



CANADIAN PAINT
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ASSOCIATION

ASSOCIATION CANADIENNE
DE L'INDUSTRIE DE LA PEINTURE
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CPCA INSIGHT

GUIDE AND DIRECTORY **2018**



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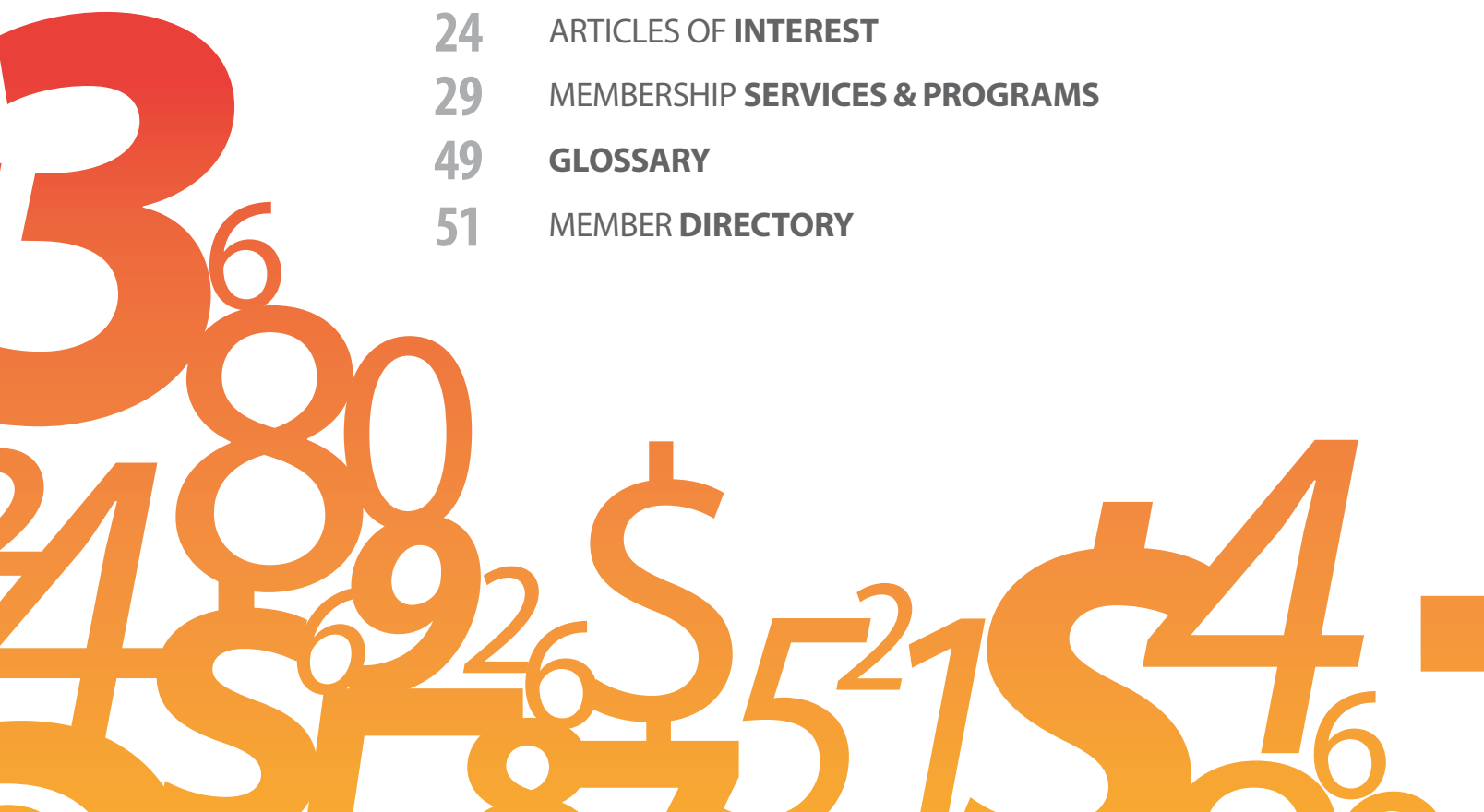
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CPCA INSIGHT

2018

GUIDE AND DIRECTORY

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**CANADIAN PAINT
AND COATINGS
ASSOCIATION**

170 Laurier Avenue West
Suite 900
Ottawa, ON K1P 5V5

**ASSOCIATION CANADIENNE
DE L'INDUSTRIE DE LA PEINTURE
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T: (613) 231-3604
F: (613) 231-4908
E: cpca@canpaint.com
www.canpaint.com



GRIFFINTOWN MEDIA INC.

5548 Saint-Patrick
On the Lachine Canal
Montreal, QC H4E 1A9
T: (514) 934-2474
F: (888) 459-7815
E: info@griffintown.com
www.griffintown.com

CONTENT / EDITING Gary LeRoux
Lysane Lavoie
DESIGN / PRODUCTION Judy Coffin
Don Burns/Katrysha Gellis
AD SALES INSIGHT@griffintown.com
TRANSLATION Isabelle Delage
PROOFREADING Micheline Foucher
Judy Yelon

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THE NUMBERS SPEAK

CPCA recently engaged the global consultancy of Orr & Boss to conduct a comprehensive economic impact study of the Canadian paint and coatings industry. For the purposes of the study the paint and coatings industry consists of companies engaged in the development, manufacture and distribution of a wide range of products for coatings, adhesives, sealants and elastomers, commonly referred to in the industry as CASE products. The coatings industry is a key driver of economic activity in Canada with substantial economic impacts generated directly, indirectly and induced. It includes both members and non-members, though CPCA represents about 85 per cent of the volume of paint and coatings sold in Canada.

The CASE industry in Canada consists of raw material suppliers, raw material distributors, manufacturers, wholesalers, retailers (home centres, lumber and building suppliers, paint and hardware stores), professional contractors, and end users. The approach of this study was to estimate the economic activity in terms of output and the salary and wages generated by employment for all paint, coatings, adhesives, sealants and elastomers used for industrial and commercial activities in Canada.

The industry is an important and dynamic part of the nation's economy with a pivotal role in protecting and preserving a vast array of assets and manufactured products. This includes coatings that extend the life of Canada's most critical infrastructure such as pipelines and bridges; a family's most valuable assets such as their homes and automobiles; and everyday goods from chairs to cell phones. More than just the paint on walls and garage floors, there are many highly performing functional coatings that require extensive technology, innovation and R&D. All this is now delivered in an increasingly sustainable industry focused more than ever on product stewardship and sustainability.

Paint and coatings products are used in many different end-use segments, on many different substrates, whether for metal, wood, plastic, paper, glass, rubber, ceramic, concrete or composite with a vast and diverse range of products. In fact, almost all end-use segments use some form of paint, coatings, adhesives or sealants in manufactured finished

goods. Thus, the **key drivers of the coatings manufacturing industry are generally the drivers of the overall Canadian economy** (e.g., construction, transportation, energy, etc.). Key segments in the Canadian paint and coatings industry include: architectural coatings, automotive OEM, automotive refinish, coatings for other means of transportation, industrial maintenance and protective wood coatings, powder coatings, coil coatings, packaging coatings, general industrial, and marine coatings.

While a wide variety of paint and coatings is pervasive in the Canadian economy the coatings industry is often overlooked as a driving **economic force with annual output of \$12.3 billion**. Just about everything that is manufactured has a coating, adding value to every product made with enhancements related to aesthetics, performance or lifespan.

The coatings industry generates significant employment in excess of 86,301 jobs. These jobs tend to be higher paying jobs than those in other industries. The application of paint and coatings products touches many end-use markets such as construction, automotive, oil and gas, mining, wood and metal products, aerospace, machinery, paper, metal containers, coil, transportation equipment and general industrial manufacturing. **In many of these end-use applications coatings are critical to the success of that industry.**

Paint and coatings companies continue with massive investments in research and development (R&D) generating innovation and new technologies in product formulations. All have resulted in increasingly more functional coatings for residential, commercial and industrial segments. A strong coatings industry is critical to maintaining and improving Canada's overall economic performance and that strength is reflected in the contribution to **Canada's Gross Domestic Product (GDP), estimated at \$4.65 billion annually.**

The industry does not rely on government subsidies, but as one of the most highly regulated sectors in the economy **it seeks to have a level playing field on which to compete.** If there are to be regulations they must be appropriate regulations. Given the highly integrated nature of the North American economy, especially with that of the United States, the industry seeks greater alignment of regulations

between the two countries to facilitate trade flows. This is especially important for Canada with half of the coatings industry products in Canada now imported from the United States. Despite some challenges in this regard the industry continues to deliver substantial economic impacts for Canada as revealed by the study.

THE IMPACTS

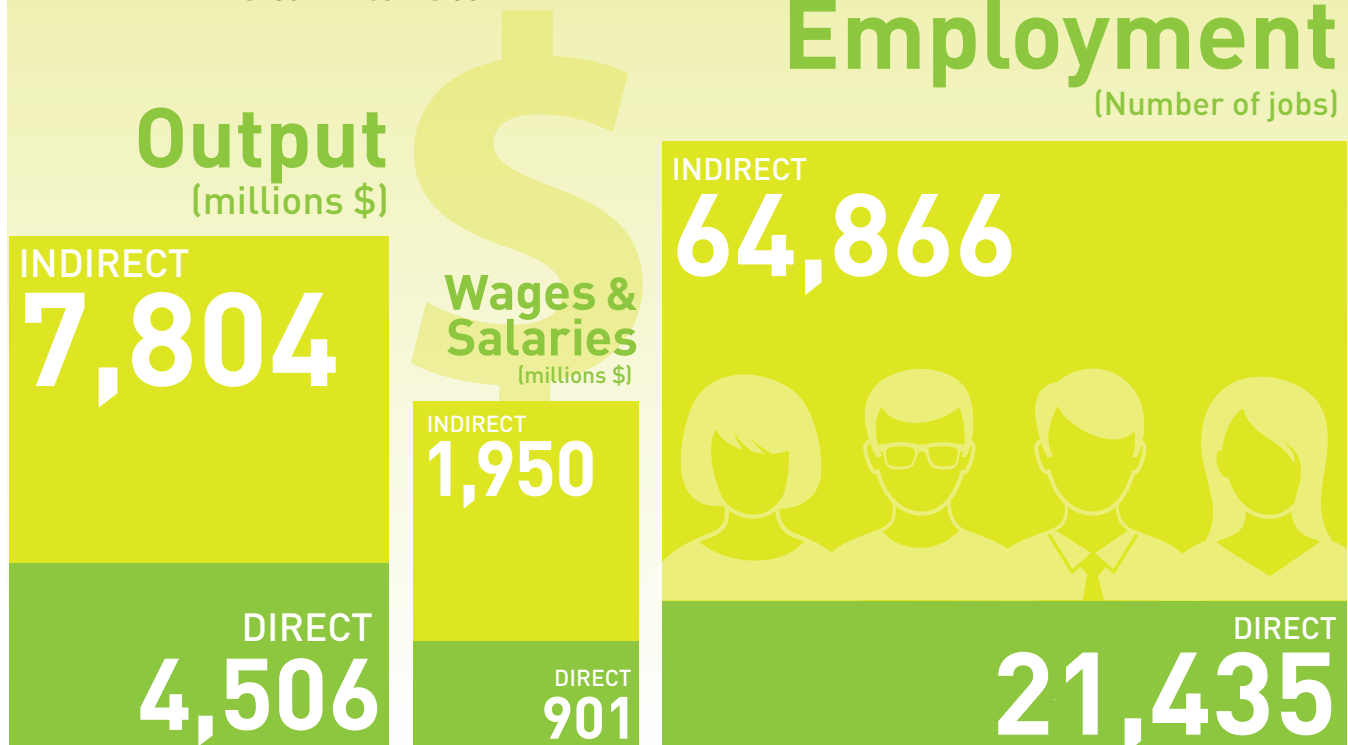
Economic impacts are defined as changes to an economy as a result of a specific undertaking or activity. These impacts are direct, indirect and induced. With those activities come benefits impacting the size and structure of an economy. This happens as goods and services are produced and purchased resulting in direct inflows of capital for construction of new facilities or delivery of new and better services. **Economic output** relates to the gross revenue of goods or services produced by an economic sector, while **Gross Domestic Product** measures the value of goods and services produced. The 'shipment' of goods noted in the study is defined as goods produced or imported and sold in the Canadian market. It also captures economic activity generated by exports, though exports represent less than 10 per cent of the total volume.

A summary of the total economic impact of the paint, coatings, adhesives and sealants (CASE) industry is as follows:

- Annual direct and indirect economic output of \$12.3 billion
- CASE product shipments of \$3.2 billion in 2016, up 4 per cent from 2015

- Annual direct and indirect employment of 86,301
- Estimated total annual 'direct and indirect' wages and salaries of \$2.85 billion
- Average annual paint and coatings wages and salaries was \$51,860 in 2016
- Wages and salaries are 18 per cent higher than the national average in Canada
- Annual induced employment of 125,316
- Estimated annual total 'induced' wages and salaries of \$5.5 billion
- Annual contribution to GDP of \$4.65 billion
- Annual federal and provincial taxes generated is \$1.74 billion
- Ontario and Quebec are the leading beneficiaries of the Canadian paint and coatings industry with an estimated 38.8 per cent and 21.5 per cent share of GDP as noted above, respectively
- Manufacturing and sales is the key driver of economic output, including adhesives and sealants, accounting for 37 per cent of overall economic output and 25 per cent of overall employment
- Raw material suppliers/distributors, professional coatings contractors and retail stores combined account for the remaining 63 per cent of overall economic output and 75 per cent of overall employment

1.1 SUMMARY OF ECONOMIC IMPACT OF THE PAINT AND COATINGS INDUSTRY





Cloverdale Paint

PROUD MEMBER OF THE CPCA



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MESSAGE FROM THE CHAIR



TIM VOGEL
President & CEO
Cloverdale Paint Inc.

MOVING FORWARD

Fiscal 2017 was the best year in the history of our association in terms of annual revenue and membership growth, focused strategic initiatives, planning for organizational renewal and the ongoing work to enhance membership value. These are the hallmarks of a relevant not-for-profit industry association. One reason for those achievements rests on the 3-year strategic planning cycle and the association's adherence to that plan. In late 2017 the board completed the next 3-year strategic plan so we could hit the ground running in 2018. We are confident that the association will continue in this vein for the foreseeable future.

I would like to point out that the work done in 2017 could not have been achieved without the support of the members. By being a valued member of CPCA you are showing support for the work done by the association on behalf of the members and the entire industry. We are all better served when there is a united front in support of a stable, productive and sustainable coatings industry in Canada. It is also made possible by the participation of the board, the technical committees and the dedicated staff. I would like to extend a heartfelt thanks to all who contributed to the success of the association this past year.

As the title of this year's *Insight* 2018 notes, the Canadian coatings industry is strong and contributing to the Canadian economy. In 2017 CPCA engaged Orr & Boss to conduct an economic impact study, the first of its kind in over half a century. It revealed what most in the industry already knew, that the products in the coatings industry are integral to every other industry sector. It adds tremendous value to the economy as a whole. The numbers do not lie. The total economic output of the industry is estimated to be \$12.3 billion annually with annual direct and indirect employment of more than 86,000 people. The coatings industry makes a contribution to GDP in the order of \$4.6 billion a year and wages and salaries are 18 per cent higher than the national average.

The findings are positive but challenges remain as the industry moves forward with strong products in many different categories in a highly competitive industry. Arguably,

it is an industry with more challenges than at any other time in its long history. The coatings industry has shown leadership in seeking out and delivering on environmentally sustainable initiatives such as reducing VOC emissions and moving to more waterborne products with over 95 per cent reduction in the decorative segment alone. It has experienced ongoing success in recovering "post consumer" paint with increasing recovery rates each year and close to 28 million kilograms nationally this past year. The three program operators in Canada are to be recognized for their tremendous effort on paint recycling.

A key focus for CPCA is ensuring that when the chemicals in our products are assessed for a potential regulation that they are properly assessed based on sound science. Further, it must ensure that any risk management approaches for those chemicals, whether by regulation or otherwise, are appropriate and relative to the benefits offered by those products. Some of those benefits include reducing GHG emissions with anti-fouling coatings used by ships; these coatings also protect Canadian waters from invasive species. There are also advantages from anti-reflective coatings for solar panels delivering benefits for the solar energy market. These reduce reliance on fossil fuels. Conductive thermal coatings play a vital role in aerospace technology by minimizing air drag, thereby reducing fuel consumption. These are just some of the ways in which our products already help the environment. It is incumbent upon the industry to ensure those benefits are not overlooked. CPCA works to ensure they are not.



While there are always challenges, the Canadian paint and coatings industry still has much to be proud of. We have led in many ways on regulatory files and shown leadership, along with key industry partners, on stewardship and sustainability across Canada. In business we know well that process in and of itself does not represent added value or achievement. Outcomes are what matters and that is the focus of the association's work.

Despite the challenges, the coatings industry is focused on environmental sustainability and what it means for our customers and the environment. Many of our members have invested heavily in innovation with new R&D

programs launched this past year. Many of our members issue an annual sustainability report along with their financial report showing great strides on environmental sustainability. The industry understands that it must do what must be done to make its products safe. The association will continue to work toward ensuring full industry compliance with existing regulations and support innovative ways to help industry reduce its environmental footprint and that of its many customers.

I would like to thank all members for their continued support of the association and I invite others in the industry to join with us as we continue our work. The association has been relevant for the past 104 years and it has never been more important to the industry than it is today. We look forward to another successful year in 2018.



TIM VOGEL
Cloverdale Paint Inc.
Chair

EVOLUTION OF CPCA STAYING RELEVANT

1913 **Canadian Paint, Oil and Varnish Association** - Began in Montreal on February 21, 1913

1950 **Canadian Paint, Varnish and Lacquer Association** - Officially recognized as an important link to governments and key stakeholders

1966 **Canadian Paint Manufacturers Association** - Added a French equivalent reflecting biculturalism

1980 **Canadian Paint and Coatings Association** - Critical link between industry, government and affected users

BOARD OF DIRECTORS



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Cloverdale Paint Inc.
(Chair, CPCA Board)



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MESSAGE FROM THE PRESIDENT



GARY LEROUX
President & CEO
gleroux@canpaint.com

CONTINUING CHALLENGES

As usual it was a busy year at CPCA. While there are ongoing challenges on the regulatory front, the association continues to meet those challenges head-on. Thanks to an engaged Board and strong support from our technical committees we have made progress on a number of files, with outcomes on others still in progress. We continue our focus on addressing the ongoing regulation of substances used in the coatings industry. How these are addressed will impact the ongoing sustainability of the coatings industry, both economic and environmental. Some of the issues this past year came out of left field as we had not anticipated the challenges on some of the matters already addressed in one way or another by regulation. Nevertheless they needed attention.

