



New Study Points to Promising Bio-Future for Canada's Forest Products Industry

OTTAWA, February 1, 2010 – The Forest Products Association of Canada (FPAC) today released a comprehensive, first-of-its-kind study that shows how the forest products industry can build on its world-class forest management practices to emerge from the current recession as an engine of growth in the bio-economy.

“The study, *The Future Bio-pathways Project*, focuses on the triple bottom line: clean energy, high employment and economic recovery. The results are clear – integrating the production of bio-products and bio-energy into the existing industry is a winner on all fronts,” says Avrim Lazar, President and CEO of FPAC.

The Future Bio-pathways Project is one of the first and most exhaustive studies in the world to examine a wide range of options for renewal of the Canadian forest products industry. The project involved more than 65 top Canadian experts in fields as diverse as bio-technology, investment banking and carbon pricing.

“This study produced a blueprint for change that is both surprising and welcome,” says Lazar. “It places traditional products, especially lumber and pulp, at the heart of a new, green business model that has the potential to make the forest products industry a pivotal force in Canada’s effort to become a clean energy super-power. If we follow this new model we will be able to produce power on the scale of nine nuclear reactors, enough to meet the energy needs of 2.5 million homes, or one out of every five homes across Canada.”

On the employment front the research shows that an integrated mill – one that produces wood, pulp or paper as well as bio-energy and bio-materials - provides five times as many jobs as a stand-alone bio-operation. It also shows that the industry’s 270,000 jobs will be best sustained by following this integrated road to recovery.

“Years of intensive research and development have produced technologies that open up a world of possibility for the forest products industry in Canada. We can now rapidly convert wood fibre into a wide variety of high-value products such as bio-fuels to heat homes or power vehicles as well as bio-chemicals to make cosmetics, solvents, food additives and renewable plastics,” says Pierre Lapointe, President and CEO, FPIInnovations.

FPAC notes that by integrating the production of bio-products into existing forestry operations, they will be subject to the same high and increasingly stringent environmental standards that have made Canada a world leader in sustainable forest management.

With the international community moving aggressively to realize the huge gains that stand to be made on the bio-technology front in forestry, the Canadian government needs to act quickly to accelerate progressive change in Canada's own forest products industry by:

- developing a Made-In-Canada clean energy action plan that will help Canada become a clean energy economy and advance the development of Canadian technology;
- creating a repayable revolving fund that addresses the need for capital investment in clean energy;
- leveraging the tax system (e.g.: creating a capital investment tax credit similar to the US approach) to encourage private sector investment in a new, integrated forest products industry;
- expanding and extending existing government programs (eg: commercial adoption and pilot demonstration programs) that drive the integration of clean technology in the forest products industry;
- increasing investment in research, development and innovation.

"This new integrated model will cause investors to take a fresh and more optimistic look at the economic potential of Canada's forest products industry. That is why governments should follow this study's roadmap as it best defines where investors will want to put their money," says Don Roberts, Managing Director, CIBC World Markets and leader of the FPAC study.

"Our research shows this new bio-pathway is the business model for the future of Canada's forest products industry. With 300 Canadian communities depending on the health of the forest products industry for their survival, we must embrace the opportunities it presents," says Lazar.

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