

Did You Know?

The United Nations has declared 2011 the International Year of Forests and invited governments, the UN system, relevant non-governmental organizations, the private sector and others to raise awareness at all levels to strengthen the sustainable management, conservation and sustainable development of all types of forests for the benefit of current and future generations.

Canada is a world leader in progressive forestry practices, wildlife conservation and efficient utilization of resources – and is committed to continual improvement. Tough laws and enforcement, backed by more third-party forest certification than any other country, ensure Canada's forest products are from legal and sustainable sources.

WHAT'S UP IN Canada's Forest Sector?

MARCH 2011

BUYERS INTERESTED IN
BIODIVERSITY

CANADA BECOMES
CHINA'S LARGEST
LUMBER SUPPLIER

UNDERSTANDING
JAPANESE
MARKET
POLICIES



Canada Celebrates International Year of Forests

Canada has 10 per cent of the world's forests – more than 400 million hectares – and it views International Year of Forests 2011 as a time to celebrate the country's commitment to sustainable forest management.

With virtually zero deforestation, more original forest, protected forest and third-party certified forest than any other country, and some of the toughest forestry regulations in the world, Canada's forest industry is second to none when it comes to environmental stewardship.

"We're on track to become the envy of the world because of our natural resources, pursuit of technical brilliance and environmental excellence in harvesting and processing," says Avrim Lazar, President and CEO of the Forest Products Association of Canada. "This will be a clear strategic advantage as we enter 2011 and in the decades to come."

On behalf of Canada's forest sector, we wish to extend OUR deepest sympathies and condolences to our friends and colleagues in Japan.





Did You Know?

Canada's forests are home to about two-thirds of the country's estimated **140,000 species of plants, animals and micro-organisms** – including some threatened species. **Maintaining healthy populations of forest-associated species at risk is an important objective of forest management plans in Canada.**

Canadians Inspired by Year of Biodiversity

Canada is carrying momentum from International Year of Biodiversity 2010 into its planning and preparation for International Year of Forests 2011.

Canada's Environment Minister John Baird says International Year of Biodiversity 2010 helped inspire and engage Canadians into taking action in their communities and across the country to conserve and preserve.

"As we mark the success of the International Year of Biodiversity, the end of 2010 is not the end of our concern for the abundance and variety of life on Earth," Baird says. "Our government is taking significant steps to conserve lands and wildlife, and we look forward to working with our provincial and municipal partners and other partners both here at home and abroad to continue to make progress, building on the success of the International Year of Biodiversity."

Safe Place for Discussions

The January 2011 issue of Canadian Geographic magazine included a feature *War for the Woods* about the Canadian Boreal Forest Agreement.

The article quotes Lorne Johnson formerly of World Wildlife Fund Canada, now one of two executive directors of the secretariat established by the industry and the environmental movement to implement the agreement, as saying it creates a safe place for discussions to take place on the issues. "The more noise and tension in a policy-making decision, the less thoughtful the response," he says. "This agreement can lower the rhetoric, the positioning, the advertising."

The article is posted at www.canadiangeographic.ca/magazine/jf11/boreal_forest_agreement.asp.

Buyers Interested in Biodiversity

A workshop in Tokyo hosted by Canadian agencies shows Japanese buyers are keen to learn more about how Canada manages its forest biodiversity.

Shawn Lawlor, Japan Director of Council of Forest Industries, Canada Wood Group Japan, says the workshops are organized each year around a theme of interest to buyers. "With the COP10 conference recently held in Nagoya, heightened awareness relating to biodiversity has emerged among Japanese stakeholders," he said. "Biodiversity is an important forest management objective in Canada so this year we invited speakers to talk about biodiversity from federal, provincial and producer perspectives."

"We have an excellent story to tell, and it shows," Lawlor adds. "After the workshop, the vast majority of participants reported that they had confidence that Canada's forest management practices are sustainable and also said they feel comfortable buying Canadian lumber, pulp and paper."

The workshop, hosted by Canada Wood Group Japan, the Canadian Embassy in Japan and the Forest Products Association of Canada, was held November 18 in conjunction with the Japan Home Show. It attracted 90 people who all reported in a follow-up survey that the presentations gave them useful insight on how Canada manages its biodiversity, and that the information was relevant and helpful to them in their work.

Speakers included Tim Sheldon, Director General of the Canadian Forest Service's Northern Forestry Centre, who offered an overview of Canada's National Forest Strategy, and said forestry in Canada involves the sustainable management of a renewable resource where multiple values and interests are considered to ensure the long-term health and well-being of both Canadians and forests.

Jim Snetsinger, Chief Forester for the Province of British Columbia, told participants of the unique biological and ecological diversity in his province, and the coordinated strategy of regulations and laws, land use planning, protected areas, management practices and much more used to maintain it.

