August 28, 2017

VIA E-MAIL

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Environment and Climate Change Canada  
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Re: Consultation on the proposed regulatory approach to reduce emissions of formaldehyde from composite wood products

Dear Mr. Morin and Ms. Thompson:

The Composite Panel Association ("CPA") is pleased to submit these comments regarding Health Canada’s Initial Consultation Document (the “Document”). CPA wholeheartedly supports the promulgation of a regulation to control emissions of formaldehyde from composite wood products which mirrors, to the maximum extent feasible, regulations of the California Air Resources Board ("CARB") and the United States Environmental Protection Agency ("EPA"). Canadian panel manufacturers have been voluntarily meeting these standards for years. Such a regulation would provide added assurance to Canadian consumers, prevent the introduction into Canada of products that do not meet commonly accepted standards, and provide a level playing field for Canada’s composite wood panel, furniture, flooring and cabinet industries.

It is extremely important to Canadian manufacturers that the provisions of a new regulation are consistent with other existing North American regulations. Conflicting or varying requirements would only add confusion and burden to Canadian companies without providing any additional benefits to consumers or Health Canada.
I. The Composite Panel Association

CPA is an international trade association representing the Canadian, American and Mexican manufacturers of particleboard, medium density fibreboard ("MDF"), hardboard, engineered siding and trim, decorative surfaces and their suppliers. Particleboard and MDF, along with hardwood plywood (which is represented by another organization), are the primary composite wood products regulated for their formaldehyde emissions.

CPA is proud to include in its membership seven Canadian-based companies which operate twelve composite wood panel plants in six provinces. These mills employ 2,200 workers with annual payrolls of approximately $724,000,000(C). The total impact on the Canadian economy, including raw material sourcing and downstream industries using our products has been estimated by Forest Economic Advisors to be $3.41 billion.

The technical expertise of the Association has been widely acknowledged. CPA was the first third party certifier to be accredited by CARB; it has been similarly recognized by EPA. It operates a state-of-the-art testing laboratory for formaldehyde emissions. Its employees and members have also been active for years with groups such as the American National Standards Institute and American Society of Testing & Materials in the development of product standards and test methods.

II. Composite Wood Products

Particleboard and MDF are panel products formed under heat and pressure from wood particles or fibers, resinous binders and other materials. Urea-formaldehyde resins ("UF") have historically been used because of their material properties, ease of application and economic considerations. Over the years, technical advances have drastically reduced the amount of emissions of formaldehyde from the panels. Some specialty products now use ultra-low emitting formaldehyde ("ULEF") or no added formaldehyde ("NAF") resins. In many cases emissions now approximate the formaldehyde exuded from wood itself. Nonetheless, UF resins still play an essential role in our industries’ production.

This technological progress has come at a substantial cost in production equipment, material inputs and press line speed. Unfortunately, many foreign suppliers have not voluntarily embraced the lower formaldehyde standards and made these investments as have the Canadian manufacturers. Noncompliant products have a distinct competitive advantage and pose concerns for Canadian consumers.

Particleboard and MDF have a variety of end uses, but the largest proportion of production goes into the furniture, cabinet and flooring industries. Their smooth surfaces, dimensional stability and cost effectiveness make them ideal substrates for the application of veneers and decorative surfaces. Other uses include molding, underlayment, door skins,
manufactured home decking, stair treads, and door cores. The nature of the resins in these products makes them predominantly used in indoor settings.

III. The Canadian Composite Wood Products Industry

Canadian and American manufacturers have voluntarily complied with industry formaldehyde standards for decades. Beginning in 2008, the industry also recognized the stringent Air Toxic Control Measure ("ATCM") promulgated by the California Air Resources Board. Although the ATCM only applied to panels and finished goods sold in California, CPA members adopted it as a general "best practice." Canadian composite wood products manufacturers universally comply with the CARB levels.

Imported panels from non-American sources do not necessarily recognize the need to meet CARB levels. The Document notes that $455 million of MDF and $81 million of particleboard were imported into Canada in 2016. Additionally, there is a significant threat that Canada will become a dumping ground for high-emitting panels in the future. The EPA regulation will become effective either in late 2017 or early 2018. Non-complying panels which previously were sent to the United States will be barred from that country. In the absence of similar regulation, Canada would be a logical market for these products. Canadian consumers should enjoy the same protections regardless of the source of the composite wood products that they purchase.

