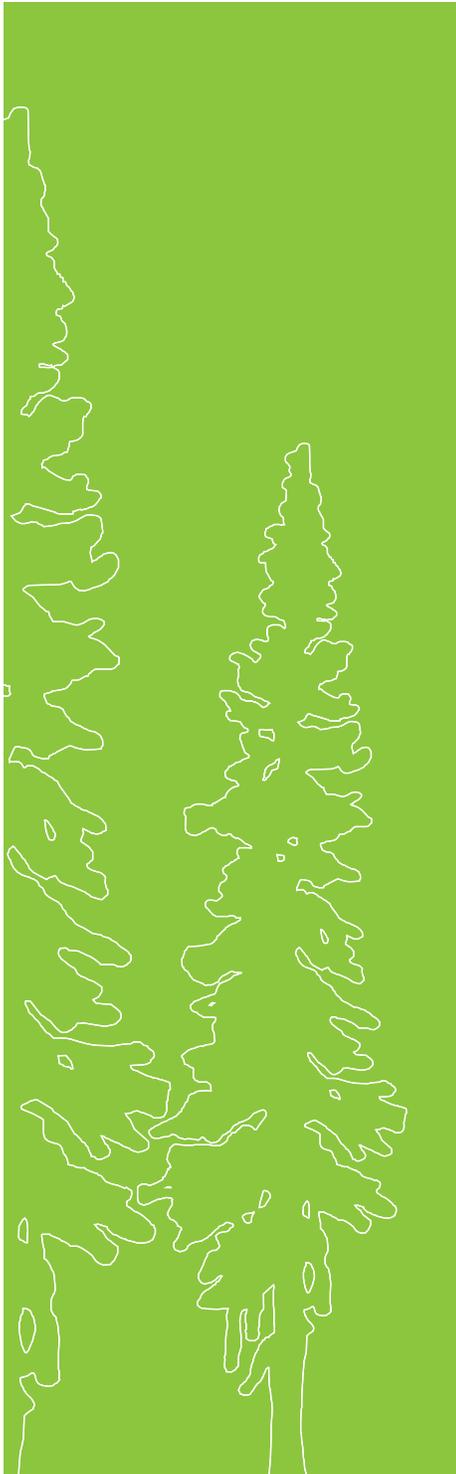


FPAC BUDGET 2011 RECOMMENDATIONS For Next Generation Forest Products Industry



Canada's forest products industry is an economic cornerstone for rural Canada and the Canadian economy more broadly. The industry represents twelve percent of manufacturing GDP, directly employs 240,000 Canadians from coast-to-coast and is the economic heart of 200 communities across the country. For these employees and towns, the past two years have been challenging.

If there is one thing the industry has learned through the course of the economic downturn it is that business-as-usual is no longer an option. Over the course of the last two years the industry has been focused on getting things right for the future. For the industry this means doing everything it can to enhance its competitive position by extracting maximum value from every tree harvested, leveraging our environmental performance into market advantage and realizing the potential of new and high-growth markets.

Together these imperatives comprise the industry's transformation strategy. Underlying each of them is a series of initiatives industry and government can partner on to accelerate the industry's transformation to a renewed and robust next-generation industry. Specifically, the federal government can support the industry's economic and green transformation by:

1. Supporting the industry's move to extracting maximum value from the resource by enhancing access to capital and mitigating the risks associated with the adoption of promising, new technologies by:

- Building on the tremendous success of the Investment in Forest Industry Transformation program by recapitalizing it with an additional \$300 million dollars.
- Unlocking the potential of the untapped \$500 million SDTC NextGen BioFuels fund to all bio-energy and bio-technologies so that it may be used to advance shovel-ready, job-sustaining projects in rural Canada today.

2. Renewing the funding and refining the focus of existing market expansion and environmental and innovation programs like the Canada Wood Export Program, the Wood First Initiative, Value to Wood, Leadership for Environmental Advantage in Forestry and FPIInnovation's Transformative Technologies Program.

- Government should be a partner with the industry in implementing the Canadian Boreal Forest Agreement to help realize its significant market potential.
- To ensure that the critical R&D that's driving our transformation continues, Government should commit to a long-term research and development partnership with the industry.

By partnering with industry and acting on these recommendations the government can help create a next-generation forest products industry capable of attracting private investment and delivering sustained economic, social and environmental benefits.