Michael Bradley, Director Sustainable Enterprise for Canfor Pulp and Paper, gave a Canadian producer's perspective on protecting biodiversity. He highlighted British Columbia's Great Bear Rainforest where the coastal forestry businesses and major environmental organizations worked together to find solutions. Their actions became the inspiration for the Canadian Boreal Forest Agreement, which was signed last spring.

Canada Becomes China's Largest Lumber Supplier

Canada has become the largest supplier of softwood lumber to China, surpassing Russia in the first quarter of 2010. In its Autumn 2010 outlook for Canada's wood products industry, The Conference Board of Canada said that between 2000 and 2010, Canadian exports to China have increased by 3,300 per cent.

British Columbia also reported in September 2010 that 40.2 per cent of the export value of its forest products went to China and Japan, compared with 42.5 per cent going to the United States. Year to date, the United States accounts for 47.5 per cent of British Columbia's total forest products export value compared to 33.8 per cent for China and Japan. In 2005, the American share of export value was over 67 per cent, with China and Japan at just 17 per cent.

The province is also seeing a significant increase in the quality of lumber being exported to China – more than one third of softwood exports to China are construction-grade quality, compared with just 10 per cent a few years ago when the bulk of orders were for economy and utility grades.

"With 2010 exports to China reaching \$342 million in August, and more than 10 B.C. sawmills and a thousand employees dedicated to producing lumber for China, there can be no doubt that China has been an incredible success story for British Columbia" says Rick Jeffery, President of Coast Forest Products Association. "If just 10 per cent of China's housing starts (or 800,000 units) were constructed in wood, China would represent new demand nearly equal to the United States."

Canadian Action to Address Climate Change

As a world leader in sustainable forest management, Canada understands the important role that forests and forest management can play in addressing climate change.

In a statement issued after last October's REDD+ (Reducing Emissions from Deforestation and Forest Degradation) Ministerial meeting in Nagoya, Japan, Canada's Environment Minister Jim Prentice said his country's investment of \$40 million to the World Bank's Forest Carbon Partnership Facility Readiness Fund is essential to laying the groundwork for ambitious global action on REDD.

"Deforestation and forest degradation in tropical countries represent up to 17% of global human-caused greenhouse gas emissions and incentives to reduce these emissions have the potential to have the largest and most immediate impact on global greenhouse gas emissions in the short term," he said.

Canada's Diverse Forest Sector

What's Up in Canada's Forest Sector? offers you an opportunity to learn more about Canada's diverse forest products sector, and meet representatives from companies working with markets in Asia.

As far as Craig Armstrong is concerned, developing specialty pulp grades for the demanding Japanese market almost 20 years ago made Millar Western Forest Products Ltd. a better pulp producer and helped open the door to other Asian markets.

Since the late 1980s, Alberta-based Millar Western has led the way in advancing production of hardwood and softwood bleached chemi-thermo-mechanical pulp (BCTMP), also known as high-yield pulp. Its early and ongoing work with technically demanding papermakers was key to building BCTMP's now solid reputation for quality and versatility.

"Our advanced production and environmental control technologies provided tremendous flexibility," says Armstrong, President and CEO of



Millar Western's pulp and lumber operations in northwestern Alberta are environmentally and technically advanced and flexible, producing a wide range of pulp and lumber products to meet specific end-user requirements.

Millar Western. "This allowed us to meet the exacting standards of the Japanese market and positioned us to export the first significant amount of BCTMP to other Asian manufacturers of high-quality printing, writing and board grades of paper."

Today, the majority of Millar Western's pulp is destined for Asian markets, where it finds application in a wide range of paper

products. "We continue to find new ways to utilize our mill's flexibility to meet customer requirements," says Armstrong.

He adds that, as a smaller company, Millar Western's preference is to develop and nurture long-term relationships with customers, a strategy that extends to its lumber business. Though most of its lumber is sold within North America, the company keeps a close eye on growing Asian demand. Already producing a special grade for the Japanese market, Millar Western is working with the Interex marketing consortium to identify new opportunities for specialty lumber products in Asia.

Like most Canadian forest companies, Millar Western (www.millarwestern.com) sources the vast majority of its timber from publicly owned lands managed for sustainability, taking steps to protect water quality, wildlife habitat and other values. Its forest operations are certified to the Sustainable Forestry Initiative standard, which is endorsed by PEFC.

Understanding Japanese Market Policies

A research project conducted by Pricewaterhouse Coopers for the Forest Products Association of Canada (FPAC) examines the Japanese political environment and identifies key stakeholders with interests in forest/environmental products marketing and trade between Canada and Japan.

It also explores relevant issues such as illegal logging, green public procurement, forest certification, trade policies and tax barriers, bioenergy, environment/climate change, green building, quality demand and trade policies.

