

Howe Sound Pulp & Paper

“A Good News Story”

A Presentation to Elder U

in cooperation with Capilano University, Sechelt campus
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Part 1



Presentation material

- PDF copies of the presentation material will be available from:

www.sunmoonstars.ca/elderu/

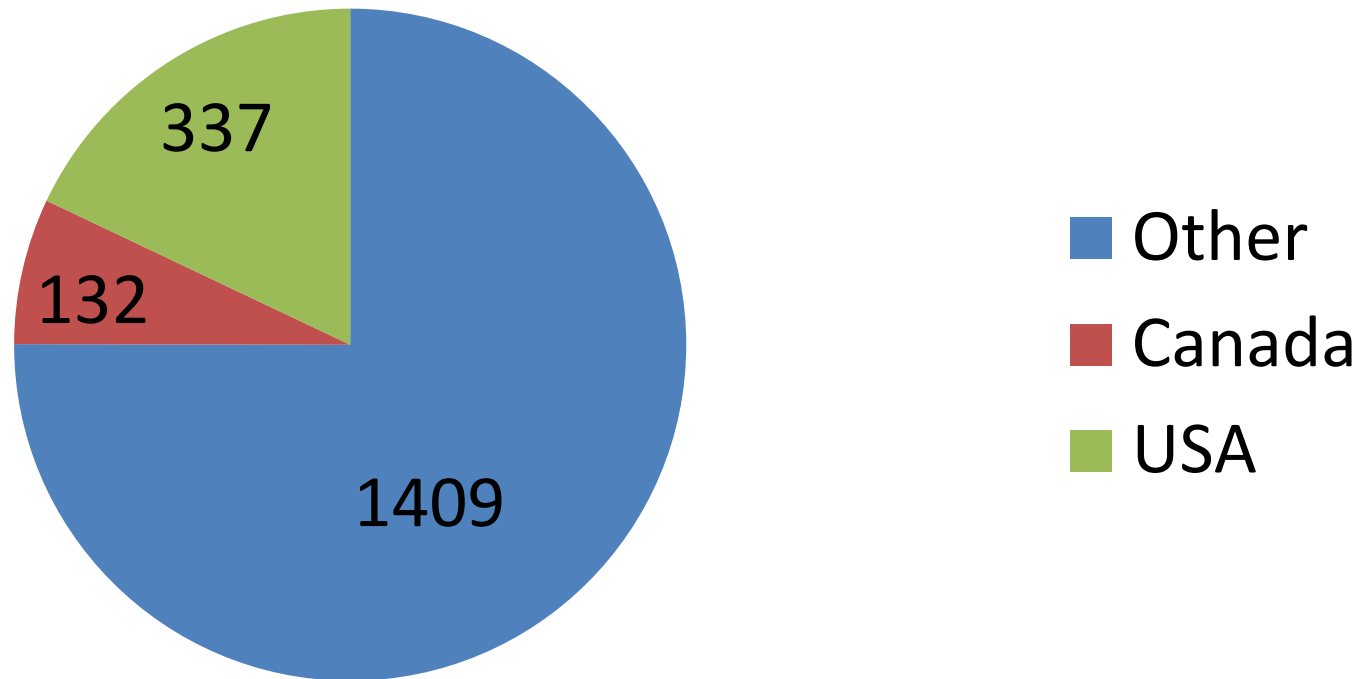
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We will try to have each weeks material posted the day before the classes.

The market for forest products

Global Roundwood harvest levels

(‘000,000 m³/ annum)



