

Expanding the Canadian Pellet Business to International Market**(The United Kingdom Case Study)****Adewale, Oluwafemi Adeniyi****Cape Breton University (Shannon School of Business)****Executive Summary**

Over the course of the next several pages, we will be analyzing the option of expanding the pellet business to a new international market of the United Kingdom. As per, Canadian Wood pellet Magazine, "In 2018, UK pellet demand increased significantly for the first time in several years with the commissioning of EPH's 396 MW Lynemouth Power Station conversion and the conversion of a fourth unit at the Drax power station. Moving forward, growth will be primarily driven by a ramp up to full operation at Lynemouth and increased availability at the Drax power station. In 2020, UK demand will increase again with the scheduled commissioning of MGT's 299 MW Teeside CHP plant, expected to use up to 1.5 million tonnes per year". This is great news for the wood pellet industry in Canada but is it actually viable option to expand to the UK market?

The wood pellet market has seen growth over the past several years in many countries including Japan, Sweden, Netherlands and the UK. With many countries aiming to meet environmental goals which specifically lessen the reliance of coal, wood pellets are the choice of many countries in this transformation.

Canada has a strong wood product international reputation and relations already with the UK being Canada's largest market for wood pellets. The opportunity for growth is there for our company but the big looming question with any new opportunities or expansions to the UK is how will BREXIT impact us?

While it shows there is a strong market for us to expand our services to the UK, there are considerable concerns with Brexit and the timing. The UK is one of the most important export destination for Canadian goods and services and the UK is the most important country exporting goods and services to Canada which is integral that Canada maintains trade relations with the UK including CETA. The UK has voted a third time to reject the withdrawal agreement negotiated between the UK and EU and this is a wild card with what will happen on April 12th. Any withdrawal from the UK (hard or soft) requires much more time and resolution with regards to tariffs, services and World Trade Organization law. CETA must also be maintained for Canada and the UK to benefit from trade but by leaving the EU union, it would lose its CETA benefits. Canada wants to keep a seamless transition with the UK but International agreements along with legislative measures are required and time is extremely limited with a mountain of work to be done.

Introduction

The United Kingdom (UK) (latitude 54.237933 longitude -2.36967 as per GPS coordinates n.d., United Kingdom Latitude) is an island located off the northwestern coast of Europe comprised of Great Britain (Wales, Scotland and England) along with the Northern Ireland. The UK and Canada have one of the longest and positive relationships in the world. Both countries share a sovereign (Queen Elizabeth II) and share a similar parliamentary democracy.

The UK, as mentioned by the UK government fact sheet, has a population of 66 million people, with a .6+ growth rate (world bank data country profile). International migration has slowed but is till the main conveyer of population growth in the UK. While growth has varied across the UK, the history of fast growth in London is slowing. The current population, approximately 20% (12 million) residents are over the age of 65. The UK enjoys a low unemployment rate (4.4%) and it enjoys a high level of health by residents. Life expectancy is approximately 81 years of age and the UK has a national health service (NHS) which provides universal healthcare to residents. English and Welsh are the official languages of the UK with English being the main language and Welsh rarely spoken outside Wales.

The UK is one of Canada's most important countries for business. Canada and the UK have a history of working together and both governments have many areas of common agreement in world affairs. In 2017 (OECD), the GDP of the UK per capita per person was \$39,720.44. The imports of goods and services (% of GDP) for the UK in 2017 was \$31.993. Our recommendations in this document are based upon research into expanding our current business into the UK market of wood pellet imports. Wood pellets are a compressed form of woody wood pellet used as an eco-friendly, low carbon alternative to traditional fossil fuels. As a source of renewable energy, wood pellets provide the ultimate, sustainable, high quality and price stable fuel.

According to UK Energy Statistics, updated 2018, Canada provides 1.435 thousand tonnes of wood pellets to the UK, second to the US and more than the total European Union which provides 1,136 thousand tonnes. The heavy use of UK seaports would be greatly beneficial to the wood pellet expansion and transporting the pellets to the UK. This particular market is also identified as currently being strong and projecting a strong market looking forward due to the UK requirements to meet their Europe 2020 goals for

climate change and energy. In 2018, pellet demand increased significantly in the UK with the conversion of a number of coal powered power stations to using wood pellets for cleaner power.

Helping with this boom for wood pellet demand in the UK is that the UK and Canada enjoy Comprehensive Economic and Trade Agreement (CETA). CETA has reduced 98% of the tariffs between the UK and Canada and if focused on growing a strong middle class in both countries.

