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PRESIDENT'S MESSAGE



Despite the fact that the coatings industry in Canada achieved well over 90% reduction in VOC emissions over the past 15 years, as Environment Canada's own study confirmed, there are now new limits proposed for more reductions. The proposed amendments to the *VOC Concentration Limits for Architectural Coatings Regulations* are over-stated in terms of the expected 7 kilotonne reduction in VOC limits and under-stated in terms of the \$57 million cost impact it would have on the economy for the coatings industry in Canada. In some important categories it will mean those products will no longer be available in Canada as preliminary data gathered from CPCA members reveal. So more cost, with little or no benefit for our structures and infrastructures.

CPCA engaged members extensively on the Government's pre-consultation on the new proposed VOC limits for dozens of product categories in the architectural coatings sector. The Government's proposal largely aligns with CARB limits in the United States but there are certain deviations, which will very likely create misalignment with our largest trade partner, the United States. Industry's main concerns with the proposal can be summarized as follows:

Weak Cost-Benefit Analysis: The federal government must address the question as to whether the cost of the proposed lower VOC limits justifies the benefit in the architectural segment given the reductions already achieved.

Unreliable Data: There is clearly a lack of sufficient and reliable data for the federal government to adequately assess the impact of 'lower' VOCs on the coatings industry for many of the product categories. If there is no supporting data, why do it?

Removal of the 1-Litre Exemption for 6 key Coatings Categories: CPCA urges the federal government to maintain the 'small container exemption' for the ten categories until further regulatory compliance assessments can be done to determine 5 years after the implementation of the 1-Litre exemption if these particular categories have been significantly improved. Meanwhile, the strictest rules under CARB in the United States continues to allow the 1-Litre exemption for its *'entire'* list of product categories. Hence, Canada will not be aligned with the United States in this regard with cross-border trade implications.

Compliance Periods: Whatever the lower VOC limits end up being, it is critical that compliance periods for manufacturers/importers for the new limits be no less than 4 years from the final publication date, followed by a sell-through period of 2 years. This will be required as such a drastic reduction, if allowed to stand, will see a number of products taken off the shelves because they will no longer be effective at these lower limits.

There are also numerous product categories where the proposed VOC limits will lead to current formulations being ineffective, as they are far below the values currently on the market. These include the following:

Exterior Wood Stains: This will likely be the most problematic category for all CPCA member companies because of the onerous requirement for significant R&D to reformulate and extensive exterior testing to achieve an equivalent level of performance versus the current products that can sustain very cold and harsh conditions in the Canadian market.

Rust Preventative Coatings: Only 8% of the volume of products sold in Canada are compliant and US companies are still trying to reformulate to meet established CARB VOC limits in this category. Why would Canada be any more advanced than the United States?

Dry Fog Coatings: It is clear that any further reductions for alkyd dry fog coatings will require some companies to immediately remove those products from their catalogue and not even try to reformulate under the proposed new limits as the data shows they will not be effective in Canada.

think that these limits are already achievable for certain multi-national companies operating in both Canada and the United States, that is not the case writ large. Moreover, it will have a significantly negative impact on SMEs operating in Canada.

Gary LeRoux,
President & CEO



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Functional Coatings are the Future!

Coatings are *reliable, responsible, and recyclable*. They are also key to *protecting, preserving and providing* for our future. Contact CPCA to share how your coatings product is helping to build back better.

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ADVOCACY REPORT



CPCA Advocacy Efforts Supporting a Stronger Canadian Coatings Industry

- CPCA Responds to Consultation Regulatory Fees for Paint Recycling in Ontario
- CPCA Consulting on Proposed US Guidance on Construction Materials (Buy America) Aiming to Include Paint and Coatings
- CPCA Comments on Proposed Amendments to the *VOC Concentration Limits for Architectural Coatings Regulations*
- Canada to Publish Science Approach Document on the Assessment and Management of PFAS and Launch Mandatory Information Gathering
- CPCA Closely Monitoring Clause-by-Clause Review of Bill S-5 by House of Commons ENVI Standing Committee
- Government Seeking Additional Feedback on Commercial Paint Use of Six Flame Retardants
- PMRA to Phase Out Pentachlorophenol by October 2023
- Orr & Boss Shares Updated Economic Data for 2022 with CPCA
- CPCA to Release an Updated Economic Impact Study for the Coatings Industry in Canada

NOTE: Members requiring further information on any items included in this newsletter can search them on the CoatingsHUB or contact **CPCA directly**.

