

PRIME TIME NEWS



— *A Brief Look Inside Canada's Coatings Industry* —

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APRIL 2020

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Intelligence is the ability
to adapt to change.

Stephen Hawking

CPCA'S LATEST ADVOCACY EFFORTS

- Environment Minister Directs Environmental Surplus Fees be Returned to Program Operators for Waste Recycling in Ontario to Reduce Excessive Administration Cost
- Comments Submitted on Federal Government Draft Science Assessment of Plastic Pollution
- Recommendations Sent to ECCC Regarding Future National Architectural VOC Regulatory Development
- CPCA to Submit Comments on the Proposed Toxicity Conclusions for Turpentine and Turpentine Oil in Consumer Paint and Paint Thinners/Strippers/MPS
- Member Feedback Sought on Trade Issues Ahead of Canada's Participation in WTO Technical Barriers to Trade Committee Meeting
- CPCA Paint and Coatings Working Group Meet Virtually with Over 20 Federal Officials on Range of Issues
- CPCA to Approve the CIC SDS Compliance Guidance Document Developed by Current Issues Committee
- CPCA Continues to Provide Full Support to Members During the COVID-19 Crisis

PLEASE NOTE: Should members require further information on any of the above or other items included in this newsletter they can search them on the [CoatingsHUB](#) or contact CPCA directly.



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FROM **ANYWHERE** YOU ARE

CPCA's Canada CoatingsHUB is the only regulatory HUB enabling member organizations to access, track, and retrieve data whenever they need it, from wherever they are.

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COMING SOON

CPCA'S CMP
SUBSTANCE DATABASE

Launching in May 2020, CPCA's Substance Database contains more than 1,000 CASE related chemicals, sorted by CAS-RN, providing members the current status on chemicals in commerce and any changes being considered.

PRESIDENT'S MESSAGE

There is much doom and gloom about the economic fortunes caused by the pandemic, which is obvious and understandable. Some have tried to see the positive in these uncertain times by focusing on health, including economic health. On the latter, the Governor of the Bank of Canada, Stephen Poloz, noted that there was indeed a great plunge in output in March as never before, but he cautions that the crash will be "cushioned by low-interest rates and hundreds of billions of dollars in government support." We have seen governments become unusually nimble in dealing with the fallout in recent weeks and it is good that they have learned that new, rarely seen skill by governments. The Governor went on to say that if the virus



Earlier this month CPCA released an economic update related to the pandemic, completed by Orr & Boss, to provide members with some context specifically as it relates to the paint and coatings industry. It did confirm the negative impact of the first and second quarters, but it does align with what the Governor is saying. It sees Canada's GDP collapse in the second quarter as the TD Bank does as well by about 42 per cent. The good news is the TD goes on to say it will bounce back by 33 per cent in the third quarter and about 16 per cent in the fourth quarter. If that holds true, the economy will be on the rebound and on a clearer path to profitability in the not too distant future.

Multinational members operating globally have also seen more stability than expected during this difficult time across the globe. They seemed to have learned important lessons from the recession just 12 years ago, which has helped them navigate these rough waters. The fact that most member companies continued to manufacture goods and conduct retail sales, where they have them, also bodes well for them being in good position for the next quarters. Paint and coatings was designated an essential service by Public Safety Canada and the provinces across Canada because of their support for critical infrastructure, medical equipment including ventilators, food security for all including vulnerable populations with food packaging, etc. However, as with everything, there will be some surprises in the numbers across industry and we wish all well in handling such situations.

Rebounds from previous recessions led to a 'new normal' of sorts and what that looks like could determine the speed of economic recovery. A crucial part of that new normal has much to do with the consumer and how he or she views the world. Some have suggested that there may be a 'new modesty' level wherein people are less likely to spend on non-essentials like restaurants and chic clothing, more cocooning at home with more gardening and Netflix. This is likely to lead to an increase in savings, which had been at historic lows before the pandemic. Might they take on more home-based projects that involves paint and stain? We hope.