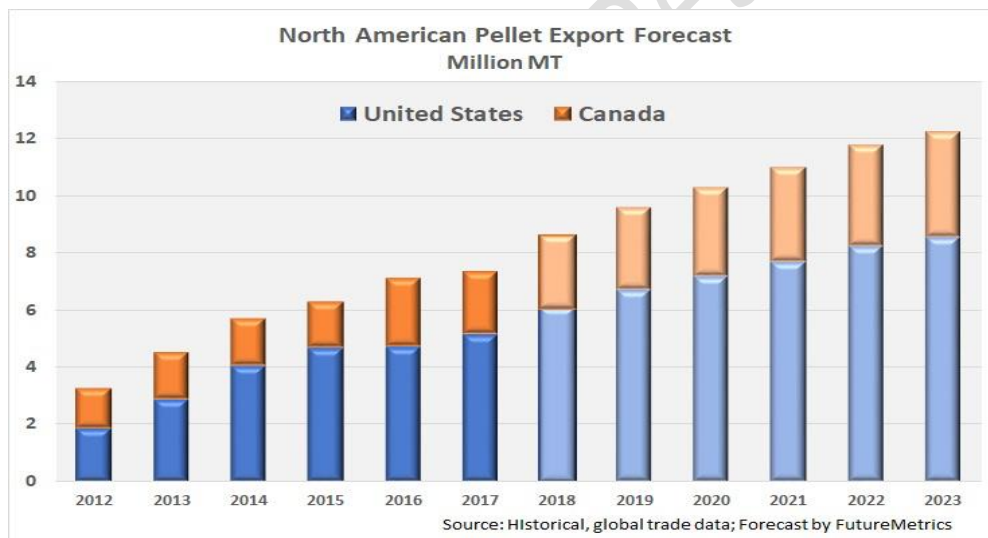
The UK also has many firms with a presence in Canada that help to grow the Canadian economy. Therein lay the building blocks of our future economic relationship that will continue to flourish and the UK is one of Canada’s largest trading partners (Canada and the United Kingdom relations, n.d., para commercial and economic relations).

The UK, similar to Canada, aims to promote global prosperity by promoting and financing international trade and investment, and championing free trade. The office of

International trade in the UK is responsible for bringing together policy, promotion and financial expertise to break down barriers to trade and investment, and help businesses succeed. This will deliver a new trade policy framework for the UK promoting British trade and investment across the world and building the global appetite for British goods and services.

Political Structure

The UK Department of Business, Energy, and Industrial Strategy (BEIS), and with the UK Committee on Climate Change (CCC) both have vested interest and involvement with Canada in the wood pellet industry. In Canada, along with our federal government, the Canadian Association of Wood Pellets allows Canada and the association for the wood pellets to share and emphasize the importance of Canada’s sustainable forest management program which supports the environment and to continue to develop the importance of the Canada-UK pellet trade.



It is important to know more about the two main UK government departments that have oversight and policy direction over wood pellet imports. According to Canadian Wood pellet magazine, “BEIS is the key department for wood pellet, covering the entire energy sector. It is responsible for the oversight of the private sector in a general sense and for the energy sector in particular, which includes designing and administering market frameworks and subsidies, with significant interventions from the treasury and No. 10 Downing Street. BEIS’s responsibilities include energy, climate change and clean growth...BEIS manages UK policy and legislation regarding support programs for wood pellet power and wood pellet sustainability requirements. CCC is the UK government’s official advisor on climate change. It is charged with

analyzing the scientific, technological and policy data and to make recommendations that form five-year carbon budgets, allowing the UK to meet its internationally binding targets on climate emissions”.

The political structure of the United Kingdom is very beneficial for Canada for business. The ease of doing business with the United Kingdom is considered particularly good. As per the World Bank (The World Bank, 2019, Doing Business Measuring Business Regulations), the UK is ranked 9th in the world for ease of doing business. This situates the UK between the United States (8th) and Macedonia (10th). Comparing the results to last year, the UK has had a slight increase in their rating with a .33 increase overall for ease of doing business.

Most recently, there were several reforms the UK reviewed and changed to help improve ease of doing business. As per The World Bank, 2019, Doing Business Measuring Business Regulations, the UK made the following reforms which could assist with expanding our market to the UK. They include speeding up parts of the bureaucracy to allow businesses faster service for setup including processing of forms, tax registration, setting up an office and getting electricity, planning permits and modernizing civil procedures for commercial court. The chart above show the

