

CANADIAN FINE PAPERS INDUSTRY1. Description

- Major grades: writing and printing papers, e.g. book, lithograph, offset, coated and uncoated, envelope and duplicating papers. I.e. paper grades with less than 90 percent groundwood pulp.
- 1984 Shipments: 1.01 million mt.; exports 250,000 mt.; Imports 266,000 mt.; apparent consumption 1.03 million mt.; value of shipments approximately \$1 billion. Total annual capacity 1.1 million mt. of which 90 percent is located in Quebec and Ontario; balance in B.C.
- Dollar exports represent approximately 20 per cent of Canadian fine paper shipments. Over 90 per cent of total exports are to the U.S.A.
- Mill employment approximately 7,000.
- Fine paper industry (FP) operations mostly part of integrated forest products companies except Rolland Inc.
- First new machines (2) since 1968 started up in 1982-83 period i.e. Dryden (Great Lakes) and Island Paper (Fraser/MacMillan).
- Canadian consumption is expected to grow at 3.0 per cent annually.

2. The Sector

- Domtar is the largest with 329,000 mt. annual capacity and four others with about equal capacity of over 110,000 mt. each. Three others produce less than 80,000 mt. each.
- All producers are members of the Canadian Pulp and Paper Association (CPPA), but often act as an independent group, or individual when communicating with governments.
- FP is 100 percent Canadian owned and also controls foreign enterprises. One Canadian company owns a small FP mill in the U.S., some own merchant groups there.

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- It is not expected that the so-called electronic age will have much influence on this industry over the next decade; the present information explosion is forecast to continue and consume large tonnages of paper, i.e. computer printout papers and forms.

3. Further Processing

- While FP represents only 5.3% of total paper and paperboard shipments, its dollar value accounts for 10% of total and provides 9 percent of the employment in the pulp and paper sector.
- Only 55 percent of production is integrated with pulp manufacturing; other production is dependent on market pulp or pulp produced in other company locations, resulting in higher cost products as compared with grades made at integrated U.S. mills.
- The FP sector extracts the highest financial return from available Canadian timber.

4. Investment

- Financial health of FP reasonably sound but poor health of most parent companies must be taken into consideration (losses in other forest products subsectors).