

The industry is currently restructuring operations and ownership changes are occurring. For example, some companies are investing in equipment aimed at reducing unit costs and displacing labour, while others have scaled down operating capacity by up to one-half.

- Waldec and Cape Breton Wallcovering have closed shop with a loss of about 260 employees.
- Ultima Wallcoverings has changed hands from Colour Your World to Blue Mountain Wallcoverings.

Environmental Issues

The National Protocol on Packaging (NAPP) is the most significant issue facing the paper packaging industry. In response, the paper packaging industry has established the Paper Packaging Environmental Council representing all facets of the industry including corrugated containers, folding cartons, paper bags and recyclers. The Council is represented on the NAPP Task Force and will participate in its implementation. The Forest Products Directorate will continue to monitor the NAPP and play an active role in the implementation of the Protocol by participating on various implementation committees particularly those involving technology development. The Task Force is currently working on a "Code of Practise" for the packaging industry and regulations which would be implemented if the 1992 target is missed (reduction of packaging materials going to landfill to that of 80% of base year 1988).

The "Environmental Choice Program" remains the sanitary tissue industry's main concern. Only about 18% of domestic production would be able to meet the criteria proposed for sanitary tissue. The Canadian industry faces competitive disadvantages related to cost of production as well as availability and cost of recycled material. The final sanitary tissue guideline has not been submitted by the private sector Environmental Choice Board for review by the Minister of the Environment.

Current Situation - International Market

The packaging, sanitary tissue, specialty institutional papers and specialty commercial papers are domestically oriented industries. Most production is consumed in the Canadian market. Increased imports of corrugated sheets and containers, sanitary tissue, multi-wall sacks and paper bags from the U.S.A. are beginning to appear in statistics collected by Statistics Canada. The situation is being monitored to determine if a trend is developing.

Evolving Environment

Most industries in the sector are expected to experience zero or negative growth in production volume extending well into 1990. This is particularly the case for corrugated containers, folding cartons, multi-wall sacks, paper bags and wallpaper. Reduced consumer confidence and housing starts are the contributing factors and a turn-around is not expected in the near future. Sanitary tissue, specialty institutional papers and specialty commercial papers will perform only moderately better at an annual growth of about .5%-1.5%.

Environmental issues will be the main challenge to the industry in the 1990s as strategies are developed and implemented to meet the objectives of such initiatives as the National Protocol on Packaging and the Environmental Choice Program. These