

PRESENTATION

—
EUDR: A CANADIAN
PERSPECTIVE



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WPAC - A NATIONAL VOICE



WE WALK THE TALK

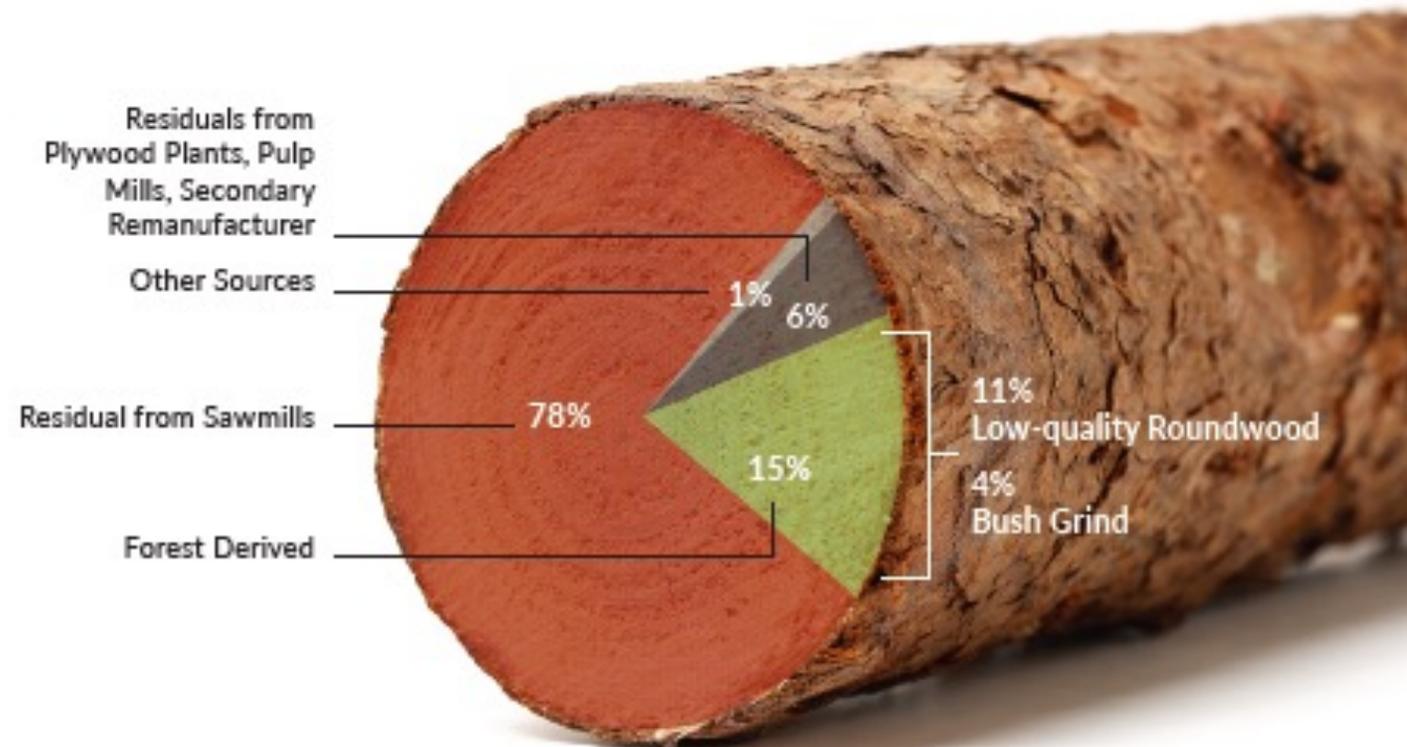
- **Employ 3,000** Canadians.
- **Safety leader**; ongoing learning and safety initiatives.
- Increasing **Indigenous participation**.
- Aiming to be among the **most diverse and inclusive trade associations** in Canada.
- **Advancing bioenergy** in Canada's north and remote communities.
- Pellets important domestically in **replacing oil and coal and reducing energy poverty**; significant traction.
- **Export 3.6 MT** of pellets, primarily to Europe and Asia.



RESPECT THE VALUE OF THE FORESTS

Our members are committed to:

- Ensuring trees go to highest and best use.
- Sourcing **100%** of fibre from residuals of sawmilling, harvesting activities and wood that can't be used for any other purpose.
 - This wood must be removed to improve forest health and/or minimize the risk of forest fires.





