

Sector: Pulp, paper and paperboard

Sub-sector: Converted Products

Segment: Corrugated Shipping Containers

1. Structure and Performance

a) Structure

- the corrugated container segment is the largest of Canada's packaging industry.
- production of these containers occurs in all provinces except Prince Edward Island.
- in 1982, 111 establishments were classified to this segment.
- in 1982, 61 corrugator units were in service with an estimated annual capacity of 27 billion square feet of corrugated sheet production.
- in 1982, total production and related workers numbered 7,200.
- vertical integration is prominent in the segment.
- approximately 83 per cent of corrugator capacity is integrated with mill production.
- approximately 67 per cent of corrugator capacity is shared by 3 companies, on an integrated basis, that account for almost 70 per cent of national shipments of the product.
- ownership in the segment is almost totally Canadian.
- Ontario and Quebec hold the major regional concentration of capacity at 47 and 28 per cent respectively.
- principal demand derives from the domestic market, exports are minimal.

b) Performance

- in the period 1973-82 2 new corrugator plants and 32 sheet plants were added to the establishment population.
- in the period 1973-82 employment decreased by 1,050.
- in the period, annual demand growth dropped to 3 per cent, on average, from the 7-9 per cent recorded in the 50's and 60's.
- in the early 70's, the overcapacity problem emerged and has since become a chronic condition in the segment.
- in the period, the overcapacity has led progressively to a highly competitive market.
- competitive pricing, especially in Ontario and Quebec, in the face of rising costs has reduced margins and inhibited the rate of capital formation in the segment.
- modest productivity gains have been outpaced by labour wage rate increases.
- raw material costs have risen sharply in the period.