CONSTRUCTION VALUE PATHWAYS
FROM SURVIVING TO THRIVING – CANADA’S FOREST PRODUCTS INDUSTRY IN THE 21ST CENTURY

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ABSTRACT: The Construction industry is in a period of change. Overpopulation, a shortage of land for development, an aging population and transportation pressures are leading to urbanization and densification. Demand is growing for more multi-residential units and the retrofit/renovation of existing homes and buildings. The Canadian forest products industry could take advantage of these trends by offering new customized products made from wood including modular systems and pre-fabricated solutions to gain a larger slice of the estimated $8 trillion a year global construction market.

In 2011-12, the Forest Products Association of Canada (FPAC) and its partners undertook the Construction Value Pathways initiative to explore opportunities for the forest products industry to diversify beyond its traditional markets and suite of products. The project examined the market potential of emerging wood-based products such as insulation and engineered wood products for both residential and non-residential construction. It consulted market leaders, explored new business models, and quantified key social and environmental indicators.

KEYWORDS: Construction, Forestry, Bio-products, Innovation

1 INTRODUCTION

Canada’s forest products industry has overcome enormous challenges over the last decade. The tough lessons learned when mills were closed and jobs were shed hammered home the message that innovation and competition will define the industry from now on. That message has prompted the Forest Products Association of Canada (FPAC) to help guide a new industry-led Vision 2020, which outlines where the forest products industry sees itself by the year 2020. Through its accompanying goals, the vision will challenge companies, governments and other partners to find innovative ways to ensure the sector reaches its potential and makes its maximum contribution to the Canadian economy.

Canada’s forest products industry is already on its way to achieving Vision 2020. It has become green, innovative and open to the world. By 2020, the industry expects to have hired at least 60,000 new recruits. It has committed to reducing its already shrinking environmental footprint by a further 35%. And Canada’s forest products industry expects to generate an additional $20 billion in economic activity from new innovations and growing markets. To deliver on these aggressive goals, Canada’s forest products companies will have to adapt and, in some cases, even transform their business models.

The Pathways Project: Bio-pathways and Construction Value Pathways

The FPAC Pathways Program is made up of two key transformation initiatives: Bio-pathways and Construction Value Pathways. The initiatives were led by FPAC, in cooperation with FPInnovations, the Canadian Forest Service, and scores of economic and scientific experts.

The first initiative, the Future Bio-pathways Project, is a comprehensive investigation of the opportunities to produce a wide range of bio-products from wood fibre. The first phase of this study, released in February 2010, examined the economic, social and environmental benefits of integrating these new bio-technologies into the traditional forest products industry.

In particular, it considered how this approach will boost employment and strengthen Canada’s economy and rural communities. The second phase of the Bio-pathways study, released in 2011, examined the global market potential of emerging bio-energy, bio-chemical and bio-products. It also explored new approaches to managing value and building partnerships in this critical area. The potential market sizes are staggering.

The second initiative, Construction Value Pathways, was launched in 2012. It identifies the key growth opportunities
for the forest products industry in the construction industry now and over the next 10 years. It also provides a lens into what the future may look like for the construction industry in 20, 30 and 40 years. The future of Canada’s forest products industry will be bright if it embraces the idea of diversifying and transforming its products. Product and market diversification, and business model transformation will help the forest products industry earn more market share in the construction sector.