Markets for Canadian wood

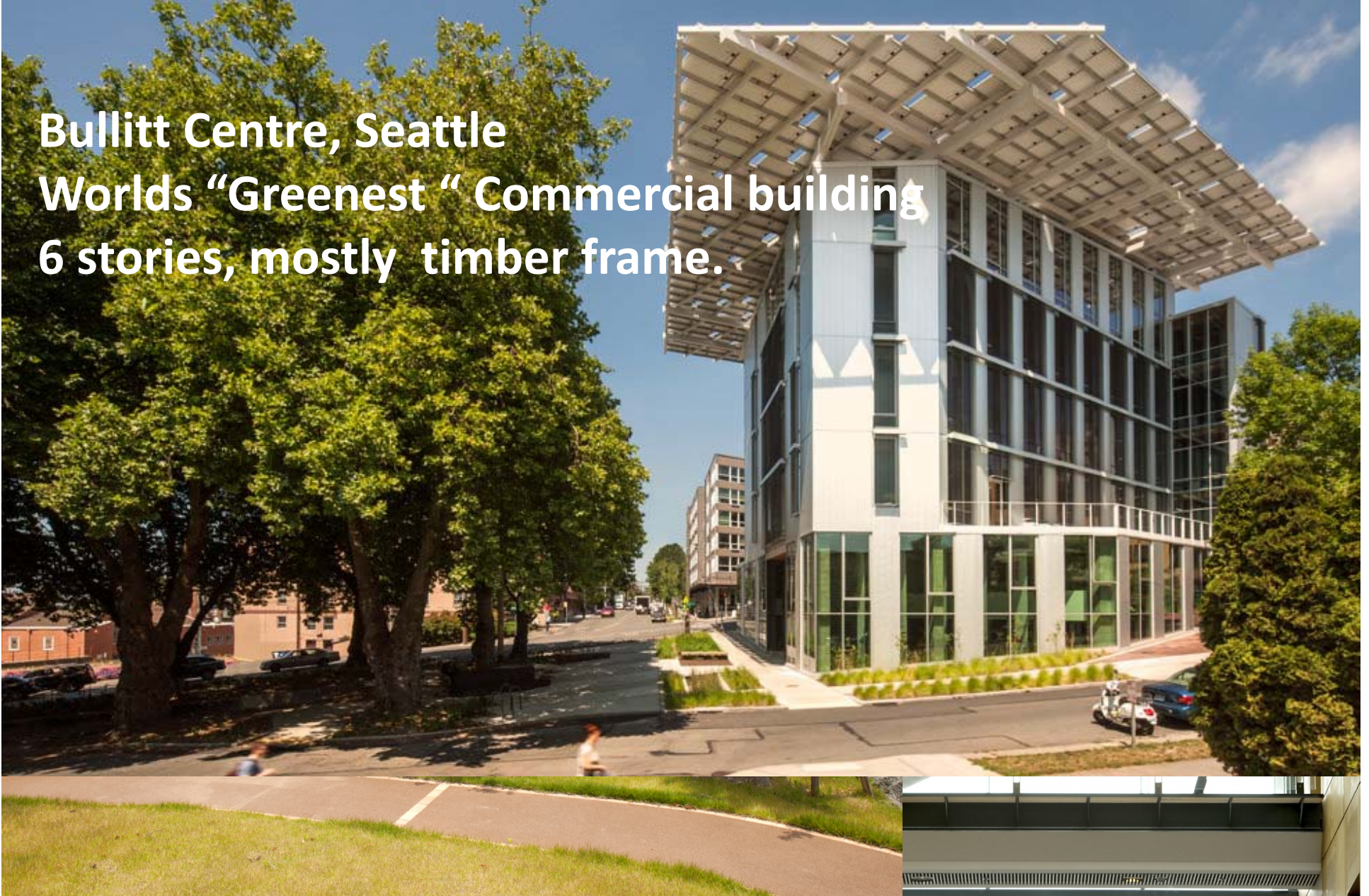
- **60% of the harvest in Canada is for lumber, panels etc. This is the primary value.**

The residual wood chips (40%) form the basis for the pulp and paper industry.

