

Sector: Pulp, paper and paperboard

Sub-sector: Boxboard

1. Structure and Performance

Structure

- boxboard includes the virgin fibre product of solid bleached boxboard and waste paper-based products of folding and rigid boxboards.
- in terms of trade, only solid bleached is of significance but exports are not large.
- 16 mills are wholly or partially engaged in the production of boxboard but only 2 have relatively significant output of solid bleached board.
- 90 per cent of capacity is located in Eastern Canada, with the balance in B.C.
- total employment in the grades, estimated at 2900, is distributed regionally in the following percentages B.C. 10, Ontario 31, Quebec 33, Maritimes 6 in a mix of urban and outlying areas.
- the major market for the mills is the domestic converting industry; exports are not a significant proportion of shipments, amounting to 3 to 4 per cent, on average.
- Canadian ownership extends to almost 90 per cent of the capacity and forward integration to the converting process affects about 30 per cent of grade capacity, in three mills owned by the same company.

Performance

- capacity growth since 1972 has been modest, averaging 1 per cent per year.
- demand growth in that period has averaged slightly less than 1 per cent and is not expected to change significantly in the long-term.
- currently the demand/capacity ratio is 0.8 and may edge closer to but not reach 1.0 in the foreseeable future.
- certain of the grades and weights of boxboard continue to depend on imported waste paper for their fibre furnish.
- rising mill costs continue to erode the domestic competitive position of the mills vis-à-vis U.S. mills and imports of U.S. boxboard are increasing slowly but steadily in certain grades.
- solid bleached boxboard is the principal import grade.
- in the context of a North American market for boxboard, the domestic position of Canadian mills generally is becoming increasingly vulnerable to displacement by U.S. mills as suppliers to domestic demand.

2. Strengths and Weaknesses

- no world-scale mill (800-1000 m.c./day capacity) exists in the subsector in Canada.
- none is likely by reason of high capital and production costs and limited markets and growth prospects.
- economies of scale are not, nor ever likely to be, available to Canadian mills by reason of the limited size of market.