After many years of reformulating, moving aggressively to almost 100 per cent water-based products for decorative paint and impressive VOC emissions reduction, government seems to be now moving swiftly to ban and/or restrict the use of in-can preservatives for water-based paint. This prompted action on the part of CPCA given that this could, and likely will, create the need for reformulation of many products leading to increased costs and possibly discontinuation of certain product lines. In fact, one member suggested that the ban of one biocide used as an in-can preservative could negatively impact 100 of their products on the market today. CPCA believes it has now addressed some of the issues and is more optimistic about the future assessment of biocide use in paint for the foreseeable future. However, much remains to be done in the ongoing re-evaluation of biocides used in paint in the coming months.

Industry raw material suppliers and manufacturers must remain vigilant in addressing the ongoing review of biocides given recent events with several other key substances scheduled for re-evaluation by the PMRA in 2017–2021. The manufacturing sector could face a bigger issue related to the lack of available preservatives if nothing is done to improve the current federal risk assessment methodology, one which includes a better understanding of paint and adhesive exposure scenarios and current practices employed by professional painters. The application of stricter safety margin factors in Canada versus those of Canada's largest trading partner under the

EPA in the United States is not helpful given the movement of coatings ingredients and products across the border. CPCA is most concerned that the lack of alignment will impact competitiveness and may compromise the manufacturing of paint and coatings products in Canada, driving multinational and SME members out of many product lines.

One of the association's strategic priorities relates to legislative and regulatory activities with the potential of impacting Canada's coatings industry. This has been a primary focus of CPCA since its origins 104 years ago, but it has been elevated to new heights since the inception of the *Chemicals Management Plan* (CMP) 12 years ago. This past year CPCA identified 396 substances, of the 1560 in the CMP, which are used by CPCA members in a wide range of products. Those substances will be fully assessed and a determination made as to whether or not some manner of risk management will be required. In addition to this massive assessment of chemicals over the next four years, the federal government has already begun looking at what might be done with respect to the ongoing assessment of chemicals in Canada at the end of the third phase of the CMP in 2021. It is referring to this initiative as its 'post-2020' approach to chemicals management. In effect, it is clear there will be a fourth phase of CMP beyond 2020 and likely beyond that.

Much of the chemicals management effort referred to above is now being driven by ongoing discussions surrounding the report of the Parliamentary Standing Committee on the Environment and Sustainable Development released in June of 2017. That review considered whether or not the *Canadian Environmental Protection Act* should be amended to tighten the regulations on chemicals in Canada. The committee made 87 recommendations for amendments and a number of those would not be positive for industry in terms of the increased administrative burden, or worse, more bans of substances now used in a vast array of products on the market. While industry supports the need for proper assessment and management of chemicals, there is a need for both to be steeped in scientific evidence-based decisions. Evidence-based public policy is something the current government has embraced and we remain

hopeful that this is the case for chemicals management. The federal government is committed to providing more insight on how it intends to properly address the committee's recommendations by June of 2018.

CPCA focused on the key recommendations with potential impact on the coatings industry and suggested ways to address those in the government's formal response. Obtaining feedback from those impacted in the paint and coatings industry was important to ensure that the future approach to chemicals management in Canada under the CMP continues as it has in the past. While the CMP process has been difficult in terms of the workload for members, it is still widely considered a best practice approach to chemicals assessment. There are some areas in which the CMP can be enhanced based on lessons learned, but it has been argued by many that a major overhaul will not serve anyone's interests at this time.

Another example of chemical challenges includes the consultation document on the proposed regulatory approach to reduce emissions of formaldehyde from composite wood products published for public comment ending September 1, 2017. The government is actively looking for more information on the use of formaldehyde resins (ULEF) in products. CPCA members have been fully engaged in this process and provided good feedback to ensure industry's concerns are appropriately registered with government before a final decision is rendered this fall with publication of the final regulation expected this year. CPCA will continue to work with members on this regulatory initiative in the weeks ahead.

In July, CPCA obtained information from ECCC's Environmental Emergencies (E2) Division regarding key changes to the final E2 Regulations amendment. The proposed E2 regulatory text, published in October 2016, attracted 250 comments from companies, associations, all levels of government and NGOs. The association is pleased that E2 officials decided NOT to add three carcinogenic substances to their new list of E2 regulated substances. The government is now convinced that other Canadian acts and regulations already in place including the HPA/HPR, which rely on a hazard-based system, will adequately manage the risks associated with those substances.

In addition to dealing with chemicals management at the federal level, CPCA has been fully engaged with officials in Metro Vancouver, namely the air quality planners, who are seeking to pass a bylaw that will bring new municipal restrictions for use of substances in auto refinishing products. The goal is to reduce VOC emissions from auto refinishing products used by body shops in the Lower Mainland. If passed, this would negatively impact more than 400 auto body shops/collision centres in the region. CPCA expressed the need for Metro Vancouver to conform to federal VOC limits already in place for those products and demonstrated that adopting more restrictive VOC limits in one local jurisdiction, in one province, will do little in the way of air quality improvement. At the same time, it

would disrupt business activities in the region and likely create anticompetitive pressures throughout BC. Moreover, it establishes a precedent we do not want to see other provinces emulating for these or other chemicals when a credible, science-based regulation already exists for all jurisdictions in Canada.

Organizationally, the year ended strong with the association exceeding the 2017 budget and reaching its highest ever level of revenues. Efforts over the past few years have put CPCA in a position to hire new staff and rely less on outsourcing to support the ongoing work of the association. The goal is to increase the value-added benefits for members. Two new permanent staff joined CPCA in January, one as the vice-president of public affairs and the other as manager, graphic and digital communications. Later in the year, two others will be added for a full complement to support the work of the association in the years ahead.

One of the key projects completed this year was the economic impact study of the Canadian coatings industry by Orr & Boss. The key findings revealed a strong and sustainable industry with real contributions to Canada's economy as noted in this edition of *Insight* 2018. Also under development in 2017 was the new CPCA website to be launched in Q2 of 2018 featuring a new comprehensive *Member Resources Centre*. This members-only area will be the heart of the work CPCA does for its members and it will help ensure member companies are fully informed and up to date on what they need to know for full compliance. It will also be a valuable resource for new staff of both CPCA and all member companies in future. The strategic plan for 2018-2020 is now in place and the operational planning has been completed to ensure full and effective implementation.

The foregoing provides a small glimpse into the ongoing work of the association and the important work done by the board and technical committees. For a more detailed insight please review the information contained in *Insight* 2018. The engagement with committees, comprised of staff from member companies, continues to ensure CPCA stays on top of the issues. I would like to thank members for their ongoing support of the association over the years and I look forward to the work required to ensure the coatings industry remains viable and stable in the years to come.



GARY LEROUX
President & CEO

CPCA 2020: STRATEGIC PRIORITIES

VISION

A strong, stable and sustainable Canadian paint and coatings industry.

MISSION

CPCA works with and on behalf of its members for fair regulation, responsible environmental stewardship, regulatory compliance and to help sustain the reputation of reliable industry brands.

VALUES

- Act with integrity and accountability
- Support evidence-based decisions
- Promote regulatory compliance
- Collaborate with all stakeholders
- Respond to membership needs
- Strict adherence to anti-trust policies

WHY CPCA?

SUSTAINING A VIBRANT CANADIAN INDUSTRY

CPCA has a proven track record in minimizing regulatory impact on the coatings industry. Decisions that are not aligned with other jurisdictions or result in negative decisions by governments with respect to chemicals in commerce and product stewardship can lead to negative impacts such as:

- **trade disruptions** and difficulties in the management of stocks for North American trade
- **elimination of products** with high penetration in the Canadian marketplace
- **reformulating** products with substitutes that are not always cost-effective or available
- **extensive testing, re-labelling and special precautions** with respect to transportation of goods
- **unique Canadian restrictions of use and/or misalignment with U.S. and international regulatory measures** for substances
- the potential of creating a **negative image for the industry** leading to a decrease in Canadian sales

Industry wants none of these negative impacts to become a reality and alter its business plans. That is why the major paint and coatings companies operating in Canada, and many of their suppliers and distributors, have been long-standing members of the CPCA.

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THE CANADIAN PAINT AND COATINGS INDUSTRY: STANDING THE TEST OF TIME

NATIONAL VOICE OF THE PAINT AND COATINGS INDUSTRY

Founded in 1913, the Canadian Paint and Coatings (CPCA) seeks to attract and retain members by providing dependable representation, value-added services and professional development. The rise of online and social media has diminished the traditional gap between internal and external stakeholders. How firms communicate with their stakeholders has become almost as important as what they are communicating. **CPCA communicates broadly and regularly on all platforms.**

With increasingly demanding and savvy customers, organizations must seize the opportunity to advance their corporate agenda online. An increasingly complex industry with continuing consolidation, new trends in an ever evolving consumer base all demand a comprehensive communications strategy that will continue to engage and inform members, stakeholders, governments and the public.

Since 1913 the Canadian Paint and Coatings Association (CPCA) has represented Canada's major paint and coatings manufacturers, and their industry suppliers, in three primary product categories: architectural paints, industrial and automotive coatings. It will continue to do so, but it must embrace new ways of doing so in a digital world. CPCA member companies have:

- More than 250 paint manufacturing establishments in Canada
- Own and operate more than 3,000 retail stores
- Supply another 5,000 retail stores with paint and coatings products
- Supply coatings to more than 7,500 OEMs and auto body repair shops

The application of paint and coatings products touches many end-use markets such as construction, automotive, oil and gas, mining, wood furniture, aerospace, machinery, paper, metal containers, and general industrial manufacturing industries. In many of these end-use applications coatings are critical to the success of the industry. Paint and coatings companies have continually invested in R&D generating many new innovations and new technologies resulting in high performing and functional coatings.

EVOLUTION OF A SUSTAINABLE INDUSTRY

The major change in the coatings industry during the last 40 years has been the adoption of new coating technologies with extensive investment in R&D establishments by large, small and medium-sized enterprises. These investments have driven innovation in product development and created a highly competitive industry. Until the early 1970s most coatings were conventional low-solids, solvent-based formulations and waterborne (latex) paints. These were used in architectural applications accounting for only 20 per cent of the total. In the late 1970s the federal government introduced codes of practice for volatile organic compounds (VOCs), targeting emission controls with several focused on industrial coatings operations. This initiative stimulated the further development of low-solvent and solvent-less coatings that could reduce VOC emission levels from coatings. Energy conservation and rising solvent costs were also contributing factors to this shift.

These new coatings technologies included waterborne coatings (thermosetting emulsion, colloidal dispersion, water-soluble), high-solid coatings, two-component systems, powder coatings and radiation-curable coatings. Recent regulations in 2010 for lower VOC concentrations in both architectural and automotive refinishing coatings led to a tremendous increase in waterborne coatings for architectural use. Water-based coatings now represent more than 95 per cent of the total architectural volume. VOC emissions from both architectural and automotive coatings were reduced by a further 75 per cent over the past 10 years as a result of new federal government VOC regulations under the *Canadian Environmental Protection Act* (CEPA 1999) in 2010.

Coatings provide two primary functions—decoration and protection—both of which are of considerable economic importance. About 45 per cent of the coatings produced worldwide are used to decorate and protect new construction as well as to maintain existing structures, including residential homes and apartments, public buildings, plants and factories. These are referred to as “**architectural or decorative**” coatings or simply as “paints.” Another 40 per cent of coatings are used to decorate and/or protect industrial products called “**product finishes**.” Without coatings, product lifecycles are shortened and in some cases drastically reduced. Many products made for general consumption would not even be marketable due to environmental degradation or wear and tear or simply lack the necessary aesthetic appeal. Most of the remaining coatings, called “**special purpose**” are used for miscellaneous applications such as traffic paints or markings, vehicle refinishing, high-performance coatings for industrial plants and equipment, and the protection of marine structures and vessels.



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CANADIAN PAINT INDUSTRY IN 2017

BY THE NUMBERS

CPCA releases statistics on paint shipments as well as on import and export figures—as derived from Industry Canada data—to inform its members on important industry trends in all sectors.

Canada had a surprisingly robust economic performance in 2017 displaying 3.0 per cent growth in its GDP. Exports and business investments also improved significantly and the Canadian labour market reached full-time employment. In 2018, the Canadian economy should display a slower GDP growth of 2.2-2.5 per cent with some boosts in exports. According to several Canadian economists, the economy is expected to continue to wane during the next four years, growing at a GDP rate of 1.6 to 1.8 per cent through 2022. The Canadian dollar is forecast to remain below U.S.\$0.84 through the entire period. In 2018, stretched household finances and a healthy correction in housing markets will dampen consumer spending. With the prospect of NAFTA being dissolved or altered and the chain reaction of other trade agreements such as the CPTPP (Comprehensive and Progressive Agreement for Trans-Pacific Partnership) or the EU-Canada CETA (Comprehensive Economic and Trade Agreement) will certainly bring a different dynamic in Canadian trade and a modified landscape with the likelihood of some supply chain disruption. Both positive and negative impacts are expected in many industrial segments in the provinces and regions of Canada, which are hard to assess at this point in time. Additionally, as growth in Canada will be slowing down in 2018, the United States economy is expected to ramp up, fuelled by major tax reform in the U.S. Congress, which will cut corporate tax rates from 35 to 21 per cent. Unless Canada urgently adopts a similar fiscal stimulus this could have long-term repercussions with respect to continued business investment in the

manufacturing sector, despite the fact that international economic strength in developed economies will remain highly favourable to Canadian exports.

The Canadian manufacturing sector will continue to face numerous challenges with respect to its overall competitiveness, such as weaker productivity, regulatory uncertainty, partial digitization (especially in the coatings industry dominated by small businesses), and increasing trade pressure and complexity. On one hand, there will be potential trade barriers to overcome with Canada's major trade partner, the United States, and on the other hand, newly unrestricted international trade agreements with other highly performing economies will need to be addressed. Notably, since 2000 the contribution of Canadian manufacturing to the overall economic performance has steadily declined to nearly 10 per cent of GDP, down from close to 20 per cent in the year 2000 and as high as 30 per cent in the early 1950s. Moreover, besides peak capacity utilization requiring investments in new facilities and equipment, Canadian manufacturing companies will also have to face labour shortages and difficult succession planning in the following years. In this context of production and trade uncertainty, merger and acquisition trends are expected to continue to plague many industrial sectors across Canada in the coming years, and the CASE sector will be no exception.

Industrial markets: As the federal government also re-affirmed its commitment to investing in infrastructure directly and indirectly through the Canadian Infrastructure Bank, a leverage of billions in funding is expected to flow in major projects later this year and in the coming years. Canadian construction will likely grow 4 per cent in 2018, after a slight decline in 2017. Residential construction is expected to show stable growth of 2 per cent while non-residential construction investments will jump by 6 per cent. Non-construction industrial projects should also improve. In 2017, Canadians purchased more than two million vehicles for the first time, mainly due to record sales of light trucks. Vehicles sales, and indirectly auto part sales, should start to moderate in 2018 due to higher interest rates. In the wood industry, the initiation of import duties on Canadian lumber shipments will cause disruption and price volatility in wood supplies and cause issues in their national

transformation process in the next two years. Many wood producers may invest in the U.S. and this may impact wood coatings sales. Even the profitability of the cutting-edge aerospace industry is expected to weaken after 2018, as the building of new generations of commercial aircrafts or spacecrafts and the related demand for related chrome-free and waterborne coatings technologies should mainly grow outside Canada. However, market usage of coatings to provide protection to the aircraft exteriors against cracking, erosion, and deterioration should increase.

Architectural markets: Deflating real estate prices and the impact of new mortgage stress test requirements on real estate markets will continue to dampen housing purchases. Gradual interest rate increases are expected to continue through 2019 and early 2020, returning the overnight rate to its neutral level of 2.75 per cent, hence discouraging home buying. Slow economic growth over the next several years will also inhibit ability to buy new homes in Canada, although the condominium sector is poised to perform steadily, as it remains attractive to young professionals and retiring baby boomers. Despite the fact that housing starts hit 220,000 units in 2017, the biggest increase in a decade, residential construction can be expected to contribute less to economic growth as builders, due to affordability and land constraints, focus on multiple units such as condos. This segment contributes less per unit to GDP than single family homes. Canada's aging population also means rising demand for senior housing and quality senior living facilities. Meanwhile consumer spending among the active population will continue to be weak due to an alarming level of debt (excluding mortgages), which affects half of Canadians population. On average, Canadians have \$1.68 in credit market debt for every \$1.00 of disposable income.

All provincial economies are expected to grow in 2018, but at a slower pace than 2017. The top performing economy in 2017 was Alberta for nearly all sectors of the economy. In 2018, the top performing provincial economies will be

Saskatchewan and Newfoundland and Labrador, where a new offshore oil platform will give the region a boost. In the rest of Atlantic Canada, demographic issues and the winding down of major capital projects will be a restraining factor. Alberta should experience a slightly slower stage of recovery. There are still some concerns externally for a possible housing bubble in Toronto and Vancouver. Overall, the total number of new housing units in Canada should be fairly stable this year and start declining in 2019. During this period, the multi-unit segment and renovation sector will continue to experience slow growth because of a low unemployment rate but also increased mortgage rates, which are still below their recession levels, and weaker fiscal relief expected from government in the years to come.

According to Statistics Canada, the value of the Canadian paint industry's manufactured shipments (excluding exports) is estimated to have increased by around 15 per cent in 2017 compared to 2016. Meanwhile, the value of total paint imports reached \$1.49 billion and indicated a downward trend of 3.5 per cent in 2017 versus 2016. In comparison, total paint exports remained stable during the period. The paint import/domestic trade ratio now exceeds 55 per cent. For the adhesive and sealants sectors specifically, the total value of manufactured shipments (excluding exports) is estimated to have reached \$664 million, an increase of 6.3 per cent in 2017 compared to 2016. Meanwhile, the import value of \$871 million has decreased by 2.5 per cent. The import/domestic trade ratio in this sector is in the order of 67 per cent, well in favour of imported adhesives and sealants. According to Statistics Canada, both sectors have been reporting increasingly negative trade balances over the past 10 years.

When considering architectural paint sold in Canada, both manufactured and imported, this sector generated a little more than half of the total **volume** of paint sales and 37 per cent of the total **value** of paint sales.

