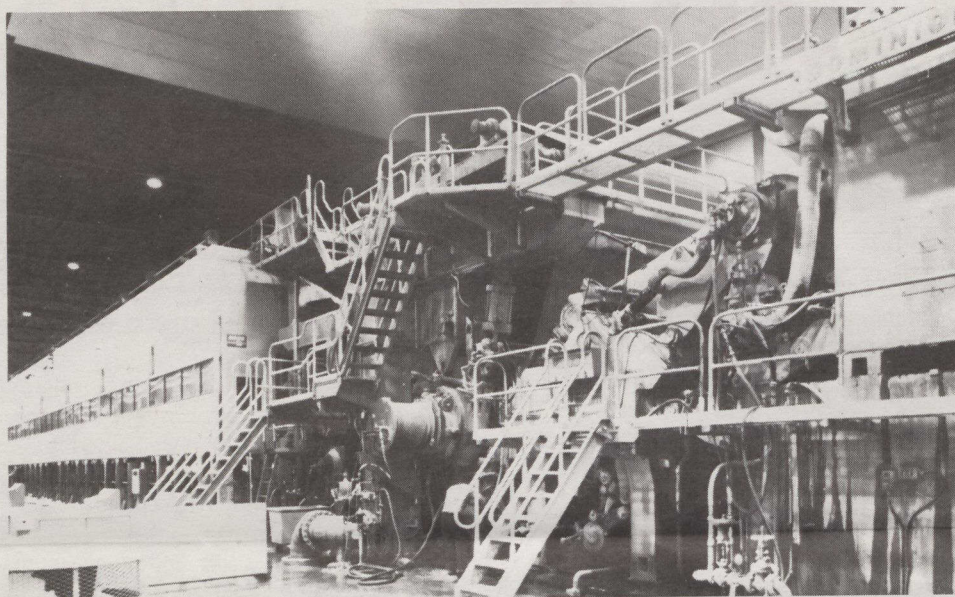


has been processed into paper. Newsprint accounted for 2.26 million tonnes; other papers, 610 000 tonnes; and paperboard, 537 000 tonnes. During the same period, exports reached 3.69 million tonnes. The United States, the largest importer of Canadian pulp and paper products, bought 2.45 million tonnes. The rest was purchased mainly by European and Latin American countries.

Modernization program

The pulp and paper industry is currently suffering from a cash flow squeeze, stockpiling and weak demand. Similar effects are being felt world-wide. However, Canada realizes the importance of the pulp and paper sector, and is working with the industry on various long-term projects in anticipation of the eventual economic boost. These projects will ensure that the industry retains its enviable position on world markets and that it is able to meet the challenges of evolving technology.

The Canadian pulp and paper modernization program began in 1979 as a federal-provincial government effort. The program, scheduled to end in 1986, has been allocated a total of \$516 million that should generate over \$5 billion in private investment. These sums will be used to fund pollution abatement, energy conservation, plant and equipment modernization and rationalization projects, as well as projects aimed at making the most effective use of resources. With the program now in its third year, it is estimated that the industry's productivity should increase by 18 per cent by 1986, despite the current unfavourable economic climate.



The Canadian pulp and paper industry is investing billions of dollars in improving and expanding production facilities. The machine above, designed and built in Canada, installed in a mill in eastern Canada, produces 400 tonnes of newsprint a day.

The work undertaken to date is already producing positive results. From 1979 to 1981, the pulp and paper industry has doubled its capital outlay in plant modernization and equipment conversion. In 1981, the industry's rate of increase in capital outlay was the highest of the entire Canadian manufacturing sector.

Part of this investment capital was used for converting specialized equipment: many Canadian companies have switched from obsolete mechanical pulp processes to thermo-mechanical pulp (TMP) and derived processes. These new processes produce higher fibre yields and reduce chemical pulp use. Many news-

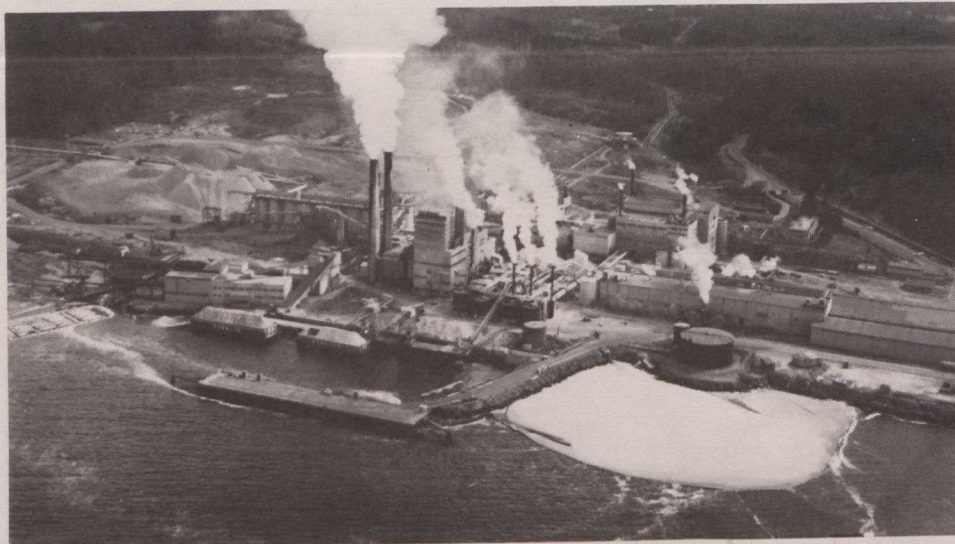
print manufacturers now have the capacity to produce better quality mechanical pulp-based specialty papers. The Canadian Pulp and Paper Association estimates that Canada, as a leader in TMP development, will achieve one-third of world TMP capacity by next year.

Industry response to the modernization program has been positive. It is expected that capital investments of about \$3.5 billion in more than 60 facilities will be supported by the total modernization program. The investment-to-investment ratio is such that the industry plans to allocate between \$5 and \$6 for each dollar of government assistance.

The pulp and paper industry is Canada's major energy buyer. Reasonable energy costs are undeniably one of the industry's most precious assets. In order to preserve this advantage and to contribute to over-all energy conservation efforts, the industry has long been working towards reducing its purchased energy consumption. The industry's original objective was to reduce its consumption by 12 per cent between 1972 and 1980. In this period, the industry exceeded its goal by achieving a 17 per cent decrease. It now hopes to reach the 30 per cent mark by 1984.

To reap, one must sow

Canada has abundant natural resources, alone accounting for one-tenth of the world's entire forest resources. Large areas of the country produce species
(Continued on P. 8)



Canada is the largest single exporter of pulp and paper in the world, with mills spread across nine of the ten Canadian provinces. This British Columbia plant is typical of more than 140 similar mills throughout the country.