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“ Out of clutter, find simplicity. From discord, find harmony.
In the middle of difficulty lies opportunity. ”

Albert Einstein

PRESIDENT'S MESSAGE



April 2024

Will Canada Survive Over Regulation

Since the turn of the century every industry has made efforts to build sustainability into their product portfolios with varying degrees of success. Of course, sustainability as originally defined means a focus on economic, environmental and social aspects of a business. It is now generally viewed as environmental only. This may be why the major business lobby groups in Canada such as the Canadian Chamber of Commerce and the Canada Business Council suggests such a singular focus is part of the current regulatory over-reach causing negative impacts on the economy with very low and declining productivity, one of the lowest per capita GDP in the OECD, and a serious lack of investment in growing the economy including direct foreign investment. **These problems are economically fatal.**

The CASE industry continues its focus on sustainability as many impressive annual sustainability reports by CPCA member companies clearly show. Recycling was one of the initial movements that gained significant traction in the early 2000s with recycling programs eventually rolled out in every Province and the paint industry is among the leaders today. Other components of these initiatives are rooted in the use of renewable raw materials for biobased solvents, resins, additives, pigments, colorants, and crosslinkers. Market share in that space generously estimates 10% of such inputs are now included in

only 10% of the total today. And, often when used in product formulations they do not address literally thousands of different product needs in many diverse industry sectors.

The bio-based coatings market can flourish and become functional, but not if Canadian regulators over-regulate in the absence of a better understanding of the economic impacts vis-à-vis the enormous benefits. That includes appropriate timing for new regulations to allow innovation to increase leading to more sustainable approaches. No one can run before they can walk! Demands for strong functional products by commercial/industrial customers in all industry sectors will not disappear, nor will consumers of retail products. Regulators need to understand that these products are already sustainable, by definition, as they extend the lifecycle of many valuable assets, over and over again, in many industry sectors. It has been suggested that CASE sector products are critical to other industry sectors representing 70% of Canada's GDP! Consider how long an exterior wood deck or fence would last without continued treatment in some manner, especially in Canadian winters. Then there are the critical components for automobiles, aerospace and industrial equipment; medical devices; packaging of every kind imaginable for accessible, nutritious foods for vulnerable populations worldwide; etc.

One could argue that the lifespan for several applications of a truly functional CASE product, versus an environmentally superior biobased product at lower efficacy levels, is in fact superior in terms of sustainability. In the end, both the 'functional' and 'economic' impacts will reveal which is better, but will it trump over-regulation? **That is increasingly the troubling question in Canada today.**

As products continue to be used for vastly different surfaces ranging from medical devices to concrete, the industry must have a detailed knowledge of coatings as they are formulated, manufactured, packaged, applied, cured, used, repaired, and recycled. That requires significant investment, which in turn creates jobs, but only if the operating environment in the country is hospitable and truly 'open for business'. Regarding the increasing demand for innovative solutions, it is noteworthy that in the US alone more than 40,000 patent applications are made every year in fields related to coatings for a myriad of uses.

The larger question for regulators to appreciate and fully understand is there has to be some accommodation in the regulations for functionality to flourish, at least in the shorter term. If not, the cure will be worse than the disease, so to speak. As more sustainably sourced raw materials increase in complex mixtures the need to truly protect these formulations with preservatives increases significantly because of the potential for biocontamination. In fact, if these products are not fully protected the result is more negative impacts to human health and the environment versus the traditional, proven solutions for antimicrobial control. Increasingly government regulations miss opportunities to consider the needs of formulators, not only for niche products, but many other essential ingredients in many applications.

