

Ontario's Value-Added Wood Sector



The Future is Growing



Value-added Wood Products are Big Business

Sixty per cent of Ontario's \$18 billion (Cdn) forest products industry is value-added.

We have more than 2,000 manufacturers producing everything from pallets to engineered products using composite technology. Products include lumber, paper products, pre-fabricated housing and building materials, the majority of which are exported to the U.S. Our wood furniture industries alone employ 25 per cent of the value-added wood workforce.

Companies producing value-added wood products include Weyerhaeuser, Jager Building Systems, Bowen Windows, Guildcrest Homes, Linwood Custom Homes, Anthony-Forest Products/Domtar and Kent Trusses.

A Wealth of Natural Resources

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

Our province is an internationally recognized leader in sustainable forest management; providing high-quality wood from a reliable source of renewable and diverse forests.

Sixty per cent of the total licensed land base has been independently certified to one of the following performance standards: Forest Stewardship Council (FSC), the Canadian Standards Association (CSA) and the American Forest and Paper Association's Sustainable Forestry Initiative (SFI) with the intent to achieve 100% certification of the licensed land base by the end of 2007.

A Skilled Workforce

We have 44 universities and colleges across the province where thousands of students are learning the skills needed to give our industries—including value-added wood products—a competitive edge.

We have an extensive and focused network of apprenticeship and co-op programs and government initiatives are expanding the number of apprentices in high-demand areas, including value-added wood products.

On average, our manufacturing workers stay with a company for nine years.

An Innovative Environment

In Northern Ontario, academia, industry and government work hand in hand in a collaborative environment to increase technology transfer.

The Ontario Forest Research Institute (OFRI) and the Great Lakes Forestry Centre (GLFC) help develop new scientific knowledge to support the sustainable management of Ontario's forests, and Lakehead University is a world leader in forest ecosystem research.

Forintek Canada Corp., a world leader in wood products research and development (R&D), works with industry to develop innovative processes and products to keep our value-added wood companies globally competitive.

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

Ontario's R&D tax credits are among the most generous in the world—they can cut the after-tax cost of a \$100 R&D expenditure to less than \$41.

More Costs Qualify for R&D

	Ontario	United States
Wages and salaries	√	√
Capital equipment	√	
Materials	√	√
Overhead	√	
Consulting fees	√	65%–75%



Market Access

NAFTA (the North American Free Trade Agreement) gives us access to a market that's huge (420 million people) and affluent (\$13.8+ trillion GDP) and where products move freely across borders.

We can move products across North America and around the world easily thanks to a sophisticated transportation infrastructure that includes a network of highways and railways, international and regional airports and seaports.

We have same-day business access to North America and Europe and evening overlap with Asia.

Bottom line? If you're in the value-added wood products industry and looking for a place to locate, expand or do advanced R&D, look at Ontario. We have the natural resources, the people-power, the technology and the infrastructure to help you succeed.

Tax Credits in Ontario Positive Business Climate

In June 2005, *fDi* magazine (part of the U.K.-based Financial Times Group) awarded Ontario the title of "Canadian Province of the Future" because of its skilled workforce, affluent local customer base, proximity to the U.S. market, lower business costs and excellent quality of life.

Ontario welcomes foreign investment as companies from the U.S. and Europe have discovered.

We enable companies to get up and running quickly because the necessary infrastructure is in place and regulatory systems are streamlined.

The Ontario Forest Accord provides long-term security for the industry and fosters a business climate aimed at attracting investment and encouraging growth.

The new Ontario Wood Promotion Program invests \$1 million (Cdn) annually to enhance the value-added manufacturing business.

The Ontario government's \$150 million (Cdn) Forest Sector Prosperity Fund and \$350 million (Cdn) Forest Sector Loan Guarantee Program provide grants and loan guarantees for new capital projects—and value-added wood manufacturers are eligible for both programs.

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

Let Us Help You

Connecting businesses in Ontario and throughout the world with the people, products and ideas that make Ontario "Canada Economic Powerhouse".

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All figures are in US dollars unless otherwise noted. Based on Bank of Canada average annual exchange rates for 2005 (Cdn\$1.00 = US\$0.826).

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