The true impact of the disparity in regulation on domestically manufactured and imported composite wood products goes far beyond just the market for panels. As noted above, furniture, cabinetry and flooring comprise dominant end use markets for composite wood panels. Canada imported $2.295 billion worth of wood furniture in 2016, much of it from Asia. This furniture contains significant amounts of composite wood products, much of which likely does not meet the EPA/CARB emissions standards. The ramifications are multi-faceted. Foreign panel manufacturers who have not made the significant investment in emission control and technology have a less expensive product to sell to their furniture manufacturing customers, which in turn results in a greater advantage vis-à-vis Canadian furniture makers. It is no wonder that the imported share of wood furniture supplied from the Far East has mushroomed in the last ten years, with many North American furniture manufacturers relocating to China, Vietnam and other eastern countries.

To address these economic factors and to assure Canadian consumers limited formaldehyde emissions, it is essential that any regulation require imported and domestically produced finished goods to use compliant composite wood products.¹

¹ CPA is pleased to see this acknowledged in the Document's "Proposed regulatory approach" at page 10.
IV. Canadian Regulation of Formaldehyde Emissions from Composite Wood Products Should Mirror Existing North American Standards

There is a long history of industry self-regulation and governmental inquiry into the emissions of formaldehyde from composite wood products. CPA is proud of its involvement in these product stewardship efforts over the years. Industry voluntary standards were established in the early 1980’s and were embodied in U.S. Department of Housing and Urban Development’s Manufactured Housing standards in 1984. The Association also worked closely with the Consumer Product Safety Commission, the Environmental Protection Agency, the Occupational Safety and Health Administration and Health Canada in their respective reviews of formaldehyde. In the early 2000’s, the Association worked hand-in-hand with CARB in its consideration of its ATCM and actively encouraged panel manufacturers to comply with the California standards for all of their production.

CPA also partnered with The Sierra Club, the United Steel Workers and various other industry and environmental groups to arrange for the introduction and passage of the Formaldehyde Standards for Composite Wood Products Act\(^2\), which established the CARB values on a nation-wide basis and directed EPA to promulgate specific implementing regulations. Those regulations were finalized on December 12, 2016.\(^3\)

These efforts in the United States, supported throughout by CPA’s Canadian members, led to the realization that a congruent approach in Canada would be in the best interests of Canadian consumers and manufacturers. An initial step was the development of a voluntary standard under the auspices of the Canadian Standards Association which incorporated the emission limits and the third-party certification concept from CARB/EPA.\(^4\)

As laudable as the voluntary standard was, however, there was a realization that only a mandatory regulation would accomplish the Canadian goals of consumer protection and competitive fairness. The Honorable Remi Masse introduced the following Motion to accomplish these ends:

*That, in the opinion of the House, the government should: (a) adopt regulations on formaldehyde emissions for composite wood products intended for indoor use that are sold, provided, or supplied for sale in Canada; and (b) ensure that these regulations are similar to US Environmental Protection Agency regulations enforcing the formaldehyde emissions standards in the US Toxic Substances Control Act Title VI in order to protect the health of Canadians who use these products*

\(^3\) 40 CFR Part 770.
\(^4\) CAN/CSA-0160-16 – Formaldehyde emissions standard for composite wood products.
The Motion had the support of all political parties and passed unanimously.

There are several salient features of the Motion. First, throughout its consideration, there was the recognition that congruency with the existing North American emission standards was the critical motivating force. Although clause (b) references implementing enforcement regulations being "similar" to those of the EPA, the overarching principle for the Motion was "equivalency" to promote the free and fair commerce of Canadian products.

CPA respectfully submits that the default assumption should be congruency with the existing North American regulations – variances should only be made upon a showing of overwhelming necessity or differences in national regulatory enforcement systems.

V. Emission Limits Should be the Same as CARB/EPA

The central, critical feature of any formaldehyde regulation is the emission limitation assigned to each product. To achieve the purposes of the Motion, it is imperative that the Canadian regulation embody the existing North American levels found in CARB Phase 2 and the EPA TSCA regulation:

<table>
<thead>
<tr>
<th>Material</th>
<th>Limitation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Particleboard</td>
<td>0.09 ppm</td>
</tr>
<tr>
<td>Hardwood Plywood</td>
<td>0.05 ppm</td>
</tr>
<tr>
<td>MDF</td>
<td>0.11 ppm</td>
</tr>
<tr>
<td>Thin MDF</td>
<td>0.13 ppm</td>
</tr>
</tbody>
</table>

These levels are determined in accordance with the ASTM E-1333 test method which normalizes sample loading, pre-conditioning, test chamber size and test conditions such as temperature and humidity.

