VISION2020 REPORT CARD:
2010 TO 2012

PATHWAYS TO PROSPERITY FOR
CANADA’S FOREST PRODUCTS SECTOR
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Foreword

The Forest Products Association of Canada (FPAC) is the national voice of the forest sector in Canada. In the spring of 2012 when FPAC launched the Vision2020 challenge, we committed to report publicly on the collective progress of the industry every two years. This is our first progress report, looking back to the years 2010 to 2012.

I am pleased to report that we are making headway on each of the three ambitious goals of Vision2020: products, environmental performance and people.

The maxim “what gets measured gets done” is one of the underlying principles of Vision2020. Holding ourselves accountable for making progress ensures we continuously improve and correct course as we go.

Having a strategy with measurable goals is the mark of any good business. Having a strategy with measurable goals for an entire sector is a novel concept. We recognize that the ultimate success of delivering on the ambitious transformation agenda of Vision2020 depends on the decisions and successful actions of individual companies in the forest products industry. However, no one company can do it alone. The success of Vision2020 will require the collective effort of FPAC, its member companies, and the rest of the forest sector working with governments and other participants in the economy.

You will see in this report that our efforts began to bear fruit during the first two years of our ten year vision. Early successes are important. They should be celebrated and further progress must be encouraged. This report is intended to do both — acknowledge our initial success while encouraging further progress in our industry’s performance — so that the forest products sector can realize its full potential and thrive.

The audience for this report is not only FPAC member companies and the broader industry but also our governments, communities, labour unions and academics, as well as other potential business partners domestically and internationally. The Vision2020 strategic framework has created opportunity for alignment and improved coordination and cooperation among all partners who are involved in the forest products sector.

Canada’s wood fibre basket is a renewable resource of global importance. The sound, sustainable forest management practices of our industry are internationally recognized. The potential for the Canadian forest products industry to supply the world with a renewable green resource is an exciting opportunity for all who work in the sector, for our customers and for the economy of Canada.

I would like to thank the Board of Directors and the staff of FPAC for their continued dedication to the forward momentum of Vision2020. To our government partners and all who have contributed to the success of the first two years of this ten year plan, we also say thank you. We look forward to another two years of increasing progress toward implementation of the green and innovative agenda of the forest products industry of Canada.

David Lindsay, President and CEO
Forest Products Association of Canada (FPAC)
June 2014
**A Proud Past and a Promising Future**

The forest products industry helped shape the Canada of today. Since before Confederation, the sector has been a cornerstone of Canada’s economic and social structure. For much of the past century, the industry was Canada’s largest exporter, employer and contributor to GDP. Professor Ian Keay of the Department of Economics at Queen’s University estimates the forest products industry contributed almost $2 trillion to the Canadian economy between the years 1900 to 2000.

In the early years of the 21st century, the industry was hit with a dramatic downturn. It was battered by a deep global recession, the collapse of the U.S. housing market, rapidly shifting international markets, and significant structural changes such as the digital revolution reducing paper use and the rise of low cost producers in developing countries. The sector retrenched, shedding about a third of its jobs in Canada while scores of mills shuttered, battering many rural communities. Some onlookers suggested the sector was rapidly fading into the sunset. That view has been proven wrong.

**We’re on the move**

The forest products industry made difficult decisions and embraced transformation. It is now emerging as a leaner, greener economic powerhouse. The future is bright thanks to a concerted effort by the sector in partnership with governments, innovators, researchers, workers, communities, educators and others. The industry is now positioned to expand its contribution to Canada’s prosperity by supporting hundreds of thousands of good, well-paying jobs, especially in rural Canada.

The sector engineered its turnaround by enhancing competitiveness and becoming a productivity powerhouse, with labour productivity growth much higher than the average business sector in Canada (www fpac ca /productivity). The sector diversified its international markets; built on its green credentials and extracted more value from every tree by developing new innovative products. Wood fibre can be used in everything from cosmetics to clothing to car parts to state-of-the-art construction systems.

The growing middle class and higher standard of living in emerging economies will put increasing pressure on the planet’s resources. The wise use of renewable resources in the bio-economy is an important response to those global economic and environmental pressures. Canada’s vast natural resources, especially its renewable forests, are a unique advantage. In Canada, a deep knowledge of sustainable forest management and a sophisticated forest products sector can and will make an important contribution to the global economy and the world’s environmental future.

