

Government and Industry Agree on Principles for a Carbon Market in Canada

The International Emissions Trading Association's (IETA) Canadian Working Group on the Carbon Market (CWGCM) and the Government of Canada have agreed to a set of principles for the design and functioning of a market for greenhouse gas emission (GHG) compliance instruments in Canada. The Working Group includes leading Canadian corporations that are members and non-members of IETA, as well as other stakeholders.

The principles, endorsed by the Honourable Herb Dhaliwal, former Minister of Natural Resources Canada, and Bob Page, Chairman of IETA and Vice President, Sustainable Development, TransAlta Corp., bring Canada a step closer to developing a functioning carbon market. A broad segment of Canadian companies, financial and legal firms, and non-governmental organizations have joined in this initiative, including Abitibi Consolidated Inc., Alcan Inc., Alcoa Inc., B.C. Hydro, BP Canada Energy Company, Brascan Power Corp., Climate Change Central, CO2e.com (division of Cantor Fitzgerald International), ConocoPhillips, Davies Ward Phillips & Vineberg LLP, Dofasco Inc., DuPont Canada, Hydro-Québec, ICF Consulting, The International Institute for Sustainable Development, Lafarge Canada Inc., McLeod Dixon LLP, Natsource LLC, Nexfor Inc., Noran-

da Falconbridge Inc., Ontario Power Generation Inc., Petro-Canada Ltd., Royal Bank of Canada, St. Lawrence Cement, Shell Canada Ltd., Suncor Energy Inc. and TransAlta Corp.

The domestic emissions trading system will be one of the important tools available to large final emitters, such as power, oil and gas, and certain mining and manufacturing industries, in meeting the reduction of 55 million tonnes of GHG emissions under the Government of Canada's *Climate Change Plan for Canada*. A domestic emissions trading system promises to help meet Canada's Kyoto targets to reduce GHG emissions by six percent from 1990 levels by the period 2008 to 2012. The Kyoto Protocol was signed in 1998 and ratified by Canada on December 17, 2002.

A domestic emissions trading system is one of the mechanisms providing industry with flexible options for meeting GHG targets in an economically efficient manner by promoting price discovery, rewarding innovation, supporting the competitiveness of Canadian industry and providing incentives for the development of low-emissions technologies. Designing an effective and efficient domestic emissions trading system is therefore an important element in efforts to balance climate

change commitments and a healthy economy.

IETA is an international organization of major companies whose goal is to ensure that the objectives of the United Nations Convention on Climate Change and, ultimately, climate protection, are met. It also ensures that the tools available include effective systems for trading in GHG emissions by businesses, in an economically efficient manner while maintaining societal equity and environmental integrity. IETA currently has 73 members in all geographical areas.

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Letters

- The federal government, with partners, develop proper economic impact data.

The Canadian Institute of Forestry/Institut forestier du Canada has a broad membership base that includes expertise in virtually all aspects of sustainable forest management, including operational forest practices and industrial concerns. We look forward to your favourable response to these recommendations. Please contact our National Office Executive Director, Mrs. Roxanne Comeau, for further discussion.

*Richard L. Macnaughton, R.P.F.
President CIF/IFC*

Dear Editor:

I would like to comment on the article "MBA in Forest Products Gets off the Ground" published in the Jan./Feb 2003 issue of *The Forestry Chronicle*. As a recent graduate of this new program, I can speak for its quality. The program, which included both business and forestry courses, was definitely worth the trip from my home province of BC. The 12 months I spent at UNB were the most intense and learning-filled experience of my life. I strongly recommend the program to anyone who wishes to learn more about the business side of forestry.

*Alice Palmer, MBA, R.P.F.
(on leave)*

Government of Canada and Canadian Pulp and Paper Industry Agree on Blueprint for Climate Change Action

The government of Canada has signed a climate change Memorandum of Understanding (MoU) with the Forest Products Association of Canada (FPAC). It sets out key elements of a climate change agreement between the Government and the pulp and paper industry, including a commitment by the industry to reduce its greenhouse gas (GHG) emissions intensity by an average of 15 percent by 2008 to 2012, the first Kyoto commitment period.

