



PRIME TIME NEWS

"Climate Risk is Investment Risk."

Laurence D. Fink, Founder and CEO of BlackRock



PRESIDENT'S MESSAGE

While the recent federal election is behind us, politics is not. In fact, one could argue it is very much the same in terms of the Government's agenda with respect to the chemical industry or those who rely on chemicals in products for thousands of SKUs. It's not really about political preferences per se, but about the new make-up of Parliament. There is a slight change. Now the party with the most seats, the Liberals, need only rely on one of the other four parties to pass legislation or amendments to legislation. Before the election, the Government required the support of two parties, but in the current configuration, it can pass amendments with the support of the New Democratic Party only. It is the party that aligns more closely with the Government with respect to environmental issues including the proposed amendments to the Canadian Environmental Protection Act (CEPA).

The main question for the coatings industry, and other sectors relying on chemicals in products, is: will the Government maintain a science-based approach to chemical assessment in Canada that relies on the weight of evidence and is risk-based? Arguably, by and large, that approach has worked well in Canada over the past 20 years. It has been widely regarded as positive for both human health and the environment under the federal Chemicals Management Plan. There have been other successes as well such as huge VOC emissions reduction as well as various improvements related to Environment, Health, and Safety under relevant Acts and regulations.

The risk-based approach has been challenged somewhat over the past several years. It is likely to come under some strain as evidenced recently with the approach to plastics and microplastics, the targeting of substances of high concern, the possible creation of 'watch lists' focusing on banning chemicals, informed substitution or alternative assessment, enhanced supply chain transparency, an environmental bill of rights, and more. That is only a small list of concerns. It will dictate the rules of the road over the next several years and could suggest 'politics over science' as the preferred option for chemical assessment. As such, industries relying on chemicals for their products will likely have more challenges in staying compliant, both in the requirement to provide increased data to assess chemicals in a fair and scientific manner and retaining key ingredients in formulations for continued product performance. That said, the chemical industry in general, including paint and coatings of course, has shown it is prepared to continue its strong focus on sustainability and product stewardship. But there are limits.

environmental legislation, especially related to chemicals. They canvassed the parties and asked them if they would, “reform Canada’s environmental laws to prevent exposures to toxins and pollution, recognize environmental rights, rigorously control genetically modified animals, ban the most problematic plastics, and hold plastic producers accountable for the wastes they produce? Another in a list of similar questions included: “Will you establish an office of environmental justice and equity to address the greater environmental impacts on racialized and marginalized communities and enact an Environmental Bill of Rights?” We will soon find out.

The parties addressed the questions and it’s clear the current construct in Parliament will likely continue to lean more on restrictions and bans, with further amendments, which may or may not always be based on science. Of course, if not, one hopes that it will not be the case as the country and the economy will be challenged for a number of years dealing with pandemic repercussions, including determining how the accumulated debt will impact businesses in Canada and more importantly consumers who are already grappling with inflation and affordability.



For industry insights, articles, and updates on current issues follow or connect with me on LinkedIn!



Gary LeRoux, President & CEO, CPCA

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CPCA'S Annual Guide & Director for 2022 will soon be available. Complete with market updates, the latest on industry issues, and more...

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COMING THIS FALL NEW — BIOCIDES SUBSTANCE DATABASE

CPCA's CMP Substance Database houses over 1,100 CASE related chemicals. This fall CPCA will launch it's NEW Biocide database complete with over 1,000 registrations sorted by CAS-RN, providing members the current status of biocidal agents used in commerce and any changes being considered.



HAPPY ANNIVERSARY

EMCO-Inortech Celebrates 50 Years

Founded in 1971 by Edward Polen in North Chicago, **EMCO** expanded twenty years later to 375,000 sq. ft employing 102 with sales reaching US\$37+ million. In 2011, EMCO's sales reached US\$300 million employing over 400. **EMCO Chemical Distributors Canada** was established in Toronto in 2013. Later in



2017, EMCO-Inortech was formed following the acquisition of Inortech Chimie a leading national specialty chemical distributor, headquartered in Quebec, with a state-of-the-art R&D applications laboratory. Today, EMCO-Inortech is offering a global supplier network of chemical product distribution and packaging and is pleased to celebrate its 50 years anniversary. Congratulations to EMCO-Inortech!