But how long will the modesty or austerity levels hold is anybody's guess. How long it holds could impact certain sectors more than others. It would be a guessing game to predict what the near future might be and trying to time the markets is a fool's game. One thing is certain when it comes to humans, it's safe to say that socialization and consumption is more 'the' true norm, not isolation and austerity. We are all hoping for a healthy population first and foremost; and the best economy possible with good jobs for all.

Gary LeRoux
President & CEO

COVID-19 PANDEMIC UPDATES

Provinces Begin Providing Employers Workplace Guidelines

Provincial Governments are ensuring employers have the safety guidelines they need

to protect workers, customers, and the general public from COVID-19 as they prepare for a gradual reopening of their economies. The safety guidelines will provide direction to those working in manufacturing, food manufacturing and processing, restaurant and food service, and the agricultural sector. These measures build on those already developed in response to COVID-19 for various sectors such as retail, health care, construction, transportation, police services, firefighters, and transit employees.

[Ontario](#) - [Quebec](#) - [British Columbia](#) - [Alberta](#) - [Saskatchewan](#) - [Manitoba](#)

Public Safety Canada Designates Paint & Coatings as Essential Service

CPCA prepared a brochure that was distributed to all its federal and provincial government contacts to emphasize how paint and coatings should be considered essential products to support critical working activities and infrastructure maintenance in uncertain times. CPCA recommended that these activities be specifically mentioned in all lists of essential services. Indeed, all governments should ensure

CPCA Published Extensive Information on Federal and Provincial Government Programs Supporting Business Operations

These programs include information include detailed government wage subsidy program, best practices to sustain ongoing paint business operations, possibilities for some flexibility for compliance reviews and other government programs and reporting deadlines. CPCA provided references to all Emergency Orders designating essential workplaces that can remain open, which covers paint and coatings, in all provinces as well as a summary of all government support for the manufacturing industry established nationwide.

Businesses Eager to Come Back Online

When we look at the shape of the crisis to come, we see two imperatives driving the response. The first one is to safeguard lives. The second imperative is to safeguard our livelihoods, and that means supporting people and businesses immediately affected by the lockdown. Our governments have responded at unprecedented speed and scale. Now we need to figure out how to [get back to work safely](#).

REGULATORY RADAR

WHAT MEMBERS READ TO STAY
AHEAD OF REGULATIONS

The RegulatoryRADAR is Canada's premiere publication for the coatings industry. Get this 'member only' publication for better outcomes for your business.

To learn more visit canpaint.com or contact CPCA to become a member!



CPCA REPORT

CPCA Featured in Several Industry Magazines

Paint and Coatings Industry Provides Critical Support During **Pandemic**.

COVID-19 Economic Impact on the Canadian Paint and Coatings Market in 2020-2021

Orr & Boss, a CPCA Affiliate Member, completed a **Canadian Market Update** for CPCA to address outstanding and ongoing questions caused by the pandemic for the paint and coatings and adhesives and sealants industry in Canada. CPCA would like to thank Doug Bohn at Orr & Boss for leading this effort, which helped all CPCA members' forecasting efforts during these uncertain times. CPCA also shared with its members an interview with Paint and Coatings Industry (PCI) Magazine provided by Chemquest Group CEO, Dan Murad, related to the North American CASE paint and coatings supply chain and related impacts.

CPCA Posts COVID-2019 Public Information on Its Website

The paint industry supports the public and those **on the frontlines of the COVID-19 response**. The industry supports health care, hospitals, defence, food, hygiene, agriculture, energy, public works, information technology systems and many others. Life-saving equipment such as ventilators and medical monitors contain multiple components that must be coated to ensure performance.