CPCA Responds to RPRA Consultation on Revised 2023 Program Fees for Paint

The oversight agency in Ontario, RPRA, has proposed revising program fees for fiscal 2023 in the A & B categories in the Household and Special Products program in the Province.

This will mean a much more equitable 40% of the total costs for paint manufacturers than the proposed 85%. That will mean an annual reduction of approximately \$1 million of the proposed \$2 million in Ontario regulatory fees for paint. Paint manufacturers have been paying the majority of the costs for the entire program, of 7 other material groups, over the past several years though only 7 percent of the total volume of paint sold is available for recovery. While CPCA paint producers support the proposed fee reduction, CPCA has strongly urged RPRA to finalize the reduction as soon as possible. This will be a good start to adjust downward the 400% increase in regulatory fees established in Ontario after the transition to the new Act several years ago. Unfortunately this means Paint producers in Ontario still pay 4 times the costs they paid before the transition to the new Act under RPRA while other jurisdictions around the world pay much less for their EPR programs.

CPCA Consulting Members on Proposed US Guidance on Construction Materials (Buy America) Intending to Include Paint and Coatings

The new US guidance intends to include paint, stain and other coatings applied at the work site as one of the construction materials subject to the Buy America standards. There is an opportunity for CPCA members and their US partners and clients to raise concerns on the potential negative impacts on both Canadian and U.S. suppliers, given the integrated bilateral supply chains. CPCA is gathering comments from members until March 9, 2023 to ensure the paint and coatings industry in Canada is not disadvantaged.

CPCA Comments on Proposed Amendments to the VOC Concentration Limits for Architectural Coatings Regulations

The federal government's unique approach to regulations for new limits to reduce VOC emissions in Canada is largely modeled on CARB 2020 in the United States. The ECCC pre-consultation ended early in February. CPCA members have then examined the impact of the CARB VOC limits on companies manufacturing architectural products in Canada and those shipping product into Canada. The adoption of the strictest approach for AIM in North America is very concerning and will impose an enormous technical challenge and drastic cost impacts on Canadian paint manufacturers, which are mainly composed of SMEs, and other countries shipping competitive products to Canada. Some of the pain points include the removal of the 1-L exemption for key categories, which will only increase the purchase of larger volumes that will not be used and must be recycled instead. There are also real concerns with ineffective VOC limits in the Canadian Nordic climate for many categories such as exterior wood stains, rust preventative, dry fog, and industrial maintenance coatings. Again, this will negatively impact the environment as it will lead to harvesting more natural resources, like wood, whose life-cycle will be drastically reduced without the durable protection coatings currently provide. There are many other negative impacts of some of the proposed limits that will do more harm than good to both the environment and without any clearly established benefit for Canadians.

Canada to Publish Science Approach Document on the Assessment and Management of PFAS and Launch a Mandatory Information Gathering

PFAS Drinking Water Quality Guidelines were recently published as the first of many PFAS initiatives to come from the Canadian government later this year. Following a Notice of Intent (NOI) initiated in April 2021 to address PFAS as a class, the federal Government had a plan to publish a State of PFAS report within 2 years. The document will provide further information to its science approach including a formal definition of PFAS. The Government is also planning to launch a burdensome Section 71 information gathering notice soon, which will compel industry to submit data in this initial assessment of the presence and impact of PFAS in Canada.

CPCA Closely Monitoring Clause-by-Clause Review of Bill S-5 by the House of Commons Committee with the Final Reading Date of the Bill Still Uncertain in the House of Commons

The latest in a series of meetings debating Bill S-5, in clause-by-clause review by the House of Commons Environment Standing Committee resumed in early February and has continued throughout the month. Meanwhile, Government is publicly pushing for the

government hopes the CEPA Amendments will receive royal assent before that time. CPCA along with other industry groups have monitored the progress of the Parliamentary review and continue to raise concerns with MPs on the Committee regarding problematic amendments, such as a new amendment by the NDP that would mandate labelling of any consumer products that contain a Schedule 1 toxic substance.

Government Seeking Additional Feedback on Commercial Paint Use of Six Flame Retardants

Environment and Climate Change Canada is gathering additional information in relation to the commercial uses of five fire retardants (TPHP, BPDP, BDMEPPP, IDDP, and IPPP) in paint and coatings products during the 2017-2022 period. These substances are part of a CMP-3 group and have been proposed as toxic to the environment. Should you have more information to provide to government risk assessors, please do not hesitate to share them with CPCA or the Government directly prior to the publication of the final risk assessment report.