Economic

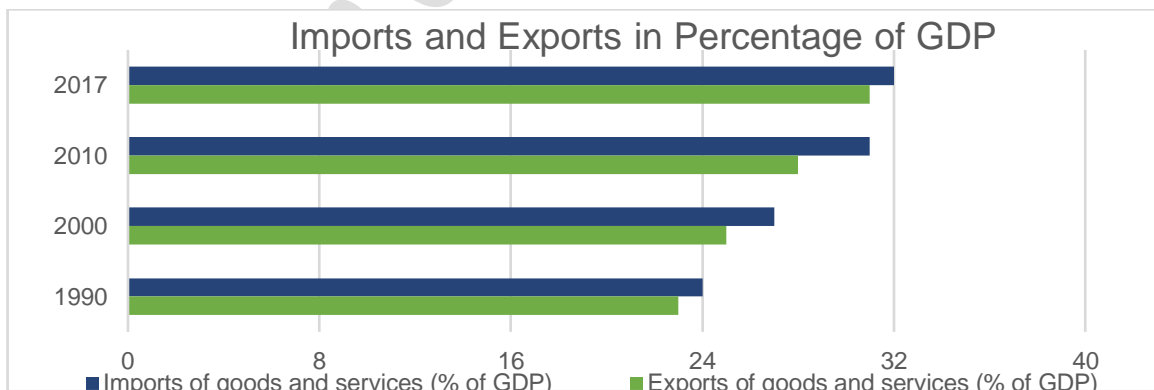
The economy of the United Kingdom is highly developed and market-oriented. It is the fifth-largest national economy in the world measured by nominal gross domestic product, ninth-largest measured by purchasing power parity (PPP), and twenty second-largest measured by GDP per capita, comprising 3.5% of world GDP. In 2016, the UK was the tenth-largest goods exporter in the world and the fifth-largest goods importer. The UK electorate voted against remaining in the European Union on 23rd June, 2016. Although Brexit will not be activated until 11pm UK time on the 29 March 2019, the impact of this decision now and An overview of the UK economic data briefly below in Table 1:

Table 1: UK Macro Economic Data

| Economic Data briefly | 1990 | 2000 | 2010 | 2017 |
|--|----------|----------|----------|----------|
| GDP (current US\$) (billions) | 1,093.17 | 1,647.95 | 2,441.17 | 2,622.43 |
| GDP growth (annual %) | 0.7 | 3.7 | 1.7 | 1.8 |
| Inflation, GDP deflator (annual %) | 7.9 | 2.1 | 1.6 | 2 |
| Agriculture, forestry, and fishing, value added (% of GDP) | 1 | 1 | 1 | 1 |
| Industry (including construction), value added (% of GDP) | 28 | 23 | 18 | 19 |
| Exports of goods and services (% of GDP) | 23 | 25 | 28 | 31 |
| Imports of goods and services (% of GDP) | 24 | 27 | 31 | 32 |
| Gross capital formation (% of GDP) | 23 | 18 | 16 | 17 |
| Revenue, excluding grants (% of GDP) | 32.6 | 34.1 | 34.8 | 35.4 |
| Net lending (+) / net borrowing (-) (% of GDP) | -0.9 | 1.8 | -9.3 | -2.6 |

Source: The World Bank Data

Figure 2. UK’s Balance of Trade from 1990 to 2017



Source: Designed with Excel tools

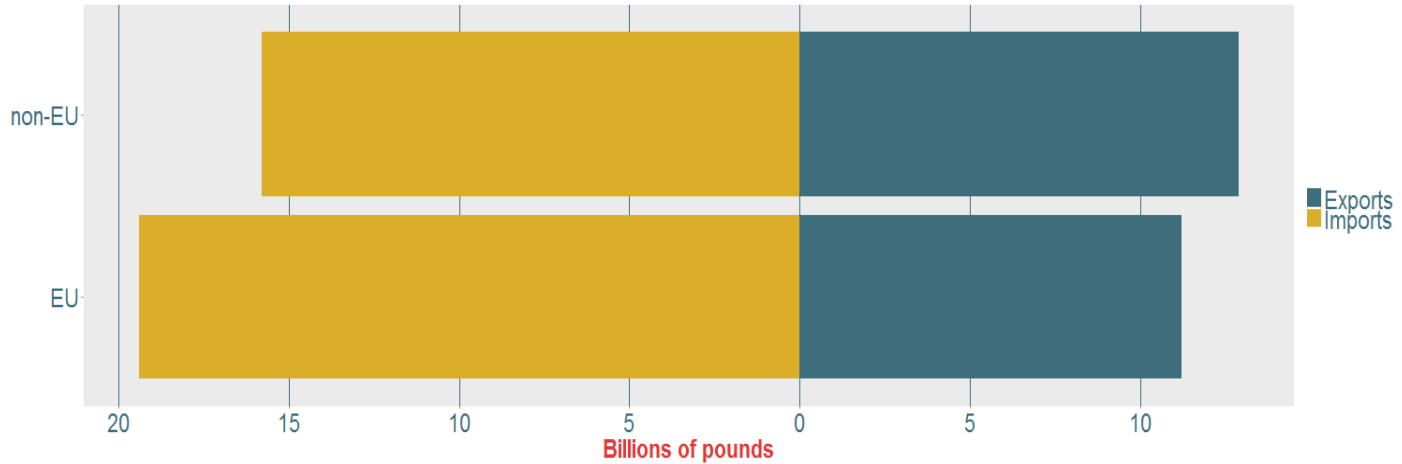
strong market for the imports of wood pellets to the UK from 2012 and projecting the UK needs of wood pellets from US and Canada to 2023. Both the Government of Canada along with the Wood Pellet Association of Canada (a member-driven organization advancing the interests of Canadian wood pellet producers) have been working together to advance the interests of wood pellet producers in Canada to the global market and in particular, the UK market.