These same levels have also been adopted by the Canadian Standards Association in its voluntary standard. In its approach in the development of CA/CSA-0160-16, the Technical Committee evaluated product emissions, chamber data and Canadian housing characteristics and determined that the CARB product emissions levels met Health Canada’s *Residential Indoor Air Quality Guideline* for formaldehyde.\(^5\)

CPA believes that it is the intent of Health Canada to include the established emission limitations in its regulation. For example, the Document notes that

[t]he Government of Canada recognizes the importance of regulatory alignment between Canada and the U.S.\(^6\)

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\(^5\) The introduction to CA/CSA-0160-16 Standard reads "The product emission levels in this standard are health based, and are intended to meet Health Canada’s Residential Indoor Air Quality Guideline for formaldehyde."

CPA is concerned, however, by other language in the Document that suggests other limitations may also be on the table:

The Government of Canada is considering the CSA standard and regulatory approaches taken in the U.S. and other jurisdictions as models for designing the proposed federal regulations.\(^7\)

(Emphasis added.) It is unclear what other jurisdictions’ regulatory approaches are being considered and whether the term “regulatory approaches” encompasses different emission limitations, but CPA submits that adopting other levels would be contrary to the intent of the Motion and would significantly impair the ability of Canadian manufacturers to compete.

CPA is aware that there are standards around the world which vary in some respects from the levels embodied in CARB/EPA/CSA. For example, the European Panel Federation (“EPF”) has adopted a voluntary standard that has different emission limits. Care must be taken in evaluating these alternative approaches, however. The EPF uses a different test method – EN 717-1 – which does not give the same results as ASTM E-1333, the primary method used in Canada and the United States. That test method also permits various averaging techniques which are not as stringent as the systems established by CARB and the EPA. It is also interesting to note that the EPF has a higher value for hardwood plywood than the correlated North American value. The American and Canadian panel industries have no interest in establishing a bifurcated standard for composite wood products.

CPA has on numerous occasions asserted that the CARB/EPA regulatory regimen results in the toughest standard in the world. We stand by this principle. Although numbers may vary, the rigors of third party certification, routine quality control testing, on-site inspections and quarterly chamber tests put teeth into the claim.

VI. The Scope of the Regulation

The intent of the Parliamentary Motion was clear that it should be limited to the three composite wood products that have typically been regulated for formaldehyde emissions – particleboard, MDF and hardwood plywood. This position was clearly articulated in a February 7, 2017 Memorandum from the proponent of Motion 102, the Honorable Remi Masse:

Motion M-102 deals with formaldehyde emissions from composite wood products intended for indoor use that are sold, provided, or supplied for sale in Canada (particleboard, medium density fibreboard (“MDF”)) and hardwood plywood.

Clearly, the scope of the proposed regulation was designed to be congruent with other North American standards, as well as the CSA voluntary standard.

\(^7\) Document, Section 3, page 10.
The Document includes an unnecessarily broad definition of "composite wood products."\textsuperscript{8}

...a hardwood plywood board, softwood plywood board, particleboard, medium density fiberboard (MDF), high density fiberboard, low density fiberboard, oriented strand board (OSB), waferboard or veneer corrugated board.\textsuperscript{9}

Note that numerous other products – softwood plywood, low density fibreboard, high density fibreboard, oriented strand board and veneer corrugated board – have been added.

These additional products have historically not been considered for regulation because of their extremely low or non-existent formaldehyde emissions. Most are specifically exempted from both the CARB ATCM and the EPA regulation, as well as the voluntary CSA standard. These exclusions have sound bases. For example, OSB is typically made with isocyanate resins; they are not formaldehyde-based. Softwood plywood typically utilizes a phenolic formaldehyde binder which results in virtually no formaldehyde emissions. These structural panels are predominantly used in outdoor applications, whereas the proposed regulation is aimed at regulating products intended specifically for indoor use.

There is also a potential problem with the description of "high density fibreboard." "Hardboard" and "engineered wood siding and veneer" are technically high density fibreboard, but they are made with different processes than "MDF."\textsuperscript{10} The bond is achieved with the natural lignin in the wood or with minor additions of phenol formaldehyde resin. Emissions are negligible. CARB\textsuperscript{11} and EPA\textsuperscript{12} both exclude hardboard from regulation.

