

Did You Know?

Products such as food additives, bulletproof vests and airplane wings are just some of the existing and future products that are making up the dynamic new face of the forest sector in Canada. Lignin, the organic substance that holds together the individual fibres of wood, is being considered as a replacement for carbon black, a petroleum product used to manufacture rubber needed for products such as car tires.

WHAT'S UP IN Canada's Forest Sector?

AUGUST 2011

CLT GAINS POPULARITY

BOREAL BUSINESS
FORUM

Emerging Bio-Age

Canada's new Bio-pathways Partnership Network will bring together diverse sector partners to explore the economic opportunities of the emerging bio-age.

Avrim Lazar, president and CEO of the Forest Products Association of Canada (FPAC), says a recent study showed there are many opportunities available to companies willing to invest in new green innovations based on wood fibre, including new products, new technologies and new markets. "Wood fibre is one of Canada's most abundant natural resources and extracting more value from that wood is a real game changer for the Canadian forest products industry," he says.

Bio-pathways Partnership Network participants will come from such sectors as the chemical, energy, pharmaceutical, auto, aerospace, and plastics industries as well as other technology providers that can collaborate with the forest products industry on extracting bio-chemicals, bioenergy and bio-materials from trees.

They will develop business-to-business relationships, identify and conduct research, facilitate access to expertise in planning and development of bio-products, and reach out to other potential partners interested in innovation in the forest products industry. For more information about the bio-pathways project, visit www.fpac.ca/bio-pathways.



Did You Know?

Canada has about 30 per cent of the world's boreal forest. *It stretches across the top of the country from the Yukon to Newfoundland and Labrador*, forming a band more than 1,000 kilometres wide between the frozen tundra of the Arctic to the north and the more temperate forests and grasslands to the south. *Canada's boreal forest is estimated at 307 million hectares in size*; or more than three-quarters of Canada's forests and woodlands.

Research Facilities Open in Québec

FPIInnovations's new \$4.1-million NanoCrystalline Cellulose (NCC) research facilities in Québec will produce three kilograms of NCC a day – the largest quantity in the world.

"We are building the future of the forest industry by focusing on the research and development of new applications, innovative products and new markets, and we will get there one success at a time," says Pierre Lapointe, president and chief executive officer of FPIInnovations, the world's largest private, not-for-profit forest research institute.

Nanocrystalline cellulose is a renewable, recyclable and abundant nanomaterial made of cellulose fibres from the wood pulp manufacturing process. Potential applications include optically reflective films, high-durability varnishes, and innovative bioplastics. The properties of this material will provide totally new opportunities in a wide range of applications.

The facilities, which include a state-of-the-art pilot plant, new high-performance equipment and two new research laboratories, were supported by the Québec and Canadian governments.

CLT Gains Popularity

Cross-laminated timber (CLT), an innovative engineered wood product developed in Europe, is gaining popularity around the world for residential and non-residential applications. In Canada, CLT is being used in multi-storey structures with four or more floors.

CLT is versatile multi-layered panel made of lumber – each layer of boards is placed cross-wise to adjacent layers for increased rigidity and strength. It offers outstanding structural, thermal, seismic and acoustic performance. Since it is prefabricated, the system is precise, and construction is faster, cleaner, safer and less disruptive.

FPIInnovations has prepared a peer-reviewed *CLT Handbook*, which offers technical information to implement CLT systems in building codes and standards, and immediate support to design and build CLT systems. To order the *CLT Handbook* or download a free CLT Primer, visit the FPIInnovations website www.forintek.ca/public/Eng/E5-Pub-Software/4.special_pubs.html.

The Forest Products Association of Canada in partnership with Canada Wood Group Japan and the Canadian Embassy will deliver a workshop on CLT in Tokyo during the Japan Home Show this September. Please contact cmiltimore@fpac.ca for more information.



Manufacturing of cross laminated timber.

Photo credits: FPIInnovations

B.C. Companies Support Japan Relief

Canada's forest products companies are uniting in efforts to support the Japanese people as they begin the lengthy process of rebuilding infrastructure, communities and lives following the devastating earthquake and tsunami.

Immediately after the disaster, Canfor, Canfor Pulp Limited Partnership, West Fraser, Tolko and Interfor each donated \$100,000 to the Canadian Red Cross to provide aid to victims of the Japan earthquakes and tsunami. This was matched by the Province of British Columbia, bringing the total commitment to \$1 million.

Ainsworth Engineered Canada LP, Ardev Wood Products Ltd., Hampton Affiliates and Interex Forest Products Ltd.'s shareholder companies (Carrier Lumber Ltd., Dunkley Lumber Ltd., Millar Western Forest Products Ltd. and Sundance Forest Industries Ltd.), Sinclair Group Forest Products Ltd., Taiga Building Products Ltd., TimberWest Forest Corp. and Western Forest Products Inc. also contributed a total of \$500,000 toward long-term reconstruction.