In fact, regulations are now overly restrictive, as we have seen over the past five years with more regulations than at any time in history. This means products will disappear or will end up in landfill due to spoilage. Industry has already begun to see more of this happening, more often. It has also seen manufacturing move from Canada to the United States, both reshoring by multinationals as well as Canadian SMEs opening satellite facilities in the United States. More will be manufactured in the US and shipped to Canada and taking advantage of the exchange rate. **This is proof positive why investment and direct foreign investment is now flatlining in Canada.**

Formulators will be required to rethink and adapt their current biocidal approach for new mixtures, which are prone to different and evolving biological attacks. Raw materials used in paint and coatings products are increasingly drawing on bio-based technologies, recycled materials and waste products. However, they need to be protected against biofouling before being added to finished products. In fact, more and not less protection is

needed, especially in cases where the industry in Canada is now facing new strict regulations with lower VOC limits proposed for 49 of 52 Architectural and Industrial Maintenance (AIM) coatings categories. These are expected to become law in 2024-2025. This represents half the volume of CASE products sold in Canada representing an economic impact of over \$12 billion, or half the \$24 billion economic impact for all coatings sold in Canada. Economic impact matters as the federal Government's own Cabinet Directive on Regulations clearly states. **But, will the Cabinet Directive finally be taken seriously?**

With more water-based coatings comes the need to combat more microbial contamination and if biocide preservatives are banned or have more restrictive uses, as occurred in 2023 in Canada, there will be negative economic impacts, guaranteed. Moreover, the bans and use restrictions for critical biocides in this instance were for paint preservatives that are still used widely in the United States with no intention to restrict their use in that country. Fewer biocides along with lower VOC limits for water-based products means there is a regulatory problem for the industry. **Houston we have a problem!**

The assumptions made as to existing science vis-à-vis current regulatory frameworks must be rigorously considered in terms of how those assumptions are made and the outcomes being pursued. In that 'process' it is essential regulators consider 'what and how' our largest trading partner is doing for the same 'risk assessment' - for the same 'chemicals' - for the same 'companies' - using the exact same 'data'. **Why would they differ?** That assessment must include 'economic impacts' as required in regulatory frameworks currently in place in both countries. The regulations cannot be overlooked or misinterpreted. If they are, there will be zero regulatory alignment between Canada and the United States and the only country suffering in that scenario is Canada. To restate the concerns at the top, these regulations impact Canada's anemic economy moreso in terms of Canada's poor productivity at only half of the United States, very low per capita GDP and lack of investment due mainly to excessive regulatory hurdles as the largest business advocacy groups continually remind the Canadian Government, most recently after the last budget.

The CASE industry is 'the regulated party' and understands all aspects of what is needed for fair and honest regulations. It fully understands that sometimes there will be concerns prompting regulators to require lower use levels or remove chemicals from commerce altogether via a ban. But, decisions must NOT be taken based on the views and preferences of 'non-regulated parties' or different datasets used by one Government, but not the other, on either side of border in the largest trading block in the world! When that happens it reveals the Government is ignoring long established guardrails under the historic CUSMA free trade agreement and the Canada-US Regulatory Cooperation Council now seeking more, not less, regulatory alignment.

Even more important is the need for regulators to fully apply the **federal Government's guiding principles** laid out clearly in its own *Cabinet Directive on Regulations*, which is often overlooked.

Canada's largest business lobby, the Canada Business Council said it best: *"Complying with all these layers of regulations is expensive and time-consuming, and combined with inefficient and unpredictable regulatory processes, businesses are not set up for success. The government must also ease the regulatory burden facing Canadian business, and work with industry and our international trading partners to ensure regulatory efficiency and alignment. An economic lens mandate for regulators would add a new tool that will encourage stable, manageable regulations that supports economic growth. And it does not need to be embedded into the Act, but it actually is in most cases, and should be a basic procedure for all levels of government."* It also issued recommendations that many associations have endorsed and the key ones are:

- Mandate an economic lens for regulators to **encourage manageable regulations that support economic growth** and consider our competitiveness in the global marketplace.

