



OPENING REMARKS TO STANDING COMMITTEE ON FINANCE (FINA)

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CANADA'S FOREST PRODUCTS INDUSTRY:

Clean, Green, and Growing

Mr. Chair, Members, thank you for the invitation to appear as part of Budget 2017 consultations. I hope you'll agree that the Forest Products Association of Canada has much to offer as it relates to building an innovative, green economy that is reflective of our great country.

As we look at everything currently taking place in the industry, I think about the significant challenges of the last decade and am reminded that innovation is in our DNA. The challenges our industry faced further anchored and accelerated our commitment to transform for future success, leading our industry to move beyond innovations in products to include geographical market diversification, productivity and evolving forest management practices. Indeed we have a track record of innovation and continually adapt our operations and practices to meet the demands of changing global markets and consumer preferences.

Partnerships are also at the heart of what we do. The forest products sector has been at the heart of the Canadian economy and bringing 230,000 direct jobs and 1 million indirect jobs in communities where our mills and forest operations are the lifeblood of communities and critical to supporting middle class. Our sector is one of the largest employers of Indigenous Peoples in Canada, including 1,400 indigenous-owned forest businesses. We are the third largest manufacturing industry and lead the greenest workforce in Canada. Our industry also has the best environmental reputation in the world, achieved by embracing strong environmental standards and committing to continuous improvement – our sector has pledged to remove 30MT of CO₂ a year by 2030, more than 13% of the government's emissions reduction target.

The forest sector is seeking federal government support in the 2017 budget for better investments in science networks and business clusters, commercialization and adoption of clean technology and closing gaps in market access, which I'd like to talk to you about today.





INVESTMENTS IN SCIENCE NETWORKS

We innovate through collaboration, partnerships and science networks with government, businesses and the academic community. Long-term and stable investments in private-public partnerships such as FPInnovations, research and development projects and business clusters will strengthen Canada's innovation capacity and contribute to economic growth. This is why we are recommending that **the government renew FPInnovations core funding of \$100 million over four years**, because it is especially critical to the government's innovation agenda.

FPInnovations' current federal funding will expire in March 2018. An early signal on renewal is critical to maintain Canada's leadership in the global forest industry. FPInnovations should be provided with long-term, stable and sustainable funding to ensure that innovation development and deployment can continue to enhance the forest sector competitiveness and fast-track its transformation.

FPAC also recommends that the federal government **invest \$100 million over four years for fundamental and applied science networks related to industry** in addition to **\$40 million over four years for business clusters**. Innovation Minister Navdeep Bains has said that the "government is betting heavily on networks—or innovation clusters—as part of the Innovation Agenda." He's right to do so.

Clusters can bring like-minded companies together for the purpose of joint projects in technology transfer, export development, skills development, and experience exchanges. Funding to support such clusters will strengthen Canada's overall innovation performance, thereby creating jobs as a result.

COMMERCIALIZATION AND ADOPTION OF CLEAN TECHNOLOGY

Canada's forestry sector is a global leader in adopting new technology and embracing clean technology. The government's support for commercialization of clean technologies is vital if our sector is to remain competitive and generate high-value jobs. We're recommending that the **government support commercialization of advanced wood products, bioproducts and clean technology with \$200 million over four years through the Investments in Forest Industry Transformation (IFIT) program.**



The IFIT program is set to expire in 2018, but should be renewed because of its success. We know that for every dollar invested by IFIT, \$2.60 is generated. Moreover, the number of innovators who want to access the program goes far beyond the initial \$100 million investment. Doubling investment in IFIT means more innovative companies working with partners such as FPIinnovations will be able to commercialize technology our sector relies on to foster transformation.

Further, the government should support subsequent replication of technology across the forest products industry under the **Clean Resources initiative with a \$250 million investment over four years to address our sector's unique needs.**

Government support can accelerate replication and ensure the sector keeps pace with international competition in wide-spread adoption of emerging clean technology that will also contribute to tackling climate change.

CLOSING GAPS IN MARKET ACCESS

And finally, I'd like to talk about the importance of closing gaps in market access. The government could take action on a number of fronts to ensure that businesses in our industry are meeting expansion, innovation and prosperity goals to better contribute to economic growth. For example, **updating building codes and standards** to incorporate consideration of the carbon footprint and **renewing the Expanding Market Opportunities (EMO) program and its funding for Canada Wood.**

FPAC members are diversifying into higher-value niche areas such as bio-energy, bio-chemicals, nano-technology and advanced construction materials. More than ever, this kind of innovation is fundamental to improving the competitiveness of Canada's forest sector in the global marketplace.

CONCLUSION

In conclusion, Mr. Chair, strategic investments in the forest sector in Budget 2017 to support better investments in science networks and business clusters, commercialization and adoption of clean technology and closing gaps in market access will contribute to Canada's economic growth and modernize how we innovate as a country.

I'm happy to answer any questions you may have.

