

branchlines

Volume 22#2 2011



Forestry
University of British Columbia

Our forest industry needs to change

by David Gandossi



Whether you believe it to be from climate change, technological advances, or improving global living standards, there is no denying it – the world is changing. If we want the Canadian forestry industry to benefit from this change, then so too must we change. We must look beyond our national and continental borders, and look around the world for new opportunities, technologies, and best practices. As an industry, we need to collaborate and forge new partnerships so we can continue to be innovative, develop new products and adopt new technologies that will reduce our environmental footprint and improve our productivity. This all must culminate in an increase in the value that we extract from our forests – not only by producing more lumber, pulp, or paper, but by optimizing the way we use these resources down to a molecular level and utilizing our natural resources in ways not yet envisioned. Those who are successful in transforming their operations to maximize the value they extract from our forests will reap the

lion's share of the benefits. Mercer International is a perfect example of a company that is leading the charge and adapting to these new global realities by striving to extract every bit of value from our forest resources.

Since 1999, Mercer has grown from a single pulp mill, producing 175,000 tonnes annually, to three world-class mills with annual capacity of about 1.5 million tonnes of high quality Northern Bleached Softwood Kraft (NBSK) pulp. We take the concept of utilizing all parts of a tree for their highest value end-use to a whole new level. Mercer focuses on taking northern softwood fibre that cannot be made into lumber and

“We need to do a better job of communicating the great career opportunities that exist in Forestry.”

fractionating it on a molecular level into bio-products including pulp, renewable bioenergy and biochemicals. All three of our mills are large net exporters of green electricity. That means that they all produce far more power than they consume during operations, and sell the excess to the local grids. In 2010 for example, Mercer's three mills co-generated over 1.4 million MWh of green electricity – enough to power nearly 130,000 average BC homes - and sold over 520,000 MWh to the local grids. Mercer aggressively employs cogenera-

tion, or combined heat and power (CHP), to provide thermal energy to our processes and to generate green electricity. This very efficient process drastically reduces the use of fossil fuels and the emission of GHGs, and extracts the maximum value from the forest resource. For perspective, if the pulp and paper industry in British Columbia produced only kraft pulp and generated power on a level equal to our Celgar mill, the BC Industry could produce 10 million MWh more electricity – enough to supply nearly 1 million BC homes – all without consuming any additional wood.

Another currently small, but developing part of our business involves the extraction and production of biochemicals. Wood has many components that can be synthesized into valuable chemicals and by-products. Mercer currently produces bio-turpentine, which among other things is used as a solvent and in the synthesis of organic compounds, and tall oil, which is used in products such as printing inks, paints, adhesives and bio fuels. We continuously participate in R&D initiatives with various partners to generate new ideas and evaluate emerging commercial opportunities. While bio-products represent the next stage of full forest utilization, a true industry transformation requires more than just forward thinking; it requires collaboration and cooperation between government, research and industry.

The Canadian government has made a concerted effort to promote innovation and improvement within the forest sector. Since 2009, the federal government has

implemented numerous programs worth over \$1.1 billion dollars in order to support the transformation of our industry so that we are better able to compete on the global stage. While these contributions are a great catalyst to set in motion the transformation of our industry, continued governmental support is necessary to continue this transformation, to foster production of new bio-products, and to create a solid foundation on which to build future economic success.

While we have some of the most talented industry personnel in the world, we are losing too many to retirement and other industries. We need to do a better job of communicating the great career opportunities that exist in forestry. There are many high paying jobs spanning many professions and skill sets with great careers for foresters, engineers, accountants, millwrights, electricians and other trades people. Beyond simply retaining our forestry talent, stronger connections between research and industry need to be forged, as the important research being

performed by universities and other organizations is often not fully utilized. If we are to achieve the transformative change that is

“ We need to attract the best and brightest minds through continued education, greater investments in research and development, and greater cooperation between industry and government.”

necessary to remain viable on the global stage, new partnerships that focus on new, viable technologies must be made. All stakeholders must engage with one another and work together in order to manage this change and effectively incorporate the new ideas and technologies into our processes. We need bright minds and fresh perspectives to continue to enter

the Canadian forestry industry to help drive this transformation and to leverage the natural resource strength of our great country for the betterment of everyone.

Forestry not only played a very important role in Canada’s past, but has a very important economic and environmental role in Canada’s future, one that is only starting to be defined and understood. We must keep our industry strong by staying actively engaged with government and other policymakers so that we have the support required to continue our transformation. We need to attract the best and brightest minds through continued education, greater investments in research and development, and greater cooperation between industry and government.

David Gandossi is Secretary, Executive Vice President and Chief Financial Officer of Mercer International Inc. He has been a member of the Forestry Advisory Council for the Faculty of Forestry at UBC for the past two years. David Gandossi can be reached at dgandossi@mercerint.com



Lumber production in an Interior mill