Multi-wall sack and paper bag production continues to be flat. Hardest hit are multi-wall sacks used in the packaging of construction products (negative growth of -1%to-2.5% in 1990 as compared to 1989). Grocery bags and multi-wall sacks used in the food industry are showing marginal real growth during this same period. As well, domestic producers have indicated that some business has been lost recently to lower-cost producers from the northeastern U.S.A., such as Union Camp, Chase and Gillman. Union Camp will start up its new plant in Hazelton, Pennsylvania in the next few weeks and a considerable portion of this production is believed to be destined for the Canadian market.

Some Canadian producers are in the process of announcing price increases in the range of 4%-7% in response to recent cost increases in sack kraft paper and resins.

Sanitary Tissue and Consumer Disposables

The industry continues to experience a moderate rate of growth in the order of about 2-3% a year in volume of production. New investment for plant and equipment in the production of sanitary tissue will increase existing capacity from about 525,000 tonnes a year to 600,000 tonnes a year during 1990. Also, the industry has expanded recycling capacity by about 100,000 tonnes during the last year at Atlantic Packaging, Papier Cascades and Scott Canada. Perkins Paper is in the process of increasing its recycling capacity, and this should come on stream early in 1991. Imports of finished tissue products are being monitored in the wake of increases of 50% and 80% for bathroom tissue and facial tissue, respectively, between 1989 and 1990, albeit from relatively low levels in previous years. Toilet tissue and facial tissue imports grew by 3% and 17% in 1990.

Specialty Commercial and Institutional Papers

The specialty commercial and specialty institutional paper industries are experiencing marginal growth in volume during 1990 over 1989 of .5% and 1.5%, respectively, following a reasonably long period of moderate to good rates of growth. Demand for core commercial products remains flat, reflecting the decline in business activity of product users, while demand for computer papers and labels, facsimile paper and certain graphic arts products remains high. Institutional papers used by the service industry such as cups, trays, placemats and food containers have levelled off, largely due to the saturation of the fast-food market and in part to the slowdown in the economy.

Wallpaper

The wallpaper industry remains in a period of strong decline because of a continued slump in housing starts and resales in both Canada (down between 10%-15% in 1990 over 1989) and the U.S.A. May, June and July have been particularly slow months in terms of sales and as a result firms have reduced production. Some small and medium-sized firms have reduced the number of shifts worked from an industry norm of 2, and sometimes 3 shifts/day, 5 days/week to 1 shift/day, 5 days/week. This is the situation at Waldec, International Wallcoverings and Ultima. The largest Canadian producer, Sunworthy Wallcoverings, a Division of Borden Chemical Inc., continues to operate on a 3-shift basis. However, it has shut down 2 of its 15 wallcovering machines and may shut down others if the poor market conditions prevail. Since housing start forecasts, one of the main barometers of decorating product sales, indicate about a 6% decline in 1990 over 1989, weak demand for wallcoverings could continue into 1991.