercosur⁽¹⁾ countries (up to 16%). It is only fair to expect that these countries meet the challenges of free trade and eliminate their tariffs as soon as possible.

CEPI’s position

CEPI strongly supports a rules-based multilateral trading system and the WTO Doha round. A pragmatic approach with the aim of getting improved market access in both developed and emerging countries through the elimination of the tariff and non-tariff barriers is required. Free access to raw material markets (wood, recovered paper but also chemicals and starch) for European companies and the suppression of import and export restrictions would contribute to the development and prosperity of the European pulp and paper industry.

It has to be done through WTO negotiations and the extension of sectoral agreement to competing countries, but also through bilateral and regional negotiations. Progress in bilateral negotiations with the Mercosur⁽²⁾ and the Gulf Cooperation Council⁽³⁾ areas should be considered priorities. Negotiations with ASEAN⁽⁴⁾, the Mediterranean region⁽⁵⁾ and countries such as Russia, India and Ukraine, are also important to the sector.

CEPI also believes that legislators should encourage the finalisation of the trade facilitation negotiations aimed at streamlining customs procedures, cuts in trade-related red tape, and that we should enhance the ability of poor countries to take part in international commerce.

Additional information

- Position on WTO negotiations and individual country trade sheets available on request
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(1) Brazil, Argentina, Paraguay, Uruguay and Venezuela (but only from 9 December 2005)

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(3) Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and United Arab Emirates

(4) Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Burma/Myanmar, Philippines, Singapore, Thailand and Vietnam

(5) Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, Palestinian Authority, Syria and Tunisia