The MoU marks the first agreement with industry to implement the strategy set out in the Climate Change Plan for Canada released last November. It outlines an approach that the pulp and paper industry will take to reduce GHG emissions to achieve its share of the 55-megatonne commitment for Canada's large final emitters.

According to Avrim Lazar, President and CEO of FPAC, the agreement represents "an extension of our industry's long-term commitment to continuous environmental improvements. While we've led Canadian industry in emissions reductions for more than a decade, we are willing to go further in helping Canada meet its Kyoto commitments." Mr. Lazar added that Canada's forest industry has already reduced its GHG emissions by 22

percent below 1990 levels, while increasing its output by 21 percent.

The agreement covers companies with operations in every region of Canada involved in the production of pulp, newsprint, paperboard and other paper products. It recognizes the unique structure of the industry, including the integrated nature of the production of solid wood products and pulp and paper within many companies.

The guiding principles in the agreement are consistent with government commitments to industry made in the Climate Change Plan for Canada. The agreement addresses a number of key areas, including emissions reductions for the first commitment period, designing ways to assess early actions by industry leaders, greater reliance on low-emissions energy sources like biomass and combined heat and power (co-generation), future incentives to increase research and development in carbon-reducing technologies, and a policy framework to recognize the benefits of investments in long-term forest management in meeting Canada's climate change objectives.

The agreement recognizes that an effective compliance system will need to be designed. This system should pro-

vide flexibility, and include emissions permit trading, forest "sinks" and forest management and production activities. The parties will work together to better understand the impact of forest management practices on carbon and Canada's national accounting of GHG emissions.

The agreement provides a blueprint for action in which the Government will work closely with the participating pulp and paper companies to respond to the challenge of climate change.

Under the Climate Change Plan for Canada, large final emitters are to reduce their GHG emissions by 55 megatonnes. This amounts to a 15-percent reduction in emission intensities from the Government's business-as-usual forecast for 2010. Large final emitters are companies that produce goods in emissions-intensive sectors, including energy, electricity and selected mining and manufacturing. Discussions will continue with other industry sectors.

Juvenile Wood Formation Theory

A relatively new theory on the formation of juvenile wood formation published by Lakehead professors K. C. Yang and C. Benson in 1997 has been included in the fourth edition of a textbook used by North American forestry schools. The book, published in 2003, is called "Forest Products and Wood Science: An Introduction" and is written by Jim L. Bowyer, Ruben Shmulsky, and John G. Haygreen.

Juvenile wood is characterized by short fiber, low density, low strength, thin cell walls, and high shrinkage. It is formed as part of the developmental process of tree growth and is found in the centre portions of stem cross sections. Juvenile wood is present in every tree. And virtually every living tree, regardless of age, continues to form juvenile wood during each growing season.

Yang and Benson's theory, which first appeared in Yang's 1986 publication

in the *Canadian Journal of Forest Research*, states that the width of juvenile wood is highly correlated with the age of formation of cambial initials counted from the years of seed germination. They noted that older cambial initials produce juvenile wood for fewer years than do younger initials. The result is a conical-shaped juvenile wood zone that narrows from a broad base toward the top of the tree.

Their theory replaces an older theory, called the Crown-formed Wood, put forth by scholars working in the late '50s and early '60s. It stated that juvenile wood was formed in a cylindrical, rather than conical, formation.

So what is the significance of K. C. Yang's research to tree growers and forest managers? "The weakness of juvenile wood has created various problems for the forest products industry. As a result,

the question of how to plant a tree with a small volume of juvenile wood becomes a crucial issue of forest management and forest operation," says Yang.

According to Yang, many plantation stands planted after WWII in North America have reached a mature stage and are ready for harvesting. The users have been surprised to find a higher than expected percentage of juvenile wood in these trees. The financial loss, due to the high percentage of juvenile wood, is huge.

Yang says his new theory of juvenile wood formation will provide the proper knowledge for growing trees with a small amount of juvenile wood, and will serve as a foundation for future research on tree growth.

*Frances Harding
Source: Agora Newsletter,
Lakehead University*