AkzoNobel's International® Marks 140 Years as a Global Leader in Marine, Protective and Yacht Coatings

The company started with brothers Max and Albert Holzapfel mixing paint by hand in a Newcastle shed in 1881. From its beginnings in a UK shipyard, International has gone on to become a global leader in marine, protective, and yacht coatings, employing more than 2,000 people worldwide. Throughout the 1980s and 1990s, the brand continued to expand globally, before it was purchased by **AkzoNobel** in 1998. For the last two decades, International has led the way in sustainability. Known for innovation, its products are now trusted on six continents, coating commercial, military, and pleasure craft of all types while protecting large-scale steel structures on land and at sea. Congratulations to AkzoNobel International for this impressive global reach secular achievement!



WELCOME NEW MEMBERS!

CPCA Welcomes New Member Graphite Innovation Technologies

Graphite Innovation Technologies (GIT) is a leading Canadian materials engineering firm focused on delivering disruptive uses for graphene technologies and producing the world's most sustainable marine coatings. Their signature product, XGIT-Fuel, works to improve the performance of marine vessels and is certified to be free of harmful chemicals. At the end of 2020, Canada's Ocean Supercluster announced four projects including the Smart Protective Coatings Project as a part of its core



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project will introduce a new graphene-based nanotechnology to the global ocean economy through the development of GIT's revolutionary graphene-based protective coatings for vessels. GIT's coatings provide a number of advantages to marine industries including reduced fuel consumption, non-toxic protection and reduced underwater radiant noise. The impact resulting from this exciting project is expected to be a game-changing outcome for the global ocean community. The GIT smart coating technologies aim to tackle and solve complex issues by being part of the solution, with the end goal of helping address environmental impacts and saving money for the shipping industry.

CPCA Welcomes New Member LANXESS

Visit lanxess.com for details on the company.





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CPCA's 108th Annual Conference & AGM

May 25 - 26, 2022
Fairmont, Chateau Frontenac, Québec City

CPCA's Conference promises to be enlightening, enriching and entertaining. After two years in hiatus, we have a lineup of esteemed coatings professionals, an evening of fine dining and entertainment, and an awards ceremony to recognize the many leaders and innovators in the coatings industry and more.

***You won't want to miss this event.
Stay tuned for more details!***

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ADVOCACY REPORT

CPCA Advocacy Efforts Supporting a Stronger Canadian Coatings Industry

- CPCA Press Release and Submission on Increasing Regulatory Costs for Paint Recycling in Ontario
- CPCA Responds to Health Canada Consultation on Possible Amendment to Section 5.12 of the *Hazardous Products Regulations*
- Members Updated on EU's TiO₂ Classification and Upcoming EU Compliance Requirements with Hazard Warnings
- Members Invited to Respond to a Voluntary Questionnaire on Long-Chain Aliphatic Amines

CPCA Issues Press Release and Submits Comments on Increasing Regulatory Costs for Paint Recycling in Ontario

The paint industry's regulatory fees for a normal operating year for the paint recycling program (2019) were \$325,000, representing 30 percent of the regulator's fees. This contrasts sharply with the proposed new regulatory fees for the paint program approved by Ontario's Resource Productivity and Recovery Authority on August 24. Those new fees under the new HSP regulation is \$1.1 million for 2021, which represents 58% of the total regulatory fees of \$1.9 million charged for 9 product categories under the new Ontario *Hazardous and Special Products Regulations* (HSP). This is close to a 400% increase for paint recycling without the new program bringing any measurable improvement in paint waste recovery. Indeed, the Ontario paint and coatings program is currently recognized as one of the most successful recycling programs in the

paint program, the new HSP regulation has led to skyrocketing costs for paint recycling specifically. CPCA wrote to Prime Minister Doug Ford and to other Ontario ministers to raise industry's concerns and request a thorough review of waste recycling in the non-packaging sector from a government that is purportedly focused on Red Tape reduction.

CPCA Responded to Health Canada's Recent Consultation on Possible Amendment to Section 5.12 of the *Hazardous Products Regulations*

Health Canada consulted stakeholders on a proposed amendment to section 5.12 of the *Hazardous Products Regulations* (HPR) focused on updating the current requirement for safety data sheets and labels when significant new data becomes available with regard to a hazardous product. CPCA and several other industry groups voiced opposition to the proposed amendment in early September. The proposal included an additional 15-day period to notify users *once new data becomes available. But it takes weeks for businesses to adequately determine the changes that need to be made to the SDS and label depending on the complexity of the new data and the level of expertise.* Imposing a short timeline on suppliers to notify customers and forcing the suppliers to make a premature interpretation of the changes will subsequently create confusion among customers that may negatively impact the health and safety of workers. This requirement for an early, written notification is unique to Canada and not required in the US or in Europe. CPCA's biggest concerns are that it does not effectively improve worker safety while being extremely cumbersome for compliance. It is often done manually when necessary even by multinationals. CPCA recommended amending the HPR to completely remove this written requirement that provides no appreciable improvement in worker safety but is diametrically opposite of the Treasury Board's goal of reducing growing federal red tape under the Red Tape Reduction Act. Yes, there is such an Act, and given the ongoing challenges caused by the pandemic, it might be time to dismiss such unnecessary encroachment on industry without merit.