in the future is still being understood and the impact it will have between Canada and UK business. 63% of Britain’s goods exports are linked to EU membership, the effect of Brexit on the financial sector is expected to be negative in the short run and positive in the long run. £10 billion per year on its contributions to the EU’s budget, which can be used to upgrade the infrastructure and this will impact positively on economic growth (Ramiah et al. 2017). Brexit is already having short run negative effect on UK’s economy as the GDP and per-capita income are on its lower ebb while the inflation is rising. (Breinlich et al., 2018).

Figure 2. shows that the UK’s balance of trade from 1990 to 2017 is “unfavorable”, it is in deficit (Imports exceed exports consistently for the past 27 year). Trade Balance as at 2017, the United Kingdom had a negative trade

balance of \$203.03 Billion in net imports. As compared to their trade balance in 1995 when they still had a negative trade balance of \$31.6B in net imports.

Figure 3. UK’s imports are higher in EU countries than the non-EU countries



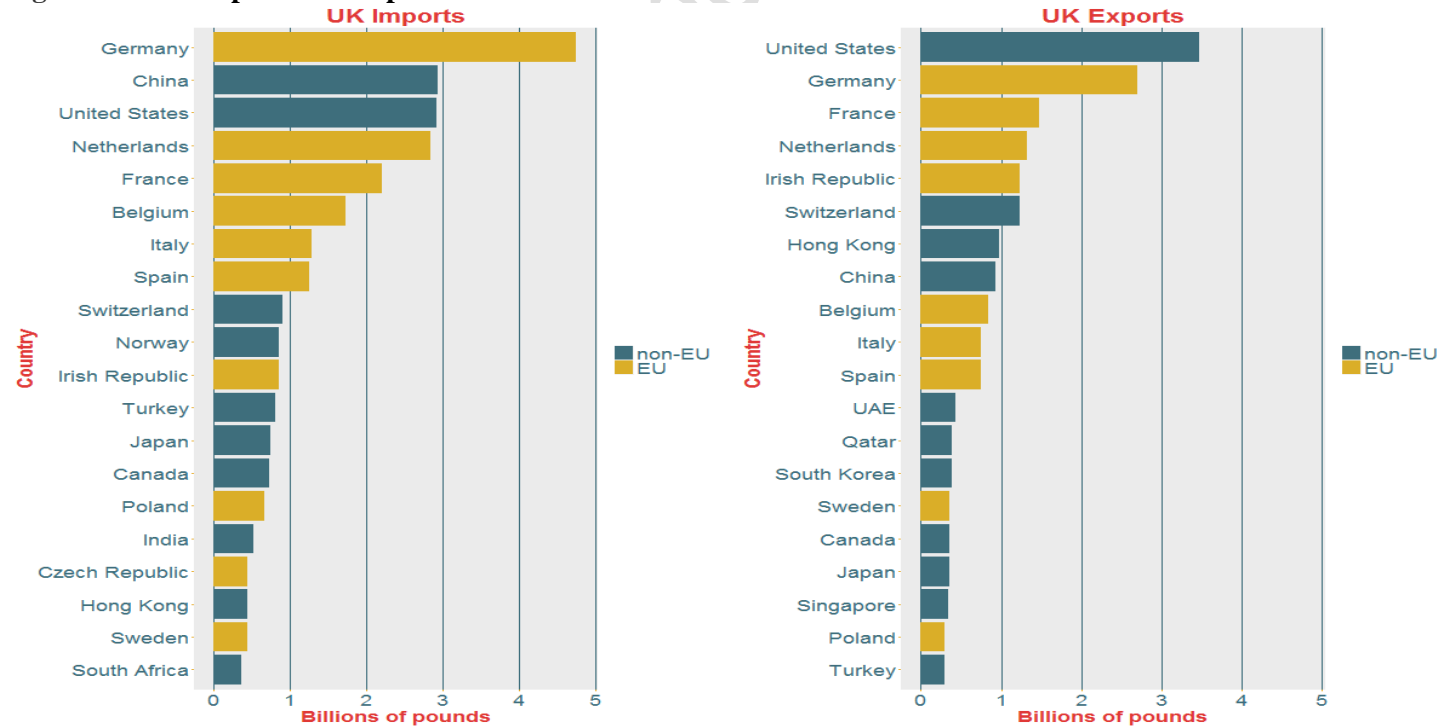
Source: The Select-Statistics

Figure 3. shows that the UK’s imports are higher in EU countries than the non-EU countries. Brexit will cause the economy to further shrink unless Prime Minister, Theresa May can produce a better trade deal with the EU and find See Figure 4 below for details of UK’s imports and exports for the non-EU countries versus the EU countries.

alternative deals with the non-EU countries like Canada. Exports to EU countries are a substantial part of the UK economy and its GDP and exports to the non-EU countries are marginally higher than the EU countries.