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**Labour productivity growth in the forest products industry 2000-2012 (compound annual growth rates)**

![Diagram showing Labour productivity growth in the forest products industry 2000-2012](image)

*Source: Canadian Centre for Living Standards*
In May 2012, FPAC unveiled an ambitious vision for the future of the forest products industry.

Vision2020 was launched as a challenge to industry as well as governments, academics, researchers, policy thinkers and other partners to build on the sector’s transformation and to articulate our dynamic new direction.

“By 2020, the Canadian forest products industry will power Canada’s new economy by being green, innovative and open to the world. It is a place to grow and prosper.”

**Products**
Generate an additional $20 billion in economic activity from new innovations and new markets

**Performance**
Deliver a further 35% improvement in the sector’s environmental footprint

**People**
Renew the workforce with at least 60,000 new recruits including women, Aboriginals and new Canadians

FPAC has committed to reporting out on Vision2020 every two years. This is the first report card showcasing the progress made in the first two years between the baseline year of 2010 up to 2012. The following table highlights the headway to date.

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<th>PILLAR</th>
<th>GOAL FOR 2020</th>
<th>PROGRESS FROM 2010 - 2012</th>
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<td>Products</td>
<td>$20 Billion in economic activity</td>
<td>$0.5 Billion increase</td>
</tr>
<tr>
<td>Performance</td>
<td>35% improvement</td>
<td>6% improvement</td>
</tr>
<tr>
<td>People</td>
<td>60,000 new recruits</td>
<td>8,000 new recruits</td>
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The report also outlines some key actions that should be taken to propel the sector forward to reach the Vision goals by the end of the decade.
Context

The products goal reflects the optimism of the forest products industry about its ability to create new economic activity through innovation.

Traditional 2x4s and other cut lumber products will always be part of the forest products industry in Canada. Traditional pulp and paper will still be produced as well, even with the drop in paper consumption. However, today’s forest products industry is about more than lumber, pulp and paper. The opportunity for new uses of wood fibre from Canada’s abundant renewable forests is limited only by our imagination.

The forest products industry has a long history of adopting new innovative processes and technologies. Through the challenges of recent years, the sector’s need to innovate has deepened as it sought new ways to maximize value from Canada’s forests. Industry and government players realized that innovation in knowledge, products, policy and processes is necessary for the industry’s future success.

Canada is becoming a world leader in collaborative forest sector innovation through unique partnerships between governments, academics, technology developers and the industry. In recent years, a re-energized and strengthened national innovation system has been emerging with a shared vision and aligned efforts. For example, FPInnovations is now the world’s largest public-private partnership dedicated to forest sector innovation and is an essential partner in implementing Vision2020.

The innovation system also taps into the creativity of the academic community through the Forest Innovation by Research & Education (FIBRE) network which involves 8 research networks, 27 universities, more than 100 professors and 400 students (www.FibreNetwork.org). Significant efforts are also now underway to better connect with community colleges.

The federal government has contributed with strategic programs such as the Investments in the Forest Industry Transformation (IFIT) program and funding for FPInnovations and the National Science and Engineering Research Council of Canada (NSERC) which in turn supports the 8 FIBRE research networks. These initiatives are fundamental to supporting faster innovation generation and adoption in a capital intensive industry. Continuing to design and implement programs that share the burden of risk is incredibly important and public-private partnerships are vital to making this happen.

“Over the medium to longer term, dynamic growth opportunities exist to develop new cellulose-based products that can be converted into bio-chemicals and used in surprising new products. In Canada, we have seen ground-breaking research that has resulted in the world’s first plant for nano-crystalline cellulose, which can be used in various applications from bone replacement and bullet-proof vests to tires and cosmetics. While these prospects are not fully developed in terms of scalability and cost, once there is a clearer understanding of the real potential of these new uses, capital investment to make them a commercial reality will follow.”

— Richard Garneau, President of Resolute Forest Products
The Bio-Economy Opportunity

As markets emerge for products based on renewable materials, FPAC and its partners see a central role for the forest industry in this bio-economy. In collaboration with the Canadian Forest Service and FPInnovations, FPAC undertook a significant two-phase study in 2009 and 2011 to investigate the opportunities to produce a wide range of bio-products from wood fibre. The study demonstrated how the industry could increase the value of every tree harvested by better using residue streams from its manufacturing processes that might otherwise have gone to waste. The Bio-Pathways Project shows how companies can add on the production of higher value bio-energy, bio-chemicals and other bio-materials at traditional mills as a way of generating more profit, producing more jobs and improving environmental performance (www.fpac.ca/pathways).