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CHEMICALS MANAGEMENT IN CANADA

HIGHLIGHTS AND PROGRESS

If you do business in the paint and coatings industry in Canada, which is defined essentially as coatings, adhesives, sealants and elastomers, and are not fully informed of the issues identified in this section, you may risk negatively impacting your business. Worse, it may result in issues of non-compliance, which no business wants as it could negatively impact the brand. While chemical assessment under the Chemicals Management Plan in Canada is complex and onerous, it represents the “new normal” in ensuring chemicals used in products are safe for human health and the environment. It is the right thing to do and it is critical for those doing business in the sector to provide the data necessary to make informed, evidence-based decisions on the products handled by your employees and your customers.

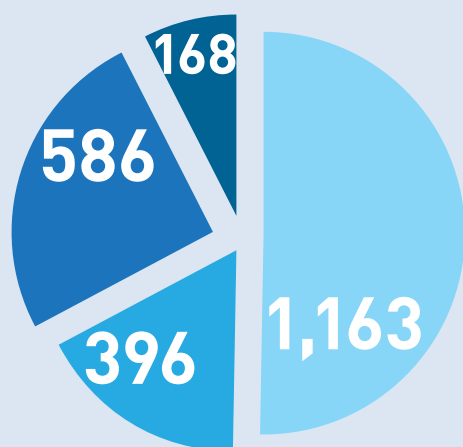
CPCA members understand this and are constantly reminded that the risk assessment and risk management process for chemicals management is a continuous and a never-ending requirement for chemicals in Canada. This is true for all chemicals previously assessed, as current decisions can always be revisited, based on new findings or scientific facts, new releases, new uses and exposure scenarios,

or new international regulatory concerns and activities that may threaten the movement of goods. For this reason, it is very important for all CASE (Coatings, Adhesives, Sealants and Elastomers) manufacturers and suppliers to stay well informed via CPCA's efforts to ensure full regulatory compliance at every stage.

The association's Health, Safety and Environment and Product Stewardship committees play an instrumental role in addressing regulatory affairs issues. CPCA was one of the first industries to voluntarily participate in working group discussions with government officials regarding the federal Chemicals Management Plan (CMP). Over the years, CPCA has compiled and provided additional industry data to fill data gaps for the sector and provide an overview of industry perspective on uses and suggestions on specific risk management control measures based on the availability of alternatives and risk control solutions. The CPCA Paint and Coatings Working Group (PCWG) meets twice a year with government officials in a formal day-long meeting on matters related to the CMP. Any CPCA members, new or old, small or large, can be represented on the working group. CPCA also has an Adhesives and Sealants Council to specifically address priority CMP substances for this segment produced by 22 CPCA member companies.

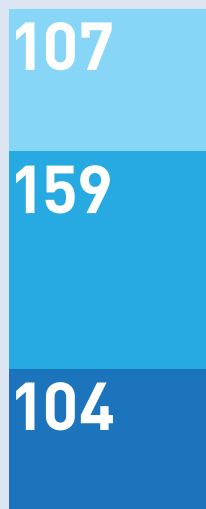
Chemicals management in Canada remains a central and constant preoccupation for all CPCA manufacturer and supplier members in their day-to-day operations. Over the past year, the focal point of CPCA and its members' attention has continued to be on the outcome of the CMP, which is now in the middle of its third phase (CMP-3). The federal government continues to move forward in this vast undertaking to risk assess and manage 4,300

2.1 CMP PHASE 3 SUBSTANCES TO BE ASSESSED FOR COATINGS, ADHESIVES & SEALANTS FOR PERIOD 2016-2021



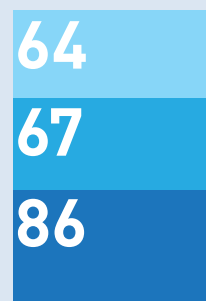
- Not confirmed by CPCA
- Confirmed by a majority of CPCA members only (P&C & A&S related) in 2017
- Confirmed by the entire paint industry to government in 2012 (P&C & A&S related) [DSL Inventory Update 2]
- Substances common to the two databases

Years 3-5
2018-2019-2022



- Not Identified by CPCA members
- Not Identified by GC
- Common CAS

Years 1-2
2016-2017



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priority chemicals in commerce in Canada, over a 15-year timeframe, 2006 and 2021. The coatings sector was identified as one of the most impacted sectors in the whole CMP platform, more especially in Phases 1 and 3 of CMP. Between the launch of the CMP until the end of last year, federal officials impressively assessed 3,331 out of the 4,300 substances (77 per cent), with 420 chemicals (12 per cent) having been found toxic. The majority were for targeted uses at current concentration levels via significant new activity (SNAC) restrictions as well as a limited number of regulations or pollution prevention plans. This suggests that the industry in general, and especially the most implicated industries like the coatings sector, **have been using and managing formulations and environmental releases of chemicals of concern quite responsibly and wisely to date.** The federal government continues to make progress with the continuous development of regulatory or non-regulatory risk management measures as a result of risk assessment, although there have been notable delays with the Petroleum Sector Approach.


In the CMP Phase 3 alone, which is by far the largest phase with 1,560 substances, the government discovered that the paint sector was implicated in 586 substances as early as in 2012. Since product formulations and trade continuously evolve over time, CPCA surveyed its members regarding its implication in CMP-3 five years later. CPCA member respondents confirmed current uses of 396 CMP-identified substances in the coatings industry and many were similar to those identified by government. However, it also showed a number of significant differences that were detailed by members in the coatings industry. These differences led to the identification of new “type 3” substances that are more likely to undergo a complete risk assessment. This proactive CPCA exercise sought to secure more informed decisions by government risk assessors and risk managers, who very much appreciated the updated sector profile provided. It may appear counterintuitive for industry to help government early in the assessment process, but CPCA encourages such a process as it will be beneficial from a business

operations perspective with respect to substances currently used above or below government reporting thresholds. More importantly it helps provide certainty that every business needs. This effort leads informed decision-making and more importantly evidence-based decisions, which CPCA applauds. Indeed, the federal government continues to welcome online voluntary submission of information and CPCA is taking an active intermediary role in this process.

CMP-3 Draft Screening and Final Screening Assessment Reports:

CPCA members welcomed the outcome of several proposed decisions of ‘non-toxicity’ in recent draft screening assessment reports. This was also the case for many ‘draft’ or ‘final’ assessment reports in several groupings published in 2018: acrylates/methylacrylates, heterocycles, NMP and NEP, glycol ethers, alkyl sulfates and α-olefin sulfonate, thiols and short-chain alkanes (ethane, propane, butanes), to name a few. The publication of several science approach documents and rapid screening reports for polymers and UVCBs also indicated non-toxicity for many substances used in the sector. CPCA members did not provide specifically challenging comments with any of these screening assessment reports.

Two-year CMP Rolling Plan for 2018-2019: As the government continues to address additional groupings, there are likely to be more type 3 substances within various chemical groupings meeting the toxicity criteria. Several draft screening assessment reports for substances used in paint and adhesives will need to be monitored closely later this year and early next. These include chemicals such as naphthenic acids and salts, epoxy resins, ketones, polymers (phenol-formaldehyde resins), pigments and dyes (including titanium dioxide), and furan and its derivatives used in colour changing products. Final proposed decisions will be published for the widely used NMP. CPCA will also continue to monitor limitations for key biocides contained in the CMP such as copper compounds and those managed under CEPA as well as governed by the *Pest Control Products Act*, managed by the Pest Management



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Regulatory Agency (PMRA) under Health Canada. Several key groupings of the petroleum sector stream will also be addressed such as low-boiling naphthas, base oils, used and refined oils, and others in commercial products. There are also advances in risk management initiatives for CMP-3 substances, which are non-toxic at current levels, and for 82 substances already subjected to a specific survey and performance measurement in 2017. These will continue to be monitored by CPCA.

CMP Phase 2 Challenge and Non-Challenge: CPCA will continue to closely monitor many important regulatory developments such as the impact of the final regulations or risk controls on the following: formaldehyde emissions from wood composite products; significant new activity limitations for coal tars; limitations of ethylbenzene in consumer indoor lacquers, stains and varnishes; and concrete floor sealers, including aerosol products. Following the consultation on the proposed approach on formaldehyde emissions in 2017, CPCA provided more information on the use of formaldehyde resins (ULEF) in products in the coatings industry. For the CMP-2 phthalates subgrouping, two phthalates were found toxic and CPCA confirmed the odd uses of these substances in the sector. Assessors will also examine how to limit current use levels for many of the 26 other phthalates, half of which are suspected of having cumulative effects. Another CMP-2 sub-grouping that may cause issues for certain members in the course of 2018, especially with regard to biocidal uses, will be the boron-containing substances.

The MDI/MDA final screening assessment report concluded MDI to be CEPA toxic and proposed SNAC provisions to limit uses of MDAs. However, the risk management measures will not specifically target current industrial paint manufacturing uses for these compounds by CPCA members. For the challenge substance DEGME (Batch 3), the code of practice for indoor alkyd paint uses will cease to be in effect after a final 'significant new activity' amendment takes effect later this year. CPCA has consulted its members on the impact of a newly imposed concentration limit of one per cent w/w to all stain products in commerce, which may contain MEKO (2-butanone oxime). The final screening assessment report for Flame Retardants will likely confirm the toxicity of three flame retardants, which do not appear to be used in paint products (DBDPE, TCPP, DP).

2017 Inventory Update as a Prelude to CMP Phase 4: The federal government will conduct inventory updates on a 4-year cyclical process and has already completed the third inventory update (IU-3) in the first half of 2017, which was comprised of 1,550 substances and polymers. Environment and Climate Change Canada and Health Canada gathered this mandatory information in order to begin elaborating on the priorities and schedule the next phase of CMP (Phase 4), to commence post-2020. Going forward, the government will gradually extend its risk assessment efforts to new substances and will require more transparency in regard to their specific uses. There are about 400 to 500 new substances added to the Non-Domestic Substances List each year.

Post-2020: The government also plans to build the next phases of the CMP with a greater focus on chemical life-cycle in the supply chain; vulnerable populations; new science, tools and methodologies; informed substitutions/alternatives assessment; cumulative impacts; enhanced effectiveness of risk management actions and enforcement; emerging priorities (i.e., endocrine disruptors); occupational exposure; as well as consideration of international chemical strategies. The latter is important as the future of chemicals management beyond 2020 is also being actively discussed by key international bodies such as the United Nations Environment Program (UNEP), the Strategic Approach to International Chemicals Management (SAICM), and the European Union strategy for a non-toxic environment/green chemistry and other organizations. CPCA and other industry associations have been engaged in various ways in the past Post-2020 consultation efforts with Environment and Climate Change Canada and Health Canada and the international organizations via IPPIC. It will continue to closely monitor the core development of the widely lauded CMP program and Canada's international engagement related to that program.

CEPA Review: The CMP is a core function of CEPA and the development of the next CMP phases will be done in parallel with government's undertaking to thoroughly review the *Canadian Environmental Protection Act*, 1999. This will occur sometime in 2018-2019. Environment and Climate Change Canada must now carefully consider a significant number of recommendations for changes to the act as identified by the Parliamentary Committee on Environment and Sustainable Development last year. Starting in mid-2018, the federal government will begin considering possible changes to the act or how it might address some of the recommendations within the confines of the current legislation without amendments needed. How the government will proceed with respect to the recommendations and/or legislative amendment will be made known by the Environment Minister in an official response in June of 2018.

In 2017 CPCA was actively involved in filing several submissions to the Parliamentary Report on Chemicals Management as a number of these recommendations called into question important foundations of CEPA and indirectly the CMP. These included such things as the onus of proof for chemicals to remain in commerce was to be placed on industry, increased mandatory hazard labelling requirements, increased requirements to use substitutes and diminished confidential business protection. CPCA will continue to monitor the government's position with regard to 14 specific recommendations, which were identified as posing the most serious problems for industry and continue its work with officials on the best way forward. Some of the Parliamentary Committee's recommendations would lead to an increased number of banned substances in Canada, a "no data-no market" approach to chemical assessment, and mirror a more costly European (REACH) approach. All this while a large number of Canadian-based companies (SMEs) do not have the current research capacity for such a severely stringent approach, which in the end may not achieve the health and environmental

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outcomes sought and drastically extend the timeline for assessing chemicals. Such an approach is in no-one's interest as many have learned from such an approach in Europe.

While the Parliamentary Committee report and recommendations largely endorsed much of the advocacy of certain NGOs, which continued to argue for a hazard-based approach over a risk-based management approach using evidence-based decision-making. The fact remains, the latter has served Canada well to date with timely and science-based decisions and risk management plans in place as needed. This view has been endorsed by several other countries, which are now beginning to emulate Canada's lead on chemicals management.

Volatile Organic Compounds: Since VOCs are considered toxic they are thus an extended component of chemical concerns related to the CMP initiative. The regulatory development surrounding Volatile Organic Compounds (VOCs) in CASE products continues to be at the top of CPCA's agenda. CPCA has continued to actively promote compliance with the two VOC regulations in effect in Canada for automotive refinish and architectural paint products. The publication of the proposed third VOC regulations for certain products in the *Canada Gazette, Part I*, is expected later this year. CPCA has actively commented on the proposed bylaw in Metro Vancouver seeking to strengthen municipal laws with regard to the mandatory use of three categories of automotive refinish products already with low VOC content. This approach seeks to mimic efforts in several

California counties, which even contemplated the removal of a key VOC-exempt compound, TBAC, at one point, and will possibly ban several other compounds such as hexavalent chromium. The new bylaw will also strengthen the filter requirements for such products. If passed, this bylaw would negatively impact more than 400 auto body shops/collision centres in the Metro Vancouver jurisdiction.

CPCA argued strongly that more restrictive VOC limits in one local jurisdiction of Canada over others in B.C. and across Canada will be an unnecessary precedent as it will do little, if anything, in the way of air quality improvement. At the same time it will be very difficult to micromanage for paint companies and could contravene competition law and disrupt the marketplace. CPCA also expressed the need for Metro Vancouver to conform to existing and long-standing federal VOC limits and demonstrated that adopting more restrictive VOC limits in the area would provide little in the way of air quality improvement. CPCA has even developed a mass-balance scenario for VOC emissions reduction from the application of more restrictive VOC products in the lower mainland alone. The application of this scenario revealed the proposed bylaw would produce very little environmental benefit, assuming no change in TBAC or in the photochemical reactivity of replaced solvents.

Nanomaterials: Another key element of federal chemicals management initiatives is the risk assessment framework for nanotechnology and nanomaterials. At the end of last year, CPCA received federal government confirmation that the



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paint sector accounts for 22 out of 53 unique classification numbers for certain chemicals (CAS RNs). However, CPCA members have confirmed that these are mostly reports of the accidental presence of nanoforms in chemical powder ingredients (e.g., tail-end particle size), since nanomaterials are not intentionally added to products to confer specific properties or functions. The government is in the process of contacting companies on a one-on-one basis to obtain correct volume information and address other data gaps with respect to nanotechnology. The federal government will finalize its approach for the environmental and human health risk assessments of the suspected 53 in-commerce nanomaterial priorities, setting out key considerations for assessment and related uncertainties. Stakeholders will be consulted later in 2018 on the approach document and a risk assessment framework.

International Activities Related to CMP: Besides CMP, CPCA, the American Coatings Association and IPPIC (International Paint and Printing Ink Council) have been particularly concerned and focused on addressing growing international issues well beyond our borders. These include such issues as the severe reduction of permissible biocides and authorized in-can and film preservatives, microplastics, child mining of mica in India, and nanotechnology. The EU's Committee on REACH and CLP (Caracal) has not yet accepted the ECHA Risk Assessment Committee opinion seeking to make widespread TiO₂ as a Category 2 carcinogen, which will have negative repercussions on a number of industries worldwide. The paint and coatings industry is the major user of TiO₂ and thus would experience the most impact. Industry has widely argued with EU authorities that the underlying science behind the Category 2 categorization of TiO₂ is not valid and that there is no epidemiological evidence of cancer risk with long-term exposures to the poorly soluble TiO₂ dust. By 2019, the European Commission will render its final decision on the status of TiO₂, which may then be submitted to mandatory hazard

labelling in a multitude of products, subjected to signal word "Warning" of causing cancer. Currently, any potential implementation of the new classification in the EU is not expected before mid-2020.

PMRA Re-evaluation of Key In-Can and Film Preservatives:

In 2017 CPCA was forced to move quickly against unfortunate decisions on biocides related to cancellation and/or use restrictions on preservatives used in paint and coatings. CPCA made several submissions to the federal government with regard to recent cancellation of in-can preservatives for paint use, which were hastily rendered by PMRA. Manufacturer or 'user' input was not sought in the assessment and before the final decisions were published on OIT (to be cancelled in May 2019) and CMIT/MIT (to be severely restricted in paint/adhesives in December 2018). A separate submission will be presented to PMRA in order to give them the opportunity to re-consider these assessments, based on new data, before the final restrictions take effect. The new assessment is to be based on new information provided by CPCA on OIT exposure along with a recent study completed by the Biocides Panel Task Force of the American Chemistry Council on uses and exposure scenarios (brush/roller study and other studies).

At recent meetings with federal officials of the Pest Management Regulatory Agency (PMRA), the agency confirmed its intent to delay pending decisions regarding key paint preservatives and focus instead on a new "cluster analysis" approach for paint uses specifically. Indeed, on February 16, 2018, PMRA published its REV2018-02 Approach for the Re-evaluation of Pesticides Used as Preservatives in Paints, Coatings and Related Uses. According to the PMRA 2017-2021 re-evaluation schedule, all final or proposed decisions will continue to be published for the remaining uses of those preservatives. However, the results of the "cluster analysis" for paint uses will also have to be published within the 5-year timeframe.

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To further inform PMRA in their cluster analysis of other preservatives such as folpet, dazomet, chlorothalonil and sodium omadine, CPCA will continue to liaise with PMRA to fill any data gaps and to help them make informed decisions on biocide uses for paint especially as it relates to exposure scenarios. Industry must be vigilant as biocides are increasingly in the crosshairs for greater scrutiny and restrictions in Canada. If biocides make up any part of your business this is something to watch closely and provide information to CPCA for better outcomes.

The PMRA has agreed to work jointly with CPCA on a key publication related to the mandatory use of PMRA-registered biocides only in all 'treated articles' imported into Canada. A recent legal opinion provided PMRA with greater certainty confirming that the current act and policies adequately cover obligations related to the use of registered pesticides in 'treated articles.' As such, a new federal policy on treated articles in this context will no longer be needed. However, the Agency intends to proceed with the dissemination of key compliance messages to registrants and users, while at the same time working with CPCA on the development of these messages. **CPCA is in the process of gathering members' views and/or examples of claim issues related to biocide use in imported paint.**

ACA and CPCA submitted a joint letter to the Canada-U.S. Regulatory Cooperation Council in 2017 to further ensure that the issue of biocides used as in-can and film preservatives receive the attention it deserves and that industry obtains greater consideration for a PMRA-U.S. EPA alignment in risk assessment methodologies and related decisions.