Members Updated on the EU's TiO₂ Classification and Upcoming EU

Compliance Requirements with Hazard Warnings

The European Union's classification of TiO₂ as a suspected carcinogen (cat 2.) by inhalation that is limited to certain powder forms applies from October 1, 2021. The EU regulations target "powder TiO₂ and mixtures placed on the market in powder form containing 1% or more of TiO₂ which is in the form of, or incorporated in, particles". This means that if TiO₂ or TiO₂ mixtures that are not in this specific form do not classify. In Canada, the CPCA Paint and Coatings Working Group continues to monitor regulatory developments regarding the CMP Phase 3 Titanium Compounds group. Environment and Climate Change Canada (ECCC) is expected to publish its decision regarding TiO₂ by mid-2022.

Members Invited to Respond to the ECCC Voluntary Questionnaire on Long-Chain Aliphatic Amines (LCAAs)

The Draft Screening Assessment Report for the Aliphatic Amines group proposed that nine out of 13 long-chain amines (LCAAs) were harmful to the environment. Recently, ECCC launched an information gathering initiative expanding the list to 83 LCAAs present in the *Domestic Substances List*. Aliphatic amines are found in furnishing care products, paints and coatings, building and construction materials, pest control products, and automotive care products. Therefore, CPCA encouraged its members to review and report their uses of LCAA before the deadline to prevent the potential launch of a mandatory Section 71 survey later.

Members Provided With Orr & Boss' Economic Outlook on North American Paint Manufacturing Sales

The NA housing market will gradually decline through the rest of 2021 but will remain higher than pre-pandemic 2019 levels. In 2022, the NA decorative and Industrial maintenance paint values should remain strong and rise by 2-3 percent. The overall paint manufacturing activity is currently back to pre-pandemic levels. Shipping disruptions and raw material shortages will likely continue through this year and into the early part of 2022. The NA Automotive sector should experience growth in value in the order of 1-4% in 2022. Most industrial paint manufacturing sectors will experience similar growth next year. Regarding pricing, the average raw material price increase for 2021 is at or close to the peak of pricing in this cycle.

Not a CPCA Member? Join CPCA Today!



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CREATING CLEANER AIR **ONE TREE AT A TIME!**

CPCA is a proud supporter of Tree Canada, providing annual donations on behalf of CPCA members, which contributes to reforestation efforts across Canada and helps reduce CO₂ in the air we all breathe.

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CPCA **IN THE NEWS**

CPCA Publishes Article in CFCM Magazine on Sustainability Reporting by the World Coatings Council

Today, sustainability matters are routinely considered when performing many, if not all, business operations, while continuing to ensure strong product performance. The focus has expanded beyond reducing volatile organic compounds (VOCs), which has been one of the signature successes of the coatings industry in Canada with more than 94 percent of all architectural coatings now water-based, achieving huge emissions reductions of more than 44 kilotonnes of VOCs. The focus now includes energy and resource conservation, waste minimization, process efficiency enhancement, use of renewable materials, and the list goes on. Companies are also looking to impact the entire value chain and considering the societal impacts of their activities. It is because of this industry commitment to sustainability that the World Coatings Council (WCC), comprised of associations from around the world including CPCA, moved forward with a plan to develop the first WCC Global Sustainability Reporting approach. A request for proposal was awarded to the German consultant, : **response**, who has since conducted extensive member surveys and developed key performance indicators (KPI) for more than a year in concert with WCC member associations. A first draft of the report is still targeted for this fall.

Tenth Anniversary of National Tree Day Celebrated on September 22nd

CPCA congratulates **Tree Canada** for this achievement. To further its efforts on sustainability, CPCA partnered with Tree Canada to help restore damaged Canadian ecosystems and forests to help fight climate change. **This CPCA blog** invites all members and non-members to join this partnership.



GREEN **INITIATIVES**

BASF Joins Task Force for Sustainable Polymers

ways to recycle PLFs, but with more than 36.25 million tonnes not recovered after use every year, this task force's aim is to develop ways to recover, reuse and remake them as well as to provide biodegradable or naturally sourced alternatives.

Functional Recycling Economy with RECYCLOBYK

In the interests of conserving natural resources and of more sustainable economic activities, BYK has taken an important step on behalf of customers towards upcycling plastics with its new product series **RECYCLOBYK 4372** which improves the recycling of HDPE material by stabilizing the plastics during processing hence significantly improving the quality of the recycled materials and facilitating new high-grade applications for used plastics.

