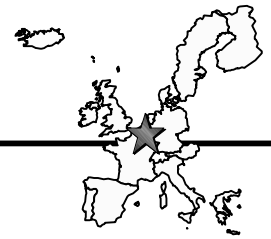
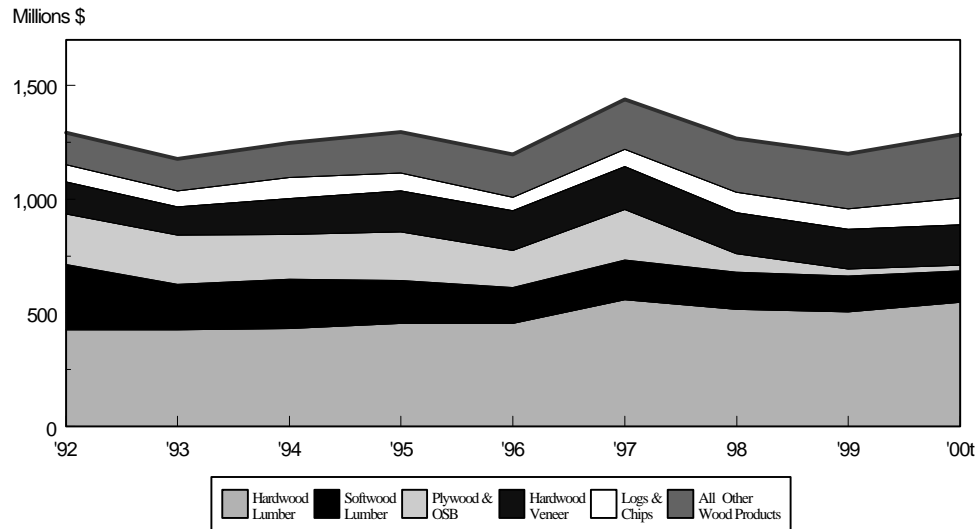


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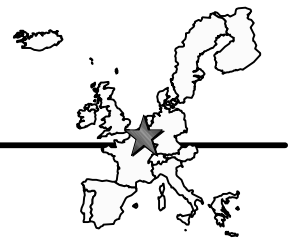
Total Exports in 1999: \$1,208 million



EU Tariff Schedule for U.S. products:

Item	HS Code	2000 Applied Rate	Bound Rate
Logs	4403	0%	0%
Softwood Lumber	4407.10	0%	0%
Hardwood Lumber	4407.91-99	0-2.5%	0-2.5%
Softwood & Hardwood Veneer	4408.10, 4408.90	0-6%	0-4%
Moulding & Flooring	4409	0%	0%
Particleboard & OSB	4410	7%	7%
Fiberboard	4411	7%	7%
Plywood, Veneered Panels, & Similar Laminated Wood	4412	6-10%	6-7%
Windows & Frames	4418.10	3%	3%
Doors & Frames	4418.20	0-3%	0%
Parquet Panels, Other Builders' Carpentry, & Fabricated Structural Members	4418.30-90	0-3%	0-3%

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Non-Tariff Barriers

- EU Plywood Tariff Rate Quota (TRQ)

U.S. exports of softwood plywood to the EU are subject to an annual duty-free quota which was originally established during the Tokyo Round trade talks and amended in 1995 with the accession of Finland, Austria and Sweden to the EU. Under the TRQ, the first 650,000 cubic meters of softwood plywood enters the EU duty-free each calendar year. In 1999 and 2000 the quota was filled by May, predominately with shipments from Brazil. After the quota is filled, U.S. softwood plywood exports are subject to the full EU tariff rate.

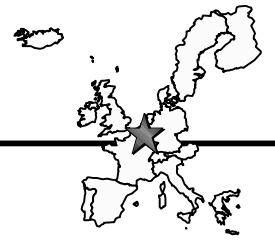
- Heat Treatment or Phytosanitary Certification

U.S. shipments of green coniferous lumber are prohibited from entering the EU. European concerns in the 1980s that the pinewood nematode, present in North America, could establish itself in European forests eventually led to a ban on green coniferous lumber from North America. *The EU will only permit entry of U.S. softwood lumber provided it has been kiln dried and is accompanied by a heat treatment certificate from a qualified U.S. supplier participating in the Animal and Plant Health Inspection Service (APHIS) certification program or a phytosanitary certificate.* Phytosanitary certificates are also needed for numerous hardwood lumber species because of concerns about oak wilt and other diseases. U.S. exporters of related wood products, including prefabricated and panelized housing suppliers, may also need to provide heat treatment or phytosanitary certificates. U.S. exporters are advised to contact APHIS officials at the intended port of export to verify certification requirements, as well as their importers.