The report shows Canada's industry is well positioned to respond to the environmental requirements of the Japanese industry. FPAC, a member of the Canada Wood Group, and the Canada Wood office in Japan have used the research findings to develop a market communications plan to tell key government and industry stakeholders about Canada's position on key policy initiatives and environmental credentials.

For a copy of the Japan research report, contact Cheryl Miltimore at cmiltimore@fpac.ca.

BRIEFS

New Brunswick Explores New Markets

The New Brunswick government aims to develop new markets in Asia and Europe for its lumber products. After a forestry summit late last year, Economic Development Minister Paul Robichaud said that as well as developing new markets, the provincial government will help companies gain the technology needed to meet international wood product demands.

Chinese Province Opens Wood Truss Shop

The Province of Hebei in China has opened a manufacturing facility in Langfang City to meet the demand for wood truss roofing systems in China. A key step in manufacturing a roof truss is the use of a roller press, a large piece of machinery that completes the assembly process. Forestry Innovation Investment's China office provided a \$30,000 roller press to the facility, and Canada Wood Group will provide technical training to operate the press. The plant has the capacity to manufacture 400 roofs a year from structure-grade lumber.

Showing the Benefits of Wood

A three-storey, wood-frame building with retail shops on the ground floor and primary school classrooms on the upper two floors signals the growing acceptance of Canadian wood-frame technology across China. The 800 square-metre Market Street project in Chengdu is

Continued on next page

Continued from page 3

designed to show local developers and businesses that hybrid, wood-frame buildings are structurally sound, cost competitive with concrete, brick and steel construction, and energy efficient. Scheduled for completion in April 2011, the project is the final phase of the Wenchuan reconstruction program announced in 2008 by Canada and British Columbia to support earthquake reconstruction.

Meeting Demand for Wood Training

China: Canada Wood College is now offering courses at the Beijing Jingbei Vocational College, highlighting the increased demand for training in the Chinese wood design and construction sectors. The college, which started in Shanghai and is managed by Canada Wood Group, provides training on modern wood-frame building systems for working professionals (engineers, architects, project managers, site supervisors and carpenters) in the construction industry. About 270 students graduate each year from the full-term builder and designer programs, and more than 2,000 builders and designers are trained each year when job-site training and one-day design seminars are included.



Korean Students Learn about Wood Construction

Korea: A total of 340 architecture, housing environment and forestry science students participated in Canada Wood Korea wood-frame construction training in 2010-11. The one-week courses promoted wood as a building material and its environmental benefits. Students in universities and colleges across Korea learned about wood-frame construction and using their knowledge to build playhouses, which were donated to local child care facilities after completion.

NEW PUBLICATIONS

Natural Resources Canada has posted its **2010 State of the Forest** report, offering key facts and statistics about Canada's forest resources and industry as well as expert analysis. <http://canadaforests.nrcan.gc.ca/rpt>

The Province of British Columbia issued **The State of British Columbia's Forests**, with updated data and analysis on sustainable forest management indicators. www.for.gov.bc.ca/hfp/sof/#2010_report

FPIInnovations, in partnership with the Forest Products Association of Canada and the Canadian Forest Service, released **The New Face of the Canadian Forest Industry: The Emerging Bio-revolution**. This 12-page report summarizes the second phase of the Bio-pathways project, which examined the market potential of emerging bio-energy, bio-chemical and bio-products, and explored new approaches to managing value and building partnerships in this critical area.

www.fpinnovations.ca/pdfs/2011_b_2011_in_house_en.pdf

FPIInnovations posted its 2010 edition of **Wood Market Statistics in Canada** (including pulp and paper), with statistics on Canada's forests and the forest industry including growing stock, timber supply, and production and export shipments of major forest products. The Canadian edition was used to produce publications for British Columbia, Alberta and Saskatchewan, with other provinces to follow.

www.forintek.ca/public/pdf/Wood%20Market%20Statistics/2010%20%E2%80%93%20WMS%20CAN.pdf

Canada Wood Korea produced three technical brochures - **Wood Wall, Interior Wood Wall** and **Exterior Wood Wall** - in collaboration with FPIInnovations. Wood Wall is the term used to brand wood-frame non-load-bearing wall or infill wall applications in the Korean market. The brochures and other technical literature are available for members registered for Canada Wood's WFC Service Centre at www.canadawood.or.kr.

Forestry Innovation Investment, a Crown agency of the Province of British Columbia, has posted new fact sheets on a number of topics including wood use in 2010 Olympic and Paralympic Venues. They can be found under products at www.naturallywood.com/Resources.aspx.

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 quarterly, 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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Japan Tokyo Tel: 81.3.5401.0531 **Korea** Seoul Tel: 82.2.3445.3835/4

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 of topics, including a Buyers' Guide to Canada's Sustainable Forest Products to help customers create a sustainable forest products procurement policy.



WHAT'S UP IN CANADA'S FOREST SECTOR - MARCH 2011

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.