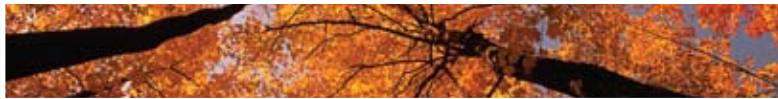


# Ontario's

forest product industries



*The  
future  
is growing*



**ONTARIO**  
CANADA



# For more than 200 years, Ontario's forest product industries have survived and thrived by constantly renewing themselves to meet cyclical and business challenges.

Today, we're launching a new growth phase with major investments in leading-edge technologies, advanced infrastructure and sustainable forestry programs.

Companies large and small are developing and delivering an ever-growing number of remarkable new value-added products. Industry, governments, academia and communities are working together to create a healthy future for forestry in Ontario.

If you're in the forestry products industry and looking for extraordinary opportunities, come grow your company in Ontario. We offer:

- High quality fibre
- Access to the largest markets in the world and top-ranked transportation networks to move products to customers quickly
- The expertise in sustainable forest management, product R&D, advanced manufacturing, training and international marketing that it takes to thrive in a globalized industry.

All figures are in Canadian dollars unless noted otherwise.

Every effort has been made to ensure the accuracy of the information in this publication at the time of writing; however, the programs referred to and the data cited are subject to change.



# Contents

New <b>opportunities</b> for forest product companies	<b>3</b>
Planting the seeds for <b>next-generation</b> growth	<b>6</b>
Strong public <b>support</b> for a changing industry	<b>10</b>
Ontario's globally <b>competitive</b> business environment	<b>14</b>
Spectacular <b>lifestyle</b> and business-friendly communities	<b>18</b>
We can <b>help</b>	<b>20</b>



Ontario's forest product industries are evolving rapidly to meet the challenges—and seize the opportunities—of a more globalized and competitive business environment. Companies are adopting new technologies, developing new products and pushing the boundaries of forestry research to find new and better ways of doing business.

# new opportunities

## for forest product companies

### Industry Snapshot

Our forests cover nearly 700,000 square kilometres (270,000 square miles)—an area as big as North Dakota, Minnesota, Wisconsin and Michigan combined.

Mills in Ontario process more than 20 million cubic metres (26 million cubic yards) of softwood and hardwood on an annual basis to support the production of a broad range of primary and secondary forest products.

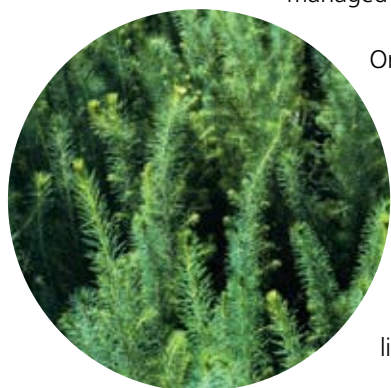
Ontario's forest products industry, with annual sales of about \$18 billion and exports of about \$9 billion, provides direct and indirect employment to more than 275,000 people across the province.

Value-added products account for roughly 60 per cent of sales. More than 2,000 companies manufacture everything from high-quality paper to pallets, pre-fabricated housing and engineered building materials, the majority of which are exported to the U.S.

**FastFact** Ontario has committed \$1.7 billion to support R&D projects and the commercialization of innovative products.

## Meeting the needs of “green” consumers

Consumers are creating a growing demand among major retailers like Home Depot, IKEA and Lowes for new products certified to have been derived from sustainably-managed forests.



Ontario's wealth of certified forests and our recognized leadership in sustainable forest management give Ontario-based companies an increasingly important competitive edge in this premium market.

Canada has the world's largest area of certified forests. The Forest Stewardship Council (FSC) is the most rigorous and widely endorsed certification system in the world. About half of all the FSC-certified forests in Canada—more than 8.5 million hectares (21 million acres)—lies in Ontario.