This was followed by the Construction Value-Pathway study (www.fpac.ca/pathways) in 2012 which looked at the transformational potential of the wood products sector. The study shows the vast potential of engineered wood products and construction systems to exploit the flourishing global construction market. This includes the potential of building taller and more varied structures outside the residential market. The increased sophistication of construction technology provides an incredible opportunity for new engineered wood products.

Forest product companies are beginning to explore these new and exciting opportunities. But research alone isn’t going to make the transformation happen. Investment and bold thinking are needed as well and FPAC has been busy reaching out to engage other sectors. The Bio-Pathways Partnership Network (www.fpac.ca/bpn) aims to foster new business partnerships with other industries such as the auto, chemical and plastics sectors to find innovative new ways to use wood fibre. FPAC is also a founding member of the Bio-Economy Network (BEN), a group of industry associations exploring ways to take advantage of the market potential for bio-based products. FPAC has also joined other resource sectors in the Partnership for Resource Trade (www.PowerofCanada.ca). These efforts help to increase awareness of the vast potential to use wood fibre to develop exciting new renewable products and help facilitate the partnerships needed to get there.
The Canadian forest products industry has always relied heavily on exports for its prosperity. The overall value of Canada’s forest products exports was just over $28 billion in 2013. Canada ranked as the world’s second largest exporter of forest products and the sector is the second biggest contributor to Canada’s trade surplus at $19.3 billion.

The industry wants those numbers to grow. Increasing trade with new and existing markets will be necessary for a vibrant Canadian forest products sector, especially in the face of growing international competition.

A notable success in recent years has been the diversification of our trade relationships. The dependence on the U.S. market has dropped over the past decade from 80% to around 64%. Forest products are now Canada’s largest export to Asia while exports to China have soared by 375% over the last decade.

**Forest Products Exports to China**
2003-2013

In this context of a growing array of products and diversifying markets, FPAC member companies decided to set the Vision2020 product goal of generating an additional $20 billion in economic activity by the end of the decade. That’s a 35% increase over the 2010 baseline of $57 billion.
Pending changes to the National Building Code are expected to allow up to six-storey mid-rise wood frame construction that is safe, strong and sophisticated. This is already permitted in British Columbia and other provinces are expected to follow suit. Mid-rise wood buildings will decrease construction costs, speed construction time and provide a new construction option with a lower environmental footprint. Engineered wood products such as cross-laminated timber (CLT) will make it possible to have even higher wood buildings. CLT panels have exceptional strength, stability and rigidity, and would open up an exciting new option for the construction industry. Higher wood buildings are all about choice for builders, architects and consumers!

FPInnovations was created in 2005 from three national research institutes and is now one of the world’s largest public-private partnerships dedicated to forest sector innovation. It was the first organization in the world to develop large-scale environmentally-friendly production of nano-crystalline cellulose (NCC) and cellulose filaments (CF) — two new materials that can strengthen existing products or be used in products that are part of our daily lives. NCC has the vast potential to be used in everything from cosmetics to electronics while CF has a wide variety of applications from packaging to photographic film. These world-firsts have helped establish Canada as a global leader in innovation.

FPInnovations

Products

FPINNOVATIONS – A WORLD LEADER

HIGHER WOOD BUILDINGS
Progress to Date

VISION2020 Products Goal: Generate an additional $20 billion in economic activity from new innovations and new markets.

Progress to date: The industry added another $0.5 billion in economic activity from $57.4 billion in 2010 to $57.9 billion in 2012.

As one might expect, adopting new products and entering new markets does not happen overnight. The results thus far are modest and do not yet capture the full extent of the effort being made by the industry and its partners. In the two years between 2010 and 2012 when the industry was still recovering from the recession, it was also making strategic investments for future growth. The figures for 2013 and 2014 are expected to show a further pick up. For example, initial figures show wood exports went up 27% in 2013 and Statistics Canada reports that the GDP of Canada’s forest products industry grew by 3.4% in 2013, faster than the overall economy (2%).
As the industry moves into new products and new customers, the way it accounts for economic activity will also need to evolve. In developing this first report card for Vision2020, FPAC realized that the Statistics Canada measurement of economic activity in the forest sector doesn’t include a separate category to measure bio-energy and other bio-products created by our companies.