Federal Science Committee to Examine Informed Substitutions and Alternatives Assessment: Chemical substitution or alternatives have been part of the vernacular for a number of years and some companies have been active in this regard to enhance the environmental sustainability of their products. Chemical substitution is the replacement or reduction of hazardous substances with less or non-hazardous substances in products or processes by achieving the equivalent functionality. Meanwhile, governments are being urged to consider 'informed' substitution more seriously and seek greater alignment of substances with technical or scientific substitution efforts occurring internationally. Alternatives assessment will be a "process for identifying and comparing potential chemical and non-chemical alternatives that could replace chemicals of concern on the basis of their hazards, performance, and economic viability." Consideration of alternative substances/ingredients used in products will increasingly become an integral part of doing business in the chemical industry in Canada. Some companies are ahead of the game and already engaged in that effort in various jurisdictions around the world. This is an issue industry must continue to monitor and, where possible, engage in over the long term.

ARTICLES OF INTEREST



BIOCIDES FOR IN-CAN PAINT PRESERVATIVES UNDER SCRUTINY IN CANADA

Recent decisions by the federal government on bans or restrictions of use levels for biocides in paint preservatives in Canada will do little other than harm Canadian paint manufacturers. This includes imports of paint into Canada, which now represents more than 50 per cent of all paint sold in Canada. This downward trend is sure to continue when such government-made decisions are not based entirely on available scientific evidence.

Five recent decisions on biocides affect critical antimicrobial active ingredients used as in-can preservatives to protect the integrity of the films in the can and during curing time. These active ingredients are necessary for water-based coatings, which are susceptible to various microorganisms upon application. These coatings now comprise more than 95 per cent of the latex paint used in Canada. Of further concern to industry is the few remaining biocides available for the same purpose that have been scheduled for re-evaluation over the next several years.

CPCA has strongly questioned the process for these decisions on behalf of the Canadian paint industry, both registrants and users. If such decisions are left to stand they will negatively and irreversibly impact hundreds of paint products now imported and those manufactured in Canada. One company confirmed the most recent ban for one such preservative alone would impact 100 products it manufactures in Canada today. Consequently, these products will require reformulation using untested alternatives, which is both time-consuming and costly. New

product formulation may not even respond to alternative biocides. Adding insult to injury, these alternative biocides are under re-evaluation and could also be banned or severely restricted rendering them useless. Such uncertainty creates trade disruption, economic loss and an uneven playing field for Canadian companies, especially for the many small- and medium-sized enterprises (SME) at a time when the renegotiation of NAFTA may bring further challenges for Canadian-owned business.

In the case of several such substances noted above, the paint manufacturers were never directly consulted in terms of use scenarios and related exposure impacts. A recent final decision was made without due regard to the federal government's clearly stated commitment to "use various communication tools, including webinars and re-evaluation work plans, to better inform the public and engage stakeholders including pesticide product users, retailers and consumers during the re-evaluation process."

We also understand that in both cases the scientific information provided by the registrants, the raw material suppliers, was dismissed with respect to challenges to the assumptions made related to risk assessment methodology as well as use and exposure. In contrast, the U.S. Environmental Protection Agency (EPA) was open to considering that scientific information and agreed to put its decision for the same substance "on hold." This was done to allow the registrants sufficient time to assemble and submit further data to the EPA for a more comprehensive, evidence-based evaluation. There is thus zero regulatory alignment with the United States due to this early decision made in Canada despite the fact that the final decision was scheduled for March 2018, not May 2017. This is clearly against the government's desire for greater alignment as stated in its actual mandate: "In the interest of seeking additional efficiencies, the PMRA [Pest Management Regulatory Agency] currently explores alignment of re-evaluation schedules with those of the United States Environmental Protection Agency or work sharing opportunities for reviews where appropriate."

This unfortunate decision comes at a time when more than 95 per cent of paint technology is now a more environmentally friendly waterborne technology. Moving to waterborne paint, as opposed to solvent-based paint, has been a long-standing objective of the paint industry to reduce volatile organic compound (VOC) emissions from paint products. This began as a voluntary industry initiative and resulted in federal VOC regulations for architectural and automotive coatings under the *Canadian Environmental Protection Act* (CEPA) in 2009.

Since that time the paint and coatings industry has further reduced VOCs in coatings by an additional 75 per cent. However, with the removal of solvents from an extensive list of products, there is an increase in the susceptibility of water-based coatings to various microorganisms, including surface mold growth, requiring a greater need for antimicrobial additives in addition to the regular "in-can" biocidal active ingredients. The effects of a microbiological attack in paint will greatly shorten the shelf life of paint products and could render the product unusable in a matter of days.

To date, the top priority for paint manufacturers is to eliminate declared toxics or move away from substances suspected of being toxic to human health and the environment rather than focus on substances such as biocides used in paint, which are not even suspected of being toxic at current levels of use. In fact, the addition of a fungicidal component inhibits the growth of filamentous molds on cured coatings, preventing high spore loads in the air, which otherwise may cause adverse respiratory effects or opportunistic human pathogenic effects.

Moreover, Canada has led the world in post-consumer paint recycling, dating back to 1992, with legislated programs now operating in every province to recover and recycle leftover paint. More than 27 million kilograms of leftover paint was recovered in 2017, paid for by the manufacturers under mandated extended producer responsibility legislation. Other countries have modelled their stewardship programs on Canada's with similar programs now in the United States, Australia and soon in Britain. As a result of the PMRA decision, recycling leftover paint that is often several years old, containing banned or legislatively restricted biocides, will be illegal. Additionally, removing active preservatives from paint will lead to increased spoilage rates due to lack of protection from microbiological growth, making leftover paint unsuitable for recovery and recycling. Contaminated leftover paint due to a lack of an effective biocidal preservative—in garages and basements—where young children might be exposed increases the potential for greater harm to human health.

It could also harm the environment given that it is more likely to end up in landfill or subject to other undesirable forms of disposal rather than being recycled. It could therefore be a major setback to paint stewardship programs across Canada at a time when a circular economy approach is gaining momentum around the world.

Haphazardly banning biocides for paint preservation will not achieve outcomes that will protect human health or the environment, quite the contrary. The federal government must adopt a more holistic view of the in-can and film preservatives available to the Canadian paint and coatings industry and consider what paint manufacturers' needs are for adequately achieving the preservation of literally thousands of product formulations. This is critical if paint manufacturing is to continue in Canada. CPCA will continue to work to ensure that paint formulation leads to "safe" products across the entire supply chain and support strong post-consumer paint recycling programs for which Canada is recognized globally.

CPCA will continue to monitor the current regulatory process for re-evaluation of biocides for paint to ensure there is actual engagement with manufacturers, greater reliance on evidence-based analysis of potential hazard and exposure and full alignment with analyses and decisions of the U.S. EPA. These are, in fact, the oft-stated objectives of the federal government after all. ■



CONTINUOUS IMPROVEMENT IN PAINT RECYCLING PROGRAMS UNDER PRODUCT CARE

Today, Product Care Association (PCA) manages product stewardship (recycling) programs in every province in Canada, except Alberta. The products PCA recycles include paint, smoke alarms and other household hazardous waste, as well as lighting products in both Canada and in the U.S.. PCA also provides management services to a number of other programs in Canada and the U.S. for products including home appliances, outdoor power equipment and mattresses.

PRODUCT CARE— THE BEGINNING

It all began in 1994 when British Columbia became the first province to pass an extended producer responsibility (EPR) regulation, which obligated paint producers and first importers of paint to develop recycling programs for their products at end-of-life. While the paint industry's manufacturers, retailers and importers were initially caught by surprise, they soon realized that a collective approach was the best solution. The not-for-profit B.C. PaintCare, was born and quickly developed into a province-wide collection system. In 1998, B.C. EPR regulation expanded to include paint aerosols, pesticides, flammable liquids and gasoline. Management of these newly designated products ended up divided between B.C. PaintCare and another organization, B.C. Consumer Product Care.

A DECADE OF GROWTH AND DIVERSIFICATION

With many common members and for the sake of efficiency, B.C. PaintCare and B.C. Consumer Product Care merged in 2001 and Product Care Association (PCA) was born. In the meantime, other provinces were taking note of the paint industry's ability to effectively implement these recycling programs with minimal effort on the part of government. In 2001 the Quebec Eco-Peinture paint recycling program

was implemented, and within weeks of taking the helm at PCA in 2002, President Mark Kurschner journeyed to the east coast to negotiate industry's role under the Nova Scotia paint recycling regulations.

Despite the pledge by provincial governments to harmonize EPR regulations, as it turned out, this was only the beginning of a long series of complex interactions with regulators in multiple provinces. Saskatchewan and Manitoba passed B.C.-style EPR regulations for paint in 2006 and 2012 respectively. In 2008, Ontario and Alberta decided that industry should fund, but not manage, their paint recycling programs. And from 2009 to 2012, the remaining Maritime provinces passed paint EPR regulations, but unlike other provinces, prohibited visible fees at point of sale.

As other industry groups began their own EPR journey, several turned to PCA's expertise for help. By 2012, in addition to the paint programs in eight provinces, PCA was fully or partially managing EPR programs for Saskatchewan, Manitoba and Quebec electronics, Oregon and California paint, Washington, Quebec and B.C. lighting products, and B.C. alarms, small appliances, toys and outdoor power equipment programs.

While several of these programs went on to operate independently, PCA still directly operates 13 programs in nine provinces (excluding only Alberta), one in the state of Washington, and provides support services to four other programs in Canada and the U.S.

PAINT STEWARDSHIP IN ONTARIO

"Paint is our biggest product, and Ontario paint is our biggest program," says PCA's President, Mark Kurschner. "It took literally 10 years of effort before PCA was able to launch the Ontario Paint Industry Stewardship Program. We worked closely with CPCA with many stops, starts and sidetracks before getting the green light to start the program on June 30, 2015." Ontario remains an ongoing challenge as its EPR regulatory system is being completely overhauled.

The balancing act: In all cases, PCA works to continuously improve collection networks, consumer awareness, and recovery and recycling rates, while working collaboratively with regulators, service partners and industry members. The constant challenge is to maintain a balance between regulatory requirements and program efficiency, to ensure compliance on behalf of industry members at a reasonable cost ultimately borne by consumers.

THE COLLECTION SYSTEM

PCA continuously expands and improves its collection systems. Collection site options vary by province. In some provinces, municipalities play a key role and sometimes there are bottle depots that participate.

"An interesting comparison is, on the one hand, the Saskatchewan paint program, which had the well-established SARCAN bottle depot system to tap into across the province. On the other hand, in Manitoba there were no permanent collection sites when we started, just a dozen or so recycling collection events managed by the

provincial government each year. PCA had to provide capital funding to set up permanent, year-round collection sites,” Kurschner says.

“A collection system initiative that we are really encouraging is the expansion of “return-to-retail” recycling locations. CPCA and its members have been very responsive on this front,” Kurschner says. “The more retail sites we have the better the accessibility for consumers, the more foot traffic into the stores, and the more economical the program.”

Strategically, return-to-retail sites are also important because they give the program more options to build a collection network. “We have had some return-to-retail participation for years, but we want to significantly increase their presence. In the U.S. PaintCare program, the majority of unwanted paint is collected at paint retailers. This has been a huge advantage in terms of consumer accessibility—it is intuitive to take it back where you bought it but also eliminates the need for paid collection sites. It becomes a win-win for the paint industry, more foot traffic and lower program costs,” commented Kurschner.

AFTER THE PAINT IS COLLECTED

When PCA's paint program launched in British Columbia, and the concept of paint recycling was born, there were no paint recyclers and PCA needed to establish its own processing plant in BC. The location has changed but PCA's B.C. plant has operated for more than 20 years as the place where PCA receives, sorts and bulks the paint before transferring it to marketers of recycled paint.

“By running the operations of the program in British Columbia, we’ve come to understand the challenges and the cost to operate a facility like this,” says Kurschner. In 2016, the plant processed 3,301,614 litres of paint collected from over 200 drop-off sites across the province. As PCA's paint EPR programs expanded across the country, PCA was fortunate to find innovative service partners to manage the leftover paint in other provinces.

Paint is a unique product in the recycling world—a product that is liquid, custom-tinted and consumable—in an ideal world, none is left over. The quality of leftover paint is a long-standing challenge. About 80 per cent of leftover paint can be reused or reprocessed as paint, but if the quality of paint returned by the consumer is poor, it cannot be recycled as paint and innovation is needed in order to minimize disposal, as a last resort.

Sometimes the low quality paint can be incorporated as a component of another product, such as concrete. In other cases, the paint is mixed with another waste product such as sawdust in order to create a fuel. More research and development is needed, and PCA is working with other programs and researchers to develop solutions.

One of PCA's priorities is to educate consumers about proper paint storage and recycling. The message is: “Buy what you need, use what you buy, and drop off leftover paint to PCA for recycling.” Consumers should keep containers sealed and properly stored to avoid drying and freezing, which makes the paint difficult to recycle.

LOOKING AHEAD

One of PCA's guiding mantras is: continuous improvement. As more products, jurisdictions and partnerships have been added to the PCA program roster, PCA continues to innovate and improve program management. PCA recognizes the contribution of industry through PCA's membership and the collaboration and support of CPCA. ■



COATINGS INDUSTRY LEADING THE WAY ON SUSTAINABILITY

Many large companies and some SMEs, including CPCA member companies, have sustainability goals and targets and publicly report on them regularly. These goals are put in place for environmental reasons, but they also make good business sense. Efficient use of natural resources, like energy, has been shown to reduce operating costs in most cases. In recent years with the growing importance of product stewardship, now referred to as the circular economy, companies are also doing what they can to reduce the environmental impact of their products and services all along the supply chain. The big challenge going forward is to scale the efforts over time.

Of course, many initiatives are also driven by customer preferences. While paint and coatings products have been regulated in terms of VOC emissions and the like with impressive movement to water-based products for decorative paint—and increasingly for other categories—regulatory pressures continue. Other areas on which companies have focused attention are company programs that reduce fuel use, limit real estate footprints, manage water and wastewater more adroitly, all while ensuring customers get the same product performance. These approaches now drive competition in the marketplace to a large degree. For example, paint and coatings companies develop products that help companies and their customers reduce their environmental footprint, while creating value for the company. These product lines, for example, include:

- Coatings used for communications installations, satellite dishes and radars, which help resist corrosion, abrasion and are self-cleaning in most environments

- Optical fibre coatings make telephone and internet technology possible by protecting glass fibres transmitting telecommunications signals
- Architectural paints are now more durable, last longer and protect valuable assets
- Powder coating for automobiles reduce the number of process steps and reduces energy consumption
- Special anti-fouling marine coatings help decrease a ship's fuel consumption, while protecting the environment from invasive species
- Anti-reflective glass coatings for solar panels are critical for the solar energy market
- Military-specified coatings provide blast mitigation in buildings like embassies and defence installations
- Conductive thermal control coatings play a vital role in aerospace technology minimizing drag in the air and eliminating debris build-up reduces fuel consumption

These and many other products are functional coatings, which help reduce the overall environmental footprint not only for the company, but also for consumers using the products.

Water treatment and purification or tidal and sea energy became a first line of defence to combat biofouling with increased use of electrolytic systems, chemical dosing, ultrasonic systems and electro-chlorination. The paint and coatings industry continues to innovate with new antifouling coating solutions to reduce in-transit shipping costs and to preserve certain species and ecosystems. Informed governments around the world along with the shipping industry are relying on the paint and coatings industry to develop better and more sustainable antifouling solutions to preserve expensive and valuable assets, while keeping ecosystems safe.

More than 250,000 commercial ships conduct commerce in large freight containers and cruise ships we see docked in our ports and harbours daily. Recent European data estimate that one container ship can cause as much pollution as 50,000 automobiles each year and release up to 5,000 tonnes of sulphur oxide into the air. Fuel represents 50 per cent of a ship's total operating costs. Antifouling coatings reduce drag or friction when a ship is moving. Without antifouling coatings fuel consumption, maintenance costs and carbon dioxide emissions could rise by 40 per cent or more. The International Maritime Organization (IMO) suggests that a "single" vessel with proper antifouling coatings would see minimum savings of 6 per cent over a five-year period and "could reap savings of 9,000 tonnes of fuel, reducing emissions by 31,000 tonnes and saving around U.S.\$3.6 million per ship." It's estimated that without such coatings the world's fleet would use in excess of 70 million tonnes of fuel annually, producing more than 210 million tonnes of greenhouse gas emissions and nearly 6 million tonnes of sulphur dioxide from acid rain.

Some CPCA member companies have attempted to address the challenges of sustainability and focused on the principle of what gets measured, get's done. Many now have regular, annual sustainability reporting as an ongoing part of their business planning. They continue to address challenges of integrating sustainability into the long-term business strategy. The focus on sustainability has been incorporated into their internal decisions related to allocating capital. In some cases this includes supporting public policies that address stewardship, which we have seen in Canada with paint recycling programs in every provincial jurisdiction with close to 30 million kilograms recovered in 2017. The focus on recovery of leftover paint continues to be a priority even though in some cases it continues to be a moving target as certain governments continue to re-define the way they provide oversight of such programs.

Some of the ways in which paint and coatings companies address the alignment of sustainability with capital allocation decisions include:

- Setting and updating GHG reduction goals linking it with compensation and sustainable product innovation
- Using lifecycle assessment to set business goals to expand product offerings and reduce risks
- Setting long-term goals that are consistent with climate science
- Ensuring R&D is aligned with sustainability criteria
- Having Chief Sustainability Officers (CSO), or those with that function, sign off with the controller on capital budget requests over a certain level (e.g., \$5 million) which for some larger companies is \$5 million and more, to ensure sustainability is evaluated and included in decision making
- Having the CSO as one of the decision makers for large internal capital budget requests
- Developing metrics to factor in the social and environmental impact of their suppliers along the supply chain to determine true costs
- Making investments in new environmental research and innovation

Paint and coatings companies, large and small, are doing some or all of the above and taking measures to address their environmental footprint. Consider the environmental initiatives of two strong SME members in Quebec, Laurentide Re-sources and CanLak, and how they are moving the needle on environmental innovation with support for research and investments in new environmental initiatives. Many companies are making concerted efforts to reduce their environmental footprint, to regularly report on the success of those initiatives and their efforts should be recognized and applauded. ■

CPCA MEMBER PROGRAMS & SERVICES



ADDING VALUE

CPCA bridges the gap between industry, government, stakeholders, non-governmental organizations and the public through its diverse programs and services. These efforts have but one objective: provide industry with a single, resounding voice for a strong and sustainable paint and coatings industry in Canada.