"Our government and British Columbia's forest industry have a long-standing relationship with Japan, and we are working together to provide relief from the devastation caused by last month's earthquake and tsunami," said Pat Bell, Minister of Jobs, Tourism and Innovation. The British Columbia government contribution followed an earlier donation of \$500,000 to the Canadian Red Cross to support emergency relief efforts in Japan.

Shawn Lawlor, Director, Canada Wood Japan, posted a blog shortly after the earthquake noting among other things: "Japan has drawn admiration from around the globe on how its citizens have reacted with calm, mutual respect and civility in the face of unimaginable adversity. These character qualities speak volumes on how Japan will overcome present adversity."

Boreal Customers Join Business Forum

In September 2010, the signatories of the Canadian Boreal Forest Agreement established the Boreal Business Forum, which brings together international customers of boreal forest products representing more than \$140 billion in revenue.

The forum will monitor progress in implementing the agreement, provide external validation, serve as external advocates, and play an active role in two broader stakeholder roundtables to be organized upon completion of the ecological components of the agreement.

The membership reflects a variety of sectors representing the marketplace regions sourcing from the boreal, including Canada, the United States and Europe. Members include Axel Springer, Batirente, The Globe and Mail, Hearst Corporation, Indigo Books & Music, Kimberly-Clark, Limited Brands, Lowes, Office Depot, RONA, SHARE, Staples, Time Inc. and VDZ.

“Customer and investor concern over environmental threats to the Boreal Forest is the prime motivator for industry and environmental groups reaching the initial agreement,” said Nicole Rycroft, Executive Director of Canopy. “Participants of the Boreal Business Forum will provide invaluable guidance and keep us all accountable to our conservation commitments.”

“The signing of Canadian Boreal Forest Agreement represented a historic milestone in the environment-forestry debate,” said Yalmaz Siddiqui, Director of Environmental Strategy at Office Depot, “But like many agreements, signing is not the end point - it’s the start.”

Canada’s Diverse Forest Sector

Tolko Industries Ltd. has found one of the best ways to remain responsive to customer needs is by building strong partnerships with everyone along the supply chain.

“By working with customers and major suppliers, we make sure we understand what’s needed so we can deliver it promptly and efficiently,” says John Dunford, Tolko’s Manager, Forestry and Sustainability and British Columbia’s 2010 Professional Forester of the Year. “Through our close connections with customers, we can offer a continuous supply of products that meet specific needs when it comes to quality and dimensions.”

Tolko has a long history with Asian markets, and its agents around the world – including China, Japan, South Korean and Taiwan – work with customers and provide market information. “Our customers tell us they appreciate the high level of communication they get and our ability to quickly respond to market changes,” says Dunford.

He says interest in Canadian wood products is growing in markets like China as builders are beginning to appreciate the value and quality of species such as Spruce/Pine/Fir (SPF).

There’s another plus to Tolko products – they are all third-party certified. And Dunford, who is chair of the CSA Sustainable Forest Management User Group and a founding director of PEFC Canada, is keen to raise awareness in Asian markets about the value of certification.

“All of our woodlands are certified to the CSA Z809/PEFC SFM Standard and all of our forestry operations and manufacturing plants have PEFC Annex 4 chain-of-custody certification,” he says. “This provides customers with confidence that the wood we are using is from legal and socially accepted sources.”

Founded in 1956, family-owned Tolko (www.tolko.com/index.php) is a leading manufacturer and marketer of a broad range of forest products to customers around the world. It manufactures lumber, unbleached kraft papers, panel products, co-products, biomass power, and a growing number of specialty wood products in its operations across Western Canada.

Ainsworth Looks to Asian Markets

Ainsworth Lumber Co. Ltd. is targeting markets in Japan and China as part of a strategic plan for long-term growth.

“In the first quarter of 2011, we continued to execute on a strategic plan that advances our ability to deliver innovative, value-added products, increases the geographic diversity of our sales, and positions the company for long term growth,” Ainsworth President and CEO Rick Huff said.

“As part of this plan, we are targeting growth through increased penetration of key overseas markets, particularly Japan and China, the latter of which is one of the world’s fastest growing markets for wood building products. It is too soon to gauge the full market potential in China, but I believe it is a promising opportunity for Ainsworth in 2011 and beyond.”

Ainsworth (www.ainsworthengineered.com) manages more than three million hectares of publicly owned lands in British Columbia and Alberta, and its manufacturing facilities in British Columbia, Alberta and Ontario produce technologically advanced engineered wood products with renowned quality and consistency.

BRIEFS

B.C. Launches Fibre Connections Website

The British Columbia government’s new Fibre Connections BC website will link fibre suppliers, manufacturers and investors. The website – at www.for.gov.bc.ca/mof/fcbc/ – provides links for investors, buyers and sellers to help improve the flow of fibre from harvesters and other producers to the highest-value processors.