Ontario Environmental Fees be Returned to Program Operators for Waste Recycling in Ontario

The recent Ministerial direction to Stewardship Ontario (SO) related to excessive funds accumulated in the Municipal Hazardous or Special Waste (MHSW) program was published on April 1st and another on April 28. The latter was to ensure that funds will, in fact, be used for waste recovery and recycling and not more red tape in administering the windup of two materials still left under management. It is hoped

categories for which there are approved Industry Stewardship Plans (ISPs), which include paint and coatings; pesticides, fertilizers; and automotive materials. After many discussions with CPCA and other industry groups, the Minister directed SO to move forward in a responsible way to ensure that 100 per cent of steward surplus funds, still retained by Stewardship Ontario “in trust,” be returned in a one-time lump sum transfer to the organizations that contributed the funds via internalized fees and which now operate ISPs, independent of Stewardship Ontario, thereby ensuring they are used for the originally intended purpose.

It is unfortunate that Stewardship Ontario continued its refusal to return funds they overcharged industry stewards via internalized fees before the Paint ISP was approved by the Minister in 2015. The Paint ISP has not been operating under Stewardship Ontario since before 2015 and two other ISPs also left shortly thereafter due to poor program management and lack of transparency, representing 80% of the materials now operated under other organizations. This leaves Stewardship Ontario now operating only 2 of 9 material groups and soon to be one with batteries being wound up in June 2020. Yet, they insist on retaining more than \$15 Million in reserve funds contributed by the stewards who left years ago and with nothing to do with SO operations. The detail related to the use of those funds has never been disclosed and yet it is needed to essentially windup two programs, which has been managed by two staff members for the past several years. This seems to be a cross-subsidization of programs with funds from other material-specific groups, which is in direct contravention of the Act.

It is interesting to note that Stewardship Ontario charges the remaining stewards under MHSW \$3 Million a year in administration costs for running the 2 remaining MHSW products, which has an operating cost of \$13 Million per year. That is a 23 per cent administration costs! These two groups also have to pay an additional amount in windup costs, increases the 23 per cent significantly. As such, the paint and other stewards were wise to have created ISPs in recent years to escape such predatory costs.

In contrast, CSSA's charges for administrative services to the AMS ISP, as the program operator for automotive materials, is about 10 per cent per year and Product Care's administrative costs for the paint program in Ontario is about 40 per cent less than CSSA's at 6 per cent a year. It's clear who stewards would prefer to run their recycling program in Ontario. Clearly, Product Care has shown the way and proven the state of waste recycling in Ontario in recent years needs a major overhaul. Yet it continues to persist and the current wind up plan approved by the oversight authority, Resource Productivity and Recovery Authority, shows a lack of concern with 'productivity' (cost/output) when it comes to the operations of waste programs given the foregoing numbers. It is little wonder the cost of paint waste recovery in Ontario is close to twice as much as other Provinces including the larger ones like BC and Quebec.

There are many other areas of concern with the operations of waste recovery in

years for administration for the oversight agency, RPRA. That is something that will need to be put under the light of public scrutiny in the days to come to ensure Ontarians are not subject to excessive charges with little recycling to show for such cost, if the current system continues to run as it has. The Product Care model for paint program operations is one that should be modelled by other programs run by Stewardship Ontario and CSSA if they are permitted to continue running such programs with such high costs.

It is important for organizations representing industry in fulfilling their waste obligations under current legislation, which is always the producer in Ontario, seem to forget that their revenues are industry's costs. Ultimately the costs are borne by all Ontarians as there is only one source of funds in any commercial enterprise in a capitalist system, no matter the source of the mandate, and one only.

CPCA Reminds Ontario Members of Regulatory Change

Members were informed that the MOECP regulatory version of AERMOD and AERMET models recently changed to AERMOD/AERMET 19191. The ministry made a final adoption of updated versions of the [AERMOD](#), [AERMET](#) and [ASHRAE](#) air dispersion models under O.Reg. 419/05.

CPCA Participates in World Coatings Council Web Conference on Sustainability

WCC is examining the possible issuance of a global sustainability reporting approach for the paint and coatings industry. Findings related to the implementation of SDG's will be the cornerstone of the proposed report. Additionally, the [American Coatings Association](#) recently published its Sustainability Report 2020. CPCA is also working on publishing its own report later this year.

