

positioned to take advantage of export opportunities, particularly in the U.S., given their predominant locations in Ontario and Quebec, and certain technological advantages in products and process.

The bulk of the industry, however, is not competitive with U.S. or even European manufacturers because of the current weakness of the European currencies. This includes most products in the institutional and specialty commercial categories. Kraft paper bag products, in the packaging category, are particularly vulnerable to a more competitive U.S. products, as well as plastic substitution. Canadian consumer disposables involve a mixed picture with some companies and product lines being exported to the U.S. On the other hand, other companies are prevented from exporting as the Canadian plants were established, behind the tariff wall, to service only the domestic market.

To remain or become competitive, the industry will have to address the major cost elements. These include: raw materials, which can represent over 30% of manufacturing cost, labour, and transportation. The major players to address these problems are management and labour, while Government is able to act as a catalyst and provide industry counselling.

EXEMPT  
15(1)

The sector, by and large, does not lack access to capital for investment in modernization and technology, but this is not a major competitive factor as much of the industry uses state-of-the-art equipment. Improvement in major cost factors above are restrained by institutional rigidities such as transportation regulation, management/labour constraints and limitations on product specialization affecting the primary industry, hence the cost of paper.

EXEMPT  
15(1)