- Canada is the second largest exporter of solid wood products, US is #1
- Primarily used in home construction
- Steep decline in US market, down 12% since 2006
 - Urban densification – less sprawl
 - Especially big drop in affordable housing construction
 - Hotel “Mamma”
- Growth in export destinations, esp. China

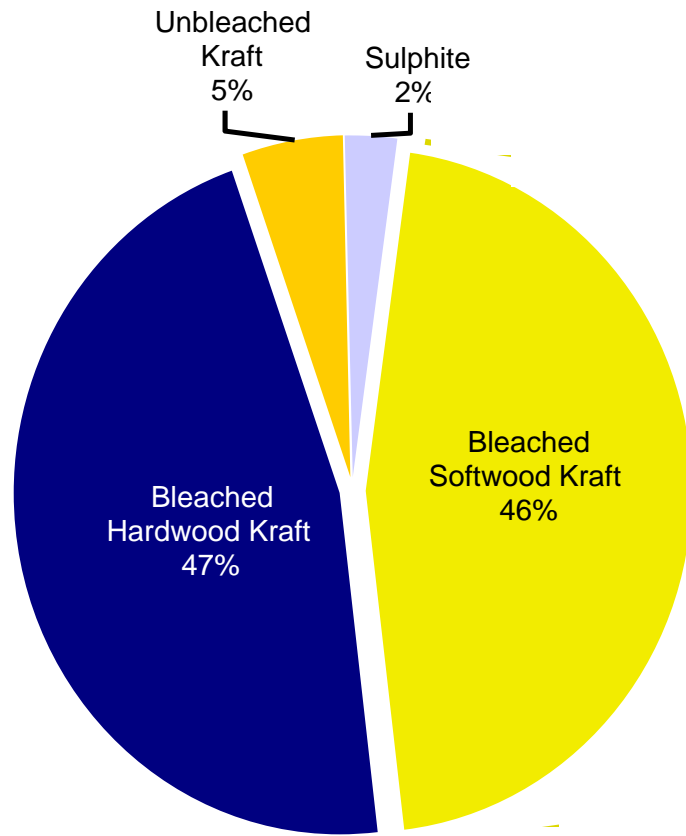


Bullitt Centre, Seattle
Worlds "Greenest " Commercial building
6 stories, mostly timber frame.