PMRA to Phase Out Pentachlorophenol by October 2023

Over the years, CPCA has informed members of PMRA proposed and final decisions with respect to pentachlorophenol, which used to be a heavy duty wood preservative in Canada. A recent special review led PMRA to require the virtual elimination of pentachlorophenol as a wood preservative, because it is contaminated with hexachlorobenzene, a Track 1 substance under Canada's *Toxic Substances Management Policy*, and it is considered a POP under the Stockholm Convention. Not only will treated articles containing pentachlorophenol be prohibited for sale and use starting in October 2023 but all existing uses will also have to be thoroughly risk managed throughout their entire lifecycle.

Orr & Boss Shares Updated Economic Data for 2022 with CPCA

Paint & coatings product shipments accounted for \$3.7 billion in 2022, up 12 per cent from 2021. The Architectural paint and coatings segment contributed to 59% of the total shipments. Meanwhile, the annual direct and indirect economic output from paint products for 2022 reached \$19.5 billion with an annual contribution to GDP in the order of \$8.5 billion. Manufacturing and sales is therefore a key driver of economic output, including adhesives and sealants, which account for 30 percent of the overall economic output.

CPCA to Release an Updated Economic Impact Study for the Coatings, Adhesives & Sealants Industry in Canada

This report demonstrates that 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.



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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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GREEN INITIATIVES



Did You Know?

Coatings have numerous applications for countless substrates on a wide range of manufactured products from automobiles to packaging to road markings. What's remarkable about the **environmental advances** in coatings is that they are **engineered for best-in-class performance** providing **protection** and **superior quality** to the countless finished goods we use every day. This means protection from degradation such as corrosion, abrasion, high or low temperatures, ultraviolet rays, moisture, and microbes. All of these enhance the life-cycle of valuable assets and **improves product stewardship and sustainability**.

PPG Protective and Marine Coatings Received Award for PPG SIGMALIDE

This **biocide-free fouling** release coating can help shipowners achieve their EEXI and CII targets by reducing power demand by up to 20 percent and reducing carbon emissions up to 35 percent.

AkzoNobel Facilities Using 100% Renewable Electricity in North America

All of AkzoNobel's locations in North America now operate on 100% renewable electricity, helping to drive the company's ambition of reducing carbon emissions across the **full value chain by 50% by 2030** (baseline 2018).

BASF, BMW Group Rely on Renewable Raw Materials for Automotive Coatings

The BMW Group is the first OEM to use **BASF paints certified** according to the biomass balance approach.

PPG Architectural Coatings and Corning Guardian have collaborated to create anti-microbial coatings that has zero-VOC characteristics. Global worldwide PPG programs provided US \$16 million on advancing education and delivering community sustainability while encouraging PPG employee volunteerism.

How to Achieve ESG & Sustainability Goals with Smart Water Management

Download this new [Environmental Leader eBook](#).

MEMBER RECOGNITION



Univar Solutions Named to the FORTUNE 2023 World's Most Admired Company List

This annual global list ranks companies with the [strongest reputations](#) among the world's top executives and directors. "I couldn't be more pleased to see Univar Solutions receive such an honor as we continue living our purpose to help keep our communities healthy, fed, clean, and safe," said president and CEO David Jukes.

Axalta Wins Three Prestigious 2023 Edison Awards for Innovation

[Axalta](#) products were recognized in the Sustainability, Smart Transportation and Material Science categories.

JPCL 2022 Prestige Award for Supplier's Top Concrete Coatings Project Goes to Tnemec

The JPCL award recognizes the team leaders and the materials and equipment used to complete concrete projects from start to finish. Tnemec's winning project is for the [Upper Skokie Valley Pumping Station](#).

Commercial Painting Industry Association and Technology Publishing Company Reveal 2022 Elevation Award Winners

This commercial painting honors program is in its sixth year. Benjamin Moore and Sherwin-Williams products were listed in several of the [winning projects](#).

