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Corrugated Containers

The largest industry segment, corrugated containers, experienced a reduction in growth during 1990 by 7.7% in terms of volume and 6.9% in terms of area when compared to the same period in 1989 (a decrease of about 80,000 square metres). Central Canada seems to have been hardest hit with shipments falling by 10.2% in Quebec and 7.0% in Ontario. Industry growth in the Prairies and British Columbia is negligible.

Imports, mainly from the U.S.A., appear to be levelling off in 1990 after increasing by about 16%, in unadjusted value terms, in 1989 over 1988. This is due in part to higher prices and a 1.3% rate of growth in the U.S.A. market. Domestic producers continue to be faced with higher raw material and labour costs than their counterparts in the U.S.A.

The domestic industry is currently operating at low profit margins and has not been able to sustain price increases in 1990. During this period of weak economic performance, the industry is reducing the number of shifts and plant closures have occurred such as the following:

- Paper Board Industries Corporation has recently closed plants on Hickmore Street in Montreal and in Hollands Landings, Ontario;
- Atlantic Packaging has closed Brock Containers, Brampton, Ontario; and
- Domtar has closed Jellco Packaging, Barrie, Ontario, a corrugated plant in Kitchener and is scaling down operations in Peterborough.
- CFPF has closed its plant in Toronto.

These closures have resulted in the layoff of about 500 employees.

Folding Cartons and Flexible Packaging

The folding carton, multi-wall sack and paper bag segments of the sector experienced zero or slightly negative growth based on volumes in 1990, as compared to 1989. Again, these industries are affected by reduced consumer spending.

Folding carton producers saw a decline in business activity resulting in negative growth in the domestic industry in the order of -1 to -2%. However, some firms are continuing to export to the U.S. market and/or establishing a production base in that country. As a result, exports have increased by over \$5 million in the first eight months of 1990 (increase of 38%) over the comparable period last year. This trend is expected to continue as Canadian firms look to the U.S.A. for more business activity. Imports are not an important factor for the industry at this time.

The folding carton industry is also restructuring in the wake of weak domestic market conditions:

- Somerville Packaging has closed its plant in London, Ontario and Longueil Que.
- Sherwood Packaging, Toronto, has purchased Toronto Carton; and
- Willco Packaging, Montreal, has purchased Bourguignon & D.H. Inc., Montreal.

Plant closures have resulted in the layoff of over 400 employees.