

## COMPETITIVENESS PROFILE

### CONVERTED PAPER PRODUCTS INDUSTRY

#### 1. Structure and Performance

##### Structure

The converted paper products industry is defined as being the population of companies where the prime raw material input is paper, although end products often contain other materials. Although major consumers of paper, products manufactured by the printing, publishing, graphic arts, stationery and business forms manufacturers are excluded. A myriad of products, organizational types, market scenarios, and competitive environments exist in the converted paper products industry. To facilitate analysis, the industry has been broken down into five major subsectors as follows:

##### Consumer Disposables

Products for the consumer used at home or in an institutional setting generally being of a single use or disposable nature. (e.g. napkins, facial and toilet tissue, diapers)

##### Specialty Institutional Paper Products

Products used primarily by the service industries such as hotels, restaurants, fast food chains, institutions and similar organizations. (e.g. place mats, doilies, plates, cups, sandwich bags, waxed interleaving paper)

##### Specialty Commercial Paper Products

Products generally for use in the office or in a commercial setting, often in conjunction with office machines or recording instruments. (e.g. telex rolls, adding machine rolls, charts)

##### Wallpaper

Products used primarily by the do it yourself market for home decorating. (prepasted, dry strippable, often vinyl coated).

##### Packaging

The wide range of paper based products used by industry to package products for sale distribution and shipping. (e.g. multiwall bags, flexible laminated products, precoated papers, molded pulp products).

The converted paper products industry, because of its diversity in terms of products, companies, markets and economic performance can be defined as a scale model of Canadian industry in general. The sector has areas of growth potential, international cost competitiveness and marketing capability, state-of-the-art facilities, rapid technological change, and industrial development opportunities. However, it also has areas of product and market maturity, over capacity, total domestic orientation behind a protective tariff wall, import competition, and decline due to substitute products.

The converted paper products industry comprises a full range of organizational types from the large multi-national, multi-plant organization, offices integrated to a primary producer, to a single facility owner/manager company. This does result at times in a situation wherein the raw material supplier is also the competitor. In the commercial and to a lesser extent the institutional market, the major national distributors through which in excess of 50 per cent of the product is sold, are subsidiaries of the primary paper producers (i.e. the raw material supplier). Although these linkages exist they have not resulted in serious implications for the sub-sector because of the large number of companies in the industry.