GOVERNMENT RELATIONS AND REGULATORY AFFAIRS

BETTER PATH TO REGULATORY COMPLIANCE ON KEY ISSUES

CPCA is focused on coatings in Canada and is plugged into regulatory authorities on the relevant issues. The association is in fact the central data-gathering place to inform evidence-based government decision-making, which can and will impact products in the coatings industry. The association has a track record of success on issues that matter. A wide and varied range of products used in the coatings industry, which have to be assessed one way or another in the regulatory process as to the concentration and use of identified ingredients in formulations, the actual composition of the formulation or product, and the use and disposal of the product. These must now be considered in terms of impacts on human health and the environment. That process is much more involved than ever before in history. It demands more and better data to support claims related to the ingredients in products, which may or may not be of concern to human health or the environment.

CPCA continues to work with federal government departments and agencies on improving chemicals management in Canada with respect to coatings. This has led to advances in the protection of human health and the environment with new regulations and other risk control measures for industry such as Codes of Practice, pollution prevention plans and compliance agreements. All this is done while ensuring customers have access to a wide range of innovative, highly performing, functional coatings for residential and commercial application.

"Potential changes in regulations always create a level of uncertainty throughout the entire value chain, and throughout the world today, raw material producers, formulators, channel partners, and ultimately end users can be affected by different regulatory changes occurring in different geographic regions."

*Murray Hemsley,
global market segment leader
for Eastman Chemical*

Governments and stakeholders view CPCA as an organization that seeks to proactively address environmental issues before they become problems for both industry and government. The association is considered an integral part of the government's regulatory development process and the first industry organization to establish an industry-government sectoral working group on chemical assessment. The association is also viewed as an important ally in promoting compliance and other hazard communication initiatives once regulations or other risk management measures have been introduced. This aligns with the longstanding approach of the Canadian coatings industry to aggressively pursue innovation in product formulations in an environmentally conscious manner without compromising product performance.

Government relations occur on many levels and regulatory affairs are a central part of the equation. For that work to be successful it must have full engagement by the members to ensure relevant data is the foundation of everything we do. To assist in that effort the work of CPCA's technical committees and working groups are critical.

CHEMICAL REGULATION IN CANADA

There were a number of important initiatives taken via the Paint and Coatings Working Group (PCWG) in 2017-2018, all of which will provide for better and more science-based assessments of chemicals in Phase 3 of the Chemicals Management Plan (CMP). **This will help the coatings industry achieve positive outcomes.** Some of those efforts include the following:

Chemicals Management: Continued strengthening of the PCWG as the primary vehicle for CPCA to stay on top of regulations related to CMP and other important regulations impacting the sector. CPCA continues to promote compliance with the two voluntary codes of practice specific to the industry for two substances in Phase 1 of the CMP; one for MEKO and the other for DEGME, both used in low concentrations to enhance product performance. DEGME will likely be abandoned in November 2018, once a mandatory SNAC amendment takes priority over the code for consumer paint and stain products. **In 2018, CPCA will closely monitor the outcome of risk assessment decisions and the development of risk management instruments for key CMP-2 subgroupings such as phthalates, cobalt compounds, flame retardants as well as boric acid and its precursors.** CPCA is also watching possible restrictions for specific paint and coatings non-challenge substances that are used in paint and coatings, namely BDTP and ethylbenzene.

- CPCA will continue collection of relevant data to help inform the assessment of chemicals by aggregating data provided by CPCA members, following up with formal submissions and ongoing monitoring of substances being considered in Phase 3 of the CMP, approximately a third of the 1,550 substances. CPCA will also watch the development of the fourth phase of CMP, post-2020, and its impact on the assessment of new substances. This will include the impact of potential changes to the *Canadian Environmental Protection Act* related to chemicals management.
- Continued monitoring of the good work being done by the CEPA Industry Coordinating Group on many CMP issues in terms of the way forward in grouping of chemicals; handling of draft and final screening assessments of substances used in the sector; SNAC provisions for existing substances and other risk management issues such as the risk assessment approach for nanomaterials; multiple chemical

registration (CAS RN) issues; and the recent government project for enhanced transparency for New Substances Notification program that could put CBI protection of company secrets at risk of public disclosure. Last year, ICG and CPCA worked to ensure that only plastic microbeads were added as a toxic substance to Schedule I of CEPA, and secured confirmation that the current definition does not accidentally affect polymer emulsions used in paint products.

Possible Amendments to CEPA: Along with other industry groups like ICG, CPCA has actively followed closely the consultations of the House of Commons Parliamentary Standing Committee on the Environment and Sustainable Development considering amendments to the act on chemicals management. CPCA made several submissions, before and after the formal Parliamentary Report was tabled in 2017. The report contained a long list of 87 recommendations largely supporting the submissions made by a number of NGOs and academia. These included such things as integrating environmental justice into assessments and modifying the respective roles of CEPA and other acts of Parliament; adopting the hazard versus risk-based approach and placing the reverse onus on industry to provide scientific data for all substances; considering endocrine disruptors, vulnerable populations, and the need for alternatives or substitutes as a mandatory part of the risk assessment process, to name a few. Parliament will now have to provide a detailed response to the Parliamentary Report to be submitted by the environment minister in June of 2018, following up a brief response from the minister in October of 2017. The detailed response is expected to address only a subset of the 87 recommendations, ones considered necessary for greater transparency. Any final parliamentary decisions could then trigger a formal process for amending CEPA, which would precipitate further consultations with all stakeholders.



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Biocides in Paint: Continued collaborative efforts between CPCA and ACA as well as the ACC (American Chemistry Council) on cross-border and misalignment issues for Canadian-based and U.S. member companies, operating on both sides of the border, with respect to authorized biocides and treated paint articles sold in Canada. Problems with this issue were compounded when severe restrictions and cancellation of uses of two preservatives (OIT and CMIT/MIT) were issued by the Pest Management Regulatory Agency (PMRA) in 2017. Final decisions will come into force later this year for MIT/CMIT and the ban of OIT in May 2019. This is being done despite the fact there is no similar intent to endorse these decisions in the United States. These decisions resulted from a misalignment in risk assessment methodologies between PMRA and U.S.-EPA assessors and from a misperception of true exposure scenarios related to these preservatives for workers, paint contractors and the general public. Other key paint biocides are scheduled for re-evaluation over the next several years to 2022 and beyond. **Based on these unexpected developments CPCA will be more involved in helping registrants gather necessary exposure data from paint and coatings manufacturers in Canada over the course of 2018 to ensure informed decisions are made by PMRA.** The ACC Biocides Panel task force will continue to provide results of various scientific studies in 2018 to ensure current decisions on OIT and CMIT/MIT can be revised in a timely manner to minimize industry impacts.

International Issues: Continued debate on cross-border issues are actively taking place at the IPPIC (International Paint and Printing Council) forum such as licensing PaintCare™ for use in Canada; supporting the UN-led worldwide ban of lead in decorative coatings; advocating against child labour regarding mica harvesting in India; and ongoing efforts to address national and international concerns related to the use of microplastics (polymer emulsions) and the use of nanotechnology in paint products. The coatings industry is a major worldwide user of TiO₂ and as such CPCA, ACA and other IPPIC associations continue

to work on an important trade issue that will unavoidably result from the current European Union final adoption of TiO₂ as a carcinogen Category 2 within their jurisdiction. The European industry and IPPIC are working on several objectives to prevent the adoption of a Category 2 classification for TiO₂. These include the provision of hard data to ECHA officials, international trade bodies raising awareness of the negative impacts of such a decision, seeking a possible CLP exemption for paint and coatings as TiO₂ remains incorporated within the paint matrix, and to strongly lobby European states to emphasize the negative socio-economic impacts of a strict and unfounded TiO₂ classification. CPCA continues to monitor the TiO₂ issue very closely as TiO₂ will also be considered as part of CMP-3 in 2019.

Regulatory Cooperation Council Update: All RCC initiatives seek to ensure greater alignment between the United States and Canada with respect to several regulatory processes for chemicals used in coatings. CPCA has closely watched the progress made with respect to RCC's work on workplace chemicals and the chemical work plans generally. In that process there are two key ongoing projects that include Stream A, which is SNAC and SNURs comparisons and opportunities for potential alignment related to significant new uses for existing chemicals; and Stream B related to the Risk Assessment initiative and opportunities for alignment generally. The 2016–17 RCC Chemicals Work Plans for chemicals in commerce and workplace chemicals are expected to be disseminated in the winter of 2018. There were consultations at the CPCA Working Group level and via CIC meetings last year regarding the elaboration of new work plans for 2018–2020. For chemicals, the new work plan for Stream B related to risk assessment will likely include the analysis of risk management methodologies or some chemicals as a pilot project. **Additionally, CPCA and ACA have joined forces to ensure that further alignment in the biocides review and registration processes between Canada and the United States should be added as one of the topics of the next joint plan on pesticides.**



PROUD MEMBER OF CPCA

CANADIAN PAINT AND COATINGS ASSOCIATION

ASSOCIATION CANADIENNE DE L'INDUSTRIE DE LA PEINTURE ET DU REVÊTEMENT

Product Stewardship: Extensive work continued on the post-consumer paint program in Ontario with the ongoing development of regulations under the new *Waste-free Ontario Act* and the Canadian Council of Ministers of the Environment's (CCME) new focus on Extended Producer Responsibility. CCME's Waste Management Task Group continues to coordinate the delivery of CCME's waste management activities. The CCME has worked on a benchmarking study related to the lists of designated products and materials, definitions for stewards and obligated producers, monitoring and reporting metrics (non-financial) and auditing protocols. It's still not clear what the next steps will be for the CCME, but ongoing environmental challenges related to GHG and carbon pricing, CEPA amendment proposals, changes to environmental assessment legislation for project approvals and NAFTA negotiations are causing a slowdown in actions on this front.

There are still challenges remaining in Ontario as the new act is being implemented under a new oversight authority, the Resource Recovery and Productivity Authority, with new powers related to data collection, registration and compliance. Not much has changed in terms of governance under the new act as the minister can: still nominate five representatives to the board, can still instruct the board with respect to objects the authority should undertake, has final approval of the authority's budgets before board approval, etc. One notable change with the new authority is the dramatic increase in budget from the previous authority with a quadrupling of the budget from \$2 million to \$9 million and an increase in staff from 8 to 28, all of which is to be paid for by industry. **There is still concern over the duplication of work by the authority in terms of data collection, which is viewed as duplication of data already required of program operators under the act who must collect the data and conduct audits related to data collection.**

VOC Emissions Reduction: Over the years, CPCA has worked closely with members to help them achieve great success on several files related to VOC restriction. According to government compliance assessment efforts, the paint industry has achieved a 74 per cent reduction in total VOC emissions from architectural paint and coatings products in Canada compared to 2012 and a 61 per cent reduction in VOC emissions from automotive refinish paint and coatings products compared to 2011. The government also recognized that significant voluntary VOC emissions reduction has been achieved in the aerosol paint and coatings market since 2009, since U.S. manufacturers largely dominate the market in Canada and supply CARB-compliant products, which are already low in VOC. CPCA and its members have commented and followed the development of the third Canadian VOC regulation to be published in the *Canada Gazette* for the first time in 2018. This regulation targets thinners, multipurpose solvents, cleaners, and consumer adhesives and sealants products. The final publication of new OTC (Ozone Transport Commission) VOC limits for all these products will likely follow in 2019, hence aiming for further VOC reductions in Canada originated from CASE products and a wide range of other consumer products.

Additionally, Environment and Climate Change Canada may also decide later this year or next, if it will revisit the current VOC Architectural paint regulations and adopt the stricter VOC limits contained in OTC Phase II in the United States. CPCA will not only monitor these two important regulatory developments closely but will also have to closely track any advancement of the Federal VOC Agenda 2010-2020 as we are now approaching the end of that period. This agenda intends to cover several industrial categories of products of interest, which are believed to contribute significantly to total VOC emissions by several hundreds of kilotonnes overall. **These include industrial adhesives and sealants, cars/vans/light truck/assembly coating/auto parts coatings, and rubber product manufacturing and plastic parts coatings. While it has not advanced to date other major VOC emissions contributors (asphalt cut-backs and printing and portable fuel containers) have been fully addressed.**

Last year and earlier this year, CPCA was also busy challenging Metro Vancouver's new bylaw seeking to impose the strictest North American CARB standard for automotive refinishing shops in this one jurisdiction. The discussion paper indicates the intent to impose stricter regional VOC limits, which are at odds with the Federal VOC regulations. Further, it may even ban a list of currently exempt compounds federally and designate them as toxic and widely used in paint products sold and used in Canada and other national jurisdictions. CPCA's Automotive Refinishing Manufacturers Council members have made several formal submissions, held several teleconference calls with Metro Vancouver air quality planners and even developed a VOC emission reduction scenario based upon air quality planners' request in order to estimate the true environmental benefit of the new bylaw on the pollution episodes observed in this region. The CPCA scenario illustrates little environmental benefit from taking such actions, while it could significantly harm the sector with undue micromanagement causing business disruption for almost 400 businesses operating in Metro Vancouver. The new bylaw could still be adopted later this year.

CPCA will also collaborate with ACA regarding new attacks in the United States of two important VOC compounds used in paint formulations: TBAC and PCBTF, in light of much stricter VOC regulations to be implemented in California's SCAQMD district, which will impose new restrictions for low to very low or zero VOCs in paint products. Given this scenario there will be greater necessity for formulators to use the current list of VOC-exempt compounds to meet such targets. In the context of Canada's new international trade agreement with Europe, several Canadian paint companies and distributors inquired as to why texanol is not VOC-exempt in Canada, but is in Europe. It too can help companies meet lower VOC emission limits, but restricting its use in Canada is counterproductive in this regard.

Aerosol Paint (Part of the Federal VOC Agenda): The federal government published its final regulations under the *Montreal Protocol on Substances that Deplete the Ozone Layer* and in line with the Kigali agreement, which aim to prohibit and phase down the uses of 18 hydrocarbons in Canada,



with a stop-import deadline for aerosol paint products and cleaners. Two HFCs of particular interest to aerosol paint and adhesives manufacturers—HFC-134a and HFC-152a—may not be available for use. CPCA collected information on the extent of use with respect to these HFCs in the Canadian market and warned members about the possible impact of this new regulation.

GHS-WHMIS 2015 Implementation: Extensive work was initiated this past year to advance members' views with respect to the GHS legislation in the workplace, WHMIS 2015, and regulations in Canada. CPCA and other industry members of Health Canada's Current Issues Committee (CIC) have actively and successfully delayed the deadlines initially prescribed for WHMIS 2015. Indeed, there was an important amendment sought by industry related to the *Hazardous Products Regulations* before the first deadline took effect in 2017, which was to introduce more flexibility in the *Hazardous Products Regulations* related to the protection of Confidential Business Information, without having to go through the burdensome and costly HMIRA process. For this reason, all initial WHMIS 2015 deadlines

were postponed and this HPR amendment is expected for publication in the *Canada Gazette, Part II*, despite recent unsubstantiated opposition from labour groups.

CPCA continues to compile and publish all answers, for the benefit of members, received from the government's WHMIS 2015 Desk. This is all part of CPCA's effort to promote compliance with the new 2018 deadlines for manufacturers, distributors and employers as well as to warn all members about the inspection blitz being planned by Health Canada over the course of 2018. At the Health Canada WHMIS CIC table, CPCA also challenged two notices of intent to further amend the HPR, which were pioneered by CIC labour groups and which would have been detrimental to industry. CPCA's CIC representative will continue to be closely involved in future discussions regarding these HPR amendments in 2018. CPCA will also actively monitor OSHA/Health Canada discussions on the endorsement of Revision 7 of the GHS by the two countries in 2018 and 2019 as well as the evolution of GHS implementation in other countries, especially those that are part of major international trade agreements such as CETA and CPTPP.



TECHNICAL COMMITTEES IN ACTION

FEEDING THE PIPELINE

CPCA's technical committees provide the foundation for the association's work with regulatory bodies at all levels of government. This ensures the best possible outcomes for industry, and more importantly, the public who use the products and services of member companies. Technical committees are critical to the success of CPCA's work on a wide range of files.

HEALTH, SAFETY AND ENVIRONMENT COMMITTEE

This committee reviews, discusses and addresses environmental, health and safety regulatory issues affecting the three sectors of the paint industry: architectural, industrial and automotive. The committee has responsibilities in the following areas:

- *Canadian Environmental Protection Act, 1999* (CEPA 1999)
- Chemical management
- Occupational health and safety
- Government policies, program regulations and legislation

PAINT AND COATINGS WORKING GROUP (PCWG)

Widely recognized for its effectiveness by both government and industry, this HSE integrated sub-committee, leads sector discussions on the Chemical Management Plan's risk assessment of substances related to paint and coatings. Under the HSE Committee, PCWG is comprised of CPCA staff and members, as well as key officials from Health Canada and Environment and Climate Change Canada (ECCC). The group assembles regularly to exchange detailed sectoral information with ECCC and Health Canada in order to increase understanding of the sector's involvement with chemicals and to help develop appropriate risk assessment measures and risk management instruments.

PRODUCT STEWARDSHIP COMMITTEE

This committee is responsible for providing oversight on stewardship programs in the provinces, with jurisdiction over such programs. It also offers the association advice on all other sustainability matters impacting the sector, such as post-consumer paint programs across Canada.

ADHESIVES & SEALANTS ADVISORY COUNCIL

The paint and coatings industry continues to be among the most heavily regulated sectors in the economy. Adhesives and sealants companies are no exception, including more than 20 major companies among CPCA's membership. To leverage CPCA's regulatory approach, contacts and initiatives, the association created the **Adhesives and Sealants Advisory Council** to address current and future government regulations. This council will provide relevant input to ensure that critical substances used in the industry are not inadvertently determined to be CEPA-toxic or where risk management measures are required, they are evidenced-based, fully discussed with industry and properly managed.

AUTO REFINISHING COUNCIL

This council was formed to put in place several initiatives related to the industry's enhancement of VOC emissions reduction, codes of practice, and use of the best available

technology for application of automotive refinishing products. It will continue to focus on the need to ensure consideration of sound regulations for industry with direct input from member companies doing business in Canada.

