FPInnovations and Kruger join forces to Build a Leading-edge Cellulose Filament Plant

Canada first in international race to develop game-changing technology and eco-friendly materials of the future

Trois-Rivières, Québec – December 18, 2013 – FPInnovations and Kruger Inc. today announced a joint project to implement the world’s first five ton/day cellulose filament demonstration plant at Kruger’s Trois-Rivières Paper Mill. Details of the project were revealed at a press conference held in Trois-Rivières on December 18, 2013, by the Honourable Denis Lebel, Minister of Infrastructure, Communities and Intergovernmental Affairs and Minister of the Economic Development Agency of Canada for the Regions of Quebec, on behalf of the Honourable Joe Oliver, Minister of Natural Resources of Canada; Ms. Martine Ouellet, Minister of Natural Resources of Quebec; Ms. Élaine Zakaib, Minister for Industrial Policy and the Banque de développement économique du Québec; Mr. Pierre Lapointe, President and CEO of FPInnovations; and Mr. Daniel Archambault, Executive Vice President and COO of Kruger’s Industrial Products Division.

This important research and innovation project represents investments totaling $43.1 M, including funding from Natural Resources Canada, through the Investments in Forest Industry Transformation (IFIT) Program, as well as a grant from the Québec Ministry of Natural Resources, a loan from Investissement Québec, a contribution from Kruger Inc. and funds from FPInnovations’ pulp, paper and bioproducts industrial members.

A highly innovative wood-fibre based biomaterial, cellulose filaments (CF) are expected to have an immediate impact on Canada’s forest industry due to their capacity to be integrated into other materials and to their high strength, light weight and flexibility. CF will be used in a wide range of applications as a lightweight strengthening additive to produce lower cost commercial pulps, papers, packaging, tissues and towels. Looking to the future, CF may be combined with many materials to create high value products ranging from flexible packaging and films to structural and non-structural panels in building construction.

“This announcement is a shining example of how collaboration and targeted investment in research and development can positively impact traditional markets while leading to the development of innovative new products,” said Pierre Lapointe, President and CEO of FPInnovations. “Cellulose filaments are set to become a key element in the transformation of the Canadian pulp and paper industry enabling the industry to gain a foot-hold in non-traditional markets while building on its existing manufacturing capacity in forest-dependent communities across Canada.

“We are very pleased to be part of this groundbreaking project which will make Canada a global leader in CF production,” said Daniel Archambault, Executive Vice President and Chief Operating Officer, Industrial Products Division, Kruger Inc. “By enabling the Canadian forest industry to diversify into non-
traditional markets, CF production will help protect existing jobs and create opportunities for new highly qualified jobs across the country.”

The demonstration plant in Trois-Rivières, combined with a concurrent national research program involving FPInnovations and industry, provides a strategic advantage for the production and marketing of this transformative biomaterial. The plant will operate on a simple and efficient chemical-free process developed by FPInnovations that uses only mechanical/refining energy and wood fibres with minimal impact. This, in addition to the fact that the plant can be built with robust and industrially available equipment, will facilitate scale-up to a commercial stage, thus conveying a unique advantage to Canadian companies.

Canada is now well-equipped to compete with global industries in the USA, China, Finland, Brazil and Sweden to develop the next generation cellulose-based bio-materials. In addition, FPInnovations’ five patents on the process and product secure the technology for the advantage of the Canadian industry while providing conditions to bring this game-changing technology to commercial reality.

The potential initial market for CF as a strength reinforcing agent for traditional pulp and paper products is conservatively estimated at 120,000 tons per year in North America alone. In addition, a similar-sized, non-traditional market is forecast for thermoplastics, reinforced plastics, thermosets, adhesives, and non-woven fabric and coatings, representing a total revenue potential of $500 million per year for companies that make use of CF.

About FPInnovations
FPInnovations is a not-for-profit world leader that specializes in the creation of scientific solutions in support of the Canadian forest sector’s global competitiveness and responds to the priority needs of its industry members and government partners. It is ideally positioned to perform research, innovate, and deliver state-of-the-art solutions for every area of the sector’s value chain, from forest operations to consumer and industrial products. FPInnovations’ staff numbers more than 525. Its R&D laboratories are located in Québec City, Ottawa, Montréal, Thunder Bay, Hinton and Vancouver, and it has technology transfer offices across Canada. For more information about FPInnovations, visit: www.fpinnovations.ca.

About Kruger Inc.
Founded in 1904, Kruger Inc. is a major producer of publication papers, tissue, lumber and other wood products, corrugated cartons from recycled fibres, green and renewable energy and wines and spirits. The Company is also a leader in paper and paperboard recycling in North America. Kruger operates facilities in Quebec, Ontario, British Columbia, Newfoundland and Labrador and the United States. For more information about Kruger Inc., visit www.kruger.com.

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