

**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 \$31 billion in 2014. 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 \$20.9 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 66%. Forest products are now Canada's largest export to Asia while exports to China have soared by 369% over the last decade.

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. 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.

In this context of a growing array of products and diversifying markets, the industry 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.

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 the new free trade agreements with the European Union and Korea will be helpful, and FPAC continues to work in close cooperation with the Government of Canada, including the Department of Foreign Affairs, Trade and Development Canada, to negotiate additional free trade agreements. Initiatives such as Trans-Pacific Partnership Negotiations; Canada-India; Canada-Japan; and the World Trade Organization (WTO) Environmental Goods Agreement negotiations will further facilitate international trade of Canada's forest products.

At the same time exports to the United States are rebounding with housing starts recovering to around the one million mark, and 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 continues its attempts to increase exports, it becomes more crucial to remedy Canada's transportation system. **Right-sizing the transportation system** will be necessary to ensure the sector retains its reputation as a reliable global supplier meeting trade flows beyond north-south and towards east-west.

## FPAC AND ITS MEMBER COMPANIES HAVE LAUNCHED VISION2020 FOR THE INDUSTRY

It has three ambitious goals to reach by the end of the decade:

- Generate an additional \$20 billion in economic activity through new products and markets;
- Improve environmental credentials by an additional 35%; and
- Refresh the workforce with an additional 60,000 workers.

Reaching the ambitious **Vision2020** 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.



FPAC advocates on behalf of the forest sector. FPAC is also working to realize the ambitious goals of Vision2020 to help the industry transform with innovative new products, diversified markets, enhanced environmental credentials and a skilled workforce. FPAC is proud to represent Canada's largest producers of forest products.

All FPAC members are signatories of the Canadian Boreal Forest Agreement. Our members are responsible for 66% of certified forest lands in Canada. Third-party certification of member companies' forest practices is a condition of membership in the Association — a world first.