AEROSOL COORDINATING SUB-COMMITTEE

Working under the Health, Safety and Environment Committee, CPCA's Aerosol Coordinating Subcommittee's primary focus is on Canadian and North American VOC regulatory issues surrounding industrial and consumer aerosol paint products. This subcommittee relies on the participation and support of members of the American Coatings Association. The present concerns relate to the development and alignment of suitable risk management approaches and the adoption of new VOC standards for aerosol products in Canada, including those imported into the country.

EDUCATION & TRAINING COMMITTEE

The committee provides important input on the training, advice and development needed to help sustain the paint and coatings industry at a time when skills shortages are a major challenge.

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RESOURCE RECOVERY AND THE CIRCULAR ECONOMY

LEADERS IN EXTENDED PRODUCER RESPONSIBILITY

The definition of a **circular economy** is “an alternative to a traditional **linear economy** (make, use, dispose) in which we keep resources in use for as long as possible, extract the maximum value from them whilst in use, then recover and regenerate products and materials at the end of each service life.” It can be argued that the very raison d'être of paint and coatings is to extend the life of products for maximum value and in many cases for a very long time with multiple applications of a coating. It has exceeded inherent value in extending the life of materials by adding additional value, for example, the use of antifouling coatings reducing GHG emissions of ocean-going vessels, which reduce 'drag' and thus fuel consumption by a significant percentage. More recently there have been great strides made in recycling including latex paint, solvents and other raw materials.

CPCA SUSTAINABILITY POLICY: CPCA supports a policy of sustainability that meets the business objectives of its member companies while preserving the health and safety of its workers and protecting human health and the environment. **The paint and coatings industry has a long history of sustainable business practices.** These include protecting and decorating the surfaces of buildings and structures, ships, planes and automobiles, as well as paints and coatings that provide energy efficiency, disease prevention and control, and “self-repairing” surface

treatments. Other examples include resource recovery; eliminating hazardous emissions; offering products formulated to meet specific safety requirements; “lifecycle assessments” to mitigate the negative environmental impacts by preserving and protecting infrastructure, workers and community health; and safety programs protecting the workforce engaged in the manufacturing of products and the communities using paints and coatings for a wide range of materials. **All of these practices help boost living standards and quality of life. Strong, sustainable and balanced growth is the hallmark of this sustainability policy.**

INDUSTRY LEADERS ON PRODUCT STEWARDSHIP: *Measurable Environmental Stewardship Often Overlooked*

The years of service added to structures with the use of paint and coatings, including bridges, manufactured items, automobiles and much more decreases the number of new products required. This saves energy and expensive non-renewal and renewal raw materials.

Coatings stop organisms from fouling underwater pipes and equipment as well as the undersides of ships. A fouled ship's hull increases fuel consumption by 40 per cent. **Without treatment with the proper coatings, the world's fleet would use an extra 70 million tonnes of fuel a year, producing an extra 210 million tonnes of greenhouse gases and nearly 6 million tonnes of acid-rain-producing sulphur dioxide.**

Every day, energy efficient windows coated to directionally transmit light and heat save 9 per cent to 18 per cent of energy costs in houses across Canada. Reflective coatings used on the rooftops of buildings in warmer climates can save residents and building owners 20 per cent to 70 per cent in annual cooling costs and energy use. This reduces the load on air conditioning equipment and adds to energy savings.

Coatings reduce oil use by acting as lubricants. This not only saves the steps to produce the oil and apply it. It also saves the hazardous waste disposal of used oil.

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Coatings enable a less costly substance to stand in for a more costly alternative. For example, coatings that strengthen softwoods enable them to replace hardwoods. Similarly, coatings can save on the energy and material that go into the making of an object. For example, coatings can be used to “light-weight” glass—reducing the amount of glass an object requires.

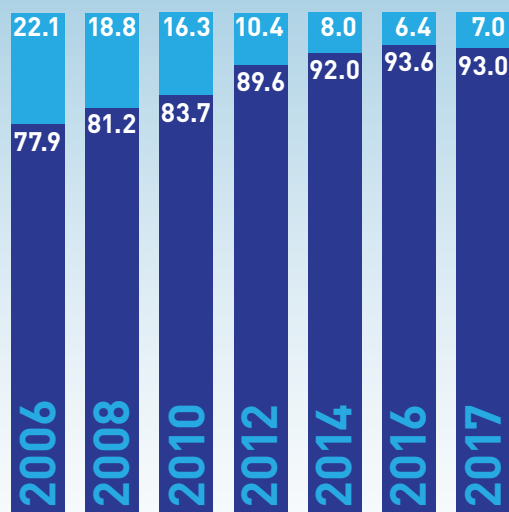
More than 250,000 commercial ships conduct commerce in large freight containers and cruise ships we see docked in our ports and harbours daily. Recent European data estimate that one container ship can cause as much pollution as 50,000 automobiles each year and release up to 5,000 tonnes of sulphur oxide into the air. Fuel represents 50 per cent of a ship’s total operating costs. Antifouling coatings reduce drag or friction when a ship is moving. Without antifouling coatings fuel consumption, maintenance costs and carbon dioxide emissions could rise by 40 per cent or more. The International Maritime Organization (IMO) suggests that a “single” vessel with proper antifouling coatings would see minimum savings of 6 per cent over a five-year period and “could reap savings of 9,000 tonnes of fuel, reducing emissions by 31,000 tonnes and saving around U.S.\$3.6 million per ship.” **It’s estimated that without such coatings the world’s fleet would use in excess of 70 million tonnes of fuel annually, producing more than 210 million tonnes of greenhouse gas emissions and nearly 6 million tonnes of sulphur dioxide from acid rain.**

Paint and coatings companies develop products that help companies and their customers reduce their environmental footprint, while creating value for the company. These product lines, for example, include:

- Coatings used for communications installations, satellite dishes and radars, which help resist corrosion, abrasion and are self-cleaning in most environments
- Optical fibre coatings make telephone and internet technology possible by protecting glass fibres transmitting telecommunications signals
- Architectural paints are now more durable, last longer and protect valuable assets
- Powder coating for automobiles reduces the number of process steps and lessens energy consumption
- Special anti-fouling marine coatings help decrease a ship’s fuel consumption, while protecting the environment from invasive species
- Anti-reflective glass coatings for solar panels are critical for the solar energy market
- Military-specified coatings provide blast mitigation in buildings like embassies and defense installations
- Conductive thermal control coatings play a vital role in aerospace technology minimizing drag in the air and eliminating debris build-up reduces fuel consumption

These and many other products are functional coatings, which help reduce the overall environmental footprint not only for the company, but also for consumers using the products.

3.1 SOLVENT-BORNE VS WATER-BORNE PAINT SALES BY VOLUME



- SB litreage sales %
- WB litreage sales %

ENVIRONMENTAL CONTRIBUTIONS MORE DIFFICULT TO MEASURE: BUT ADD REAL VALUE

How can one measure the environmental savings when paints and coatings delay the replacement of organic substances such as wood? There are too many objects, in too many places, subjected to too many variances in use. But the fact remains that the delay in replacement saves the energy and raw materials required to reproduce those objects.

How can a value be ascribed to the use of coatings that protect objects from the elements, fire, chemicals? There are too many objects in too many circumstances, performing too many types of service, all saving energy and raw materials.

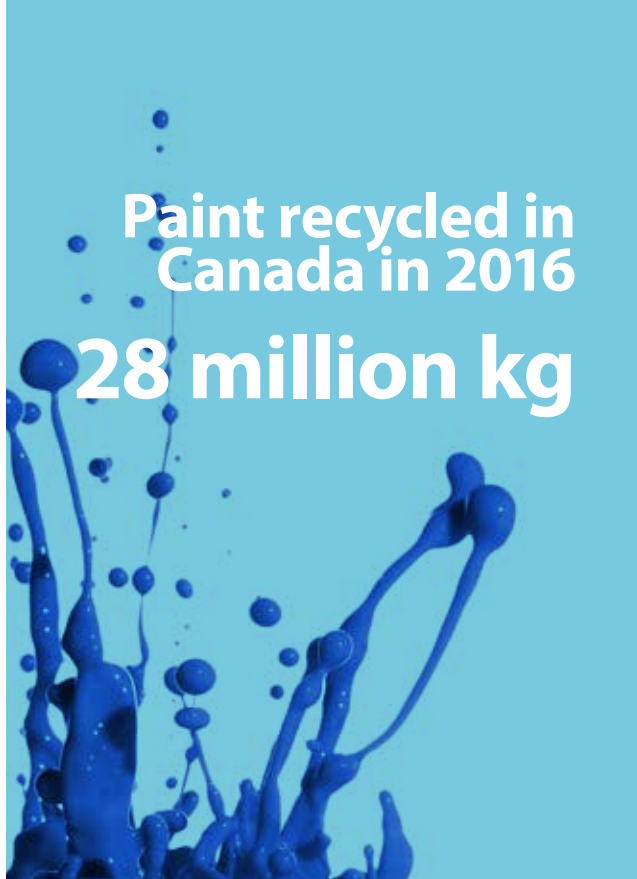
Nano coatings remove NOx, benzenes, VOCs from the environment, and some of them promote self-cleaning. We know that this benefits the environment—but how do you measure the benefit? Similarly, paints used on roads to save lives and property contribute to the environment by preventing accidental losses. Antibacterial and easy-cleaning paints contribute to health in hospitals and other delicate settings. Coatings that separate containers from food do the same. But measuring their contributions may not be possible.

But as obvious as it is that paints and coatings save energy, materials and lives, it is no easier to add up the value of the saving. **But there can be no denying there is real value!**

VOC EMISSIONS REDUCTIONS

Almost all ground-level ozone and about two-thirds of particulate matter are formed in the atmosphere through the reactions of precursor substances, with VOCs being one of the most significant. Consequently, Canada’s approach to reduce atmospheric levels of particulate matter and

Paint recycled in Canada in 2016 28 million kg



ozone is to reduce the precursor emissions, including VOCs. Working with members, industry partners and relevant government organizations, the paint and coatings industry has an impressive track record on sustainability:

- 93.6 per cent of the sales volume of all architectural coatings in Canada is now water-based, up from 79 per cent 10 years ago
- Two industrial paint and coatings categories represent approximately 20 per cent of the total VOC emissions (156 kilotonnes). These include uses for: cars, vans, light truck assembly coatings, auto parts coatings, rubber product manufacturing and plastic parts coatings. These originate from industrial products, which the government intended to address as part of its 2010-2020 federal agenda. It was also determined that other categories such as asphalt cutbacks, printing and portable fuel containers were the major contributors to industrial VOC emissions, from which the emissions were expected to increase during the 10-year timeframe, as opposed to industrial paint product categories.
- According to the most recent National Pollution Release Inventory data on VOCs, the overall paint and varnish manufacturing sector for the facilities meeting the NPRI reporting threshold are responsible for only 0.00059 per cent of all VOC emissions originating from all combined industrial sources in Canada.
- VOC emissions from all Canadian industrial sources contribute to only 40 per cent of total VOC emissions and these include open industrial sources such as transportation. In comparison, over a 15-year period, all industrial sources have reduced their VOC emissions by only 1.3 per cent, the major contributor being the oil and gas industry.



There is only one product category that is consistently well-covered across the country by regulations (either EPR or product stewardship) with programs operating province-wide to divert materials from landfill, and that is used paint. (CCME Report, *Key Elements of EPR and Product Stewardship Programs in Canada*, CCME, February 2016)

PaintCare™ represents the paint industry's commitment to environmentally sound and cost-effective, end-of-life management for leftover paint, which is **fully funded by the producers** (100 per cent).

PaintCare™ was an early adopter of a circular economy approach for leftover, postconsumer paint. Product stewardship is a product-centred approach to environmental protection. It calls on those in the product lifecycle—manufacturers, retailers, users, and disposers—to share responsibility for reducing the environmental impacts of products.

Product manufacturers in the coatings industry strive to ensure their products and packaging create the least impact on human health and the environment while remaining functional and cost-effective for the consumer.

PaintCare™ is a market-based product stewardship program that: **reduces** environmental impacts and needed resources for production; **reuses** recycled content and packaging; and **recycles** leftover paint resources. It seeks to increase acceptance of all three tools for efficient waste reduction and responsible resource recovery.

Product stewardship is NOT a principle for merely shifting the cost burden for a product's end-of-life management to producers. Producers establish end-of-life management programs for their products by financing and operating their own private, market-based systems governed by legislation in local jurisdictions.

The industry in Canada now leads the world in post-consumer paint recycling with a program in every province. In 2015, roughly one kilogram of leftover paint was recovered and recycled for every Canadian—approximately 26 million kilograms. One of CPCA's primary goals, on behalf of its members, is to ensure appropriate regulations are put in place to achieve the best possible outcomes for the environment.

CPCA members have been supporting the effective operations and efficient administration of product stewardship programs in Canada since the early 1990s. Unused or leftover **architectural** paint continues to be a major focus of product stewardship efforts because of its high volume in the household hazardous waste stream, the high cost to manage and its potential for increased reduction, recovery, reuse and recycling. Éco-peinture is the program operator in Quebec, Alberta Recycling Management Authority in Alberta and Product Care in eight Canadian provinces; all have worked hard to ensure an environmentally sound and cost-effective program in each provincial jurisdiction.

Manufacturers pay 100 per cent for the end-of life management of leftover paint, which includes such things as collection, transportation, storing, recycling and the related logistics and administration. CPCA continues to liaise with provincial governments that seek to establish new legislation and/or regulations related to waste management.

INFORMATION, RESEARCH & STATISTICS

DEMANDING EVIDENCE-BASED DECISIONS

Below is a sample of some of the information and research undertaken by the association in recent years related to the ongoing work of regulatory bodies, economic forecasts and global trends.

NEW MEMBER RESOURCES CENTRE

CPCA has created a comprehensive, unparalleled **Member Resources Centre** that is functional, searchable and updated regularly on all the issues of importance to the coatings industry in Canada. It is not a 'members only' dumping ground for stale information that no one reads. It helps member companies stay informed on the key decisions impacting their company, what they need to do to and when to provide effective input on major decisions, a timeline and archive of relevant data, and an educational tool to help onboard new staff to their companies, especially those in the regulatory and product stewardship fields.

GENERAL CPCA STATISTICAL TABLES

CPCA statistics on paint shipments of imports and exports—as derived from Industry Canada data—provide insight on important industry trends.

BIANNUAL SURVEY AND INDUSTRY PERFORMANCE TRACKING

CPCA's biannual compensation survey report is issued based recent year's data. CPCA also tracks for the benefit of Management Information Committee members the evolution of Statistics Canada's data series that relate to the NAICS (North American Industry Classification System) code for paint and adhesives manufacturing with respect to manufacturing shipments, finished goods and inventory values, as well as values of paint raw materials, fuels, supplies and components in the sector. **CPCA also tracks the Statistics Canada financial data series, which combine financial data from paint manufacturing and three other NAICS codes.**

REVIEW OF MANAGEMENT INFORMATION SERVICES AND ACTION PLANS

CPCA has proposed an **Index Project** to improve the tracking of the Canadian paint and adhesive industry economic performance from quarter to quarter, for both types of CPCA members: the paint and adhesive manufacturers and the suppliers/distributors. However, this project has not received enough interest to date in order to be fully implemented.

CPCA MIC WEBINAR

The biannual meeting of the Management Information Committee (MIC) addresses current and emerging markets and new techniques related to data gathering. It also looks at trends and forecasts based on new modelling tools to predict economic performance. Work continues on reviewing the new classification and labelling requirements, registration gateways, standards, and common requirements and policies for chemicals. The annual Canadian Coatings Webinar engages with members and outside economists on current, relevant issues of concern in the sector.

AUTOMOTIVE REFINISH SUB-COMMITTEE REPORT

Since the implementation of the VOC regulations, sub-committee members have introduced modifications to the CPCA quarterly Automotive Refinish sales survey form to track waterborne basecoats trends as well as solventborne basecoats trends, sales that are compliant versus the non-compliant, which are destined to the commercial transportation business. The sub-committee supervises this survey program to track other sales categories such as cleaners and cleaning equipment and aerosols, hence providing a great and timely insight for this market to all participants.

INDICES FOR COATINGS COMPANIES

The U.S. Producer Price Index (PPI) for paint and coatings involves the preparation and compilation of many specific indices by the Bureau of Labour Statistics (BLS), for example, TiO₂, paint fillers, synthetic dyes, lime, plastic resins, steel cans and barrels. The PPI for pigments has greatly increased in recent years in relation to the PPI for plastic resins or prepared paints. Newly improved indices for exterior architectural, interior architectural, transportation finishes, OEM and special purpose products are available. **Other retailing indices are also available to members, such as the paint store index or retail index.**

MODELLING FOR ARCHITECTURAL COATINGS

This CPCA committee examines the validity of leading indicators in the coatings industry, such as total residential construction, total new and existing home sales and total non-residential construction. Key predicting models are updated for the benefit of survey participants.

Copies of committee presentations related to the above items are available in the Member Resources Centre.

MULTI-STAKEHOLDER RELATIONS

COLLABORATION FOR BETTER RESULTS

CPCA understands that it is not alone on some issues. The association collaborates with many organizations to accurately advocate for industry's needs on a wide range of issues. Moreover, it is important that CPCA listen to what respected stakeholders have to say—whether they be government, industry associations, standards organizations, non-governmental organizations or the public. Effective stakeholder relations require that CPCA consider the views and formally stated positions of others in the context of the concerns and aspirations of the coatings industry.



ICG, comprised of 24 industry associations using chemical products, held extensive multi-stakeholder consultations throughout 2015 on Phases 2 and 3 of the Chemicals Management Plan (CMP) on all aspects related to the risk assessment of chemicals in commerce.



CMC consistently advocates for better legislation and regulations on behalf of the manufacturing industry. Its membership is comprised of 54 industry associations, representing all key industrial sectors across Canada, roughly 100,000 companies and approximately two million people in manufacturing and supporting industries.

Working in concert with allied associations, such as the Canadian Manufacturing Coalition, CPCA continues its advocacy regarding the persistent challenges for Canadian manufacturing. Canada's highly skilled workforce remains an ongoing strength and a competitive advantage for local manufacturers. This status will be challenged in the years ahead by a confluence of factors, such as changing demographics, regulatory alterations, competition from emerging markets, and competition for talent and economic uncertainty. Employers must be prepared for these changes and adapt through investment and workforce innovation.



CAIG

CANADIAN ALLIED INDUSTRIES GROUP

Ongoing discussions and sharing of best practices continues with eight industry associations operating in some aspect of the chemical industry in Canada.