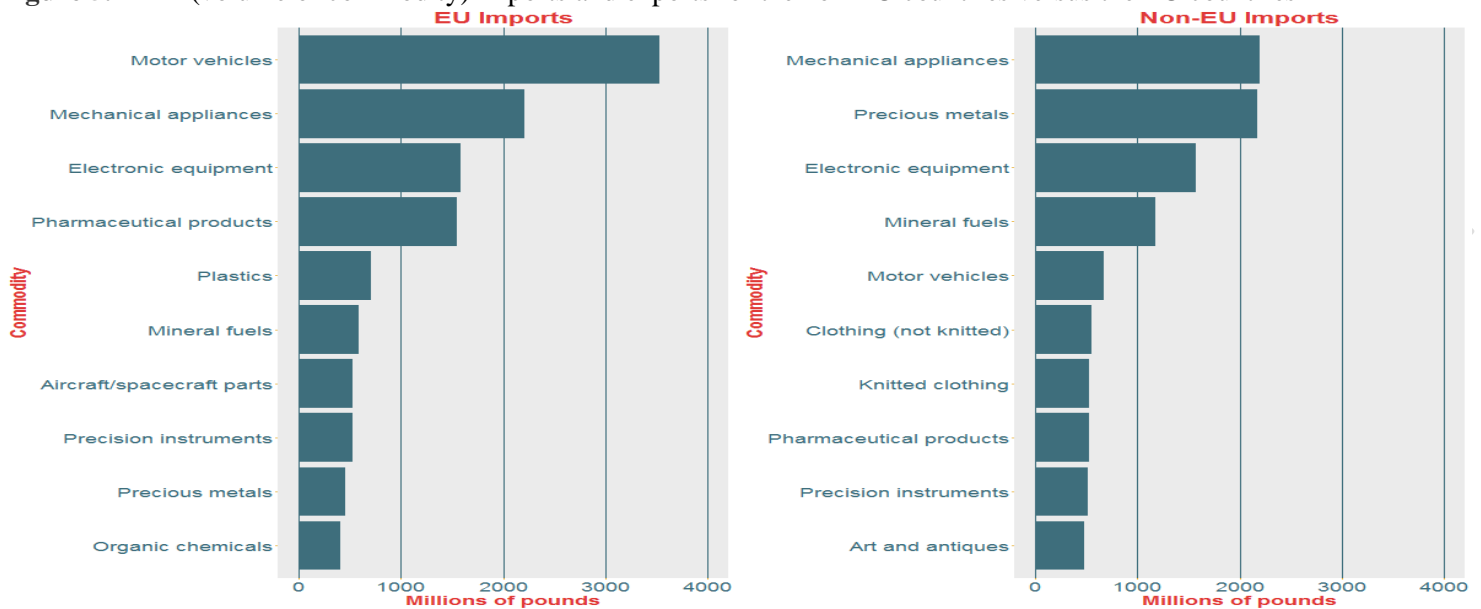
Figure 5. shows the UK’s (volume of commodity) imports and exports for the non-EU countries versus the EU countries.

Figure 4. UK’s imports and exports for the non-EU countries versus the EU countries



Source: The Select-Statistics

Figure 5. UK's (volume of commodity) imports and exports for the non-EU countries versus the EU countries



