

**Christmas Forestry Seminar
December 10, 2008
Record of Proceedings**

The Christmas Forestry Seminar is an annually held event jointly sponsored by the Eastern Ontario Model Forest and the Canadian Institute of Forestry, Ottawa Valley Section. There were four speakers at the Seminar addressing some questions about the future of the forest industry.

First up was **Tom Richardson**, the General Manager of the Mazinaw-Lanark Forest, representing sustainable forest licence (SFL) holders on Crown Land in this area. He was commenting on the challenges facing the industry in eastern Ontario. Most businesses are multi-generational relatively small owners of sawmills.

SFLs were created in the mid-90s as the Ontario government transferred responsibility to industry, at industry's cost, for forest operations, such as planning, tree marking and harvesting. The players in the industry are independent loggers, truckers, the solid wood industry and fibre users. All are interdependent. For instance the pulp mill depends on sawmills for chips or chip quality wood for their material and the sawmills depend on the pulp mill to take the up to 70% of harvested wood that is of fibre quality.

On an SFL 15% to 20% of land is in protected status, Algonquin Park lands available for forestry may be somewhat reduced and there may be further withdrawals of land due to species at risk issues.

The solid wood industry has been in difficulty over the last several years due to the appreciation in the value of the Canadian dollar in relation to US currency since a great deal of lumber is exported to the US market. In addition the softwood lumber dispute between Canada and the US has resulted in duties further reducing revenue. Rising fuel costs have contributed to difficulties. On top of that the US market has been in increasing difficulty with a now huge decline in house building.

As demand was declining there was a huge windstorm three years ago affecting Algonquin Park and the Crown land of eastern Ontario that flooded the market with salvaged white pine logs. This depressed prices for at least two years, with prices only recently starting to recover. In the meantime, with loggers and truckers under price pressure, many have quit the industry. Currently firewood fetches some of the highest from harvesting.

The latest blow was the announced shut down in late October of the two mills in the Pembroke area taking fibre quality wood, the pulp mill at Portage-du-Fort and the ATC Panel plant. Within one month all the other pulp mills in the area were flooded with product and have ceased taking logs.

The challenge is how to keep the interdependent players in the industry from disappearing.

The industry supports certification for sustainable forest management (such as the FSC) because it helps get wood to market (for companies who increasingly are demanding certified sources) and it is also an independent declaration of sustainable practices in forest management.

Recently two licencees of the forest have cooperated with the Eastern Ontario Model Forest on a biomass trial. Herb Shaw and Sons and Laverne Heideman and Sons, along with Norampac at Trenton. Some material was going to ATC Panels in Pembroke, currently shut down. Some harvested blocks had more biomass material than others. The initial results of the trial are that biomass material is more expensive than pulp and less valuable. Mechanization is essential for it to pay and shipping distance is critical.

Tom feels that as energy becomes an increasingly important product of the forest the industry will clearly look a lot different and there is likely to be fewer firms.

The second presenter, **Mark Hubert**, Vice President, Climate Change Leadership, Forest Products Association of Canada (FPAC) started his presentation describing some global economic drivers and the national picture.

In 2007 sales of forest products was \$80B, representing 300 thousand direct jobs and 300 forest dependent communities. This was 2% of DGP but 55% of Canada's trade surplus and the largest Canadian exports to China and Japan. The US is the largest export market and Canada is the leading exporter of forest products internationally.

On the world scale the growth in consumption of forest products is growing, driven by India and China. Prices are increasing globally. GDP is expected to double by 2030 and the world population to reach 9B by 2050. So the world will need more and the developing economies want a western life style.

Climate change will cause problems for both agriculture and forestry. Because of increasing population we should expect a trend towards conversion of forests to farming. In Canada the boreal forest is one of the few forested areas in the world where this conversion pressure will not have an effect.

Biofuels are increasing in importance in Europe; there are legislated targets for biofuel use such as in New York where 10% of gasoline is to be composed of ethanol. Over time the price for wood will be expressed in energy equivalents.

FPAC is leading an initiative, in partnership with the WWF, which will see the forest industry be carbon neutral by 2015 without the purchase of carbon offsets credits. The reasons for this are:

- Public interest and demand;
- Customers want it;
- There is scientific support; and,
- It provides a positive focus for the climate change debate.

