

Sector: Pulp, paper and paperboardSub-sector: Containerboard1. Structure and PerformanceStructure

- containerboard includes the virgin fibre products of kraft liner and semi-chemical corrugating medium and waste paper-based products of recycled liner and corrugating medium.
- In terms of trade, only kraft liner and semi-chemical medium are of significance.
- 18 mills are wholly or partially engaged in production of the four grades but of these only 12 produce the key virgin grades.
- employment in the subsector is estimated to be 4800 with majority in Ontario(36%) and Quebec(35%).
- 75 per cent of capacity is located in Eastern Canada, Ontario and Quebec with the balance in the west, British Columbia.
- eastern mills are essentially oriented to the domestic market and are major suppliers to the domestic corrugated container producers.
- western mills are oriented to export markets and account for 80-85 per cent of all exports in the kraft linerboard grade.
- eastern mills are Canadian owned and heavily integrated forward to the converting process i.e. corrugated containers.
- by contrast both western kraft linerboard mills are foreign-owned and only one is integrated to the small-scale converting process in the region.

Performance

- in the period 1973-1977 capacity in the containerboard grade continued to grow, on average, at 6 per cent annually.
- in 1973 Labrador Linerboard Ltd. closed, withdrawing substantial annual capacity, (315,000 m.t.).
- in 1978 growth resumed at 1 per cent annual average and continues at that rate.
- containerboard demand is driven by corrugated container demand and this latter growth has slowed markedly and is forecast to be 3 per cent annual into the foreseeable future.
- in the major grade of kraft linerboard high-cost fibre is used in a low-yield pulping process to produce a low-value product and mill net returns are low.
- net returns are such that the mill capital formation rate is inhibited.
- rising costs, especially of fibre, are eroding Canada's competitive position in the world market.
- Canada is a residual supplier to the world market in kraft liner and held, in 1983, 7.8 per cent share versus 13.2 per cent in 1977.
- increasingly Canada's position in the North American market for kraft linerboard is becoming vulnerable vis-à-vis U.S. mills' cost and pricing structure.