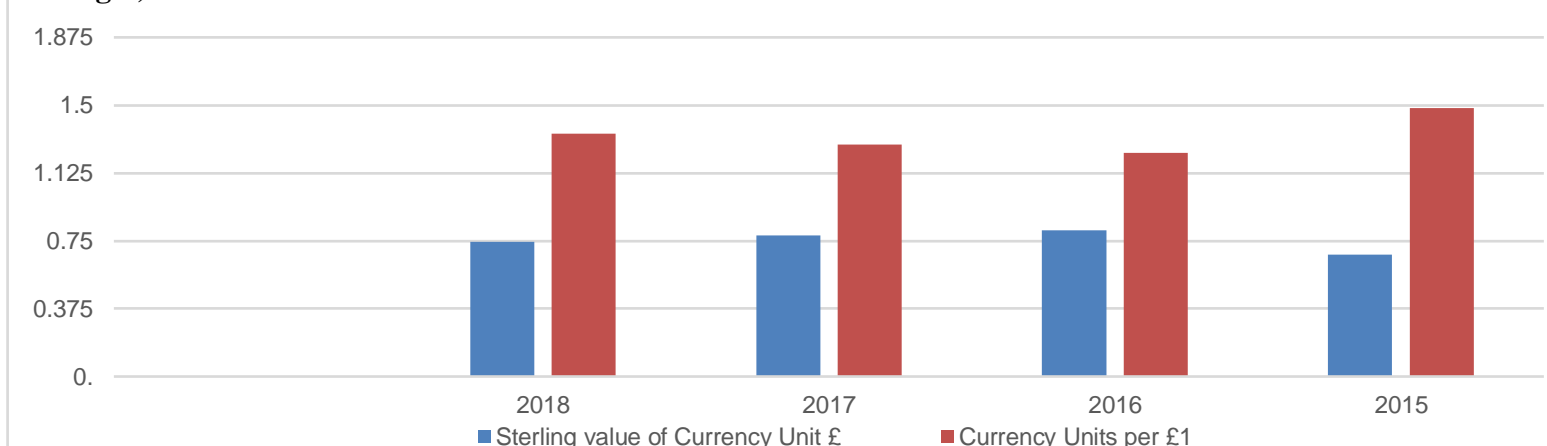
Source: The Select-Statistics

Table 2. The Pound Sterling exchange rates to U.S. Dollar from 2014 to 2018 (Yearly Averages)

| Years | Country | Unit of Currency | Sterling value of Currency Unit £ | Currency Units per £1 |
|-------|---------|------------------|-----------------------------------|-----------------------|
| 2018 | USA | Dollar | 0.7443 | 1.343550 |
| 2017 | USA | Dollar | 0.7796 | 1.282692 |
| 2016 | USA | Dollar | 0.8093 | 1.2357 |
| 2015 | USA | Dollar | 0.6742 | 1.4833 |
| 2014 | USA | Dollar | 0.6413 | 1.5593 |

Source: www.gov.uk/government

Figure 6: Pound Sterling exchange rates to U.S. Dollar from 2014 to 2018 (Yearly Averages)



Source: Designed with Excel tools

1 Pound sterling was exchanged for 1.5593 US Dollars averagely in 2014; however, in 2016 when UK decided to leave the EU, we see a sharp drop of Pound sterling to

1.2357 US Dollars. Reason could be the response of the market to the Brexit news (Market shock). Although the currency recovered by the year 2018 to 1.3435 US Dollars

Furthermore, Brexit may cause many issues including airlines to lose their automatic right to fly between Britain and EU member states impacting business. PM Theresa May and her government need to reach some sort of an agreement on air travel so that planes could carry on landing

Cultural Analysis

The UK and Canada have a long, positive relationship. Many Canadians have English, Scottish and Irish history and many parts of Canada also celebrate traditions from the UK that have been earned, shared, and transferred from one generation to the next. Language, expressions, traditions such as cooking and games, along with common ways of behaving in situations such as an “Irish wake”, come from an extensive line of UK influence. Business with the UK is usually considered a minimal risk country as Canada shares many similarities with the UK. What is important to note is that the UK is a low context culture so that words are extremely important when doing business. Also, the UK is a rule of law country like Canada. As noted by World Business Culture website and Kelly, D, “Cultural Tips for Doing Business in England” there are several important things to know even though Canada and the UK share many similarities. While doing business in the UK, these points are important to know:

Meetings are viewed as an open debate of an issue and various sides and opinions are looked at. People express their views and work towards identifying away forward or solution that can be found together. Having an outcome to the meeting is viewed as having no point to meet as the debate was not allowed to happen.

Agendas are given prior but not a lot of emphasis will be placed on them and instead if issues arise that need to be talked about, it will be talked about. Meeting agendas would be considered more of a suggestion rather than something is adhered to.

Arriving on time is important. In Canada, it may be polite to show up 10-15 prior to a meeting, while in the UK it is more widespread practice to arrive exactly at the start

in other countries and allow “normal” business to continue. “Brexit will be bad with deal and it will be worse with no deal 3.9% economic shrink with deal and 9.3% economic shrink without deal in 15 years”-vox news.

time. It is important to note that when making decisions in business with UK partners that, they will stick and refer to their laws and rules, facts, and data rather than personal experience or feelings. Working in a team is quite common in the UK and the team or people on the team will meet with you to arrive on an agreed upon decision before bringing it to the proper authority for approval. But, in Canada, this process can be slow.

