3. Federal and Provincial Programs

- the major assistance program is IRDP.
- no province appears to have in place any specific policy affecting the subsector.
- as a result of the MTN, the domestic market is slowly evolving into a North American market.
- perceptions of the Combines Act as it relates to domestic marketing have continued to keep the mills producing too many grades in any one mill.

4. Evolving Environment

- a gradual but steady erosion of competitive position, vis-à-vis U.S.-based producer mills, in the domestic market continues.
- in general, U.S. producers are likely to maintain their slow but steady increase of exports into Canada.
- solid bleached boxboard in particular, with its lower Canadian tariff, will continue to be a prime target for competition from U.S. mills.
- a developing and eventually substantial market for multi-laminate solid bleached boxboard for aseptic packaging is foreseen.
- in other boxboard grades, real demand growth will be marginal at best reflecting product substitution together with some displacement by U.S. container imports.
- mill operating rates in the subsector are already relatively low and little improvement is likely through the long term.
- any substantial loss of market would lower the operating rate appreciably and quickly imperil the viability of the mill.
- regional mill employment loss would be highest in Ontario and Quebec.
- employment at risk in these provinces is 1400 in a mix of urban and rural centres.
- in short term, at least to 1990, the sector will reflect the general industry problem of weakness in corporate financial structures.

5. Competitiveness Assessment

- product of sub-sector is not internationally competitive and has no prospects for increasing exports.
- within its "natural" market, (i.e. domestic), and in the context of a North American market, the subsector is in a weak competitive position.
- in the grade of solid bleached board, in particular, fibre cost and fibre quality disadvantage Canadian against U.S. mills.
- the limited scale of the subsector's market and its marginal real growth preclude world scale facilities.
- the option is to upgrade facilities through major improvements and rationalized product lines for efficiencies in labour and fibre utilization.
- improvements on this scale are estimated to require $400 to $500 million over the short term.
- given the precarious debt/equity position, the industry cannot undertake additional debt financing at this time.