## New approaches create new products

- Forest biomass is helping Ontario's industry to become more efficient. Two million cubic metres (2.6 million cubic yards) of mill residue are used by sawmills and paper mills for energy, or sold as raw material for the secondary wood products industry, such as particle board and oriented strand board. The installation of an \$84 million biomass boiler at Abitibi-Consolidated's Fort Frances complex will make the operation more efficient and competitive while creating new biomass jobs.
- Advanced BioRefinery Inc. of Ottawa is building a transportable bio-refinery plant that will convert unused forest waste into a bio-oil that can be used as fuel or to make products such as plastics and glues. The prototype bio-refinery, which can process 50 tonnes of forest biomass every day, is both portable and self-contained so it can be taken right to the source of the biomass.
- Just like the celebrated Amazon rainforest, Ontario's forests may hold a treasure trove of bio-pharmaceuticals. Researchers have discovered that the Canada Yew, a plant native to Northern Ontario, contains a valuable anti-cancer compound. The potential for commercial cultivation and harvesting is now being evaluated.
- Each year, insects and diseases cause more damage to forests than fires. To help control pests such as the Asian longhorned beetle in areas where spraying is not an option, BioForest Technologies of Sault Ste. Marie has developed an innovative injection system to inoculate high-value trees and help manage serious tree infestations.

**FastFact** Value-added products account for 60 per cent of Ontario's forest product industry sales.



Around the world, forest product industries are changing dramatically, responding to new challenges and seizing new market opportunities.

Ontario's industry leaders are at the forefront of change. They are improving forest management practices, increasing mill efficiencies, introducing new technologies and developing new products.

# Planting the seeds for next-generation growth

## A North American Centre for industrial R&D

Ontario is a North American centre for industrial and university-based R&D.

Across the province, public sector researchers are helping industry find solutions and develop new products. Lakehead University, in Thunder Bay, is a world leader in forest ecosystem research. The Ontario Forest Research Institute and the Great Lakes Forestry Centre search for new scientific knowledge to support the sustainable management of Ontario's forests. The Centre for Biocomposites and Biomaterials Processing at the University of Toronto develops and tests new forms of engineered wood and natural fibre composite materials.

Ontario is also a leader in developing and manufacturing the advanced technologies that are re-shaping the global forestry industry: automation and robotics; lightweight composite materials; information and communications technologies, remote sensing, global positioning systems and environmentally friendly processes and products.

## Innovation investment incentives to help businesses grow

Tomorrow's forest industry growth will come from adopting new technologies and marketing innovative products today.



Recognizing that innovation drives growth, the government of Ontario has committed \$1.7 billion to support research and the commercialization of innovative products. Forest-related priority sectors include advanced materials and manufacturing, energy systems and environmental technologies.

The \$500-million Advanced Manufacturing Investment Strategy provides interest-free loans for up to five years to help manufacturers develop and adopt leading edge technologies and innovations

Canada's Scientific Research and Experimental Development (SR&ED) tax credit program is the most generous among G8 countries and Ontario tops it up with additional tax credits. In Ontario, the after-tax cost of a \$100 R&D expenditure can be reduced to less than \$41.

## Targeted support for forestry innovation

The Ontario government is investing more than \$1 billion through various programs including loan guarantees, energy rebates and conditional grants to help the forest industry become more innovative and internationally competitive.

The Northern Ontario Heritage Fund Corporation's Emerging Technology Program encourages intellectual property development and commercialization of new technologies in Northern Ontario by providing eligible companies with up to \$50,000 in non-repayable contributions for research and pre-competitive development technology projects and up to \$1 million in repayable loans for capital projects.

Ministry staff can help innovative new companies obtain wood supplies and access the full range of government programs.

**FastFact** *The Economist Intelligence Unit (EIU) forecasts that, through to 2009, Canada will be one of the best countries in the world in which to do business. Why? Our openness to foreign trade and capital, our high-quality infrastructure and the tremendous opportunities within the North American marketplace.*

# SPOTLIGHT ON Flakeboard

For more than 40 years, continuous improvement has been the mantra guiding the growth of Flakeboard from a pilot plant in Sault Ste. Marie to a multi-site, world-scale producer of composite wood products. Today, the Sault Ste. Marie mill produces the greatest volume of medium-density fibreboard (MDF) of all single line presses in North America, utilizing advanced automation, dual refining and specialized quality measurement systems. In 2005, immediately adjacent to the mill, the company built a melamine lamination plant that houses a fully automated, high-throughput melamine press. And in 2006, Flakeboard announced plans to invest a further \$16.5 million in the Sault Ste. Marie plant. "The industry is changing not just in North America but around the world," says Flakeboard President and CEO, Kelly Shotbolt. "We're investing in Ontario because it offers the right combination of raw materials, skilled people, advanced production environment and market access that help us continue to grow a great company."





