



COMPOSITE PANEL ASSOCIATION

Advancing the wood-based panel and decorative surfacing industries

19465 Deerfield Avenue, Suite 306, Leesburg, Virginia 20176
Tel 703.724.1128 • Fax 703.724.1588
www.CompositePanel.org

December 10, 2020

Standing Committee on Natural Resources
House of Commons
Ottawa, Ontario

Submitted via e-mail: RNNR@parl.gc.ca

RE: Economic Recovery in Canada's Forestry Sector

Dear Committee Members,

The Composite Panel Association (CPA) appreciates the opportunity to participate in the Standing Committee on Natural Resources' consultations regarding economic recovery in Canada's forestry sector.

CPA is a trade association representing more than 95% of the North American manufacturing capacity of the composite wood panel industry - particleboard, medium density fiberboard (MDF), and hardboard - as well as many suppliers, distributors and major users of the industry's products. Our Canadian members operate 10 mills with annual sales of over C\$1.34 billion, and employ over 2,200 mill workers in five provinces with annual wages of over C\$179 million. These mills are typically located in rural areas where good paying jobs are critical to sustaining the local community. Considering indirect and induced effects, the Canadian composite panel industry contributes to 11,500 jobs with wages totaling C\$724 million and represents about C\$3.41 billion in annual sales.

The Canadian composite panel industry is founded on innovation and environmental sustainability. Composite wood panels were born out of a desire to recover and recycle wood residuals from sawmills and other wood product manufacturing processes to create new, long-lived, carbon-sequestering, sustainable wood products. As such, the composite panel industry is an important part of an integrated forest products sector that has long played a key role in Canada's bioeconomy. Our sector is positioned to support Canada's economic recovery and Net Zero Emissions by 2050 objective with the support of the Government of Canada on two major issues – availability of wood fibre and ensuring only compliant products are sold in Canada.

Of utmost importance to the sustainability of the composite panel sector is the availability of wood residuals, which are the primary raw materials in the manufacturing process. Local availability of these residuals is already being impacted by price fluctuations and upsets to the traditional supply chain such as sawmill closures. The availability of wood residuals may now be further jeopardized by Canada's Clean Fuel Standards currently under development, if subsidies or other incentives are made available to fuel producers to purchase these residuals. While well-intentioned, these subsidies would have the unintended consequence of raising the costs to Canada's composite wood products manufacturers. As a trade exposed sector, these cost increases will threaten the sector's viability, in turn negatively impacting Canada's economic

recovery. These subsidies would also have a negative effect on Canada's Net Zero Emissions by 2050 climate objectives by incenting the diversion of wood residuals from their current high economic and net-positive carbon value use to lower value energy products. In Canada's ongoing transformation to a low carbon economy, a preference should be shown for reusing biomass in sustainable products like composite panels, and the long-lasting finished products made from those panels, such as cabinets, furniture, and flooring.

In order to support the economic recovery of the composite panel manufacturing sector and to promote sustainable, high-value uses of biomass, CPA proposes that the Committee recommend that **any new clean fuel strategies do not include wood product facility by-products that would otherwise be used in high value-added manufacturing industries.** CPA has submitted proposed definitions to Environment and Climate Change Canada's Clean Fuel Standards team for their consideration in the regulatory design that would exempt these materials from eligibility under all fuel classes in the regulations. In addition, CPA proposes that the Committee recommend that **carbon credit mechanisms under Canada's low carbon economy programs should include all products that sequester carbon**, not just low carbon fuels. This will ensure that government policy and regulations do not promote low carbon value chain markets, and properly support the industry through recognizing the carbon sequestration benefits of composite panels, including long-lived products made from composite panels, and their contribution to Canada's Net Zero Emissions by 2050 climate objective.

The Canadian composite panel industry is also facing competition from overseas manufacturers that are not currently required to adhere to the strict product formaldehyde emission standards that Canadian manufacturers have adopted. CPA's Canadian members currently follow a voluntary regime that is harmonized with the United States Environmental Protection Agency (EPA) Toxic Substances Control Act (TSCA) Title VI regulations concerning formaldehyde emissions in composite wood products, and CPA has been working collaboratively with Health Canada on the development of a Canadian regulation that will formalize alignment with the US. However, in the absence of a Canadian regulation, we have seen instances of a lack of quality control, ongoing testing and monitoring, and misuse of labelling in order for products manufactured overseas to be admitted and sold in Canada.

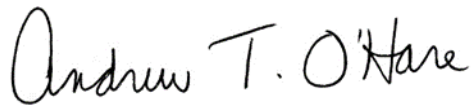
CPA proposes that the Committee recommend that **the government finalize the composite wood product formaldehyde regulations as soon as possible, and furthermore that it enact measures and commit resources to ensure it can properly monitor and enforce compliance with these regulations on imported products.** Empowering the Canadian Border Services Agency to conduct ongoing testing according to best practices and to enforce the removal of non-compliant materials ensures that Canadian manufacturers have a level regulatory playing field and protects Canadian consumers from potentially unsafe products being sold in Canada.

CPA's members have been an ongoing success story in the push to innovate and maintain a sustainable industry – one that is an important economic driver in rural communities across Canada, and provides safe materials used in the daily lives of Canadians. Adopting these recommendations will ensure that the Canadian composite panel manufacturing sector plays a

significant role in the economic recovery of Canada's forestry sector, and contributes to Canada's Net Zero Emissions by 2050 objective through the production of long-lived, carbon-sequestering, sustainable forest products.

I welcome the opportunity to speak further with the Committee about these issues and the composite panel sector's role in Canada's economic recovery.

Sincerely,

A handwritten signature in black ink that reads "Andrew T. O'Hare". The signature is written in a cursive, flowing style.

Andrew T. O'Hare
President, Composite Panel Association