

Sector: Pulp, paper and paperboard

Sub-sector: Folding Cartons and Set-up Boxes

1. Structure and Performance

a) Structure

- the folding carton segment is the third largest of Canada's packaging industry.
- except for PEI and Saskatchewan the container is produced in all provinces.
- in 1982, 106 establishments were classified to this segment.
- establishment population is concentrated in Ontario and Quebec, 60 and 27 per cent respectively.
- in 1982 total segment sales were valued \$514 million versus \$250 million in 1973, in current dollars.
- in 1982 segment employment was 5,200 versus 6,300 in 1973.
- vertical integration is not a prominent feature in this segment and only 35 per cent of estimated capacity is integrated and one Canadian owned company accounts for this.
- foreign ownership accounts for less than 15 per cent of estimated capacity.
- the major market is the domestic one and exports are minimal at 2-3 per cent of shipments.
- within the domestic market Ontario and Quebec hold 53 and 38 per cent of sales respectively.

b) Performance

- in the period 1973-82 the trend of establishment growth remained flat.
- in the period 1973-82 the demand trend of the segment was modestly down at 1 per cent per year.
- in plant capital expenditures for modernization in 1973-84 and new technology acquisition in 1977-79 aggravated an already evident overcapacity problem.
- in the period 1973-82 the pressure of product substitution (plastics) continued to mount and became a substantial factor in inhibiting real demand growth.
- modest labour productivity gains over the period (43 per cent) were eclipsed by wage rate gains (255 per cent).
- in the period highly competitive pricing in the domestic market became evident.
- rising costs in this competitive market triggered an erosion of margins that continues today.
- in constant dollars (1971=100) price realizations (\$/ton of board converted) in 1982 were lower than in 1973.