SAICM Brief Previews Chemicals Management Needs Beyond 2020

The Strategic Approach to International Chemicals Management (SAICM) published a policy brief on lessons learned since 2006, to inform discussions on the future focus of SAICM and the sound management of chemicals and waste beyond 2020. The brief, which was released in April 2020, explains that SAICM has made significant progress regarding strengthening capacity, commitment, technical knowledge, and political will to implement and mainstream chemicals into national planning. However, its objectives and 2020 goal to minimize the adverse impacts of chemicals and waste will not be achieved. More ambitious action is needed and the brief describes progress made and future considerations in moving [beyond 2020](#).



Please consult the CPCA Coatings/HUB for more details on each topic.

MEMBER RECOGNITION

Axalta Product to Win Prestigious Gold Edison Award

Axalta announced that its Voltatex® 4224 impregnating resin product has won a **Gold Edison Award** in the Materials Science and Engineering category. The Edison Awards are among the most prestigious accolades honouring innovation and excellence in new product and service development, marketing, design and innovation in the world.

Azelis Receives EcoVadis Gold Rating

Speciality chemicals distributor Azelis announced that its corporate social responsibility (CSR) performance has been awarded the **EcoVadis Gold rating** for the second time in a row. EcoVadis is a provider of business sustainability ratings, intelligence and collaborative performance improvement tools for global supply chain.



CPCA Monthly Report on M&A and Distribution Agreements, Available on the Canada CoatingsHUB (Members Only)

SUSTAINABILITY

PPG Published 2019 Sustainability Report

The company achieved 33 percent of sales from **sustainably advantaged products** and processes, accomplished 33 percent of manufacturing and R&D locations with zero landfilled process waste, completed a record-number of Colourfull Communities projects in 41 countries, reduced waste disposal intensity by 25 percent and spills and releases by 32, both from the 2017 baseline

BASF and Security Matters Collaborate to Accelerate Progress Towards a Circular Economy for Plastics

Security Matters, Ltd and BASF sign a binding joint development agreement to develop solutions for **plastics traceability and circularity**. Plastics, with unique characteristics and when used properly, contribute to a more sustainable and resource-efficient future. However, more plastic waste needs to be recovered and reused.

Sherwin-Williams Celebrates Earth Day By Launching Innovative Powder Coatings

Sherwin-Williams recently celebrated sustainability by launching **Powdura® ECO powder coatings**, which use an innovative polyester resin comprised of 25% pre-consumer recycled plastic (rPET), while delivering the same performance as conventional polyester powder coatings.

Hammerite Ultima is a suitable product presently marketed in the EU for use on all types of metal, which provides an excellent protective barrier and can be applied directly onto any metal surface – as well as rust – without the need for a primer.

Many Paint Manufacturers and Suppliers Engaged in Fighting COVID-19 Around the World

PPG donated 80,000 masks to hospitals in Pittsburgh, New York, Cleveland, Detroit, and Huntsville, Alabama, in support of coronavirus relief efforts and also provided **bed dividers at Canadian hospitals**. Benjamin Moore joined force with Painting Contractors Association by donating to ensure educational resources and ongoing assistance to painting contractors and their staff who are struggling to support their own families during the pandemic. **Celanese Corporation** is supporting the healthcare and medical devices industry by prioritizing its operations to provide specialty materials used in applications such as ventilators, respirators and other critical medical equipment and supplies. BASF initiated a **digital Rapid Response Platform** (RPP) soon to go live that is aiming at closing the gap on shortages for critical products and materials and matching COVID-19 suppliers and requestors. **Nippon Paint** and Corning Inc has developed a special coating specifically for hospitals and healthcare environments. **UK HMG Paints** produces and donates hand sanitizers. And numerous other CPCA member paint manufacturers nationally and locally assist their communities by providing essential chemical products and antimicrobial paint to ensure **essential services**.

Free Download: Best of European Coatings Journal on Sustainability

This article covers the use of bio-based, emulsion and PU binders, for sustainable coating solutions.

TECHNOLOGY & INNOVATION

Bacteria Killed by New Light-activated Coating

The new bactericidal coating is made of tiny clusters of chemically modified gold embedded in a polymer with crystal violet – a dye with antibacterial and antifungal properties. Other coatings effectively kill bacteria but only after exposure to UV light.