PPG Recognized as One of 'America's Best Employers' by Forbes Magazine & Listed in FTSE4 Good Index for Its ESG Practices

For the second consecutive year, PPG figures among the Forbes Magazine's "[America's Best Large Employers 2023](#)", which surveyed 45,000 Americans working for businesses with 5,000+ employees. For the third consecutive year, PPG has also been named to the [FTSE4Good Index Series](#), which measures the performance of companies' environmental, social and governance practices.

Barentz Announces North American Leadership Transition

Effective march 1, [Mike McKenna](#) who previously served as President & COO North America, will become CEO North America. Terry Hill, former CEO, will join the company's Supervisory Board.

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Your News Stories are Important - Help Us Share Your Successes.

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CANADIAN **ECONOMY**



Canada's Economy Continues to Show Resilience

- The Canadian **Manufacturing Purchasing Managers' Index rebounded** in January. This rebound is entirely attributable to demand in the domestic market
- Unemployment rate remained low at 5.0%
- Wage pressure expected to be less severe in 2023 than in 2022
- Consumers are cutting back on spending
- Canadian Central Bank's policy rate peaked at 4.5% with risks it could be revised in the coming months which may affect the most sensitive sectors: construction, manufacturing, retail trade, and accommodation and food services
- **BDC's forecasts inflation to continue to fall** in the coming months following the easing of supply chain disruptions and liquidation of inventories accumulated in the second half of 2022.

Will ESG Funds Outperform 'Regular' Funds? Surveyed Companies Report Progress on Sustainability

Sustainability is good business and the **sustainability movement** is accelerating. The percentage of S&P 500 companies including ESG metrics **rose to 70% in 2022**, with measurements of carbon footprint and diversity and inclusion growing the fastest. The Honeywell's quarterly **Environmental Sustainability Index** indicates that nearly all executives surveyed have been "at least somewhat or extremely successful" in reaching one or more sustainability goals the past year and most are staying steadfast in their plans despite economic challenges. See also ***Sustainability Trends 2023*** by Forbes.

New Trends

- **QR (Quick Response) Code Integration for SDS and Secondary Documents**
When you generate an **SDS or a Risk Assessment for a chemical**, a QR code can give a quick access to these documents. This paper discusses the need for a paradigm shift in chemical management systems and recent technological advances to reduce or eliminate liabilities.
- **E-commerce Platforms for Chemicals Gaining Traction**
Chemical makers are slowly turning to **e-commerce platforms** to buy and sell

- **Robot Sales Hit New High in 2022**

North American companies ordered 44,196 robots valued at US\$2.38 billion in 2022, representing +11% in numbers and +18% in value, versus 2021.



Are You in Step With Regulatory Reform?

The Canadian Government wants to **build back better**.
Better regulations that may impact your product line.
 Keep in step with the **evolving compliance requirements**.

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TECH INNOVATIONS



Silanol Emulsions as Additives for Latex Coatings: Innovative Material and Technology

Several silanol emulsions can be used as additives in latex coatings and as a **valuable option** to enhance block resistance and lower surface energy.

Innovative Nano-coating Can Help Harvest Energy in Space

Researchers invented a **nano-coating** that can reduce the operating temperatures of space-qualified structures from 120°C to 60°C.

Sebaceous Gland-inspired De-icing Coating

Researchers presented a **self-lubricated de-icing coating**, inspired by sebaceous glands, which is continuously secreting lubricants.

New Kind of Bio-based Antifouling Coating

Researchers developed a very effective, completely biocompatible, cost-effective and eco-friendly method for **antifouling purposes** through the fabrication of a coating based on chitosan-melanin hybrid nanoparticles.

Phosphorous-containing Bio-based Flame-retardant Materials for Timber Protection Against Fire

Global warming has boosted the frequency and severity of bushfires in several regions of the world, calling for the urgent development of **fire-proof buildings and architecture**. A new review describes different chemistries of FR systems and how bio-based FR systems could be developed.

Corrosion-resistant Nickel Alloy Coatings to Replace Toxic Chrome Plating

obtained are also highly corrosion-resistant.

Climate Tech Innovator Kelpi to Create Biomaterial Coatings from Seaweed for Packaging Purposes

The materials can match or even **exceed the performance of fossil fuel plastic** but is also renewably sourced, marine-safe, compostable, and the packaging can be recycled after use.

Non-cytotoxic Nano-coating with Biocidal Behaviour Developed for Medical Industry

A newly developed **nanocomposite coating** can inhibit biofilm formation and kill attached bacteria, thereby helping tackle growing post-operative infections.



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