Further improvements in economic activity are expected as the global recovery takes hold, as a more diversified portfolio of new innovative products comes on stream and as Canada takes advantage of expanding markets. The signing of new free trade agreements such as those with the European Union and Korea will also be helpful. At the same time exports to the United States are rebounding with housing starts recovering to around the one million mark. The recent weakening of the Canadian dollar will also generate a competitive advantage in the international marketplace for years to come.

As the forest products sector attempts to increase exports, it continues to be challenged by a stressed transportation system especially as trade flows move beyond north-south to east-west. Right-sizing the transportation system will be necessary to ensure the sector retains its reputation as a reliable global supplier.

Reaching the ambitious goal of an additional $20 billion in economic activity will require a shared vision and alignment between industry, governments, academic institutions and other partners as well as a deeper adoption of business innovation and transformation.

**The Forest Products Industry: One of the Most Important Rail Shippers**

Building the Momentum

The opportunity to extract increased value from every tree harvested is dependent on ingenuity, continuous innovation and aggressive pursuit of new products and new markets. The activities of individual companies will continue to propel this growth. But no one company can do it alone. During the first two years of Vision2020, FPAC identified many ways that government policy, ongoing research and effective partnerships can assist in reaching the ambitious goal of generating an additional $20 billion in new products and markets:

Industry can:
- Develop and implement transformative strategies and invest in innovative technologies and practices across the forest products sector.
- Monitor global shifts and articulate clear research priorities based on market needs, commercial opportunities and response to global competition.
- Ensure company trade priorities are identified and positioned in the context of the government’s free trade negotiating agenda.
- Create business connections and partnerships with manufacturers such as the auto and chemical sectors and small and medium enterprises (SMEs) to maximize opportunities in the bio-economy.

Governments can:
- Enable a right-sizing of Canada’s transportation system to meet growing demand for rail service and maximize delivery through the supply chain such as ports and border crossings.
- Maintain successful innovation partnerships through support for FPInnovations and for university and college research to help facilitate transformation and increase the success of adopting commercial scale innovation.
- Continue successful initiatives that bridge funding gaps in the innovation system. This includes the Sustainable Development Technology Canada (SDTC) Tech Fund that supports clean-technology projects.
- Expand and enhance free trade agreements on a global basis especially to key emerging markets such as China and India, maintain the support of the broad network of trade offices abroad and promote the “Canadian Brand” around the world to attract global partners to the industry.
- Review pension deficiency regulations in order to make them seamless from one jurisdiction to another, responsive to a low interest rate environment and competitive with the practices now in place in the USA.
WOOD AND CARS: NEW TAKE ON AN OLD IDEA!

Years ago the automotive industry used wood to spruce up the appearance of their cars. Some may even remember wood panels on the exterior of vehicles. Well, wood is again starting to show up in car parts. For example Weyerhaeuser forest products is working with Ford to examine the potential car parts made with cellulose-fibre reinforcement derived from wood. Ford already uses wood fibre in bio-plastic cup holders and is looking at expanding this to armrests, battery holders, and other parts.

Wood fibre is also being used by Tekle Technical Services in Alberta to create Canada’s first facility to manufacture engineered bio-composite fibre mats. Lightweight and renewable, these mats can improve vehicle fuel efficiency and sound-dampening.

And, yes, wood still makes a great luxurious accent for car interiors!

- Review the rules governing mergers and acquisitions to ensure that Canadian companies can grow to the size and scale necessary to compete in the global forest products marketplace.

**Academic partners, provincial governments and research agencies can:**

- Encourage researchers to engage with industry early in the discovery process to set the stage for effective and early mobilization.
- Deepen collaboration across the academic community to ensure maximum effectiveness and innovation delivery.
- Promote successes of the forest sector innovation system within the academic institutions to continue to attract top talent.
- Strengthen the partnership between the forest sector and other sectors/stakeholders including colleges.

**Communities can:**

- Consider more environmentally-friendly wood mid-rise buildings.