Government
of Canada

Gouvernement
du Canada

CMP NATIONAL STAKEHOLDER ADVISORY COUNCIL

CPCA is one of six national associations, along with government and relevant NGOs, engaged in dialogue on the CMP with two meetings held each year. The November 2015 meeting dealt with the upcoming CMP-3, performance measurement and the report on the Fourth International Conference on Chemicals Management and Chemicals Management post-2020.



IPPIC
International
Paint & Printing
Ink Council™

This group is comprised of paint and coatings associations representing coatings companies in more than 20 countries. It meets regularly to share information and work with

global organizations such as the United Nations (UN), the Organization for Economic Cooperation and Development (OECD) and the International Maritime Organization (IMO).



Strategic Approach
to International
Chemicals Management

INTERNATIONAL CONFERENCE ON CHEMICALS MANAGEMENT (ICCM4)

A draft resolution on emerging policy issues was issued by the fourth session of the International Conference on Chemicals Management (ICCM4), Geneva, Switzerland, in October 2015, along with a Global Alliance to Eliminate Lead Paint (Action Plan for 2015–16). IPPIC continues to look at ways and means to be more engaged in emerging issues that have been identified, such as lead, nanotechnology and the Chemicals in Products (CiP) Program—all of which were approved by SAICM (Strategic Approach to International Chemicals Management) at the fourth ICCM4 in October.



SUSTAINABLE DEVELOPMENT GOALS

UNITED NATIONS 2030 AGENDA FOR SUSTAINABLE DEVELOPMENT

More than 150 world leaders adopted an ambitious new sustainable development agenda at a United Nations session. The 2030 Agenda for Sustainable Development contains 17 sustainable development goals with 169 targets. IPPIC will continue to track and provide input on these as they unfold.



SKILLS DEVELOPMENT & TRAINING

ONLINE SKILLS DEVELOPMENT

CPCA's online training products are an important part of the association's offerings for industry, providing excellent learning opportunities for members and non-members. Along with its Diploma in Coatings Technology the association provides webinars on relevant issues when and as required. Recent recipients of the Diploma in Coatings Technology in 2017 are: **Kady Purvis** (Halton Chemical, Burlington, ON), **Ban Siewa Yaldo** (Kolorbond International, Woodbridge, ON), **Hao (Howie) Trien Le** (Debro Chemicals, Brampton, ON), **Hilary Verch** (L.V. Lomas, Brampton, ON), **Erika Natalia Galvis** (Datec Coatings, Mississauga, ON), **Adam Fitzgibbon** (Nonweiler, Oshkosh, Wisconsin), **Gita Moammer** (Joneh E. Goudey Manufacturing, Toronto, ON), and **Luis Maria Perea** (Buckman Laboratories, Spain).

The course focuses on theoretical concepts, industrial paint applications and sales and marketing. It is designed for employees of paint manufacturers in product development, as well as sales and marketing professionals. **The online course also helps those engaged in raw materials distribution in the coatings industry to train new employees and paint contractors who need to understand the performance qualities of the products they use.** www.canpaint.com/coatings-technology

MOU WITH CITICOLLEGE

The Canadian Paint and Coatings Association (CPCA) has signed a memorandum of understanding (MOU) with the Citi College of Canadian Careers (CCCC). The MOU outlines a collaborative relationship between CPCA and CCCC, which will enable the organizations to accomplish mutually beneficial objectives related to future training and skills development challenges. CPCA will support CCCC's objective to deliver a high-quality and credible program including cooperating with corporations on their specific staffing needs, job placement matching and professional development support for CCCC students and graduates. This will also include CPCA supported internship, mentorship and scholarship programs.

- Corrosion
- Coating Technology
- Paint Physics and Chemistry
- Coating Quality Tests
- Coating Defects and Inspection
- Coating Application and Surface Preparation
- Powder Coatings
- Automotive Coatings
- Paint Formulation
- HSE and Management
- Polymer Chemistry
- Physical Chemistry of Polymers
- Elastomers Technology
- Composites Technology
- Polymerization Reaction Engineering

CCCC will support CPCA through a range of activities including updating and further developing the Association's Coatings Technology Course and planning support for technical workshops for students and industry members.

The MOU underlines CPCA's desire to address the industry's human resources and skills development challenges and CCCC's wish to ensure the delivery of a quality education for its students including those entering the paint and coatings industry in Canada.

CPCA ANNUAL SCHOLARSHIP

Based solely on academic achievement in high school and post-secondary levels, the CPCA annual scholarship is granted to children of staff working for member companies. The selection is made by the CPCA Education and Training Committee. For more information, visit www.canpaint.com/training-scholarship.

CPCA'S BOARD OF DIRECTORS AWARDS TWO 2018 ANNUAL SCHOLARSHIPS

CPCA is pleased to announce that it awarded two annual scholarships for 2018 to deserving children of staff of member companies. These scholarships continue the long-standing tradition established by the Toronto Society for Coatings Technology. The \$2,000 scholarship is awarded to deserving high school or post-secondary students based solely on their academic achievement. The selection was made by CPCA's Education Committee.

MCMASTER STUDENT DAVID THOMPSON AWARDED 2018 CPCA ANNUAL SCHOLARSHIP



David Thompson is **Ed Thompson's** son. Ed is a staff member of L.V. Lomas Ltd. in Brampton, Ontario. This fall David is entering the engineering program at McMaster and will specialize in software. During his free time in the spring, he helps his family make maple syrup. Throughout high school, he participated in many extracurricular activities, like Venture Scouts, the Programming Club, Trivia Club, as well as in concert/recitals and jazz bands, playing four instruments. CPCA congratulates David and wishes him well in all his future endeavours.

MOUNT ROYAL UNIVERSITY STUDENT BRIAN LOZINSKI AWARDED 2018 CPCA ANNUAL SCHOLARSHIP



Brian Lozinski is **Larry Lozinski's** son. Larry is a staff member of Cloverdale Paint in Surrey, BC. Brian Lozinski has undertaken studies in cellular and molecular biology at Mount Royal University, after studying at MRU's Bisset School of Business for several years. Since switching into science, Brian has developed a passion for research in neuroscience and molecular biology and he is currently applying for graduate school in neuroscience, more specifically in neuroimmunology and neuropathology. Brian spent two summers working at Cloverdale Paint in their laboratory, which only confirmed his passion for laboratory work both academically and industrially. In his free time, Brian volunteers with the Student Society of Science and Technology at university, goes to the gym, plays rec hockey, videogames, does some gardening, and hangs out with friends and family. CPCA congratulates Brian and wishes him well in his future career in research.

STRATEGIC COMMUNICATIONS

ACTIVE ON ALL PLATFORMS

CPCA regularly publishes several important publications to ensure members are fully informed of ongoing issues and actions impacting the paint and coatings industry in Canada. These include:

Business Management & Marketing News for CPCA members only: a monthly newsletter addressing relevant issues for those involved in management, sales and marketing in member companies.

Regulatory News Alert (for CPCA members only): a monthly publication detailing comprehensive legislative and regulatory actions at all levels of government.

Prime Time News: a publicly available monthly newsletter sent to members, important stakeholders and governments to provide a window onto the industry for those with an interest or a role in the sector.

CPCA INSIGHT - Guide & Directory: published annually to report on CPCA's work on behalf of members, highlight key trends in the industry, raise awareness of the issues

important for the sector, and a guide of CPCA members supporting the important work done to sustain a long-standing and viable Canadian industry.

Bulletins, Updates, Memoranda and Press Releases are sent to CPCA members regularly to ensure they are fully informed and can have direct input on actions taken by CPCA's board, technical committees and staff, making certain the industry is represented when decisions are made.

ANNUAL CONFERENCE & AGM

CPCA's conference is held annually with strong business sessions to highlight important industry matters in the Canadian coatings industry. It is an excellent opportunity for members and non-members to get reacquainted and network with those who play an important role in their business and the industry generally.

ANNUAL COATINGS SEMINAR

The annual Canadian Coatings Seminar is brought to you by CPCA's Management Information Committee (MIC), which is comprised of representatives from member companies and CPCA staff. MIC meets twice annually to discuss relevant issues, especially as they relate to statistics and information of importance to the coatings industry. Increasingly webinars are used to help facilitate easy access to relevant and timely data. At times, the session is conducted via webinar.

ANNUAL GENERAL MEETING

The AGM takes place each year at the annual conference, and the CPCA Board of Directors meets four times a year.

EVENTS AND INDUSTRY AWARDS

RECOGNIZING EXCELLENCE

CPCA held its 104th annual conference and AGM in Montreal at the end of May, bringing together representatives of the Canadian and U.S. paint and coatings industries. Speakers and attendees with significant experience in their respective fields shed light on critical issues impacting the industry.

The conference theme, "Trends Moving Industry to Higher Levels of Performance," addressed the issues that affect today's businesses. Recent developments are compelling the paint and coatings industry to change the way they do business as it relates to mergers and acquisitions, market share and price, currency fluctuations and their impact on raw material supply, and development of greener products that meet stiffer regulations and consumer demands.

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The business sessions, held on the second day of the conference, took a deep dive into these issues. The speakers' presentations focused on sustainability, biocides and upcoming regulations restricting use, transformative mergers and acquisitions, and the ongoing developments in the construction and automotive segments. Supply chain risk management, sustainability challenges, including paint stewardship in Canada, and waste management were also on the table. The latter revealing the ongoing efforts by member companies to drastically reduce their environmental footprint, while at the same time reducing costs.

Tim Vogel, CEO of Cloverdale Paint and CPCA Board Chair, opened the conference by welcoming this year's guests and speakers, including new members Tartan Color, CanLak, BYK Additives, MG Chemicals, Halltech Polycol, Selectone Paints, Polyrho and Intertek.

He spoke about the many challenges industry faces including business expansions organically and by acquisition, new facilities and new product lines, as well as the impact of government regulations on chemical management and product stewardship. All are issues on which CPCA remains very focused.



Mr. Vogel also thanked sponsors for their financial support.

"CPCA makes every effort to help ensure regulations are reasonable and fair. At the very least they must be based

on the available scientific evidence related to health and safety, which everyone in this room fully appreciates," he said. "But, they must not be based on public relations campaigns by certain stakeholders whose only interest is to call into question the inputs we use in our products. Sustainability and stewardship is very high on our agenda and is something we will be discussing in more detail throughout the day. This is always part of CPCA's ongoing work with and on behalf of members."

CPCA also maintained its tradition of inviting two students to the annual event in an effort to bring together today's companies with tomorrow's workforce. Graduate students Ms. **Mahnaz Kamaliardakani** (M.Sc.) and **Eric Habib** (Ph.D.) are with the chemistry department at the Université de Montréal.

Jessica Walsh of Intertek Scientific & Regulatory Consultancy kicked off the business sessions with an overview on "Canada-Current Developments of Biocide Regulation under the PCPA."

She talked about the current practices relating to biocide regulation in Canada, the upcoming changes in the regulation of biocides and the efficacy requirements for biocides. She highlighted the fact that under planned policy changes to the PCPA,



antimicrobial "treated articles" that are distributed, imported or manufactured in Canada will have to be treated with an antimicrobial pesticide that is registered by PMRA for specific uses in specific products.

Jim Banks, founder of the Sustainable Development Association, gave a presentation entitled: "Wandering Through Our Future: Trends Shaping the Future of Sustainability." He looked at the challenges faced by corporations and individuals in integrating sustainability considerations into their behaviours and their business practices. He said it will take tremendous Canadian ingenuity to thrive in a carbon constrained world. According to



him, external forces or what we call business pressures are key drivers of sustainability. The economy is embedded in a biophysical world subject to physical rules and constraints. It is important to note that slow moving incumbents are at the greatest risk of disruption. Mr. Banks said sustainability is a long game with

many small battles. Businesses must be prepared to lose some in the short term but work towards the long term to influence positive sustainability outcomes for industry.

David Cocuzzi, Vice President of ChemQuest Group, touched on the increasingly dynamic coatings market, highlighting mergers and acquisitions, raw materials and their impact on volume, price and revenue streams. Mr. Cocuzzi provided a breakdown of the world's regions, noting Asia, and China in particular. Acquisition and consolidation activities are expected to impact North America and Western Europe, with 80 per cent of equity companies



and banks being the most active. According to him, there are roughly 30 acquisitions each year, and firms reporting more than \$1 billion in revenue made nearly 30 per cent of the acquisitions. Mega deals are attractive because capital is available, interest rates are reasonable and footprints need to expand to im-

prove shareholder value. The downside of this, however, is the potentially destructive "clash of cultures" with respect to multinational mergers and acquisitions around the globe. In terms of global paint value demand and volume demand, the Decorative segment holds the lion's share in both, with 41 per cent and 54 per cent, respectively. Rounding out the top five segments are General Industrial with 10 per cent in both value and volume; IM and Protective with 9 per cent in value and 6 per cent in volume; Wood with 7 per cent in both value and volume; and Powder with 6 per cent in value and 7 per cent in volume. Global value demand and volume demand for the Automotive Refinish segment is 6 per cent and 2 per cent, respectively.

CPCA President and CEO **Gary LeRoux** gave an update of the “whys, whats and hows” of the association and its work on behalf of the paint and coatings industry. The association has succeeded in forging strong collaboration with national and international groups, councils and associations including the International Paint and Printing Ink Council (IPPIC), the American Coatings Association (ACA), Product Care and Éco-peinture, as well as non-



governmental organizations and academia. CPCA focuses on outcome-based solutions and provides strong content for evidence-based decision-making where and when needed.

Mr. LeRoux also touched on the association’s successful completion of the 2015-17 strategic plan, with CPCA staying ahead of the curve on regulations, harmonizing stewardship where possible, improving value-added programs for members and growing the membership. He discussed the legislative and regulatory challenges in 2016-17, updating the audience on various issues including the federal Chemicals Management Plan, GHS harmonization or the lack thereof, potential amendments to CEPA in 2017, the Waste-free Ontario Act, Ontario’s Red Tape Challenge and the Trump effect on future NAFTA and trade facilitation. Mr. LeRoux also spoke at length about CPCA’s upcoming developments including the 2018–2020 strategic plan, the ongoing Economic Impact Study of the Canadian coatings industry soon to be completed, a new focus on stewardship under PaintCare™, a new skills development effort in concert with a provincial college and the association’s web revamp.

Concordia University Professor **Ahmet Satir** gave the audience insight into supply chain risk management (SCRM). According to Dr. Satir, SCRM is the preventive and corrective management of major deviations from and/or major disruptions to the planned or anticipated flow of materials, information and cash along the supply chain. Deviations are continuous and include lead-time variations and exchange rate fluctuations. Disruptions,



meanwhile, are discrete and include such things as natural disasters and security challenges. He said the ultimate objective of an SCRM is to contribute to the maximization of the supply chain surplus, which is the sum of customer value minus total supply chain costs. Risk is identified through classification, which is considered from a finance perspective, and the factors involved include managers’

perceptions and an industry’s unique characteristics. To assess risk, one must consider the likelihood of an occurrence based on historical data and the magnitude of

related impacts such as those caused by production delays, loss of goodwill with customers and severe weather, to name a few.

Mark Huisman, BASF’s business manager for Automotive Refinish in Canada, tackled the challenges and opportunities for growth in today’s construction and automotive market segments. According to him, some of the challenges facing the two segments are primarily economic such as some provinces are still recovering from the recession of 2008-09; costs associated with environmental improvements to air quality; product diversification to meet increasing customer needs; and varied demographic demands from the millennials to the baby boomers. Other trends Mr. Huisman touched on included geopolitical, societal, business and technological.



He also noted the four key megatrends that will drive growth in Canada: an aging population and increasing urbanization; shifting generational values; constant changes in technology; and globalization, with a particular emphasis on energy demand and climate change. Megatrends, he said,

are connected and intertwined, suggesting synergistic opportunities between them resulting in safer, faster and less labour and lower VOCs. So understanding the ecosystem of the megatrends and the critical elements within the value chain with the most profitability will help deliver results for the company and value for shareholders.

Steve Sides, ACA’s Vice President of Global Affairs and Chief Science Officer, and IPPIC’s Secretariat Official Representative, provided an overview of the work conducted by IPPIC and how the organization is “working the issues.” The Public Affairs Workshop, held in early March and hosted by CPCA, for instance, will guide IPPIC’s efforts to establish a constructive global voice on issues management and positive industry advocacy. Mr. Sides also provided an update on specific topics impacting the industry including the EU’s upcoming and much anticipated opinion on titanium dioxide as a potential cancer hazard classification,



regulation of microplastics and supply chain challenges for natural mica pigments. With regard to mica, IPPIC members agreed to join the Responsible Mica Initiative to stop the use of child labour in the mining of mica for use in paint formulations. IPPIC is determined to continue to press for global actions in co-

ordination with the European Council of the Paint, Printing Ink and Artists’ Colours Industry (CEPE) and the Titanium Dioxide Manufacturers Association to ensure aims and objectives are met with respect to challenging a hazard classification for TiO₂ based on the existing, strong science data.

Doug Bohn, Principal at Orr & Boss, presented the current status of the CPCA's "Paint and Coatings Industry Economic Impact Analysis Project." In 2016, CPCA initiated the first-ever study on the economic impact of the paint and coatings industry in Canada. The information will determine the total effect of the industry on such things as contribution to GDP, tax revenues, employment, R&D in the industry, and more. The study is focused specifically on developing an understanding of the national industry, parts of which will be used as an advocacy tool to influence public policy at all levels of government. Mr. Bohn said the current market



is valued at \$3.2 billion in terms of shipments, and the industry grew roughly 4 per cent in 2016. The main drivers of growth were increased sales of existing houses in Canada (+5.8 per cent) and increased automotive production (+3.8 per cent). In terms of sales volume and value, decorative coatings took the lion's share last year, with

273 million litres and \$1,573 million, respectively. He went on to say that Ontario represents the largest paint and coatings market in Canada, with housing, automotive production and GDP driving the market. Rounding out the top four provinces are Quebec, Alberta and British Columbia, each representing 17.7 per cent, 13.3 per cent and 12.7 per cent of the market, respectively. Overall, 88 per cent of the economic activity in the industry is generated by Ontario (36.0 per cent), Quebec (23.9 per cent), Alberta (16.3 per cent), and British Columbia (11.6 per cent). The industry's total impact on the economy is estimated to be \$12.3 billion with employment of 88,106.

