The small business component of the industry is significant however wit' in excess of 80 per cent of the establishments employing less than 10f people. Additionally, it is estimated that in excess of 55 per cent of the employment provided by this industry is also generated by establishments employing less than 100 people.

The converted paper products industry is composed of approximately 350 companies and can be broadly defined as Canadian owned. Foreign ownership does play a roll in all subsectors, however, but is much more prevalent in the consumer disposable field where three of the major firms are part of worldwide organizations with headquarters outside Canada. The converted paper products industry, unlike the primary industry locates production facilities, for cost and servicing reasons near the customer. Consequently, the industry is concentrated in the provinces of Quebec (30 per cent of establishments) and Ontario (46 per cent), with minor representation in B.C. (9 per cent) and only a handfull of companies in each of the remaining provinces.

Although there are major players in all subsectors, each contains a significant number of smaller companies which minimizes domination of any one subsector. The subsector most affected by "major players" would be consumer disposables wherein 3 to 4 companies account for the major share of the market by producing branded products utilizing national distribution. The remaining companies, often specialize either in regional markets, industrial products, or in producing generic and private label products to be sold through retail chains. In the commercial and the institutional subsector, several examples exist of companies with a unique product line not duplicated by any other company. However, no single company is without competition. There are, in the wallpaper and packaging sectors, companies that represent substantial sales volumes and hence play a major role in some product lines. However, no one company can be classed as dominating the sector.

As well as being the largest existing and potential market, the U.S. represents the major competition of the Canadian converting industry. By comparison, the U.S. industry tends towards larger production facilities producing narrower product ranges. Canadian companies more often are trying to be "all things to all people" and produce a much broader range of products in their plants and on the same equipment as does their U.S. competitor. The phenomenon of longer production runs and more dedicated production equipment also permeates the U.S. primary paper industry in part contributing to lower paper prices in the U.S. compared to Canada. Additionally, the sheer size of the U.S. market in relation to the Canadian market also permits U.S. manufacturers to specialize in specific products, much more so than is the case in Canada. Although it is difficult to generalize across such a diverse industry, the U.S. industry would tend towards more integration between primary producer and the converter than is in evidence in Canada.

Performance

The converted paper products industry supplies product to virtually every other sector of the Canadian economy. In addition, the vast majority of products ultimately end up in the hands of the consumer. As a result, the overall performance of this industry, as well as the future prospects for the industry, vary closely parallel the performance of the economy as a whole. The recent worldwide and Canadian recession was widely felt across the industry. With consumer spending being curtailed during this period, the packaging and wallpaper subsectors were most directly affected as they are involved in consumer products that often are vying for the discretionary spending of the consumer. The consumer disposable and institutional subsectors were less affected. Consumer disposables, in fact, continued to perform well and company projects to increase capacity, modernize equipment, and introduce new products were in evidence during this time. In the case of the institutional market a large portion of their product is consumed by the food services industry which continued to enjoy sales increases throughout the recessionary period. As business activity generally was much lower during this period, the commercial market likewise declined. The statistics for the converted paper products industry, under review, is difficult to determine precisely as the detail level of the statistical base is inadequate. Miscellaneous NES categories