- Reconvene the Regulatory Cooperation Council and introduce forward looking workplans accurately **to reflect Canada and U.S. business priorities.**
- Work closely with industry to develop and foster a **regulatory framework built on a data-driven, performance-based approach that supports innovation and adapts to evolving technologies.**

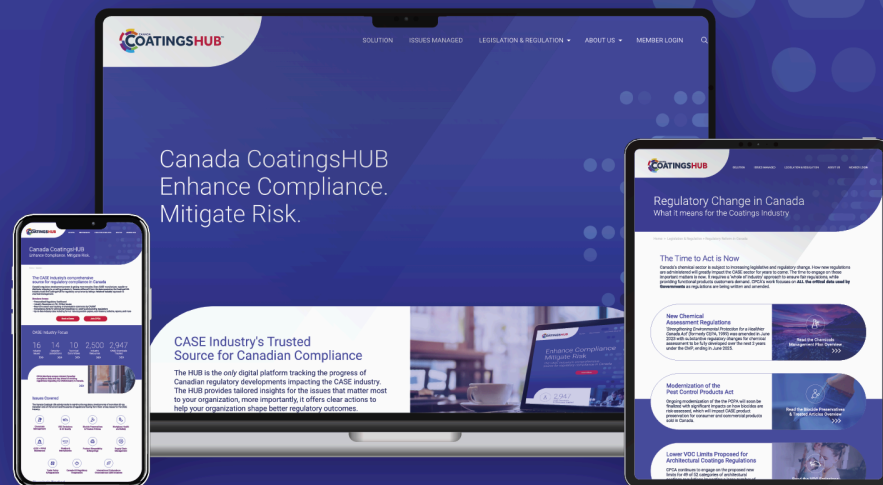
Canada may still have time to change what some have called the downward spiral due to over regulation. For example, it should not take 12-14 years to get regulatory approval to dig critical minerals out of the ground, now in great demand around the world. In other countries such projects take 2-3 years for approval. The new normal must not be 'regulation by litigation' as we saw several times in the past year. Canada needs to go back to a collaborative working relationship between industry, the regulated parties, and Government to move the country forward.

Gary LeRoux
President & CEO



And We're LIVE!

The CASE Industry's comprehensive source for regulatory compliance in Canada



Visit CanadaCoatingsHUB.ca

CPCA launched its new digital platform, the CanadaCoatingsHUB.ca with enhanced functionality for members. The updated site features several new public-facing pages detailing CPCA's wealth of knowledge and expertise in advocacy and government relations. It also highlights the need for the industry to engage with CPCA and support advocacy efforts for the benefit of all those in the CASE industry in Canada. All the existing functions within the Hub's '**member portal**' section remain the same, and members can continue to

1. New and improved user interface with a clean visual aesthetic
2. Integrated AODA compliance through a 'UserWay' Accessibility Plugin
3. Improved user onboarding & member registration
4. Improved user engagement tracking

Existing users can easily [log in](#) to the new and enhanced [Canada CoatingsHUB](#) as of now. The site went live on the morning of March 27th, 2024. CPCA will continue to keep members apprised of updates and is available if support is needed to troubleshoot login or website issues.

If you or a member of your organization do not have access to the HUB you can easily register by clicking on the [member login in](#) the main menu, followed by the [register here](#) button in the top right-hand corner. Complete the registration form and indicate you are a member of CPCA. The system will validate your submission and provide you access.

If you are not a member please [register here](#) to access all you need to ensure full regulatory compliance in Canada.

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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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CPCA Advocacy Efforts Supporting a Stronger Canadian Coatings Industry

- The Government Recently Published a Draft Risk Assessment and RM Scope for the Low Boiling Point Naphthas Group
- Environment and Climate Change Canada Published Its Federal Plastics Registry for 2024, 2025 and 2026
- CPCA Closely Tracks Government's Next Round of Amended CEPA Consultations and Related Timelines
- Chemicals Management Plan (CMP) Phase 3 Officially Ended on March 31, 2024 but Still 65 Substances Remaining to be Risk Assessed in the Next Phase

Note: This is a very limited view of the extensive work done by CPCA on these few issues. There are 'many' more such issues with several important actions taken such as data gathering, formal submissions, bilateral meetings, extensive industry engagement, technical committee work, etc. If your company is interested in or indeed impacted by these and other issues please note they are all curated for easy access on the only digital platform for the CASE industry in Canada, the Canada CoatingsHUB. If you would like a complimentary copy of the most recent 'members only' Regulatory Radar with much more insight on these and other issues please [contact CPCA](#).