# Strong public support

## for a changing industry

Industry leaders are investing in growth and the Ontario government is supporting their drive for greater global competitiveness through a comprehensive, \$1-billion, five-year strategy.

### Ontario's new forest industry strategy

Ontario's forestry programs are designed to stimulate new investment in value-added manufacturing, fibre efficiencies, energy conservation and energy co-generation and include:

- \$350 million in loan guarantees
- \$150 million in conditional grants through the Forest Sector Prosperity Fund
- \$140 million in electricity rebates
- \$1 million annually to promote new uses for Ontario wood.

### Canada-wide programs

Natural Resources Canada

- Canada Wood Program
- FP Innovations (forest industry R&D)
- First Nations Forestry Program
- Forest Communities Program
- North American Wood First Initiative
- Value to Wood Program

National Research Council

- Industrial Research Assistance Program (IRAP)

Human Resources and Skills Development Canada–HRSDC

- Aboriginal Skills and Employment Partnership Program
- Targeted Wage Subsidy Program
- Job Creation Partnerships

Business Development Bank of Canada

- Productivity Plus Loan
- Co-Vision Start-up Financing

Export Development Canada

## Ontario-wide programs

Ministry of Economic Development and Trade

- Advanced Manufacturing Investment Strategy (AMIS) Program

Ministry of Training, Colleges and Universities/Ontario Ministry of Finance

- Ontario Apprenticeship Training Tax Credit (OATTC)
- Community Futures Program



## Northern Ontario-only programs

Northern Ontario Heritage Fund Corporation

- Enterprise North Job Creation Program
- Private Sector Emerging Technology Program

FEDNOR (Industry Canada)

- Northern Ontario Development Program

**FastFact** Canada offers the most generous R&D tax incentives programs among the G8 and Ontario tops that up with a range of additional incentives. The after-tax cost of a \$100 R&D expenditure in Ontario can be reduced to \$41 or less.



## “Northwestern Ontario is a fantastic place for manufacturers.

Nor-Fab Building Components builds and exports trusses, gazebos, sheds and other components and sells them all over Canada and the United States. Our location is ideal. We are located in Fort Frances, which is right on the Minnesota border. We are in the centre of Canada, which is like living in the middle of North America. The people are hard working and dependable, and our turnover rate is low. If you love outdoor recreation, hunting, fishing, cottaging, snowmobiling—and want a great place to work—we have just what you are looking for.”



**Mel DeGagné, President, Nor-Fab Building Components Ltd.**

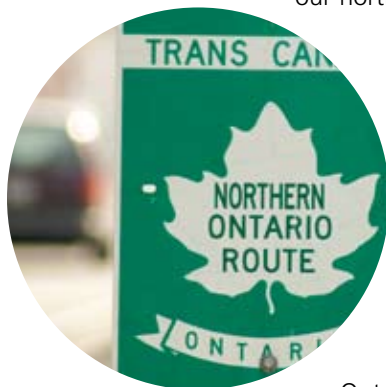


Ontario is the northern crossroads of the North American free trade area—a vast and growing market with a population of 420 million and a GDP of \$13.8+ trillion. Southern Ontario, Quebec, Manitoba and the entire U.S. Midwest are on our doorstep.

# Ontario's globally competitive business environment

We are within a day's drive of 100 million consumers. We can move products across North America and around the world easily thanks to a sophisticated transportation infrastructure that includes an efficient network of highways, railroads, ports and airports.

And we're constantly improving the network. We're investing more than \$1.8 billion over five years under our Northern Ontario Highways Strategy to expand and improve our northern highways.



## Internationally competitive business costs

Canada is a globally competitive cost location for business—more competitive than the U.S., U.K., Australia, France, Germany or Japan—according to KPMG's comprehensive 2006 *Competitive Alternatives* survey.

Ontario's combined (provincial and federal) general corporate income tax rate is almost four percentage points below the U.S. average.

Because of our publicly supported health care system, manufacturers in Ontario pay significantly less than their U.S. counterparts for employee health care costs.