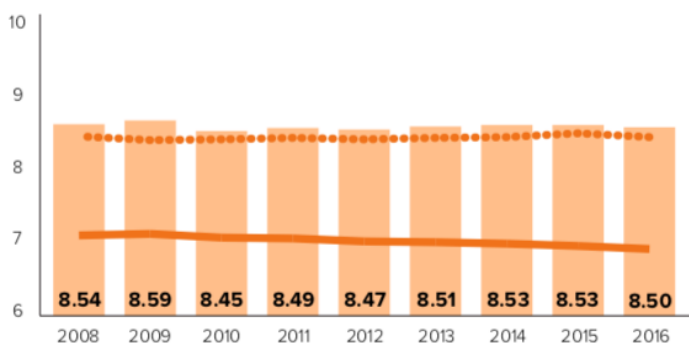
In Canada, women play a key role in management, business and decision making. The only issue for women to be aware of is the cultural comfort in using the terms love, dearie or darling which may be used quite often and that it is not considered rude.

Parts of our Canadian education system have also had roots from the UK education system. As a note, the UK has 82.9 percent of the population with post-secondary education. There is also slight difference between male and female with females with 82.4 and males with 85.2 having post-secondary education. The mean years of schooling in the UK is 12.9, and again extraordinarily slight difference between females 12.8 and males 13.5.

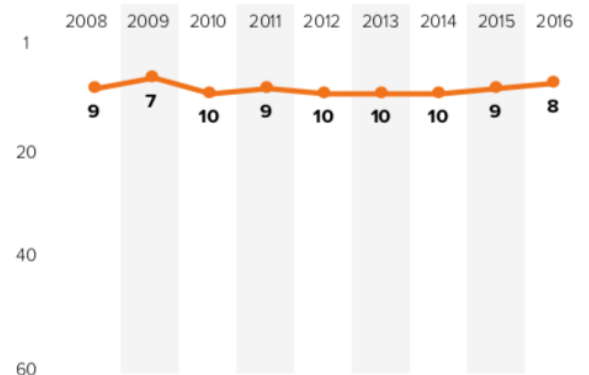
In relation to human rights, the UK scores 8.5 out of 10. 10 being most free, as per the human freedom index 2018. This ranking sits the UK at 8th out of 162 countries. They rank 9 on personal freedoms and 9 on economic freedoms giving the 8.5. Personal freedom includes data on rule of law, security and safety, movement (freedom of domestic, foreign, women movement, religious freedom, civil society, expansion, information, and relationships. Figure 7 below shows the UK human freedom score over time in comparison with the world and their individual ranking over time.

Human Freedom Score over Time

— World Avg. - - - Regional Avg.



Human Freedom Ranking over Time



Overall the UK would be an incredibly positive place for our wood pellet business to expand as we share many similarities between Canada and the UK, have historically good, positive relations between countries and there is a market for expansion of wood pellets in the UK.