Finally, one area where all governments and all companies must continue to cooperate is in managing the fibre supply. FPAC recognizes that in Canada, natural resources are owned by the provinces. However, the impact of global climate change does not respect provincial boundaries. Drought, blow-downs, fire, insects and the effects of climate change on the forest ecosystem are having an impact on the fibre basket in Canada. FPAC encourages all governments to continue to cooperate in addressing the challenge of fibre supply and find ways to best maximize value created from the forest.
Context

The Canadian forest products industry has been very aggressive in reducing its environmental footprint. As custodian of 10% of the world’s forests, the sector has emerged as a global environmental leader. For example, Canada has more than 150 million hectares of certified forests. Certification is an independent assessment of whether companies follow sustainable forest management practices based on a number of environmental and social criteria. Canada has 40% of the certified forests in the world, by far more than any other country.

Canadian certification in the global context

2013 year-end

The pulp and paper segment of the industry has made dramatic progress in reducing air and water pollutants, for example, by eliminating the use and release of toxic chemicals such as PCBs and dioxins and furans. The sector has eliminated the use of coal and reduced the use of oil to generate electricity by more than 90%. Thirty facilities now generate green electricity on site using residual materials from their operations. Greenhouse gas emissions have decreased around 70% since 1990.

Initiatives such as the $1-billion Pulp and Paper Green Transformation Program (PPGTP) announced in 2009 have helped companies improve mill operations. PPGTP supported 98 projects that strengthened the competitiveness of pulp and paper mills and increased the on-site generation of green energy — enough to power all the houses in Calgary (http://cfs.nrcan.gc.ca/publications?id=34045).
Canada’s forest sector is also a global leader in producing sustainable forest products within a robust regulatory environment. A Yale University study recognized Canada’s forestry regulations and laws as being among the most stringent in the world (www.fpac.ca/performance). Future actions relating to environmental regulations need to be aimed at achieving efficiency gains and adding certainty to allow the industry to continue fulfilling and improving its environmental performance. Canadian companies have further demonstrated leadership through voluntary pro-active measures to further improve our environmental record such as the FPAC requirement for members to certify their forest operations.

These gains made by the forest products industry are good for the environment, and provide an important business advantage for marketing Canada’s forest products around the world. In fact, a 2014 analysis by Leger on market acceptance issues found that Canada is perceived as the best forest products supplier in terms of environmental practices and reputation.

Despite this substantial progress, the sector has committed to further green its operations by an additional 35% by 2020 to maintain the Canadian industry position as a global leader in environmental credentials.

“At Alberta Pacific Forest Industries we are proud of our environmental leadership, progress made in reducing greenhouse gas emissions, lowering water emissions, and new focus and ambition to produce green products from waste materials. At the same time we welcome the challenge of Vision2020 to do even more since we believe in continuous improvement as part of being an internationally competitive and sustainable enterprise with minimal effect on the environment.” — Al Ward, President and COO of ALPAC
Forests have a significant role in mitigating climate change. Trees absorb carbon dioxide, a greenhouse gas responsible for climate change. But the good news doesn’t stop there. By sustainably managing the forest, we can ensure that Canada is helping to address global climate change.

By law, all crown forest area harvested in Canada must be regenerated. Since 1990, the sector has reduced the greenhouse gas emissions that impact climate change by 70%. The industry produces green power, avoiding more carbon intensive alternatives. Products made from wood have a lower carbon footprint than competing materials because they sequester carbon. The industry is striving to become carbon neutral along the supply chain by 2015, without the purchase of offsets. As society moves towards a less carbon intensive economy, forest products will play a key role in ensuring success.

After years of friction with environmental groups known as “the war in the woods”, FPAC members and several conservation organizations decided to replace confrontation with a new paradigm of sharing information and collaboration. In 2010, this resulted in the landmark CBFA, the largest conservation agreement ever signed. The solution-oriented CBFA reflects the collective desire of the signatories to implement the twin pillars of reducing ecological pressure on the boreal forest while enhancing economic opportunity in the forest sector. Industry is proud of the work undertaken with environmental groups and is committed to continuing to build these constructive working relationships through vehicles such as the CBFA.
Progress to Date

VISION2020 Environmental Performance Goal: Deliver a further 35% improvement in the sector’s environmental footprint

Progress to date: There has been a further overall reduction of 6% in the sector’s environmental footprint based on 12 parameters.

Vision 2020 uses an index of 12 environmental performance indicators to measure the sector’s environmental footprint. Here are the performance results between 2010 to 2012.
In 2010-2012, the reduction in waste to landfill, at 31%, was the most significant decrease. Canada has bolstered its position as a global leader in this area with 98% of wood residue now being used for either energy generation or composting. More than 66% of mills’ waste water sediment is being used for either energy generation, composting or land application.

