



Forest Products
Association of Canada

fpac.ca

Canada's Next Gen Forest Industry: Economic, Sustainable and Job-Rich

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FPAC: Voice of Canada's Forest Industry



M E R C E R



AV Group
Fibres from nature



resolute
Forest Products



CONIFEX

An Industry on The Move

- Tough economic times with a slow rebuild
- Transforming to leaner, greener industry

Our 4-pronged Transformation Strategy:

1. Increasing productivity and competitiveness
2. Diversifying markets and products
3. Growing and capitalising on our green credentials
4. Maximizing fibre value

2011-2016 FPInnovations Priorities

Increasing Productivity and Competitiveness

Forest inventory & fibre characterization

Forestry operations & fibre delivery

Efficient & flexible manufacturing

Alternative uses for wood chips

Energy efficiency & self-sufficiency

Reduced environmental impact

Value chain optimization

Expanding & Diversifying Markets

Market Intelligence

Science-based support for current and future market access

Building with Wood

Living with Wood

Leveraging Environmental Branding

Reduced carbon footprint

Life-cycle analysis

Green building standards

Green fibre-based packaging

Maximizing Fibre Value

Biopathways decision tools

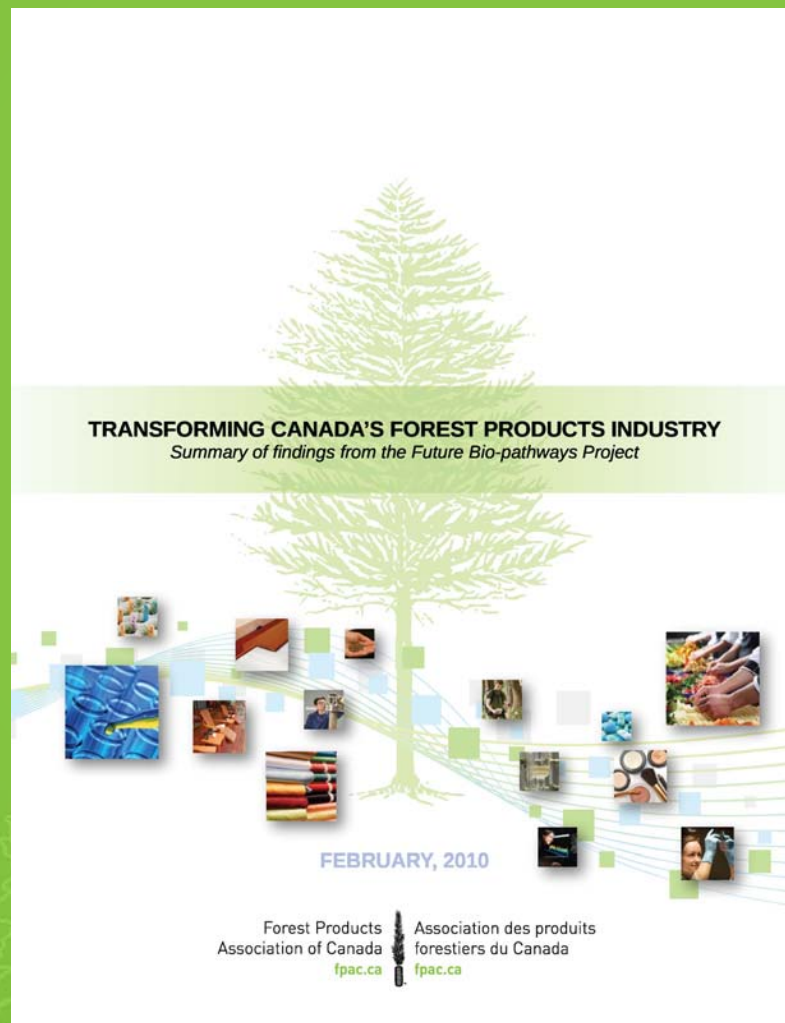
Biomaterial and related products

Bio-chemicals & bio-fuels

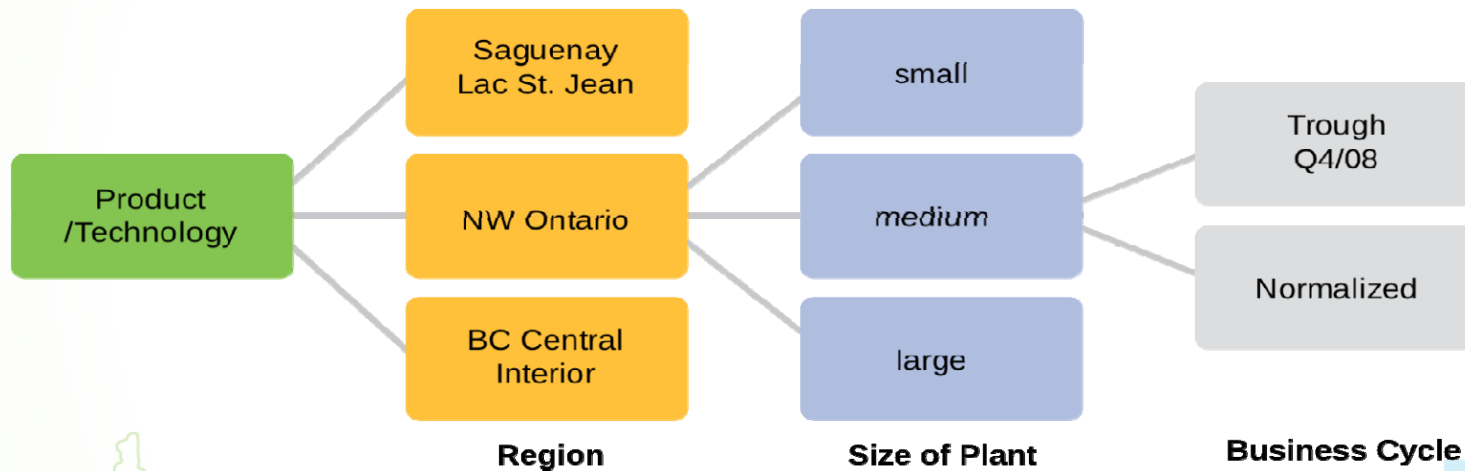
Engineered and composite wood products

Next generation papers & fibre products

The Future Biopathways Project



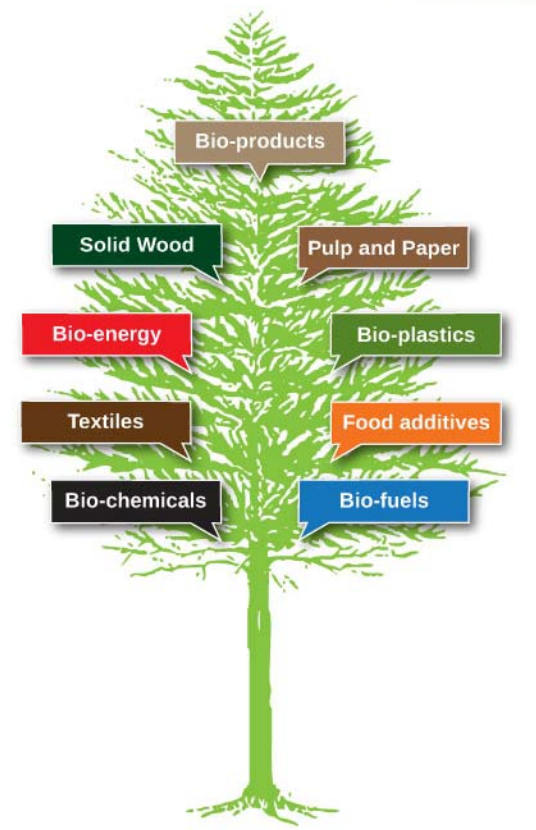
Analytical Approach



- 36 traditional/emerging technologies
- Canadian clean tech
- Market readiness
- Economic, social and environmental metrics
- Ongoing capacity

Project Coverage

- Traditional forest products
 - Lumber and EWP
 - Pulp, paper, and packaging
- Bioenergy
 - Fuels, pellets, CHP
- Biochemicals
 - Intermediate chemicals, solvents, lubricants, plasticizers, etc.
- Biomaterials
 - Composites, building systems



