



FOREST PRODUCTS ASSOCIATION OF CANADA

Leading the World in Forest
Management, Accelerating
Innovation and Securing Healthy
Forests for the Future

RECOMMENDATIONS FOR 2020 FEDERAL BUDGET

AUGUST 2019



List of Recommendations

- **Recommendation 1:** That the Canadian government continue to support the forest products industry to accelerate innovation, market development, and diversify trade.
- **Recommendation 2:** That the Canadian government establish and implement a National Forest Health Strategy to help us secure healthy and resilient forests and forestry communities for the future.
- **Recommendation 3:** That the Canadian government strengthen our national transportation system by advancing a new “Pacific Gateway Strategy”, and improve competitiveness and environmental outcomes by modernizing approaches to procurement and addressing regulatory reform.



Who We Are

Forest Products Association of Canada (FPAC) is the voice of Canadian wood, pulp, paper, and bio-products producers nationally and internationally. Canada's forest products industry generates 73.6 billion dollars annually and exports over half of that to the world. The industry is one of Canada's largest employers, operating in 600 forest-dependent communities from coast to coast, and directly employing over 230,000 Canadians across the country.

Our sector is one of the largest employers of Indigenous peoples in Canada and works closely with over 1,400 Indigenous-owned forestry businesses. As the third-largest manufacturing industry in the country, Canada's forest products sector is a cornerstone of the Canadian economy.

At a time of rapidly growing protectionism, shifting trade rules, economic fluctuations, and changing climate patterns, the Canadian forest products sector has established itself as a leader in its efforts to collaborate with governments, rightsholders, and stakeholders to strengthen our sector to secure a more productive, economically successful, and environmentally responsible future.

Accelerating innovation, ensuring healthy and resilient forests, working closely with Indigenous peoples, forestry communities and labour, and helping Canada tackle climate change are critical to our sector's contribution to the environment and the economy—today and in the future.

We are a truly renewable sector and lead the greenest workforce in Canada. We work jointly with governments and community partners on environment and climate change priorities such as our *30 by 30 Climate Change Challenge* – a commitment to reduce carbon by 30 megatonnes of CO₂ a year by 2030 – representing more than 13% of the Canadian government's emissions reduction target. The government's support of the more detailed recommendations contained herein is vital to ensure our sector can remain globally competitive, generate family-supporting jobs, and achieve our climate change related goals through our *30 by 30 Climate Change Challenge*.

Canada's forest products industry has long been a national leader in reducing its carbon footprint. Canadian pulp and paper mills have cut their greenhouse gas emissions by nearly 70% since 1990.

Forests managed by the forest sector are high performing when it comes to removing carbon from the atmosphere. Natural Resources Canada's *State of the Forests Report (2018)* confirms that the forested area under active management in Canada, and the wood harvested from these lands, continues to be absorb 20 million tonnes of carbon per year. Natural disturbances, such as pests and fire, are significantly impacting the overall carbon story of Canada's forests.



These natural factors are key drivers of the carbon that forests release each year, and more must be done to mitigate these risks. Forest management can be a solution in this regard.

Through a 'Made in Canada' approach to forest management that considers multiple values, and a framework that is among the most rigorously regulated in the world, the sector has supported Canada in retaining more than 90% of our original forest cover.

FPAC is seeking a commitment from decision makers for collective action in support of wide-ranging goals and objectives that will take into account the transformative progress forest products companies have made in forest management, carbon reduction, and the creation of an innovative, more sustainable economic contributor.

FPAC Recommendations:

Recommendation 1

That the Canadian government continue to support the forest products industry to accelerate innovation, market development, and diversify trade.

In 2019, the Canadian government committed more than \$250M¹ in funding to bolster Canada's forest products industry, as well as skills development and innovation. The federal government has also pledged support for rural communities with access to cellular reception and broadband, and continued promotion of skilled trades and training opportunities for workers.

We support the full implementation and continued support of these measures so our sector can continue on the path of transformation, advance our country's move to a lower carbon economy, and strengthen our sector's competitiveness position domestically and in international markets. These budget measures will also advance the forest products sector's position in the emerging bio-economy, and help Canada compete and capitalize given the world-wide trend of more wood being used in building projects.

¹ - \$91.8 million over three years for the Forest Innovation Program, to support pre-commercial research and development, positioning the Canadian forest sector at the forefront of the emerging bioeconomy.
 - \$82.9 million over three years for Investments in the Forest Industry Transformation (IFIT) program, to support the industrial commercialization and adoption of innovative technologies and processes, contributing to clean economic growth and jobs.
 - \$64.0 million over three years for the Expanding Market Opportunities (EMO) Program, to increase and diversify market opportunities for Canadian forest products in offshore markets, and expand wood use in non-residential and mid-rise construction, including within Canada.
 - \$12.6 million over three years for the Indigenous Forestry Initiative, to support forest-based economic development for Indigenous communities across Canada.



Recommendation 2

That the Canadian government establish and implement a National Forest Health Strategy to help us secure healthy and resilient forests and forestry communities for the future.