The Government Published a Draft Risk Assessment and RM Scope for the Low Boiling Point Naphthas Group (LBPNS)

The publication proposed that 17 of the 27 LBPNS are harmful to human health following dermal and/or inhalation exposure. The risk management scope targets current LBPNS uses in consumer products.

CPCA members have confirmed that several of the 17 LBPNS are still in use in industrial products and some in consumer Coatings, Adhesives, Sealants, and Elastomers (CASE) products. The government is looking for more information regarding functions, use patterns, alternatives or interchangeability of other LBPNS, socio-economic and technical impacts before mid-May. CPCA sent a detailed bulletin and is gathering further member comments to inform the current risk management gaps and future decisions. Member feedback is critical for better regulatory outcomes for the industry.

ECCC Finally Published Its Federal Plastics Registry for 2024, 2025 and 2026

Every targeted person or sector generating plastic wastes shall comply with the new plastics registry requirements. The paint and coatings products are listed in Schedule 1 Part 4 category 4 under construction products and will need to be reported in the registry in 2026 for reporting year 2025, even though paint related materials only represent <2% of the overall construction sector as a plastic waste generator.

Nearly 100% of plastic packaging used in consumer/commercial paint and other household products are currently under the responsibility of the Professional Recycling Organization who collects, stores, transports and seeks recycling for the product waste in concert with various service providers in each Canadian province. For leftover paint alone, there are over 3,000 drop-off sites across Canada. And these paint recyclers have now added 'plastic recycling' to their repertoire. But, in comparison, there is only a limited number of Industrial, Commercial & Institutional (IC&I) waste programs in Canada.

Since waste recycling management is under provincial jurisdictions, CPCA has suggested that, instead of creating a very costly and burdensome centralized plastics registry, ECCC should have created a model for the necessary programs to be adopted in all provincial EPR

publication of the new comprehensive plastic registry, although this will represent significant costs for industry. Additionally, this publication came shortly before the INC-4 (Intergovernmental Negotiating Committee) meeting on a Legally Binding Instrument for Ending Global Plastic Pollution started in Ottawa. The INC-4 aims to specifically identify the most important and efficient government strategies and mechanisms to put in place including reporting needs. CPCA and World Coatings Council representatives attended INC meetings to support the coordinated development of a legally binding treaty and will publish detailed reports on the status of negotiations for the benefit of all CASE members. Members can expect a full report soon after the INC-4 meeting.

CPCA Closely Tracks Government's Next Round of Amended CEPA Consultations and Related Timelines

The Government moving forward on implementing several key initiatives under the modernized Canadian Environmental Protection Act (CEPA) that includes the development of the Right to a Healthy Environment (RHE) implementation framework and several new risk assessment and management approaches and related instruments. There are only 13 months left before the final deadline of June 13, 2025 for multistakeholder consultations.

For the benefit of its members, CPCA is periodically updating key milestones of the next round of CEPA consultations. In addition, CPCA developed a specific and comprehensive issue tracker to cover other regulatory modernization efforts under other Acts and regulations (PCPA, HPA, etc.). It does not only indicate the objectives and anticipated timelines for each regulatory development potentially affecting the sector but also helps manufacturer member formulators plan ahead for the anticipated new regulatory measures.

CMP Phase 3 Officially Ended on March 31, but Still 65 Substances Left to be Assessed in the Next Phase

At the end of the fiscal year, ECCC and Health Canada dutifully achieved the risk assessment of an impressive total of 4,298 substances out of 4,363 substances. The remaining 65 CMP-3 substances or groups of substances, identified as priorities in CMP-3 for which the risk assessment and management was postponed to the next phase of CMP, as they need to be addressed using alternative assessment strategies, such as quaternary ammonium compounds, alkylbenzenes sulfonates and derivatives, ethanol, and gasoline, diesel, and bitumens. During the first quarter of 2024, ECCC and Health Canada managed to reach the finish line for the publication of several remaining draft risk assessment reports. These groups were known to have CASE-implications to some extent (i.e. Substituted Phenols, NMP & NEP, Aluminum Containing Substances, LBPNs, Thallium compounds, H₂S and sodium sulfide and bisulfide). The final assessment reports and decisions for a number of other CMP Phase 3 groups will have to be published later this year along with pending risk management instruments to be completed thereafter.

