WORLD NEWSPRINT SUPPLY

(5) On this subject the New Zealand delegation experienced little difficulty in arriving at sound conclusions. This was largely due to the enormous amount of valuable basic data published by both the Newsprint Association of Canada and the Newsprint Service Bureau of New York. The most important of this data is recorded for public information in the Appendix to this report (see pages 78–80). For the purposes of convenience all this data is retained in the original form of short tons (2,000 lb.), which are also the basis of price quotations on the world markets. As a result of studying this data and similar information collected by the Forest Service in connection with the newsprint position in New Zealand and Australia the New Zealand delegation observes as follows:—

(*a*) *Dominance by Canada*

That world newsprint-production is completely dominated by Canada with 46 per cent. of capacity and 55 per cent. of current production, and that there is little, if any, likelihood of this being significantly altered in the foreseeable future. The next most important producing group, with 11 per cent. of world capacity—the Baltic countries—is tending to conserve its pulp-wood supplies for the production of the higher grades of pulp and paper because of the greater margin of profit in converting them for such purposes. Great Britain and the United States of America each possess about 9 per cent. of world capacity. If Russia becomes a significantly larger producer, much of its increased production will be required domestically. Increased production will certainly develop in the southern States of the United States of America, but will be limited by the fact that, enormous though the forest resources of this region are, the greater part has already been taken up for the development of other sections of the pulp and paper industry, though the possibility cannot be ignored that if sulphate prices fall to fantastically low levels for a great length of time some production might switch ultimately to newsprint if its price remains relatively stable, as appears quite feasible. In any event, Canada possesses additional pulp-wood resources sufficient to maintain dominance for many years as demands increase.

(*b*) *Decreased World Capacity*

That world capacity which fell from 10,500,000 short tons pre-war to 9,400,000 in 1946, has recovered to only 10,100,000 short tons annually and that the manufacturing capacity of all important producing areas other than Canada and possibly Russia has decreased. This applies to both the United States of America and Scandanavia. The new manufacturing capacity in other countries has been of insignificant proportions. Loss of capacity has been due in both the United States of America and Europe to conversion of some machines to other purposes and in some European countries to war damage. The most startling fact, however, is that even in Canada itself only one new mill has been built since 1930, and in addition only two new newsprint machines installed in mills established prior to that date, though some further capacity has resulted from modernization and speeding up of old machines, &c. As shown in Table 1 of the Appendix, Canadian newsprint-mills operated at relatively low percentages of their capacity for many years. This same table shows that their capacity increased from 1,700,000 to 3,800,000 short tons between 1925 and 1931, but expanded to only 4,600,000 by 1949, or only about one-third the amount in a period three times as long. It was this basic fact which led the New Zealand Forest Service to believe that world demand had long ago overtaken surplus capacity.

(*c*) *Inadequate World Capacity*

That the Canadian authorities themselves estimate world newsprint-manufacturing capacity at 10,100,000 short tons, production at 8,600,000, and consumption or effective demand at 9,000,000, but the world potential demand on a basis of unrestricted trade