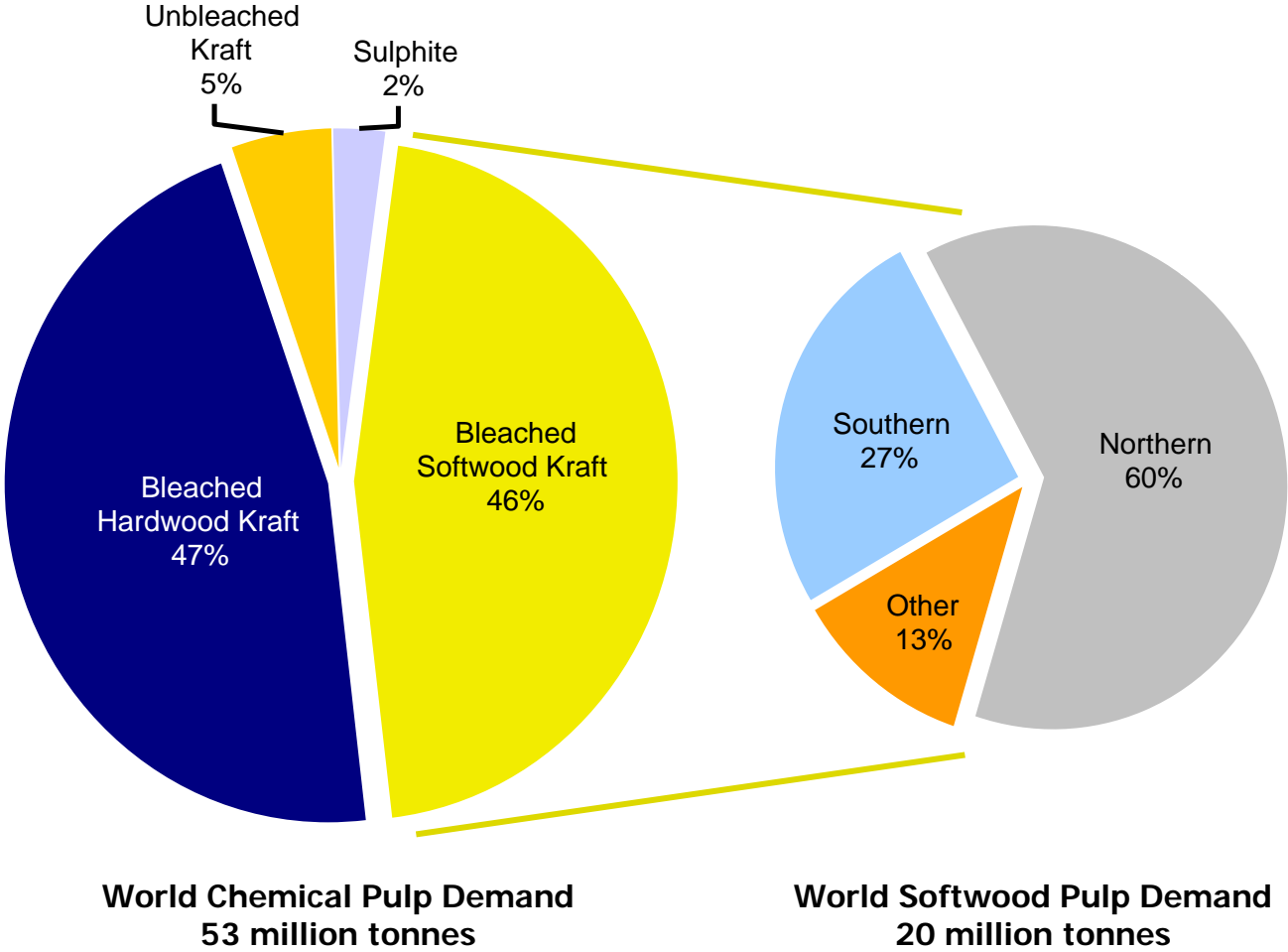
The markets for wood pulps

Global Chemical Market Pulp Demand

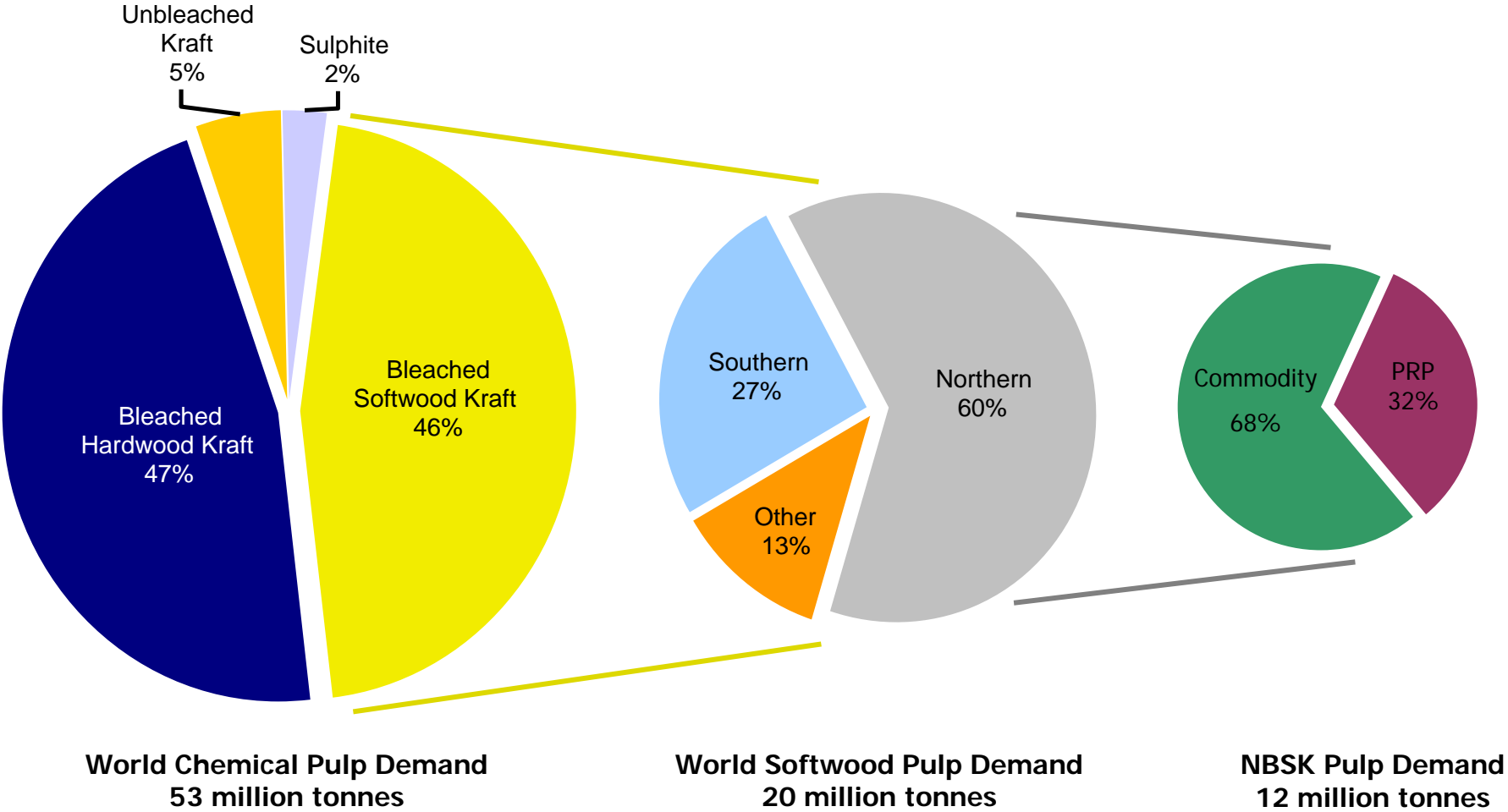


**World Chemical Pulp Demand
53 million tonnes**

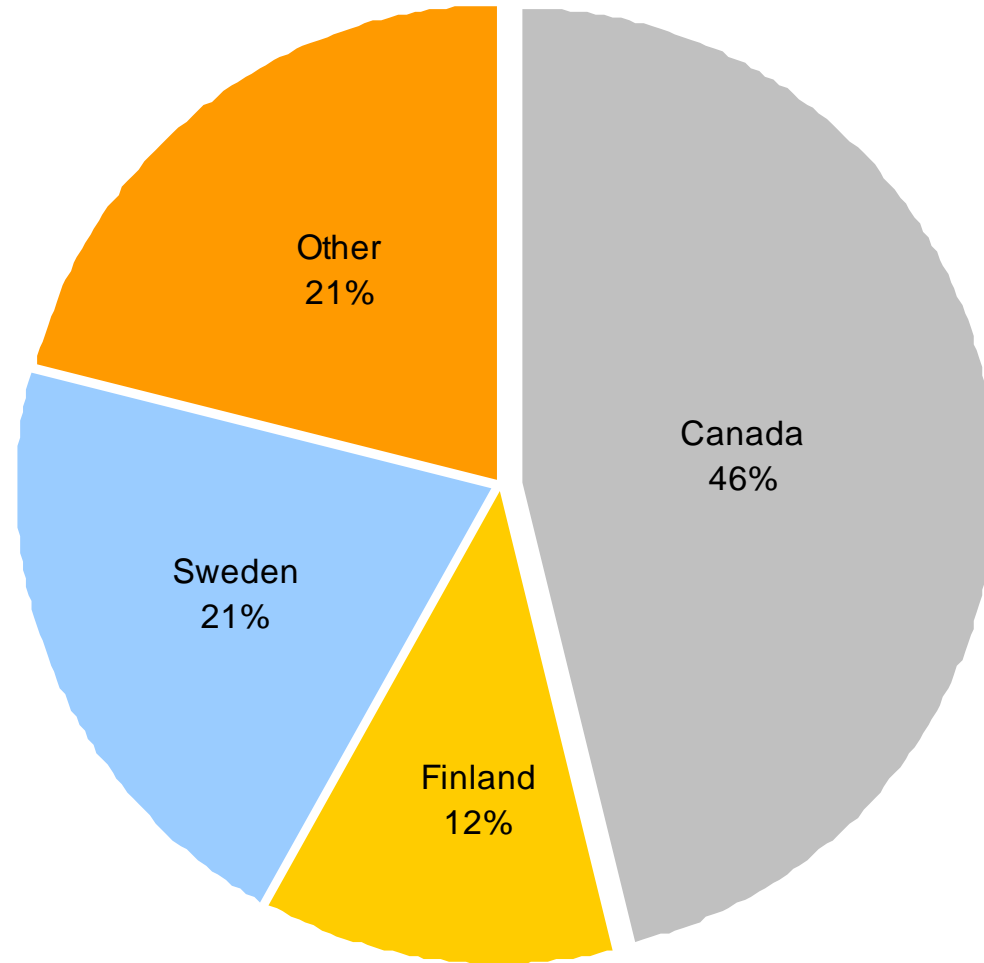
Global Chemical Market Pulp Demand



Global Chemical Market Pulp Demand



Global **NBSK** Supply by Region



Source: Pulp & Paper Products Council

The end uses for softwood pulps

The end uses for softwood (NBSK) pulps

- Reinforcing weaker materials:
 - Magazine papers, many **recycled** products
- Hygiene products
 - Tissue & towel
- Composite materials
 - Protective garments – Kevlar, car fascia
- Speciality products
 - Industrial Tapes, Electronic components, countertop laminates
- Dissolving pulps
 - rayon
- Non-woven materials
 - Teabags
 - Medical garments and disposables, wipes
- Fibre cement building materials
- Etc!!!!



**What do customers want to
know and why?**

What do customers want to know?

- At one time the answer was simple, “How much?” and “When can I have it delivered?”.
- For some customers and some market sectors, this still applies.
- **Commodity end uses \equiv low value, low returns**
- More sophisticated customers also wanted to know “Can I use your pulp to optimise the paper I’m producing?”, or “make a unique product?”
- **Speciality end uses \equiv high value, higher returns**

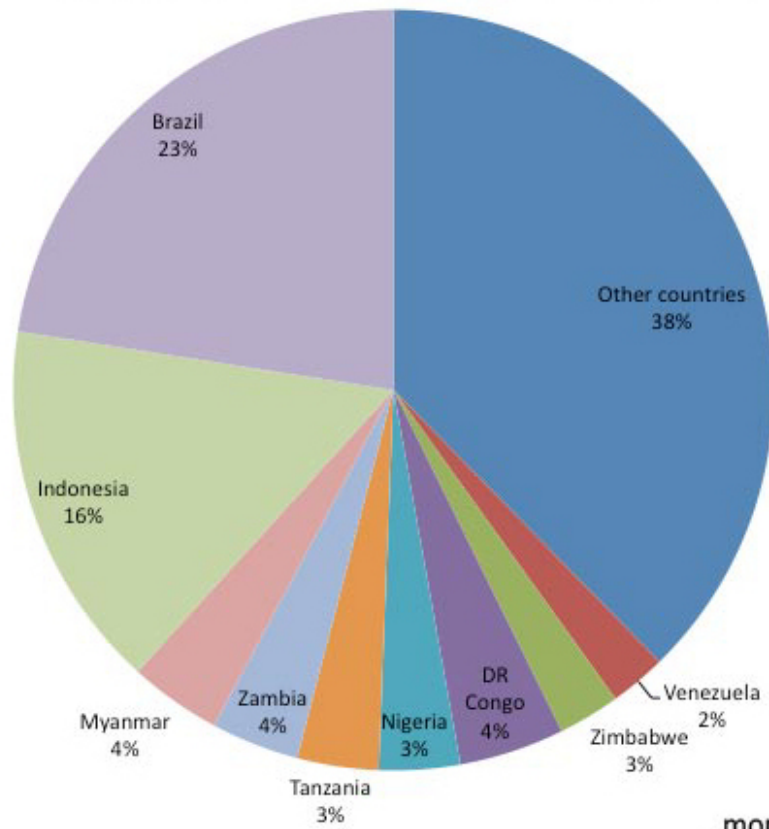
What do customers want to know?