Paul Chaney, Plant Manager of Axalta System Coatings, and Product Care Association (PCA) President **Mark Kurschner** discussed two different aspects of sustainability in Canada. Mr. Chaney focused on three key elements: waste reduction philosophy; best practices to recycle solvent and mitigate accidental release; and recent sustainability projects initiated by Axalta. With regard to waste policy, the key question to ask is: Does the potential exist to



reuse, rework, redeploy or sell waste? He also explained how waste vendor selection is important, in particular in terms of how we treat vendors. Sustainability of course is top of mind, and Mr. Chaney highlighted several innovation efforts that have emerged to date, such as: 1) conservation vent installation, with low maintenance fees that help

cut fugitive emissions; 2) compressor replacement, which saves energy and water (e.g., six million gallons); 3) AC unit replacement, effectively reducing cooling requirements

and saving 800,000 gallons of water each year; and 4) heater and boiler replacement, which result in 800,000 cubic metres of annual savings in natural gas.

Mr. Kurschner informed the audience of Product Care's developments and results for 2016, particularly with respect to volumes of paint sold and collected and the rate of recovery. The province of British Columbia led the pack, with 10.6 per cent recovery rate based on 31,051 litres sold and 3,302 litres collected. He also provided updates specifically on Ontario's paint program, noting that the PCA Paint Industry Stewardship Plan (ISP) was initiated at the end of June 2015 and that the Paint Reuse Program kicked off earlier this year. The PCA paint ISP welcomed 77 paint stewards into the fold, representing nearly 99 per cent of the Ontario paint market share, effectively the CPCA manufacturer members. Mr. Kurschner also informed the audience of PCA's latest fee reporting system, which will benefit from a web portal revamp, implementation of new accounting software and a CRM database.



PRESENTATIONS NOW AVAILABLE

The Plenary Business Program presentations are now available for download. Access the files in the Members Only section of canpaint.com, under "CPCA Annual Conference Presentations."

CPCA'S ANNUAL INDUSTRY AWARDS

On May 25, CPCA held the Chair's Annual Gala Dinner and the Canadian Coatings Industry Award Presentations. These awards enable the association and members to acknowledge the work of key individuals, their peers in the industry.

INDUSTRY STATESMAN AWARD

The Industry Statesman Award was the first industry award presented at the Chair's Gala Dinner. It is presented to an individual who has made a continued, long-term contribution to the association at the national or local level. This individual has recently retired or is near retirement. One or several individuals may be the recipient(s) of this award as decided by the board of directors.



Stu Eaton joined the industry in 1968, earning employment with Bapco Paint Co. in Victoria, BC. Over the course of his career, Mr. Eaton's strong work ethic and attention to detail led to positions in quality control, product formulation, material purchasing, and production and product development. He joined Mills Paints as a paint chemist in 1972, returning to Bapco from 1973 to 1975, and then joined Cloverdale Paint in 1975. It was at Cloverdale that Mr. Eaton developed the company's first industrial coatings line, helping change

the direction of the company. His practical yet innovative formulations earned Cloverdale Paint a patent in the early '80s for a new innovation lumber preservative. Transi-kote, an anti-sap stain wood preservative, propelled Cloverdale into the forestry coating sector. Mr. Eaton is a recipient of the Raymond J. Tremblay Award for outstanding service and contribution.



Gilles Lussier

Gilles Lussier joined the industry in 1978 as a chemist for DuPont. Over a 38-year period, he contributed to the development and launch of various projects like a new Dacron® polyester plant as well as the sales, marketing and management of engineering polymers, automotive refinish, specialty chemicals and titanium technologies for the Canadian

market. Mr. Lussier was unable to attend and Tim Vogel accepted the award on his behalf.



Darrin Noble, Richard St. Onge, Tim Vogel

Richard St. Onge joined the industry more than 30 years ago, starting his career at Sico Paint and International Paint. He later moved to Peintures MF. During his tenure there, he served as a technical director and a purchasing director. Mr. St-Onge also dedicated his time and effort to CPCA's Health, Safety and Environment Committee, and he participated in several AQIP (Association québécoise de l'industrie de la peinture) activities, including special lobbying efforts when Quebec's VOC regulations were amended as well playing in the annual AQIP golf tournaments.

ENHANCING DESIGN
PROTECTING VALUABLE ASSETS
REDUCING LIFECYCLE COSTS
PRESERVING THE PAST
IMPROVING ASSET VALUE

INDUSTRY ACHIEVEMENT AWARD

The Industry Achievement Award is presented to an individual or an organization that has demonstrated exceptional achievement in advancing the interests of the industry and/or the association. Achievement may have been demonstrated in the areas of long-term sector sustainability, stewardship and environmental practices, impact on the regulatory framework as well as other relevant areas of contribution.

Errol Bonaventura serves as the Health, Safety and Environment Manager at Inortech-EMCO and is an active member of CPCA's HSE Committee. He has participated on various Responsible Distribution Canada committees including the Responsible Distribution Committee, the Operations and Logistics Committee, and the Regulatory Affairs Committee (RAC). Errol chaired the RDC RAC from 1999 to 2004 and continues to report on various files including nanomaterials, VOCs and the Industry Coordination Group (ICG).



Tim Vogel, Errol Bonaventura, Darrin Noble



Barry Cupp



Tim Vogel, Benjamin Borns, Darrin Noble

Barry Cupp is Director of Product Compliance for Sherwin-Williams. Product Compliance is assigned to the Corporate Environmental, Health, Safety & Regulatory Affairs Department. Actively involved with new rule development that affects coatings products, he provides expert testimony in various jurisdictions during regulatory development such as the South Coast Air Quality Management District and California Air Resources Board. Mr. Cupp is an active member of CPCA's Health, Safety and Environment Committee and the Paint and Coatings Working Group. Mr. Cupp was unable to attend and his colleague **Benjamin Borns**, a Senior Scientist with S-W, accepted the award on his behalf.



Tim Vogel, Sheri Oberle, Darrin Noble

Sheri Oberle serves as the Regulatory Specialist for the Marine, Protective Coatings and Yacht businesses at International Paint, a subsidiary of AkzoNobel Performance Coatings. In this role she is the lead for the Houston-based team that handles product compliance for registrations and regulatory requirements, product classification, labelling and transportation. Ms. Oberle is the Chair of AkzoNobel's North American Regulatory Affairs group that spearheads advocacy and compliance collaboration, and shares company best practices. She is a valuable member of CPCA's Paint and Coatings Working Group and continues to provide strong input with respect to AkzoNobel's views on Canadian regulatory development including the work on the federal Chemicals Management Plan.

ROY KENNEDY OUTSTANDING ACHIEVEMENT AWARD

This award is presented each year to an individual who has made an outstanding contribution to the association. The individual is still very active in the industry and in CPCA. Only one individual is the recipient of the award from the Chairman of the Board.



Darrin Noble, Andy Doyle, Tim Vogel

This year's recipient is **Andy Doyle**, President and CEO of the American Coatings Association (ACA). Mr. Doyle joined ACA in 1982 and shortly thereafter began leading the association's efforts to advance the needs of the paint and coatings industry and the professionals who work in it. He has been a longstanding member of CPCA's Board of Directors and works closely with CPCA on a range of cross border issues and leads the Secretariat for the International Paint and Printing Ink Council (IPPIC) dealing with significant global issues impacting the industry around the world.

Mr. Doyle began his career as a lawyer and quickly moved to association management and arguably found his niche as the effective leader of the ACA for more than 30 years. He has been at the forefront of huge changes in the industry such as massive consolidation, ever-increasing stewardship and related regulatory challenges, and world-leading technology innovation.

SPELLBINDING ENTERTAINMENT



The wizardry behind **La Famille Painchaud's** music kept the chair's dinner guests enthralled on Thursday night. From fast-playing fiddlers, to an ice sculpture that turned into a guitar and another smoke-and-fire guitar-playing moment, and a cello and a harp that echoed Led Zeppelin's "Stairway to Heaven," the musicians mesmerized the crowd.

WELCOME RECEPTION

This year's Welcome Reception was held at Chez Plume at the InterContinental Hotel. Members and staff enjoyed tasty morsels of food and delectable drinks in a comfortable setting.



CONFERENCE TESTIMONIAL

Attending my first-ever CPCA conference was pure joy. I can summarize it as follows:

*On meeting **Micheline** : She's a superb lady!*

All CPCA directors are nice.

The well-run program was interesting and concise.

The meals were delicious.

The gala was a class act.

The entertainment was dazzling

Many thanks and bravo!

Michel Romano,
Halltech Inc. and POLYCOL



CPCA LUNCHEON FOR CHRISTMAS WISHES

CPCA proudly hosted the 2016 Annual Christmas Luncheon in Toronto on December 7. CPCA board members and staff of member companies took part in the festivities. Proceeds totalling \$500 went to the Chum Christmas Wish Program to help children in need during the holiday season, with CPCA matching this amount.

SPECIAL THANKS TO MEMBER VOLUNTEERS

The following list recognizes some of those who continue to volunteer their time and effort on important committee work to advance the interests of the industry and their respective companies. **Thank you.**

Errol Nicholas Armstrong (AkzoNobel) • Gurmukh Banait (PPG Canada) • Peter Barrett (Dampney) • Lorraine Bennett (PPG) • Nancy Bollefer (Behr) • Errol Bonaventura (Inortech) • Dave Bonter (Brenntag) • Joyce Borkhoff (Intertek) • Eric Bos (Sansin) • Linda Bourgeois (Beauti-Tone) • Brandon Bradford (Jones Blair) • Carlos Bravacino (PPG) • Peter Breski (PPG) • Greg Brown (Brenntag) • André Buisson (Laurentide) • Michael Butler (Behr) • Terry Butryn (Schwartz) • Pierre Chapdelaine (Peintures MF) • Brigitte Charpentier (PPG) • Clara Chin (AkzoNobel) • Prokopis Christou (Benjamin Moore) • Megan Clark (Sherwin-Williams) • Bruce Clatworthy (A.R. Monteith) • Mario Clermont (Laurentide) • Bob Coleman (PPG) • Roger Couture (AkzoNobel) • Doug Crabb (Duha) • Barry Cupp (Sherwin-Williams) • David D'Abadie (Axalta) • Sarah Dahm (AkzoNobel) • Remy Delisle (PPG) • Nino DiFruscia (Univar) • Andy Doyle (ACA) • John Dracopoulos (Vinavil) • Sonia Dufresne (Inortech) • Lawrence Durante (Sherwin-Williams) • Stuart Eaton (Cloverdale Paint) • Gordon Erdelean (BASF) • Pamela Falcone (Benjamin Moore) • Wayne Fast (PPG) • Dan Forestiere (Sherwin-Williams) • Margie M. Fritz (PPG) • Tim Gallant (Sherwin-Williams) • Ravi Ganti (Valspar) • Jim Gasper (DSM) • Isabelle Gélinas (Laurentide) • Pat Gieske (Valspar) • Giovanni Giorgi (Mapei) • Terri Goulding (Beauti-Tone) • Edith Grashik (Henry) • Kristy Groth (Hempel) • Luc Guillemette (Laurentide) • Michel Hachey (MG Chemicals) • Michelle Harris-Bailey (L.V. Lomas) • Gareth Hayfield (Farrow & Ball) • Fred Heitfeld (Valspar) • Susan Hignet (PPG) • Nancy Houle (BASF) • David Houston (Tartan Color) • David Huettner (Behr) • Bob Israel (Valspar) • Mike Jacobs (Yenkin-Majestic) • Brent Jamieson (Axalta) • Paul Jaworski (Andicor) • Mario Jean (Laurentide) • Laura Johnston (Axalta) • Jim Kantola (PPG) • Tina Karniotis (Sherwin-Williams) • Sharon Kelly (KelCoatings) • Aissa Kelouche (Peintures Micca) • Tim Knapp (Sherwin-Williams) • Glen Knowles (Sherwin-Williams) • Mike Koss (PPG) • Jon Kuch (Behr) • David Lapierre (Omya) • Tuija Laughlen (BASF) • Esther Lawrence (BASF) • Jim Leamen (L.V. Lomas) • Debbie Levesley (ICA America) • Ed Linton (Cloverdale Paint) • Thelma Longakit (Cloverdale Paint) • James Mackinnon (Sansin) • Grace Manarang-Pena (Dominion Colour) • Xavier Massé (Andicor) • Rick Mastroianni (MG Chemicals) • Elizabeth McMeekin (PPG) • Panagiotis Mikroudis (Covestro) • Guy Monfette (Sherwin-Williams) • Michael Morden (Troy) • Emanuele Morello (Peintures MF) • Jean-Baptiste Morenta (Inortech) • Pierre Morin (Celanese) • Helen Mullet (Benjamin Moore) • Kathleen Murphy (Sherwin-Williams) • Ron Nakamura (PPG) • Darrin Noble (Home Hardware) • Sheri Oberle (AkzoNobel) • Doug Parsons (Beauti-Tone) • Gregg Parsons (L.V. Lomas) • Kamal Pawan (Brenntag) • Dominique Pépin (PPG) • Luc Pépin (PPG) • Jean-Marc Pigeon (Inortech) • Jason Pines (Axalta) • Al Pliodzinskas (Hempel) • Richard Posatiere (Sherwin-Williams) • Whitney Randall (Henry) • Vince Rea (PPG) • Mary Redmond (Valspar) • Bill Reid (Sherwin-Williams) • Paulus Reynolds (Farrow & Ball) • Patrick Rodrigue (Peintures Micca) • Vanita Rodriguez (Benjamin Moore) • Tony Rook (Sherwin-Williams) • Rebecca Saxena (Rust-Oleum) • Dave Scandolo (Brenntag) • Dean Scobie (Farrow & Ball) • John Scofield (Axalta) • Ian Seunarine (Duha) • William Shade (Dow) • Mary-Ellen Shivetts (PPG) • Dave Smith (AkzoNobel) • Richard Snyder (AkzoNobel) • Laurie Soles (PPG) • Heather Spratt (PPG Canada) • Jolene Srebotnjak (PPG) • Richard St-Onge (Peintures MF) • Michele Stauffer (BASF) • Judy Stevens (Chromaflor) • Sherry Stookey (Valspar) • Suraj Suba (PPG) • Terry Sutherland (PPG) • Stacey-Ann Taylor (Henry) • Richard Teale (Farrow & Ball) • Andrew Thick (Farrow & Ball) • Ed Thompson (L.V. Lomas) • Richard Tremblay (Benjamin Moore) • Gino Turcotte (L.V. Lomas) • Bruce Varner (Rust-Oleum) • Lesley Varty (Farrow & Ball) • Fred Veghelyi (OPC Polymers) • Rhonda Vete (PPG) • Mark Vincent (Dominion Colour) • Tim Vogel (Cloverdale Paint) • Thanh Vu (BASF) • Dave T. Warburton (Axalta) • Nancy Wason (Covestro) • Barry Weissman (Benjamin Moore) • Josh Wiwcharyk (Loop Paint) • Michael Wolfe (Emco) • Jennifer Wolfenden (Benjamin Moore) • Steve Wolinsky (Rust-Oleum) • Ray Yesh (AkzoNobel) • Adam Zargaroff (PPG) • Katherine Zesses (AkzoNobel) • Luciano Zottig (Laurentide)

GLOSSARY OF TERMS

2-BE	2-Butoxyethanol	CMC	Canadian Manufacturing Coalition	HPR	Hazardous Products Regulations
A		CMEA	Canadian Manufacturers & Exporters Association	HSE	Health, Safety and Environment
ACA	American Coatings Association	CMP	Chemicals Management Plan	I	
ACC	American Chemistry Council	CPSC	Consumer Product Safety Commission	ICG	Industry Coordinating Group
ADM	Assistant Deputy Minister	CSA	Canadian Standards Association	L	
AMPs	Administrative Monetary Policies	CSB	U.S. Chemical Safety Board	LNG	Liquefied Natural Gas
AQIP	Association Québécoise de l'industrie de la peinture	CTA	Canadian Trucking Alliance	M	
C		D		MEKO	2-Butanone oxime
CAIG	Chemical & Allied Industries Group	DG	Director General	MIC	Management Information Committee of CPCA
CARB	California Air Resources Board	DM	Deputy Minister	MHSW	Municipal Hazardous or Special Waste
CAS#	Chemical Abstracts Service number	DSAR	Draft Screening Assessment Report	MOE	Ministry of Environment
CBI	Confidential Business Information	DSL	<i>Domestic Substances List</i>	MOU	Memorandum of Understanding
CBP		E		MP	Member of Parliament
CBP	U.S. Customs and Border Protection	ECHA	European Chemicals Agency	MPP	Member of Provincial Parliament
CBSA	Canada Border Services Agency	EPA	U.S. Environmental Protection Agency	MSDS	Material Safety Data Sheet
CCMTA	Canadian Council of Motor Transport Administrators	ESDs	Emission Scenario Documents	N	
CCOHS	Canadian Centre for Occupational Health and Safety	F		NAC-CMP	National Advisory Council on Chemicals Management Plan
CEPA	<i>Canadian Environmental Protection Act</i>	FDA	U.S. Food and Drug Administration	NAFTA	North American Free Trade Agreement
CEPE	European Council of Paint, Printing Inks, Artists' Colours Industry	FSAR	Final Screening Assessment Report	NAICS	North American Industry Classification System
CFIA		G		NDP	New Democratic Party
CFIA	Canadian Food Inspection Agency	GHGs	Greenhouse Gases	NDSL	Non-domestic Substances List
CFTA	Canada Free Trade Agreement	GHS	Globally Harmonized System of Classification and Labelling of Chemicals	NGO	Non-governmental Organization
CIAC		H		NOI	Notice of Intent
CIAC	Chemistry Industry Association of Canada	HC	Health Canada	NPRI	National Pollutant Release Inventory
		HCS	Hazard Communication Standard		

NSACB New Substances
Assessment and Control
Bureau

NSC National Safety Code

O

OECD Organisation of
Economic Cooperation
and Development

OPA Ontario Paint Association

OSHA U.S. Occupational
Safety and Health
Administration

P

PCA Product Care Association

PCPA *Pest Control
Products Act*

PCWG Paint and Coatings
Working Group (CPCA
Committee)

PMRA Pest Management
Regulatory Agency

PS Parliamentary Secretary

PSB Product Safety Bureau

PSL 1 or 2 Priority Substances List
1 or 2

R

RA Risk Assessment

RCC Regulatory Cooperation
Council

RCC Retail Council of Canada

RCO Recycling Council
of Ontario

RIAS Regulatory Impact
Analysis Statement

RM Risk Management

S

SDS Safety Data Sheets

SNAC Significant New Activity

SNUR Significant New
Use Rule

T

TSCA *Toxic Substances Control
Act (U.S.)*

U

UNEP United Nations
Environment Program

V

VOC Volatile Organic
Compound

W

WDA *Waste Diversion Act*

WDO Waste Diversion Ontario

WHMIS Workplace Hazardous
Materials Information
System

WHO World Health
Organization

WSIB Workplace Safety and
Insurance Board

WWG WHMIS Working Group

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