

- average U.S. labour cost into the product, as a percentage of the net sales dollar, is 48 per cent of the Canadian average ratio and U.S. material cost is 80 per cent of Canada's ratio.
- this very competitive U.S. cost structure results in a fully competitive price level for export purposes.
- the competitive level of U.S. prices in proximity to the Ontario and Quebec major Canadian regional markets, can and does influence Canadian pricing in Ontario and Quebec.
- the former high rate of growth has been replaced by a sharply lower rate but is still closely tied to performance of the economy.
- the capacity developed in anticipation of continued growth at that earlier rate remains in place and constitutes a chronic overcapacity problem that has been aggravated by the proliferation of sheet plants in the decade to date.

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b) Technological Factors

- in general in the basic technology installed "in-plant", the Canadian and U.S. operations are comparable.
- in a combined application of industrial engineering and capital investment, U.S. producers have steadily improved labour usage efficiency vis-à-vis their Canadian counterpart.
- the U.S. producers are moving heavily into new corrugator technology at a much faster rate than Canadian producers.
- new graphics-related technology is in place in the U.S. in numbers, but only modest Canadian capacity will be in place in late 85.
- each technology is expensive in its own right and only very few Canadian companies can afford to acquire either or both, at this time.

c) Other Factors

- in general all major production equipment is sourced in the U.S. or offshore and, priced generally in U.S. funds, is relatively more costly for Canadian than U.S. buyers.
- the segment is sensitive to the performance of the Canadian economy and as the economy goes so goes the demand for the container.

3. Federal and Provincial Programs and Policies

- because of the chronic overcapacity condition most IRDP applications have been rejected, especially in the Ontario/Quebec region.

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