The recycling rate also improved by another 4%. Canada has one of the highest recovery rates of waste paper and packaging in the world at 73%, significantly better than the international average of 56% and higher than Europe, Japan, China and the United States.

Energy use decreased by 8%. For example, the sector continued to invest in energy reduction projects including the installation of energy-efficient equipment to improve mills’ competitiveness and increase the production of green energy. This has also served to improve the quality of air emissions with a reduction in particulate matter (PM; 11%), sulphur oxide (SOx; 6%) and nitrous oxide (NOx; 11%).

The sector’s water use and water quality (or biological oxygen demand (BOD)) have decreased slightly since 2010 down by 3% respectively. Companies are currently implementing projects that will improve water quality emissions and further reduce water use but more could be done if regulatory regimes were improved.

Two of the twelve parameters did not see improvements. Total suspended solids (TSS) inched up by 2% and greenhouse gas emissions (GHG) went up 8% over the two year period. The GHG uptick relates to the start-up of co-generation facilities and an increase in mill use of inexpensive natural gas. The industry is now working hard to maximize the operations of its co-generation facilities which will lead to future GHG reductions. Natural gas will continue to be used — it results in cleaner energy and lower GHG emissions than using coal or oil.

There was no change (0%) in the sustainable forest management indicator during the period from 2010 to 2012 while the application of caribou action plans had a 4% improvement. Industry is committed to future progress in both these areas and work underway under the CBFA and the Species at Risk Act (SARA) will help the industry achieve these improvements.
Building the Momentum

By working with governments, the environmental community and the scientific community, the forest sector has made great strides in its environmental performance. This doesn’t happen by accident, but is the result of deliberate actions by many players. There is already a strong foundation. The following actions will help the industry reach the Vision2020 goal of a further 35% reduction in the sector’s environmental footprint:

**Industry can:**
- Invest in new technologies that reduce environmental impact.
- Continue its efforts in the continuous improvement of sustainable forest management practices through scientific and technical R&D.
- Work with environmental organizations, federal and provincial governments, Aboriginal peoples and their Governments, other industries and interested parties to implement the six goals of the CBFA to achieve both high degrees of social and economic prosperity and high degrees of ecological integrity.
- Promote Canada’s world leading environmental credentials to the marketplace.
- Work toward carbon neutrality through the forest products value chain by 2015.

**Government can:**
- Ensure a world class regulatory system that is efficient and effective at meeting intended outcomes.
- Undertake a systematic regulatory review to ensure there is coordination, elimination of undue burden, and fresh approaches to meet regulatory objectives.
- Continue to support the implementation of the CBFA and promote the industry’s environmental credentials internationally.
**Performance**

*Industry and government can:*
- Work together to combat illegal logging internationally and promote sustainable forest management practices.
- Work with science, conservation groups and Aboriginal communities to develop recommendations on efficient and practical tools to further improve our stewardship of species at risk, and fish and migratory bird populations in Canada.
- Increase attention to climate change impacts on the forest, with a focus on adaptation as well as mitigation.

*Environmental groups can:*
- Engage with the industry and other interested parties in collaborative processes such as the CBFA to find creative solutions to complex problems.
- Support the forest sector’s efforts to promote the environmental attributes of wood products in contrast to more carbon intensive materials.
- Champion the use of renewable wood fibre to produce innovative products that reduce the carbon footprint and environmental impact of industrial and consumer products and packaging.
ABORIGINAL COMMUNITIES

About 80% of Aboriginal people live in or near forested areas. The forest products industry is one of the largest employers of Aboriginal people in Canada. The sector also works with more than 1,400 Aboriginal firms. Working closely with Aboriginal communities will help to ensure that those communities, our industry and the Canadian economy thrive. Through existing and expanding relationships with Aboriginal peoples and communities, the industry aims to attract more Aboriginal workers, contractors and suppliers to the sector. As part of the Vision2020 goals, the industry is working towards finding tangible ways to do so.

FPAC proudly sponsors the Aboriginal Business Leadership Award and the Aboriginal Youth Skills award.