## Smart, skilled workforce



Across the board, Ontario workers are well educated, well trained and ready for work. A higher percentage of our workforce has completed their post-secondary education than in any industrialized nation.

Recognizing the growing need for skilled workers to meet the demands of a growing economy, we have expanded our apprenticeship training programs. A 25 per cent refundable tax credit on salaries and wages paid to new apprentices helps offset employer's costs.

## Specialized industry education and training

Forest product industries are becoming more sophisticated. Globalized competition demands higher levels of skills, from advanced harvesting techniques through managing computer-controlled production facilities to building international sales. Our universities and colleges are producing the employees that companies need to compete in global markets.

Lakehead University in Thunder Bay and the University of Toronto both offer undergraduate and graduate degrees in forestry. The University of Toronto also offers graduate degrees in Wood Products Engineering and International Trade in Forest Products. Ontario's business schools are ranked among the best in the world.

Many Ontario colleges, including the Collège Boréal's Centre for Excellence in Forestry of Northern Ontario, offer programs such as forestry technician, aboriginal resource technician, environmental engineering technician, industrial woodworker, carpentry and millworker, furniture technician and woodworking manufacturing management.

**FastFact** Ontario's export-oriented transportation infrastructure includes 15 road, rail and marine border crossings with the United States, five international airports and a direct route through the St. Lawrence Seaway to ports around the world.

# SPOTLIGHT ON OvrX



The home renovation market is booming and four-year-old start-up manufacturer OvrX Inc. of Englehart is riding the wave. They produce a highly successful line of insulated wall panels and floor tiles made from oriented strand board (OSB) backed by two-inches of styrofoam insulation. Designed for basement finishing by either contractors or do-it-yourselfers, OvrX products are now available in stores across Canada and the U.S. and online through Home Depot. "Government programs have been tremendously important for us," says OvrX's Clinton Johanson. "They are very interested in and focused on sales and marketing. The trade show program, for example, has been a big help in opening new markets and we're just now finalizing a loan that will allow us to move from our pilot plant to a much larger facility. With the support of both provincial and federal programs, we're growing quickly."





Ontario offers a remarkable balance of great business opportunities, welcoming communities and an enviable quality of life.

# Spectacular lifestyle

## and business-friendly communities

In Northern Ontario, you can enjoy big city amenities with small town convenience.

Advanced telecommunications networks, for example, reach all but the most remote areas of the province. A recent study showed that 93 per cent of the population in Northern Ontario lives in communities that have access to broadband services. You and your family have easy access to high-quality, public health care and an excellent education system.

At the same time, you can step out your back door into a spectacular natural landscape. The four-season recreational opportunities are simply superb. The province's forests and 250,000 freshwater lakes, as well as stunning rivers and beaches, offer year-round outdoor activities of all kinds for all ages.