New Dual-Action Coating to Keep Bacteria From Cross-Contaminating Fresh Produce

Texas A&M University researchers have created a **germicidal and extremely water-repellent coating** that can be applied to food-contact surfaces like conveyor belts, rollers and collection buckets. Without water, bacteria can't stick or multiply on surfaces, thereby this coating drastically curbs contamination from one piece of produce to another.

Laboratory tests have shown that touch surfaces modified by this new process 'contact kills' 96% of SARS-CoV-2, the virus that causes COVID-19, in just two hours.

Fully Organic Coating System Modified with Epoxidised Soybean Oil

The developed coating systems were applied on pretreated cold rolled mild steel substrates and the overall performances were investigated and showed superior corrosion protection performance.

Your Virtual Gateway to Latest Industry Innovations

Trade shows get postponed or cancelled worldwide. That is why the latest European coatings industry knowledge (video, product presentations about pioneering innovations of raw materials, production & lab technology) is now brought virtually via a free full access.

Additional technology reports

- New Book on Electrocoats
- OnRobotics Paint Platform for a All-in-one Coating Solution
- P2i to Sign Deal With Samsung to Protect Selected Galaxy Smartphones With Its Liquid Protection Barrier Coating

ECONOMIC NEWS

COVID-19 Slams Canada's Economy

Conference Board of Canada changed its near-term projections for the Canadian economy which is now expected to contract by 4.0 per cent in 2020, down from an expected gain of 1.7 per cent as predicted in January. However, a 4.9 per cent recovery is anticipated in 2021 as the virus's aftermath fades. Canada could shed 330,000 jobs over the second and third quarters in an end-of-August scenario, while the jobless rate could climb to 7.7 per cent. The key issue for business is liquidity to survive the crisis. The proportion of entrepreneurs reporting a negative impact of COVID-19 on their operations rose from 39 per cent in mid-March to 90 per cent two weeks later, according to BDC surveys.

Consumer Confidence Hits All Time Low

April's results suggest that economic growth in the second quarter of 2020 will be the worst in 60 years.

BDC Publishes COVID-19 Resource Guide for Businesses

See a list of support measures available from the federal, provincial and territorial governments to help you through to a more stable period.

This is more notable for solvents and alcohols for which the supply continues to narrow as the coronavirus causes a further uptick in demand for [pharmaceutical and sanitized products](#).

New Report Finds Overwhelming Majority of Consumers Willing to Pay More for Sustainable Packaging

Nearly three-fourths of consumers are willing to [pay more for sustainable packaging](#) according to new research developed in partnership with Boston Consulting Group. More than two out of three consumers cite environmentally friendly, recyclable packaging as important.

Canadian Economic Indicators

Canadian Housing Starts Declined in [March by 7.3 Percent](#)

[Auto Sales Plunged 48 Per Cent in March](#) from Last Year While Auto Suppliers Can Tap Into \$50M Fund to Make Medical Equipment

Additional Readings

- [European Coatings Launches Digital Alternative: A Free Suppliers Hub](#)
- [Industrial Coatings Market: What are the Short and long-term actions taken by Key Players During Coronavirus Pandemic?](#)
- [Impact of COVID-19 on OEM Automotive Coatings](#)
- [Center for the Polyurethanes Industry Updates Video Series on Safe Handling of MDI and TDI](#)



Please visit the CPCA CoatingsHub for additional news in the [Management Information Resource](#).

INTERNATIONAL NEWS

CPCA tracked the following market reports published the month of April for the benefit of its members:

- Global Waterborne Coatings
- Antimicrobial Coatings
- Road Marking Coatings
- Powder Coatings
- Super Hydrophobic Coatings
- Adhesives and Sealants for Insulated Glass
- Global Structural Adhesive
- 2020 Nanocoatings R&D Analysis



Open the **Monthly Report** on International Market Research for the Paint and Coatings, Adhesives and Sealants Industry.

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