Gross Market Opportunities

PRODUCTS	GLOBAL MARKET POTENTIAL, 2015 (US\$ billion)	CAGR (%), 2009-2015 (approximate)
Green chemicals	62.3	5.3
Alcohols	62.0	5.3
Bio-plastic and plastic resins	3.6	23.7
Platform chemicals	4.0	12.6
Wood fibre composites	35.0	10.0
Glass fibre market	8.4	6.3*
Carbon fibre	18.6	9.5
Revenues Canadian Forest Products Industry	50.0	Neg. or 0-2

- Emerging market potential 4 times greater than our current market!

Biopathways Observations

- The Canadian forest sector needs to transform
- Great opportunities to improve economics, jobs and environment
- New bioproducts can utilize residues streams - do not require additional harvesting
- Bioenergy and bioproducts are best when integrated with existing forest industry
- Bioenergy an important starting point: not the END game
- Partnerships are a significant part of the new business model
- A lot more innovation coming

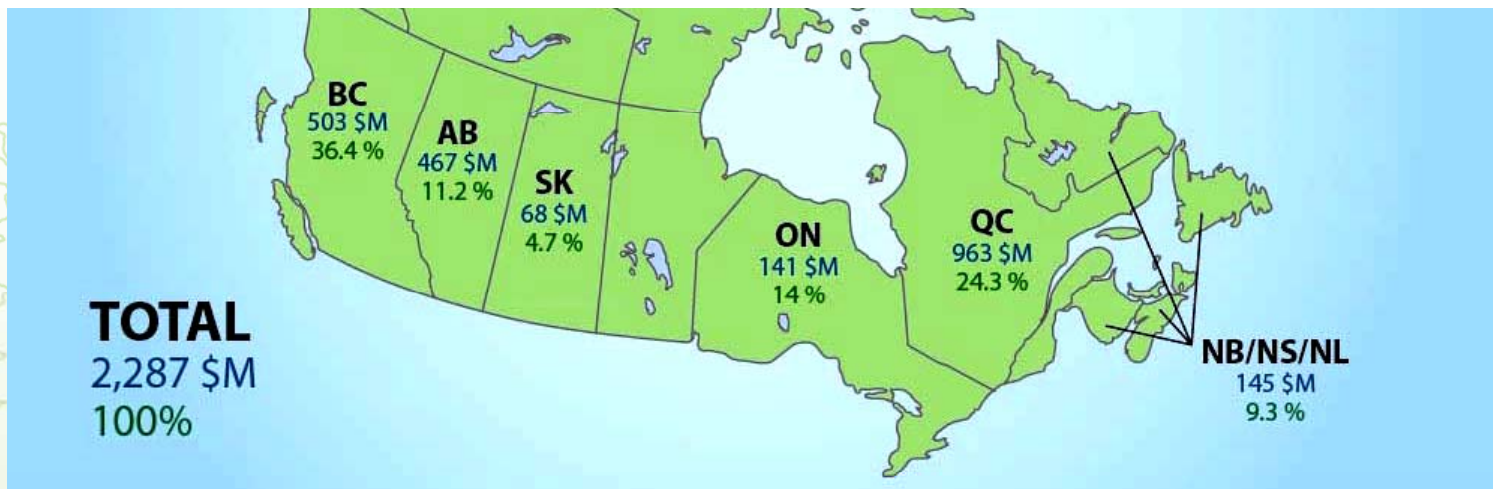


Bio-pathways Partnership Network

Emerging Transformation Picture

Over \$2B in project applications to IFIT

- Almost 30% are world firsts
- Mix of Bioenergy; biochemical and biomaterial projects
- Leverages federal/provincial funding
- From coast – to – coast
- Averages: cost = \$21.5M; Payback = 4.4 yrs; ROCE 25%



Vision 2020

CANADA'S NATURAL ADVANTAGE

L'AVANTAGE NATUREL DU CANADA

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Association des produits
forestiers du Canada
fpac.ca



2020 Vision “Canada’s Natural Advantage”

“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.”

2020 Stretch Goals:

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

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

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

The Future

NEXT EXIT 