We do not know yet what the next phase of CMP will consist of. However, CPCA reminded its members that 65 substances plus an additional 1000+ substances or groups of substances will likely be prioritized for risk assessment and management, all done under a much more complex assessment process and in some cases, a compressed assessment schedule. In parallel, the next phase will also consist of continuous work on bisphenol A substitutes and functional analogues, as well as thousands of PFAS and plastic restrictions. The federal Government's labelling strategy remains among the top of CPCA member preoccupations, hence the continued need for a whole of industry approach in the CASE sector under CPCA's ongoing advocacy work curated for 'members only' on the Canada CoatingsHUB, the only digital regulatory database for CASE industry in Canada.

Ensure Nothing is Missed on Regulatory Compliance in Canada

For more details on the issues noted above, and many more over the past month, please review the latest monthly [Regulatory RADAR](#) (Canada and US Edition) with links to important documents and ongoing actions being taken by CPCA and its committees on

Note: If you are not a CPCA member, please ask for a complimentary copy of the latest Regulatory RADAR.

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Membership

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To Help Us Better Help 'Your' Industry*

The Canadian Paint and Coatings Association has six Membership Classes priced fairly to benefit each class according to its return in the industry. Your support and participation, along with all like-minded companies seeking better outcomes for the sector in Canada is now more critical than ever. In our case more is better given the current challenges.

[Explore Membership](#)

CPCA IN THE NEWS



CoatingsWorld Highlights CPCA Canadian Coatings Conference Program

The Canadian Paint and Coatings Association will host the **Canadian Coatings Conference** in the William Gray Hotel in Montreal on May 22-23, 2024. Strong business sessions covering key issues for the CASE industry in Canada including the future impacts of Generative AI, hear unique insights from Keynote Speaker, Dr. Joe Schwarz, and take in the ever popular Chair Award's Dinner recognizing achievements in the industry. Graduate students working on their Ph.D and Masters in Chemical Engineering will present posters on several innovative approaches applied in CASE-related segments such as biobased vitrimer networks, development of biobased recyclable smart thermosets, surface modification of copper surfaces for industrial applications, and more.



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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.***

GIT Graphene-based Coating Adopted by Pacific Basin

In a proactive move towards energy efficiency and environmental sustainability, **Pacific Basin**, a leading dry bulk shipping company, has decided to apply Canadian-based GIT's sustainable graphene-based propeller coating, XGIT-PROP, across its entire fleet. This innovative coating can enhance vessel performance by up to 4%, which makes it a highly effective solution to improve CII and RightShip GHG ratings.

GAF Helps Louisiana Tribe Rebuild Hurricane-damaged Roofs

The Louisiana coast has been impacted by several severe weather events including the Atakapa Ishak Chawasha tribe, a small community accessible only by boat. The group Rebuilding Together New Orleans along with the **GAF Community Matters initiative** and Sunbelt Roofs collaborated with the tribe to replace five hurricane-damaged roofs.

BASF Showcases Sustainable Additive Solutions at CHINAPLAS 2024 & Team up with Solidaridad to Empower Brazilian Farmers to Foster Biodiversity

plastic applications. **BASF** and Solidaridad will investigate how sustainable farming activities effect an increase in biodiversity, environmental conservation and the coexistence of agriculture and pollinators.

Vibrantz Technologies Released Its First Corporate Social Responsibility Report

As **Vibrantz** celebrates its second anniversary, its CSR report includes the company's progress and key performance indicators (KPIs) to adopt for 2024 onward. The 2023 milestones include finalizing Scope 1 and 2 greenhouse gas emissions baseline and advancing the sustainable procurement program.