Context

Throughout Canada’s history, the forest products industry has been one of the most significant contributors to employment. The job numbers have dropped from the peak of nearly 380,000 in the 1970s and in recent years the workforce has stabilized at a level of about 235,000 employees. When indirect jobs are included the number soars to nearly 600,000 across Canada, mainly in rural areas.

Those job numbers are expected to grow as the rebounding industry hires new employees to replace its aging workforce and fills new positions as the sector expands and innovates.

For Vision2020, FPAC set the goal of refreshing the workforce with at least 60,000 new workers by the end of the decade. This includes the need to replace roughly 40,000 retiring baby boomers because of the older demographic in the sector, plus an additional 20,000 net new positions. This goal was based on a study by the Forest Products Sector Council in 2011, Renewing Canada’s Greenest Workforce: A Labour Market Intelligence report (www.TheGreenestWorkforce.ca).

Having an adequate skilled labour pool will be necessary to ensure a prosperous forest products industry. However forest product companies are finding it a challenge to fill available jobs. The type of skill sets needed is changing because of new technology, more sophisticated products and more diverse international markets. At the same time, there is aggressive competition for skilled workers, mainly in the trades, and semi-skilled workers such as truck drivers. The governments, both federal and provincial, industry, other sectors and educational institutions will need to work together to attract and retain a vigorous skilled workforce for the current and next generation of workers.
The forest products industry faces a special challenge since many mills and workplaces are located in rural northern areas of the country. Attention must be focused on attracting and training Aboriginal workers who live near forest facilities.

The make-up of the work force in Canada continues to change and the industry needs to embrace that change. A significant component of the Vision2020 people agenda is to attract more women and new Canadians as the sector continues its journey of transformation.

There is a further obstacle for the forest products sector. After a difficult downturn where many questioned the viability of the sector, the forest products industry is aware that it needs to rebrand itself as vibrant and modern with the need for brains not just brawn in its workforce. It will take years of dedicated commitment to ensure messages about the potential of Canada’s forest products industry are transmitted and it will take a multi-partnered approach to ensure the story is told.

“Canfor is making a significant effort and focus on attracting skilled and semi-skilled workers by stressing how northern communities offer clean air, interesting work and a great pace of life. We welcome Vision2020 as it helps brand our industry as green, growing and innovative. As part of the Vision initiative, our sector is also reaching out to governments, the education sector and other partners to try to grow the number of skilled workers. Canfor commends this approach as we try to recruit a diverse workforce.”

— Don Kayne, President and CEO of Canfor Corp., Chair of the Board of FPAC
Progress to Date

VISION2020 People Goal: Renew the workforce with at least 60,000 new recruits including women, Aboriginals and new Canadians.

Progress to date: In the two year period, the industry has hired 8,000 new recruits with the majority replacing retired workers.

Forest product companies in Canada are now starting to hire again and the sector recruited 8,000 workers in the period 2010 to 2012, mainly to replace retiring baby-boomers. The pace of hiring is set to further increase as the industry transforms. Forest products companies, similar to those in other sectors, are reporting difficulties in replacing skilled workers. The sector is currently in need of all types of workers such as millwrights, pipefitters, engineers, forest technicians, truck drivers and management personnel.

FPAC launched TheGreenestWorkforce.ca to help rebrand the industry and attract a new generation of employees to the sector. The industry is also looking to adopt best practices for hiring and retaining workers, and to work co-operatively with other sectors and governments on policies and programs that would increase the pools of skilled workers in Canada.

One of the identified challenges in finding people with the right skills is the need to better understand where the jobs are and where the workers are. This is addressed through better labour market information and data. FPAC is working with an advisory committee made up of member companies, academics, forest sector organizations and governments to create a comprehensive national Labour Market Information (LMI) web application tool for the forest products industry. Funding comes from the Sector Initiatives Program of Employment and Social Development Canada. This tool will gather data from different sources, permit queries at the regional, provincial and national levels, and produce regular LMI forecast reports.

"Unifor supports Vision2020’s goals to increase investments in value added production and to recruit the next generation of forest industry workers. The thousands of new forest industry jobs that Vision2020 projects will be secure, good paying, high technology, green jobs in hundreds of forest communities across Canada. Unifor is the largest forest sector union in Canada and we look forward to helping create the policies and partnerships that will support the investments that we urgently need."