China Top Overseas Market for B.C. Lumber

British Columbia lumber exports to China are valued at about \$687 million in 2010, more than double the value of shipments in 2009. This makes China the number-one overseas destination for British Columbia lumber in terms of value as well as volume. The British Columbia government reported huge jumps in the value of softwood products going to China as the country continues to place larger orders for higher quality and better grades of lumber.

Program Supports First Nations Forestry

The First Nations Forest Sector Technical Support Program will help First Nations develop new and existing forest-related businesses, thanks to \$1.2 million in funding from the Canadian and British Columbia governments. Participants will be provided with technical advice and hands-on expertise, such as best practices in harvesting, transportation, equipment selection, mill layout, manufacturing, market intelligence and market opportunities. “This program will help ensure we build successful First Nation forest businesses and sustainable communities,” said Chief Bill Williams, president of the First Nations Forestry Council.

Forest Sector Helps B.C. Reduce Greenhouse Gas Emissions

In North America, the Province of British Columbia has a reputation as a leader in climate action, including a commitment to a carbon neutral public sector – achieved in part through contributions from its forest sector.

Crown corporation Pacific Carbon Trust has invested in several offset projects that reduce greenhouse gas emissions in British Columbia's industrial forest sector. The reductions go beyond normal business practices, and are independently verified to ensure they meet British Columbia's stringent regulations.

In Northern British Columbia, **Canfor Pulp Limited Partnership** (www.canforpulp.com) has delivered over 20,000 tonnes of offsets by reducing the use of fossil fuels through a number of innovative projects, with another 80,000 tonnes expected over the next two years – another step in Canfor Pulp's ongoing commitment to sustainable operations.

International Forest Products Ltd. (www.interfor.com) has delivered 25,000 tonnes of offsets by converting from liquefied natural gas (LNG) to residual wood fuel at its sawmill north of Kamloops, B.C. This clean and efficient wood-fired energy system is used to dry lumber and heat the mill during cold winter months.

Neucel Specialty Cellulose (www.neucel.com) has invested in mill upgrades and specialized training to facilitate a shift from oil to hog fuel at their Port Alice mill. To date, they have delivered over 30,000 tonnes of greenhouse gas emission reductions to Pacific Carbon Trust, and plan to continue to investigate new project opportunities.

Pacific Carbon Trust CEO Scott MacDonald says the growing demand for offsets results in fewer greenhouse gas emissions and helps the forest sector become more sustainable over the long term. "In a carbon-constrained world, these measures will not only help British Columbia's forest sector become more efficient, but more competitive as well."

In total, the three companies have delivered greenhouse gas emission reduction offsets equivalent to taking about 20,000 cars off the road for one year.

Korean Customer Survey Results

A 2011 survey of Korean wood and pulp and paper customers shows that when it comes to forest products, price continues to drive buying decisions.

The survey, sponsored by the Forest Products Association of Canada, found that Canada continues to be a major supplier of wood products while its pulp faces significant competition from tropical hardwood pulps and Radiata pine.

Korean buyers who plan to export paper to North America and Europe want products backed by third-party certification.. Customers also cited product quality, delivery, species, grade and availability/sustainability as important purchase considerations – and had positive feedback about Canada's product quality and forest management. Wood customers readily recognize the promotional and technology transfer efforts of the Canada Wood Korea office.

NEW PUBLICATIONS

The Forest Products Association of Canada has produced guides listing publications showing available resources with information about the environmental attributes of wood and achievements of Canada's forest products industry. **Feel Good about Canadian Pulp, Paper and Wood** is posted on the www.feel-good.ca website.

Forestry Innovation Investment has updated the www.naturallywood.com website, which brings together the latest information on wood performance, design and environment and life cycle assessment, as well as British Columbia's wide variety of forest products, manufacturers, sustainable forest practices, certification of forests, wood products and more. Links to related topics give architects, builders, wood, pulp and paper manufacturers and their customers the ability to explore further resources on products.

WHAT'S UP IN CANADA'S FOREST SECTOR?

What's Up in Canada's Forest Sector? examines Canada's diverse forest products sector and invites views from representatives of companies working with markets in Asia. Issued three times a year, it delivers the facts about forests, operations and products for buyers and builders in Asian countries who are considering Canadian forest products for their building and paper needs. Contact us at Ottawa@fpac.ca with comments and suggestions.

For more information, visit the Canada Wood website at www.canadawood.org or contact your local Canada Wood office:

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FOR MORE INFORMATION ABOUT CANADA'S FOREST SECTOR, VISIT:

The Forest Products Association of Canada (www.fpac.ca) represents the largest Canadian producers of wood, pulp and paper products. Its website includes information about a variety topics, including a *Buyers' Guide to Canada's Sustainable Forest Products* to help customers create a sustainable forest products procurement policy.



The Canadian forest products industry adheres to the following five principles, which are increasingly important to responsible buyers of forest products:

1. Harvest legally.
2. Regenerate promptly.
3. Reduce waste and support recovery and recycling.
4. Reduce greenhouse gases and help fight climate change.
5. Welcome independent scrutiny of how they manage forests.