AkzoNobel Uses 100% Renewable Electricity in Latin America & Investing in Dutch Research Labs to Propel Innovation

AkzoNobel's achievement in Latin America further boosts its ambition to reduce carbon emissions by 50% across the full value chain by 2030 (baseline 2018). **AkzoNobel** recently invented in its largest global R&D center already housing its biggest R&D teams in Europe for Decorative and Automotive and Specialty Coatings.

MEMBER RECOGNITION



Axalta and BASF Named a 2023 General Motors Supplier of the Year

Axalta and BASF were recognized as a top global supplier of 2023 during the GM annual Supplier of the Year 2024 event. A global, cross-functional GM team rigorously selects Supplier of the Year award winners based on innovation and alignment with GM's values and ambitious goals. BASF mentions having been annually honoured with this award 17 times.

PPG Recognized on Newsweek's Most Trustworthy Companies in America 2024 & Receives Exceptional Workplace Award' For Second Consecutive Year

Newsweek partners with Statista to conduct an independent survey of 25,000 U.S. residents. "This recognition reinforces **PPG's reputation as a trusted company** that values its customers, employees and investors," said Bryan Iams, PPG VP and chief communications officer. PPG received the 'Gallup Exceptional Workplace Award' for its involvement and enthusiasm to improve each stage of the employee life cycle.

Dow Recognized by Great Place To Work® and Fortune Year among 100 Best Companies to Work For®

For the fourth consecutive year, Dow remains the only materials science company to be recognized **Great Place To Work®** and Fortune Year. Dow scored with the highest-ranking of the four manufacturing and production companies to make the list.

Azelis Receives a B (Management) Score from Carbon Disclosure Project After Taking Part for the First Time

Azelis recently obtained a B (Management) score from CDP. **Azelis** positions above the industry average (C score) and it is a testament to its ongoing commitment to minimizing its carbon footprint and environment impact.

We want to know!

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

Please share with CPCA appointments, awards, and special recognition in your company.

CANADIAN ECONOMY



EDC Economic Outlook—Spring 2024

Canada's economy is expected to grow at only 0.9% in 2024, below the US economy growth of 2.3% and the global growth of 2.9%. However, Canada's growth is forecast to accelerate to 1.8% in 2025. This near-term drag results from a highly indebted Canadian consumer and business investment also constrained by elevated interest rates and tighter financing conditions. See the short-term forecast for the Canadian housing market.

Conference Board Published its 2024 Innovation Report Card: Benchmarking Canada's Innovation Performance

Canada is losing its way earning a **C rating**.



Canadian Coatings Conference

MAY 22 - 24, 2024 OLD MONTRÉAL

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TECH INNOVATIONS



NTU Singapore researchers have conducted a first-of-its-kind real-world study in the tropics to comprehensively evaluate how well **cool paint coatings** work in reducing city heat.

Goethe University Researchers Develop Bacterial Sensor Based on Chip with Surface Coating

The **coating** ensures that only very specific microorganisms stick to the sensor. The greater is the number of pathogens, the stronger is the electrical signal the chip produces. The sensor is not only highly sensitive but also measures the concentration of microorganisms, hence helping diagnose diseases and protect food.

Scientists Create Moon-Inspired Magenta Pigment

Oregon University researchers have developed durable, reddish magenta pigments inspired by lunar mineralogy collected from **Apollo missions and ancient Egyptian chemistry**. The new colours are based on divalent chromium (Cr²⁺) and are the first to use it as a chromophore.

100% Recyclable Mono-Material Coating Solutions Developed

A new partnership is driving the replacement of **multi-material packaging** with advanced mono-material solutions that are combined with innovative inks and coatings technologies. They are as performant while being easy to recycle. Advanced mono-material packaging responds to growing demands for sustainable packaging.

New Tech Report available on High-Performance Polyurethanes!

Placing special focus on innovative and environmentally friendly coatings, this **extensive multi-media report** presents a unique collection of in-depth technical papers in the field of polyurethanes.

ACA CoatingsTech: The Innovative World of Icephobic Coatings

Icephobic coatings ensure that ice doesn't accumulate on or strongly attach to a surface. They can have the ability to repel water droplets, delay ice nucleation, and/or reduce ice adhesion.



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