- For the last 20 years or so, many customers have started to take a much closer interest in the “environmental footprint” of their products.
- This was prompted by concern over energy uses, water emissions, greenhouse gas emissions, raw material sourcing etc.
- Of necessity this includes understanding the footprint of their customers products

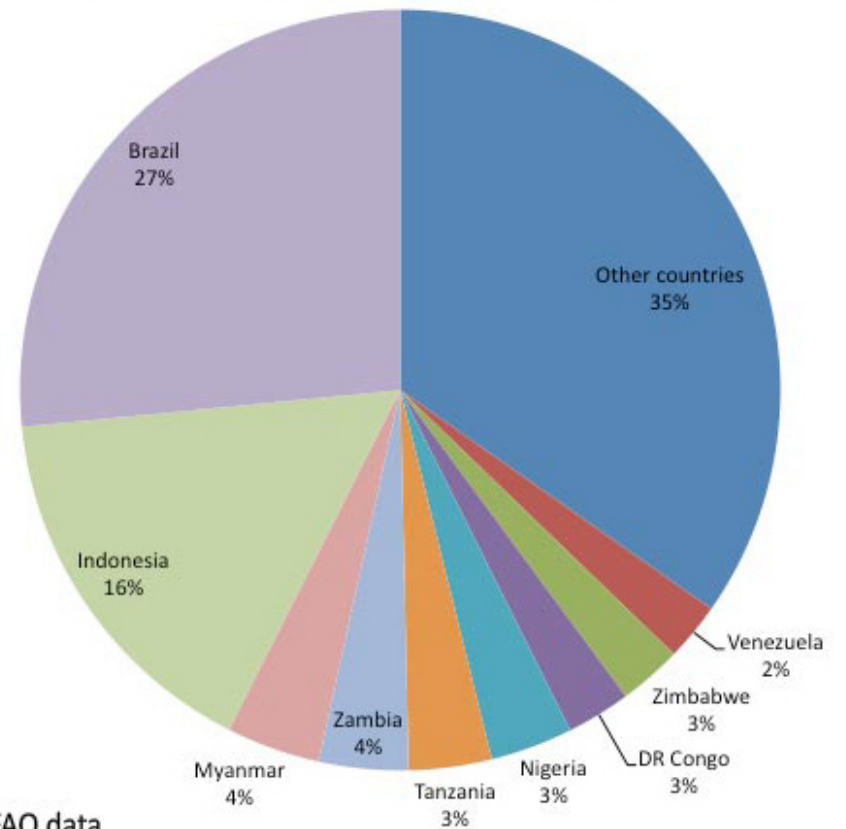
What do governments want to know?

- Some countries have now introduced legislation requiring importers to demonstrate that any forest product they import was harvested in compliance with the legal requirements of the country of origin.
- While this is a very minimal requirement, it is very hard for producers in many countries to actually meet it.
- Customers expect suppliers to be able to demonstrate to them that their products are legally sourced.