— APPLYING EUDR IN A CANADIAN CONTEXT

POTENTIAL CHALLENGES: PRIMARY FORESTS

- Term not helpful in Canadian context.
- **Encourage EU's regulatory authorities to respect Canada's science-based approach to classifying forests where decisions are made:**
 - Nationally
 - Provincially/territorially
 - First Nations Governments
 - Regionally

Old forests

- Canada uses integrated approach providing for **environmental, economic and Indigenous reconciliation benefits.**
- **Canada's forest classification supported by national and provincial/territorial laws and regulations.**
- Supports EU degradation and primary forest goals while **recognizing sovereignty of Canadian governments, including First Nations and their rights as enshrined in UNDRIP.**

POTENTIAL CHALLENGES: GEOLOCATION

We are committed to complying with geolocation requirements. However...

- **95%** of Canada's forestland **publicly owned**.
- Fibre for wood pellets from:
 - **Many sources** (i.e., sawmill residues, post-harvest slash and wildfire and insect salvage).
 - **Vast areas within a given region**.
- Wood pellets are made from **hundreds of wood particles**.
- A single batch of wood pellets on EU market **includes wood particles sourced from 100s or even 1,000s of plots of land** as defined by EUDR.
- Tracing each wood particle back to source will be **complex and require substantial computing power**.

POTENTIAL CHALLENGES: GEOLOCATION

Potential Research Initiative

- Enhance understanding of and optimize fibre supply in sawmill and harvest residuals and salvage (insects, fire, etc.).
- Identify uniquely Canadian challenges and opportunities relative to traceability (large land base, publicly owned, tenure system, timber mark system).
- Investigate and test potential and practical approaches to traceability, including geolocation.
- Develop tools and systems for reporting on traceability to effectively demonstrate compliance with emerging regulations such as the EUDR.

CANADA: LOW RISK

- Countries **classified as low-risk** are subject to **simplified EUDR due diligence** requirements.
- **Canada well positioned** to achieve low-risk classification in the EUDR Chapter 5 primary assessment criteria. In addition Canada has:
 - **Strict forest laws backed by government compliance.**
 - **Extensive third-party certification.**



UNDRIP: FIRST NATIONS

British Columbia is the first province to enact legislation to adopt the UN Declaration on the Rights of Indigenous Peoples.

- Provides discretion for **new decision-making** agreements between provincial government and Indigenous governments:
 - Structure, processes, administrative fairness and **transparency**.
 - Provides mechanisms for **joint and consent-based decision-making** (future legislative amendments required to enact).
- **Greater engagement and collaboration** with Indigenous nations on forest policy, legislation and management; including old growth forests.
- *Important that the EU recognize sovereignty of Canadian governments, including First Nations and their rights as enshrined in UNDRIP.*



COMPREHENSIVE ECONOMIC AND TRADE AGREEMENT



- The European Union (EU) is Canada's second-largest trading partner. September 2023 marked the **sixth anniversary of CETA's provisional application**.
- The Agreement will come into full effect when all EU Member States have completed the ratification process.
- Article 24.10 recognizes the importance of the conservation and sustainable management of forests ... and of market access for forest products **harvested in accordance with the law of the country of harvest and from sustainably managed forests**. (Article 24.10)
- Recognize the value of international environmental governance and agreements as a response ... to global or regional environmental problems and ... the **need to enhance the mutual supportiveness between trade and environment policies, rules, and measures**. (Article 24.4)
- The Parties work ensure that their **technical regulations are compatible** with one another. (Article 10.4.4)
- Recognize the **right of each Party to set its environmental priorities, to establish its levels of environmental protection**, and to adopt or modify its laws and policies... (Article 24.3)

INTERNATIONAL ADVOCACY: A TEAM EFFORT

- **Membership in Bioenergy Europe** means eyes and boots on the ground; robust collaboration.
- **Canadian Trade Offices strongly advocate** for Canadian forest policy and addressing trade barriers.
- **Solid relationship with federal and provincial governments.**
- **Share perspectives and ensure actions are in best interest of Canadians and broader sector.**



Global Affairs
Canada



Forestry Innovation
Investment



Natural Resources
Canada

Our approach has been one of collaboration, diplomacy, partnership, and being respectful of international jurisdictions.

— IMPACTS TO EU'S CIRCULAR ECONOMY / BIOECONOMY

WOOD PELLET
ASSOCIATION OF CANADA

Reactor Donor Recognition

Pinnacle Pellet Inc.

- Structural steel
- Reactor vessel
- Fabrication

Donor thanks to the donor and their staff & their organization with the reactor project design, installation, installation and maintenance.