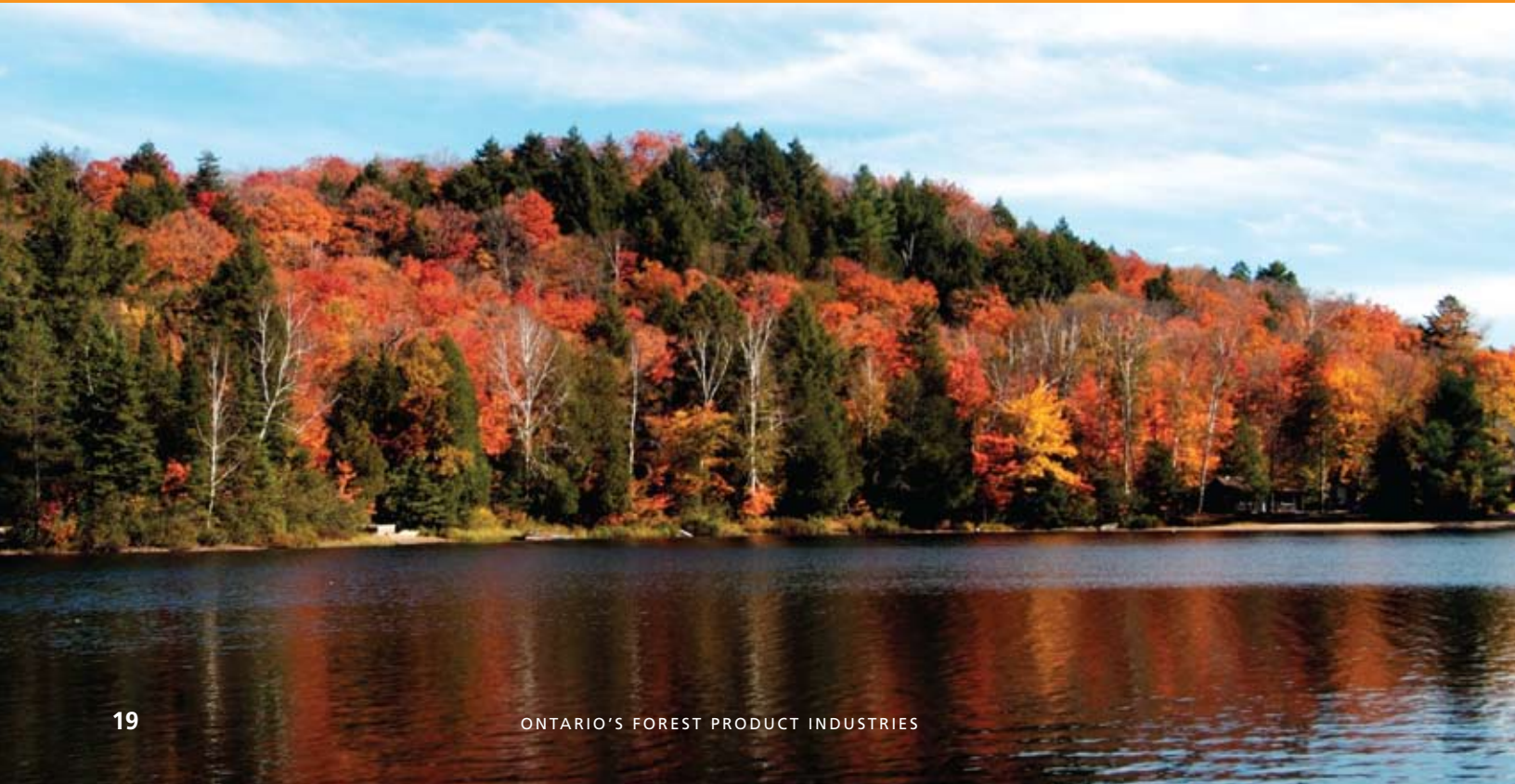
***FastFact*** Ontario has more than 50,000 km (31,000 miles) of interconnected, groomed snowmobile trails, more than anywhere else in the world.

## SPOTLIGHT ON

# LacLu Industries



A small community outside Kenora may seem like an unlikely spot to start a specialty manufacturing operation but it turned out to be perfect for LacLu Industries. In just six years, their knock-down, traditional style, solid pine screen door kit has grown from being a novel idea to a big success. Today, their “door-in-a-box” kits are sold coast-to-coast in Home Hardware stores and across the Costco chain. “Because there’s a real sense of community here in Northern Ontario, everyone knows about you and everyone gets behind you to help your business succeed and grow,” says Kelly Gibson, co-owner of LacLu Industries. “I’ve had the chance to talk with people from all over the world, people who have the time and resources to go anywhere in the world, and they choose to live here because the quality of life is just excellent.”





There's no better  
place in the world  
to do business

## We can help

### Contact us for:

- The latest information on our economy and business climate
- Comprehensive profiles of Ontario municipalities
- Province-wide site searches of available industrial land and buildings
- Coordination of site selection and community visits throughout the province
- Contacts with federal, provincial and municipal officials, as well as utilities, transportation firms and business facilitators.

### Ontario Investment and Trade Services

Please visit our website:

[www.investandtradeontario.com](http://www.investandtradeontario.com)

or call us at

1-800-819-8701 (North America) or  
00-800-46-68-27-46 (U.K. and Europe).

For more information about Ontario's forests, please visit the Ministry of Natural Resources website:

[www.mnr.gov.on.ca](http://www.mnr.gov.on.ca)

For more information about Ontario's north, please visit the Ministry of Northern Development and Mines website:

[www.mndm.gov.on.ca](http://www.mndm.gov.on.ca)



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Published as part of the GO North initiative