PPG Showcased the Latest Electric Vehicle Battery Coatings at The Battery Show, Electric Vehicle & Hybrid Technology Expo

A **PPG innovative cathode binder** helps increase lithium-ion battery production efficiency and safety. The company also offers a range of EV battery module and pack solutions that provide dielectric protection, thermal management, fire protection, sealing, bonding, radio frequency interference (RFI) shielding. Some of the products displayed at the Battery show are next-generation thermal gap fillers, dielectric coatings and battery fire protection products.

AkzoNobel Receives SBTi Approval for Carbon Reduction Target

AkzoNobel's commitment to setting science-based sustainability targets has now been officially validated by the **Science Based Targets initiative** (SBTi) – confirming its status as the first paints and coatings company to receive this endorsement. CEO Thierry Vanlancker says: *“We're proud to be the first company in our industry to receive SBTi approval for our carbon reduction target. It means we've aligned our own sustainability ambitions with the Paris agreement.”* The UN's Intergovernmental Panel on Climate Change recently published a new report seen as a “code red for humanity.” In light of this alarming report, sustainability continues to be on the top of businesses' agenda for net-zero targets, like AkzoNobel.

BASF Uses Covestro's Coating Hardeners with Low Residual Levels of Diisocyanates in Automotive Refinish Coatings

BASF's Coatings division is using **Covestro Desmodur® Ultra activators** to upgrade its refinish coatings portfolio in order to meet higher occupational safety standards on the use of isocyanates. The hardeners contain less than 0.1 percent by weight of monomeric diisocyanates and are setting a new standard in occupational hygiene.

ESG Standards Soon to Become Part of Everyday Business

ESG can make your company more attractive to potential investors. **An ESG strategy** can also be a powerful tool in hiring new talent—especially for small businesses as younger employees prefer to work for companies having a positive impact on the world. A recent KPMG survey showed increased commitment to climate change action among CEOs who are inclined to invest more than 10 percent of their revenues over the next three years.

CPCA and its membership are Proud Sponsors of Tree Canada and participate in the National Greening Program.

treecanada.ca



MEMBER **RECOGNITION**

Azelis: 3rd Largest Company to List on the Brussels Exchange

Belgium headquartered Azelis, a distributor of specialty chemicals and animal nutrition and food ingredients, recently announced its initial public offering (IPO) and its intention to list its shares on the regulated market of Euronext Brussels. “Azelis was priced as a sensible discount to its peers,”

Brenntag Included in the German Benchmark Index DAX

Brenntag is included in the DAX since September 20. Brenntag will thus become part of Germany's leading stock index, the composition of which has been expanded from 30 to 40 companies. The main indicator that determines the inclusion of companies in the DAX expansion index is a company's free float market capitalization. A criterion that Brenntag safely meets as it has quadrupled to more than 13 billion EUR.

Axalta to Receive Best Supplier Award CAO A Chery in Brazil

Axalta was named Best Supplier by CAO A Chery and it is Axalta's second win in as many years. In addition, the company was also recognized for Innovation and Excellence in Direct Purchase.

BASF leads ICIS Top 100 Chemical Companies

BASF ranked first on the 2021 ICIS (Independent Commodity Intelligence Services) Top 100 Chemical Companies list, with \$72.3 billion in sales for fiscal 2020. US-based Dow came third with \$38.5bn in revenues.

Read CPCA's Economic Impact Study which provides an overview of the real contributions made by the Canadian Paint and Coatings Industry to the Canadian economy.



CANADIAN ECONOMY

Canada Elected Another Minority Liberal Government

The **elections results** were almost identical to the one it replaced in order to finish the fight against the fourth wave of COVID-19 and rebuild the economy. The next steps are to have the 44th Parliament up and running by mid-October with the appointment of a new cabinet and a Throne Speech presentation. The re-election of a Liberal government should not cause any major changes in the current regulatory agenda and any undue delays in current timelines.

Canadian Economic Recovery Falters in First Half of 2021, Inflation Is Soaring

The **GDP declined by 1.1 percent** between the first and second quarters led by a sharp drop in exports and residential investment. Inflation rose to 4.1 percent last month, due to bottlenecks in some resources and gasoline and housing prices increase. Meanwhile, the loonie lost some ground over the summer. However, businesses seem to be keeping their spirits up through the fourth wave. Therefore, the Bank of Canada plans to maintain its monetary policy rate at 0.25%. See the **Canadian Economic Recovery Tracker**, for advanced insight.