Deforestation share by country in the 1990s

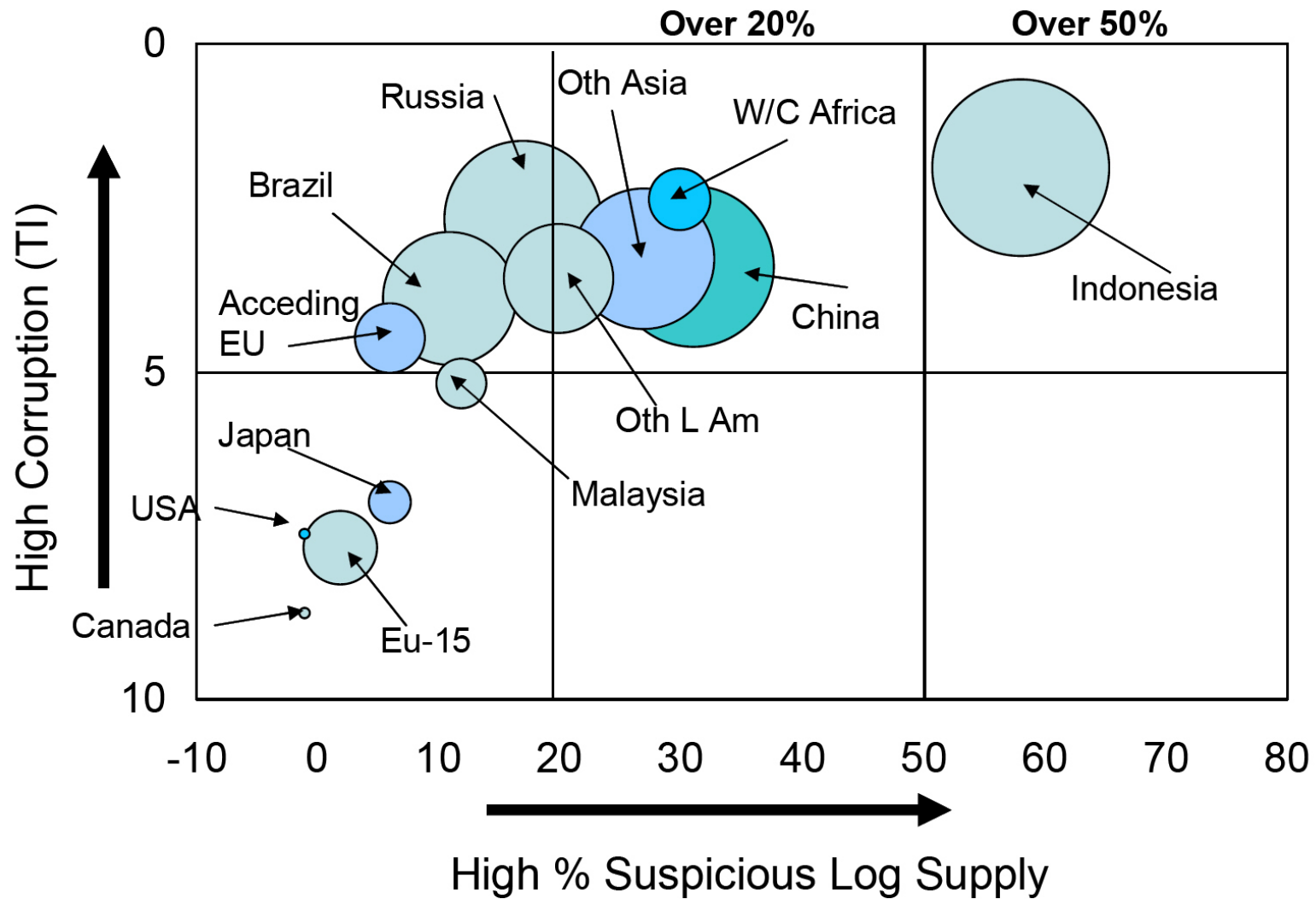


Deforestation share by country in the 2000s



mongabay.com using FAO data

Corruption and Illegal logging activity



Source: Wood Resources International, Transparency International

Key issues considered by customers when sourcing forest products today

- **Sourcing and legality issues**

- Origin

- Where do the products come from?

- Information accuracy

- Is the information being supplied with the product credible and reliable?

- Legality

- Have the products been legally produced?
 - Country “risk” factor
 - Do international protocols apply (i.e.FLEGT, ITTO)?
 - Criminal penalties now apply in some countries (US, EU, Australia)

Key issues considered when sourcing forest products(2)

- **Environmental aspects**

- Sustainability

- Have the forests been sustainably managed?
 - Have the been independently certified?

- Special places

- Have special places been protected (ecosystems, culturally significant sites)?

- Climate change

- Have climate change issues been addressed?

Key issues considered when sourcing forest products(3)

- **Environmental aspects continued**

- Environmental Protection

- Have appropriate environmental controls been applied?
- Greenhouse gas emissions
- Energy use and mix (renewable vs fossil etc)

- Recycled fibre

- Has recycled fibre been used appropriately?
- Has the recyclability of this product been compromised?

- Conflict minerals

- tantalum/coltan (Dodd/Franklin act in USA)

- Other resources

- Have other resources been used appropriately?

Key issues considered when sourcing forest products(4)

- **Social aspects**

- Local communities

- Have the needs of local communities been addressed?
 - Have the rights of indigenous peoples been addressed?
 - Free Prior and Informed Consent (FPIC)?

- Labour

- International Labour Organisation agreements
 - Freedom of Association
 - No child labour
 - Equal opportunities

Thank you for your attention!