— Jerry Dias, National President of Unifor
Building the Momentum

The forest products industry has always been one of the largest employers in Canada. After a period of retrenchment, the sector is hiring again. However there are many challenges ahead: convincing Canadians there is a bright future in the industry; competing with other sectors for workers; and attracting the right skills for a sector that is transforming. Here are some proposals that would help the industry reach the Vision2020 goal of refreshing the workforce with at least 60,000 new recruits by the end of the decade:

**Industry can:**
- Brand the industry as a renewable, growing sector where career opportunities exist, leveraging tools such as theGreenestWorkforce.ca, and foster an image and reputation as a dynamic renewable industry to attract the best and brightest of the next generation.
- Implement industry best practices to hire and retain employees.
- Develop specific strategies and messaging to hire youth, women, Aboriginal workers and new Canadians and partner with organizations representing each of those groups to deliver information on career opportunities within the industry.
- Work with Aboriginal communities to ensure that they participate in the economic and career opportunities available in the sector.
- Recognize the importance of the constitutionally protected interests of Aboriginal people in land and natural resources to foster increased Aboriginal involvement in forest land management decisions.
- Work with the education sector to improve skills training for all types of jobs.

**Government can:**
- Fast-track the immigration approval process for specific in-demand jobs where needs are acute.
- Implement funding programs such as the Canada Job Grant and apprenticeship loans.
- Increase funding under the Apprenticeship Job Creation Tax Credit to expand it from covering only the first two years to also covering third and fourth year apprenticeships.
- Work towards harmonizing apprenticeship training and the journey-person-to-apprentice ratio for all Red Seal jobs.

**Industry and the education sector can:**
- Implement a comprehensive Labour Market Information (LMI) web tool with government support.
- Work with government, educational and training institutions and other stakeholders to develop a world-class training and skills development system in Canada and recruit strong applicants to these programs.
- Partner with governments, universities, colleges, high schools and sector groups to disseminate information on job opportunities in the industry.

**Academic institutions can:**
- Build pathways between colleges and universities for training and development in an increasingly technologically complex economy.
- Work closely with industry to identify skill gaps and new training and education needs for the workforce of the 21st century.
Conclusion

The Canadian forest products industry is transforming. Without this transformation, there was a genuine threat that the industry would have continued to contract. Instead, the sector is now growing again with innovation at the core of its productivity and growth strategy.

As this report has shown, the Canadian forest products industry is future-oriented and remains a critical contributor to jobs and economic growth, especially in rural Canada. The sector is competitive, a renewable energy leader, and environmentally responsible. New products, new markets and new opportunities are only limited by the ingenuity and imagination of companies and their partners.

The journey of transformation will continue to evolve as the economy and technology continue to advance. Each individual company will have to make the best strategic decisions for their shareholders and their employees. However as a collective, the Canadian industry is now moving forward to find the best technological, social, environmental and economic pathways to progress.

Clearly, the forest products industry is very different from that which existed a century ago or even ten years ago. Part of the job ahead is rebranding. We want to make sure that governments, communities, potential employees, investors, customers, contractors, labour unions and the public are aware of the new dynamic forest products industry. Canadians should collectively be proud of the massive potential of the country’s renewable forest resource and the opportunities it presents.

Vision2020 provides the roadmap to help the Canadian forest sector reach its potential. However reaching the ambitious goals for products, performance and people will not be easy. As this report card has shown, progress was made on each of the three goals over the first two years. We are doing many things right but there is still much to be done and the way forward will require bold thinking, determination and a shared effort. Investment in human and physical capital will be fundamental as the sector moves from an established commodity industry to a nimble green industry serving wider markets and driven by the opportunities of the emerging bio-age.

This first biannual report represents a feedback loop for continuous improvement and we welcome additional thoughts and suggestions for advancing the ambitious goals of Vision2020. FPAC calls on the industry, governments, educational institutions, researchers, environmental groups and other partners to work together to take on this challenge.

That is the way forward so that one of Canada’s oldest industries will continue to contribute to prosperity, environmental progress and jobs for the benefit of all Canadians well into the future.
About FPAC

The Forest Products Association of Canada (FPAC) is the voice of Canada’s wood, pulp and paper producers nationally and internationally in government, trade, and environmental affairs. Canada’s forest products industry is a 58 billion dollar a year industry that represents 12% of Canada’s manufacturing GDP. The industry is one of Canada’s largest employers, operating in 200 forest-dependent communities from coast to coast, and directly employing 235,000 Canadians across the country.