The addition of testing, certification, labeling and record-keeping for these products would serve no regulatory or health purpose and would add significant burdens to Canadian companies making them.

CPA submits that the scope of the regulation should be limited to the three products originally set forth in Mr. Masse's Motion 102 – hardwood plywood, particleboard and MDF.

\textsuperscript{8} In various parts of the Document, hardwood plywood is distinguished from composite wood products. The definition of composite wood products includes hardwood plywood.
\textsuperscript{9} Document, Section 3.1, page 11.
\textsuperscript{10} CPA represents the Canadian manufacturers of these hardboard and engineered wood products.
\textsuperscript{11} §93120.1(8).
\textsuperscript{12} 15 U.S.C.A. 770.3. The definition of "hardboard" includes a notation that a hardboard product that emits more than 0.06 ppm of formaldehyde will be considered MDF. This provision was included because of the similarity of dry process hardboard and thin MDF.
VII. Care Must be Taken in the Inclusion of Finished Goods and Component Parts

It is clear from the Document that the proposed regulation includes finished goods.\textsuperscript{13}

The proposed federal regulatory approach would require that all composite wood products … including laminated products and finished goods made from composite wood products, comply with emission standards for formaldehyde set out in regulations …

(Emphasis added.) A technical issue arises regarding component parts given the proposed definition of “Finished goods” as:

\ldots any good or product, other than a panel, that contains hardwood plywood (with a veneer or composite core), particleboard, or medium-density fiberboard and that is not a component part or other part used in the assembly of a finished good.\textsuperscript{14}

(Emphasis added.) Without more, these two sections would suggest that component parts are excluded from the requirement for using compliant composite wood products.

Although the intent of both CARB and EPA regulations is clear that all composite wood products reaching consumers must be compliant,\textsuperscript{15} this is an area of some confusion and ambiguity in both. For example, the EPA regulation defines “finished good” as “any good or product…that is not a component part or other part used in the assembly of a finished good,”\textsuperscript{16} but states that “[c]omponent parts that are sold directly to consumers are considered finished goods.”\textsuperscript{17}

CPA realizes that the details of the regulation are yet to be fleshed out and looks forward to providing input on the actual regulatory language.

VIII. General Principles of Uniformity

A number of particular features of the regulation have been identified including labeling, record-keeping and reporting. We note that Health Canada has indicated that equivalent approaches from other jurisdictions such as the U.S. are being considered for these topics. We heartily endorse this approach. Variation in labelling could cause confusion among consumers looking for compliant product and would unduly clutter the limited space on labels. Any

\textsuperscript{13} The Canadian Standards Association voluntary standard was limited to the three composite wood products and did not cover finished goods.

\textsuperscript{14} This language is similar to that found in the ATCM and EPA regulations, other provisions in those documents make clear that composite wood products in components must also meet the emission limitations.

\textsuperscript{15} § 93120.2(a)(4)&(5); §770.30(a).

\textsuperscript{16} §770.3, definition of “finished good.”

\textsuperscript{17} §770.3, definition of “component part.”
variation in the record-keeping would cause unnecessary burden on Canadian manufacturers. We realize that reporting would have to be made to different jurisdictions, but submit that the nature of any reports should be identical.

Unified approaches to these issues will promote the smooth and efficient operation of the regulations.

IX. Accreditation Standards

Section 3.5 of the Document addresses accreditation of third party certifiers by the International Organization for Standardization ("ISO") and particularly references ISO/IEC 17025:2005, General requirements for the competence of testing and calibration laboratories. CPA recommends that two other widely recognized ISO documents be included: (1) ISO/IEC 17020 – Conformity assessment – Requirements for the operation of various bodies performing inspection and (2) ISO/IEC17065 – Conformity assessment – Requirements for bodies certifying products, processes and services.

X. Conclusion

CPA appreciates the opportunity to participate in this consultation with Health Canada and looks forward to continuing cooperation and comment as the regulation evolves. We believe that our more than thirty years of experience in working with regulators, consumer groups, suppliers and downstream industries will bring perspective and value to the discussions.

Please contact me if we can provide any additional information or if these comments raise questions.

Very truly yours,

[Signature]

Jackson Morrill
President