Crucial to the future of the forest products industry and forestry communities is a recognition of the importance of maintaining healthy forests. To address the impacts of climate change, support species at risk populations, and ensure resilient forests for future generations, our collective approach to advancing forest health needs to be innovative.

In this regard, we urge the federal government undertake a collaboration with provincial governments, Indigenous communities, other rightsholders and stakeholders to develop a cross-Canada action plan through a national dialogue aimed at advancing forest health, while supporting workers and communities for the long term.

Canada's forest products sector is in a unique position to be part of the solution in mitigating and adapting to the impacts of climate change. Through innovative practices and active forest management, the forest sector is part of the solution to regenerate important habitats, keep communities safe from wildfires, and increase carbon storage in the forest and renewable wood and wood fibre based products.

In the face of a changing climate, record-breaking fires, pest outbreaks, changing animal nutrition and predation patterns, and other physical and behavioural changes in our forests, the time is now to act so we can maximize the environmental, economic, and social benefits of Canada's forests and forestry communities for generations to come.

FPAC recommends that the priorities for the National Forest Health Strategy be:

- Recognize that the vast majority of forest disturbances in Canada are from fires and pests, not harvesting activities. Fire, insects and disease damage or destroy about 5% of the total forest area annually – approximately 25 times the number of trees that are responsibly harvested by Canadian forest workers
- Recognize and capitalize on the benefits of active forest management (e.g. reducing risk of forest fires)
- Establish as the highest priority the development of policies needed to ensure we can count on healthy forests and a healthy forest economy for generations
- Commit to addressing forest health issues, including wildfire and pest risks, and carbon sequestration, through a top-level national dialogue with provincial counterparts and



other rightsholders and stakeholders to secure healthy and resilient forests for generations to come

- Build on the momentum created through leveraging Canada’s forests in our collective fight against climate change
- Enable a multi-species and Pan-Canadian approach to conserve biodiversity and species at risk, by implementing a more integrated and effective approach to stewardship and regulatory measures

Recommendation 3

That the Canadian government strengthen our national transportation system by advancing a new “Pacific Gateway Strategy”, and improve competitiveness and environmental outcomes by modernizing approaches to procurement and addressing regulatory reform.

In the federal government’s report from the Economic Strategy Table, “Resources of the Future,”² Canada’s forest products sector is singled out for its long-standing efforts to modernize its operations, renew its brand/marketing programs, develop breakthrough products, and ensure the sustainability of Canada’s forests and its rural and northern communities.

The report specifically recognizes the contribution of Canada’s forest products sector as a job creator, a partner in addressing climate change, and a leading innovator in clean technologies. Among the report’s recommendations was the introduction of a charter for efficient and agile regulations with the option to be made into legislation, and; the creation of a cross-sectoral, industry-led, federal government-facilitated innovation and technology “lighthouses.”

Earlier this year, the C.D. Howe Institute recognized the unique opportunities before Canada’s forest products sector in its report, “Branching Out: How Canada’s Forestry Products Sector is Reshaping its Future”³. Report author Eric Miller noted that Canada’s forest products industry is facing barriers that can be overcome through innovation, new trade markets, and supportive government policies.

To enable the potential of our sector and its workers, FPAC believes the federal government should commit to creating and implementing a modernized “Pacific Gateway Strategy”, a

² <https://www.ic.gc.ca/eic/site/098.nsf/eng/00019.html>

³ <https://www.cdhowe.org/public-policy-research/branching-out-how-canada-s-forestry-products-sector-reshaping-its-future>



comprehensive approach that considers new trade deals to assess future transportation infrastructure needs for forest products and other Canadian exports. Building an efficient and effective Canada-wide transportation infrastructure system will ensure the reduction of carbon from trucks by moving more product to rail and help the government meet its objective of diversifying trade by 50% by 2025.

FPAC recommends the reintroduction of Bill C-354 “An Act to amend the Department of Public Works and Government Services Act (use of wood)” which supports advancing wood as a sustainable building material in federal government procurement. Implementing Bill C-354 will help the government reduce its GHG emissions and promote sustainable building.

FPAC also believes that the accelerating the much-needed regulatory modernization of legislation related to internal trade, environment, tax and transportation, will help secure significant new investment in the forest products industry. Improving the Canadian regulatory predictability, certainty, and minimizing regulatory burden across all the supply chain (land use and management, transportation of goods, and facility operations) will make Canada more attractive for investment and will increase opportunity in this fast-evolving, future-ready industry.

Conclusion

These actions will help ensure that businesses in our industry are meeting expansion, innovation and prosperity goals to better contribute to the success of the over 230,000 workers directly employed in our sector, and for Canada’s overall economic growth.

Canada’s working forests provide solutions to fight climate change while bringing family-supporting jobs to Canadians in communities where there are often limited options. To maximize the opportunity, we need an ongoing commitment from governments to build on the momentum of what has been started – to position Canada’s forest products sector as a global leader.

If we can unlock the environmental and economic potential of this sector, we can bring more Canadian wood and wood-based products to the world.