Pacific BioEnergy Corporation

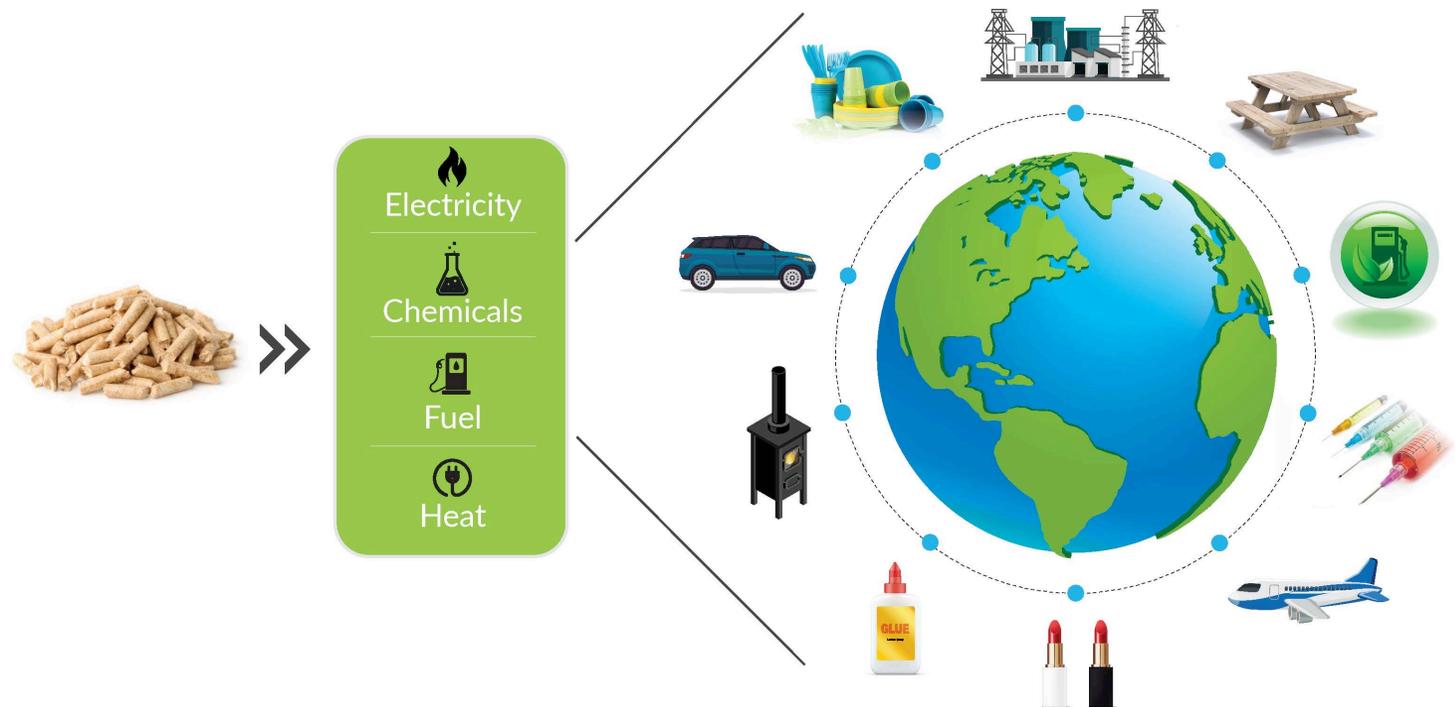
- Bucket elevator

STUDIES ON OFF GASSING AND GAS STRATIFICATION DURING

IMPACTS ON THE CIRCULAR ECONOMY

Wood pellets have been fundamental to the global transition from coal to biomass.

- Our sector working toward **commercializing bioenergy with carbon capture and storage**; on track to achieve negative GHG emissions.
- It's critical that international **policies do not inadvertently restrain supply from low-risk countries such as Canada.**





IN SUMMARY

MADE-IN-CANADA APPROACH

- Canada is **highly regarded for its diplomacy** and respect for jurisdictional/international boundaries.
- **We take action when it directly impacts our members**, but don't demand how policy in other countries should be conducted.
- **We protect our interests and build alliances.**
- **We are strategic in our timing** of emerging issues.
- **We have constructive relationships with Ottawa** (Trade, Global Affairs, NRCAN), embassies, and provincial agencies.



BUILDING A BETTER WORLD

- We are committed to supplying the world with responsible and renewable clean energy.
- We recognize that the fight against climate change requires immediate and urgent action.
- We fully support policies that encourage responsible and sustainable forest management.
- The advancement of new renewable energy alternatives to replace fossil fuel-generated power is key in the fight against climate change.
- Wood pellets sourced from responsible producers in well-regulated countries like Canada are unquestionably sustainable and a part of the solution.

Strong and implementable regulations are key to delivering on these outcomes.





WOOD PELLET
ASSOCIATION OF CANADA