The initiative will be in the context of sustainable harvest, prompt regeneration, and promotion of waste recovery and recycling. It will welcome outside scrutiny as it strives to reduce greenhouse gases. The initiative has an external advisory group that includes WWF, the World Resources Institute, the Pembina Institute, CFS, Paprican among others.

Our current carbon profile features the manufacturing and power and transport sectors contributing to carbon production and forests and forest products sequestering carbon. Avoiding emissions will be aided by use of biomass, combining heat production and power, recycling.

How will we become carbon neutral? By helping industries along the whole value chain reduce emissions, we can position the forest industry as being the most friendly from a greenhouse gas perspective. The end of the wood life cycle is most important as buried wood waste can give off methane, 21 times more harmful than carbon dioxide as a greenhouse gas. So work is in place to provide for life recycling.

Many are part of the alliance, including names such as Ensyn Technologies, Sears, Staples, Proctor and Gamble; all are links in the value chain for forest products. The principles driving the alliance are leadership, measurability, collaboration, and mutual benefit.

Companies work at the project by making voluntary commitments as their contribution to the value chain. An assessment is carried out then targets agreed to for improvement and a commitment to a public report on progress. There are three categories of effort:

- Continue on present activities
- Accelerate present activities
- Engage in new activities.

Even the most modest of commitments is a good start on the road to a carbon neutral world.

The third presenter, **Randal Goodfellow**, is Senior Vice-President for Community and Government Relations at Ensyn Technologies. Ensyn uses pyrolysis to flash heat wood in the absence of oxygen to produce oils that can be refined for a number of purposes. One example is food flavouring. Ensyn has a

number of plants currently operating including the one in Renfrew with which many people are familiar.

Randy described how supply can be a challenge. Applewood is needed for some production runs. In spite of an Ontario support program for apple growers to replace old orchards with new stock, Ensyn was not able to obtain applewood from Ontario sources, in spite of offering a high price. In the end it was forced to truck applewood from Washington State.

Ensyn has recently signed an agreement with UOP, a Honeywell company, which is big in process technology to the refining industry. Randy described a future where cellulose can become a source for green bio-diesel, green gasoline and green jet fuel. Current formulations of biodiesel and ethanol are not currently as good for fuel as fossil fuel. That will change in future and Ensyn will be at the forefront of that change. The aim is to produce oils from cellulose that can become feedstocks into existing refineries.

He sees that consistent with these developments, carbon will be seen as much more than the current basket of goods such as sawn wood, pulp and firewood; it will have monetary value for its valuable oil and fuel equivalents.

The fourth presenter, **Christopher Simmonds**, is an architect specializing in the design of LEED certified buildings. LEED stands for leadership in energy and environmental design, a certification program of the Green Building Council. Two buildings that Chris described, the MEC store in Westboro and the headquarters for the Rideau Valley Conservation Authority near Manotick feature lower artificial light levels and lower power requirements than conventional buildings. The MEC store also feature significant re-use of materials from a grocery store that it replaced. Design features such as use of winter sunlight, let in by large roof overhangs that shade windows from summer sunlight can have a big positive energy impact.

Chris spoke of his desire to use more wood in building as is done in Scandinavian countries. Here there are building code restrictions about use of wood in buildings exceeding certain heights. Work needs to be done to change that. Chris also related his quest to find sources for certified wood. He found that Kott Lumber in the area is the best source for a variety of certified wood.

He felt that public knowledge that using certified sustainable forest sources for manufacturing will be good for the environment.

During the panel discussion following the presentations a number of points were made:

- Government plays a vital role in promoting sustainable approaches by its tax policies, mandating LEED building standards on its

buildings, and policies to stimulate the conversion of cellulose based fuel as an alternative to fossil fuels.

- LEED needs to give greater recognition to certified wood in order to help ensure its growing use. Chris agreed saying that the standard is under regular review and updating.
- The Canadian Wood Council putting pressure to achieve building code changes to enhance the way wood can be used in construction wood be helpful.
- We need R&D to develop ways to have smaller wood energy conversion plants viable so that smaller communities scattered throughout the Ottawa Valley could benefit more directly.
- Would it be possible to emulate the “100 mile diet” idea by creating a local branding for “wood from the Valley” that would encourage consumers to buy locally and to have producers be able to label and distribute their products to make this possible?
- Finally, we need to get things done now. We could be investing in stand improvement efforts on Crown Lands, keeping woods workers and contractors on the job during this period of slow-down. If we play our cards right it is possible to get much useful work done in times of distress.