

3. Competitive Assessment

- generally speaking Canada enjoys only one cost element advantage - energy.
- in other cost elements eastern Canadian mills are poorly placed against U.S. and Scandinavian competition.
- this position is expected to deteriorate further.
- western production costs are relatively better than the national average but this differential is expected to be eroded over time.
- three major producers in eastern Canada may face a decision to close their facilities or upgrade or convert to other products.
- for these producers the estimated capital cost of conversion or up-grading is \$800-\$1,000 million.
- because of the limited capital formation capacity of the companies concerned, it is likely that government assistance will be sought.

Department of Regional Industrial Expansion