Export Development Canada Economic Outlook for Canada in 2021 and 2022

The rise in global demand will be the main driver in **Canada's near-term growth**, which is forecast at 6.1 percent this year and an impressive 4 percent in 2022.

Chemical Industry in Canada Forecast to Reach US\$54.9B by 2025

The **Canadian Chemicals Industry** is forecast to grow at a CAGR of 4.2 percent from 2020.

PCI 25 Publishes 2021 Top Paint and Coatings Companies

The PCI 25 is a ranking of the **top 25 North American coatings manufacturers in 2020**.

Paint Manufacturers' Sales Volumes Impacted by Increasing Trade Disruptions

US producer prices for painting and coating manufacturing rose 10.6% in August from a year ago. The rate of inflation is also trending higher. Disruption in commodity supplies, along with reductions in customer production due to certain parts shortages; and **continuing logistics and transportation challenges** in many regions, such as U.S., Europe, and China, are impacting sales volumes. Experts are recently warning that manufacturers will likely face a years-long resin shortage with tight spiking prices and that the shortage of semiconductor computer chips may extend into 2023.

Sustainability/Climate Change Concerns Drive Wood Residual Product Innovation and Commercialization

The quest for more sustainable and biodegradable products with a smaller carbon footprint continues to fuel **wood research and R&D**. Wood companies around the globe are racing to find new uses for wood and cellulose material.

New ISO Standards Published for Green Finance

The standards aim at eliminating confusion and greenwashing, thus improving **confidence in the market**.



Electric Truck Study Shows Potential for Massive CO2 Reductions

If all U.S. and Canadian medium- and heavy-duty trucks became electric, about **100 million metric tons of CO2 emissions** would be eliminated.

CPCA's Monthly Report covers recent global mergers and acquisitions and various commercial agreements within the CASE industry and multiple sectors. Members are encouraged to access the Report on the Canada CoatingsHUB.




[Read the Monthly Report](#)

CANADIAN PAINT AND COATINGS ASSOCIATION ASSOCIATION CANADIENNE DE L'INDUSTRIE DE LA PEINTURE ET DU REVÊTEMENT

NOW LIVE CPCA'S SUBSTANCE DATABASE

CPCA's Substance Database is NOW LIVE on the Canada CoatingsHUB, complete with over 1,100 CASE related chemicals, sorted by CAS-RN, providing members the current status on chemicals in commerce and any changes being considered.





TECH INNOVATIONS

Degradable Paper Coatings to Block Grease and Oil for Compostable Food Packaging

Dow scientists developed a **degradable polymer coating** that can block the seepage of grease and oil in common paper products which could lead to new biodegradable, paper-based materials.

COVID-killing Coatings a Spray Away

Specialized Polymer Helps Form Water-resistant Coating with Self-healing Abilities

Researchers have found a way to make **ultrathin surface coatings** robust enough to survive scratches and dings. By merging thin-film and self-healing technologies, it has an almost endless list of potential applications.

Transparent Wood Coating for Weathering Resistance

The novel coating contains **graphitic carbon nitride nanosheets** (gCNNS) used as a non-toxic and metal-free UV absorber. Cellulose nanofibril is the carrier addressing the issues of agglomeration and low composite adhesion of gCNNS.

New Superhydrophobic Nanocoating Inspired by Nature

Nanostructured materials based on molecular crystals of fullerenes were synthesized based on the structure of a lotus leaf. This nanocoating can be used to create more efficient fuel cells and sensitive toxic gas detectors.

New Eco-friendly Dry-coating Process for Battery Electrodes' Production

The **technology is environmentally friendly** and cost-effective and can be used on a large scale, giving it the potential to revolutionize the manufacturing of battery electrodes.

New Non-toxic Phosphorescent Material for Dyes and Paints

Most current **phosphorescent materials** are either toxic or difficult to prepare, so scientists developed a new lignin-based material that overcame these limitations.

Smart Coatings Trends and Innovation Round-up

There are challenges in the development of **smart coatings** such as economic viability, ease of production; and lifetime or durability. When designing a **smart coating**, considerations need to be made to the **costs and availability of raw materials**, the added benefit, efficiency and durability of the functionality, substrate protection, health, and safety issues. Constantly emerging new materials (carbon nanotubes, nano-clays, microcapsules, infrared stealth material...), latest commercial launches, promising concepts, & innovations can be a game-changer and companies need to map new development opportunities.

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Now available on the **Canada CoatingsHUB for Members Only**

Other CPCA Statistics and Research for Members on the Canada CoatingsHUB

*CPCA has compiled international market research reports
for 2025-2029 for multiple market segments.*

View the Reports





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