



Is the Canadian forest industry ready for the recovery?

The Canadian forest industry has hit rock bottom and opportunities abound for the industry to bounce back. However, I'm left wondering if industry is primed to make the changes and capital investments needed to prepare itself for the coming economic recovery.

It's difficult to tell if forest industry leaders have spent this time wisely to educate themselves about the number of new wood products and changes in building codes that are opening doors to new opportunities.

The message I am hearing is that travel budgets have been slashed and organizations are having trouble attracting enough people for certain events to even go ahead. That is a real shame, because now is the time that forest companies should be mapping out their future.

The question is whether the piece of 2 x 4 has hit us hard enough across the head to realize it is critical for the Canadian wood industry to diversify its product lines and markets. Just how many softwood lumber negotiation dramas and residential construction downturns will it take exactly?

I'm excited about the future of the wood products industry. My reasons are two-fold.

First, a number of new wood products are becoming available to industry. These include: X-LAM for post and beam construction; nanocrystalline cellulose (NCC), which is an environmentally friendly nano-sized material that can be extracted from wood and used to build superior composites for the automotive and aeronautics industries; and, new engineered wood products like engineered strand lumber (ESL) and veneer strand lumber (VSL). ESL is 20 to 25 per cent lighter and 20 per cent cheaper to make than oriented strand lumber (OSL).

Second, a significant change has been made to B.C.'s building code so that it is now possible to build wood frame six-storey, multi-residential buildings in the province. This has caught the attention of the engineering and building design community, as the Association of Professional Engineers and Geoscientists of British Columbia (APEGBC) has developed a 110-page guideline for the construction of six-storey wood frame buildings.

Furthermore, a six-storey, wood frame building was subjected to the world's largest earthquake shake test last summer in Japan. The building was constructed mostly from Canadian wood, including Midply walls invented by UBC and FPIInnovations scientists. These are high strength, wood based walls that so far have languished on the research shelf. Since the earthquake test and the outstanding performance of these walls, Midply may finally get the recognition it deserves. Overall, the six-storey building easily withstood the simulation of a rare earthquake event that typically would occur on the North American West Coast once every 2500 years.

I've heard that there are as many as 15 all-wood, six storey, multi-residential buildings already in the design phase in B.C.

In Eastern Canada, Quebec is showing the way in commercial and multi-residential post and beam building construction. Quebec building code authorities have approved a six-storey, all wood, post and beam office building and an eight-storey, timber-concrete hybrid building is being examined for a residential complex. Both are being proposed for construction in Quebec City.



The leadership being shown by the B.C. and Quebec provincial governments and building code authorities to allow these changes has the potential to create a significant new market for Canadian wood products. The U.S. four to ten storey market is valued at \$54 billion, and wood presently has only an 18 per cent share of that market, mostly in four and five storey buildings.

Some industry experts say that industry could easily double that market share as code and design impediments diminish because of the work being done by technical negotiators behind the scenes.

My view is that all Canadian provinces should follow B.C. and Quebec's lead and change their building codes to allow for taller multi-residential and commercial buildings, using either all wood or wood hybrid construction. That would provide a huge boost to the Canadian wood industry, and give our companies a significant head-start by using Canada as a testimonial to market this building technology in the United States and parts of the developing world.

Most of these opportunities relate to solid wood products. I have not even touched on opportunities in bio-energy and bio-refineries.

It's likely that there will always be a strong market for Canadian commodity lumber in residential construction. However, I believe it's time that the Canadian forest industry asked 'what else' can be manufactured from that wood fibre, whether it's XLAM, nanocrystalline cellulose, prefab building components, new engineering wood products, Midply walls, syn-gas, ethanol or energy.

Now is the time for a serious transformation and for Canadian companies to start opening their wallets to take advantage of these opportunities. In terms of building infrastructure, there couldn't be a better time to make a capital investment in a new venture, considering current interest rates and the availability of both contractors and labor.