- Proposed EU Regulations for Solid Wood Packing Material

The EU has notified the World Trade Organization that beginning January 1, 2001, it intends to require coniferous solid wood packing material entering member states from Canada, China, Japan, and the United States to either be heat treated to 56 degrees Celsius for at least 30 minutes at the core and have a moisture content below 20 percent, or be pressure treated. Under the proposed regulations, wood material which has been heat treated or pressure treated must display an officially approved marking enabling the identification of where and by whom treatment has been carried out. These are considered emergency measures, and are being taken to protect the EU against the pinewood nematode. The United States has submitted comments to the EU and is requesting a delay in implementation until an international standard for packing material can be completed. It appears that the EU will be unable to meet its specified time frame, which will likely delay implementation of the new requirements until at least mid 2001.

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- **Finnish Restrictions for Solid Wood Packing Material**

Effective May 31, 2000, Finland began requiring phytosanitary certificates for U.S. coniferous solid wood packing material (SWPM) because of interceptions of pinewood nematode, grub holes, and bark on pallets. APHIS does not issue phytosanitary certificates for SWPM. For the time being, APHIS has advised that US exporters use hardwood packing material instead.

- **Proposed Dutch Ban of Copper Chromium Arsenate (CCA) Treated Wood**

The Netherlands has notified the World Trade Organization that effective January 1, 2001, it intends to ban the import of CCA treated wood. The proposed regulations would also prohibit processing or use of CCA treated wood by private individuals. CCA treated wood is widely used in the United States for outdoor structures such as decking where it is necessary to protect the wood from decay and insects. The United States has raised concerns through comments on the WTO notification and requested clarification of certain measures prior to the regulations taking effect.

- **Dutch Ban of Creosoted Wood**

As of October 1, 1999, the Government of the Netherlands (GON) has banned the use of creosoted wood in applications which bring creosoted wood in direct contact with groundwater or the ground.

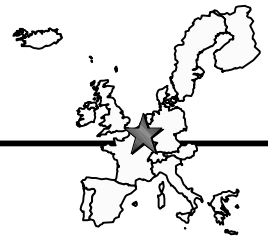
Trends and Recent Developments

- **Sustainable Forest Management Certification**

There has been increased pressure in the EU by consumer and environmental groups, such as the World Wide Fund for Nature's 1995 Plus Group and Greenpeace, to implement and provide assurances of sustainable forest management for imported wood products. As a result, several large do-it-yourself retail chains in the United Kingdom, the Netherlands, and Germany are changing purchasing policies to buy only "certified wood products" which carry assurances from recognized bodies such as the Forest Stewardship Council (FSC).

The FSC, created in 1993, is the most recognized body providing criteria and labeling of wood products to indicate that they have originated from sustainably managed forests. However, a variety of other certification schemes have also been created in Europe and elsewhere. Sweden is the first country to have a "national" forest management standard

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endorsed by the FSC. Swedish forests participating in the FSC program represent nearly 90 percent of all FSC forests in the European Union

The Pan European Forest Certification (PEFC), a framework for the mutual recognition of national forest certification schemes, was officially launched on June 30, 1999, and has also gained widespread support throughout Europe. PEFC will provide a label for participants to use on wood products, and has become the chief rival to FSC in Europe.

(See the feature article for more information.)

- **GSP Preferences for Labor & Environment Certification**

The EU has added labor and environmental clauses to its generalized scheme of preferences (GSP) incentive regime for tariffs, which entered into force on June 5, 1998. Countries proving compliance with specific International Labor Organization (ILO) and/or International Tropical Timber Organization (ITTO) standards may be eligible to receive special tariff preferences in addition to the normal GSP preferences already available. The extra preferences vary from 15-35 percent (25 percent for graduated products). Countries may also be eligible to obtain double preferences by complying with both the labor and environment clauses.

The EU has added these clauses to "encourage the implementation of positive, development-oriented incentives rewarding compliance with international social and environmental standards." However, some of the potential GSP beneficiaries have expressed opposition to the EU's right to monitor social legislation in their territories.

- **Elimination of Duty Drawbacks**

The European Union enjoys preferential tariff levels with many of the new democracies in Central and Eastern Europe, including Hungary, Poland, Latvia, Lithuania, Romania, Slovenia, Slovakia, Czech Republic, and Croatia. Additionally, many of these countries have eliminated duty drawbacks on wood products originating outside the EU. U.S. exporters of products, such as hardwood veneer which is made into furniture and subsequently re-exported, are no longer eligible for a duty drawback.