Technology and Infrastructure

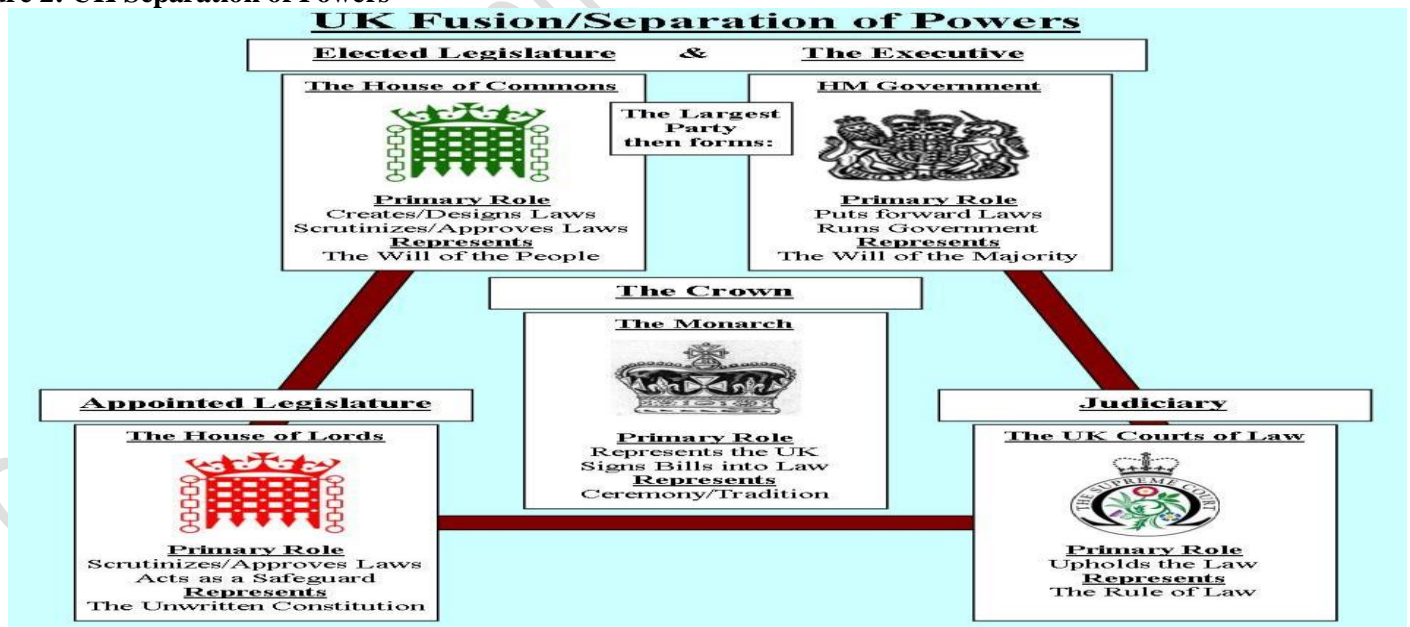
The UK has fantastic transportation infrastructure with airports, ports, and rail. Wood pellets transportation and handling are the highest costs associated with final cost of wood pellets. For Canada as a producer to be successful, it is imperative that logistics be handled efficiently to maximize profits. Pellets have to travel from Canada to the UK, thousands of kilometers away, in another country, different time zones and laws and therefore Canadian companies rely on European Bulk Services (EBS) to coordinate the movement of pellets. According to Wood Pellet Association of Canada, “European Bulk Services (EBS) is a Rotterdam company engaged in the transshipment of wood pellets. It is also a member of the Wood Pellet Association of Canada. “EBS is the dominant multi-purpose bulk terminal operator in the Port of Rotterdam,” says Frank van der Stoep, sales manager at EBS. “With our 220 employees, we engage in the transshipment, loading, discharge, and storage of all kinds of dry bulk products such as coal, minerals, Agri-bulk, scrap metal, and wood pellet products—wood pellets—to and from Europe.”With regards to Intellectual property of Canada exporting to UK, the EU and its member states adhere to all major intellectual-property agreements implemented by the World Intellectual Property Organization (WIPO), and to the WTO TRIPS agreement. Countries in the EU have 2 bodies that focus on intellectual

property. The European Patent Office (EPO) and the Office of Harmonization in the Internal Market (OHIM), the agency responsible for the registration of trademarks and designs. While there was a lot of information on the current situation with the UK property rights in the European Union, there was less information on the impact of BREXIT on intellectual property rights in the UK. With BREXIT deadline fast approaching, there seems to be some agreement that the UK will continue to uphold similar laws and that BREXIT on current UK intellectual property rights and that it will depend on the final withdrawal agreement and that UK legislation may be called on to assist in protecting these rights. It is expected that a phased BREXIT would offer provisions to many businesses that rely on the protection of the EU.

UK Westminster System | Governing Principles and the Legal System

The UK legal system is based on the Common law system which is based on a system of rules based on precedent (English law, Welsh law, and Northern Irish law). The UK is known for having an unwritten constitution that has developed over the centuries in which the constitution defines three pillars of governance, the Legislative, the Executive and the Judiciary while the Monarch represent the ceremony and traditional head of government.

Figure 2: UK Separation of Powers



Source: WordPress.com

The rule of law in the UK is one of the fundamental principles of UK's unwritten constitution. As the UK is regarded as a country that has high respect for the rule of law, it is due to its legal system being firmly grounded on the principles of equal treatment before the law, procedural fairness, judicial precedent, and the independence of the judiciary. What does this mean for doing business with or in UK? It means that foreign entities should expect equal treatment before the law. The fact that you are a foreign business does not put you at risk of being treated unfairly. The United Kingdom is a constitutional monarchy based on parliamentary democracy. In the absence of a written constitution, the main source of the law in the country is the common law with early Roman and modern continental influences. The UK is quite complex with Scotland having a separate legal system as well. The UK accepts compulsory ICJ (International Court of Justice) jurisdiction but with

reservations. Equal Treatment of Nationals and Foreigners is guaranteed under the law.

Legal Framework of international Business in UK

- i.** Business regulations governing foreign investment in UK
- ii.** Technology Collaboration and or Franchise agreements
- iii.** Dispute resolution arbitration in relation to UK transaction, concerns of international businesses and arbitration.
- iv.** Intellectual Property
- v.** Remittance of money to and from UK regulations
- vi.** Import and export of goods and services
- vii.** Employment laws (UK staff)
- viii.** Contracts enforcement law

The Jurisdictions

| House of Lords | The House of Lords is the final court of appeal in all matters under English law, Welsh law and Northern Irish law. |
|-----------------------|--|
| Court of Appeal | Criminal Division and Civil Division. |
| High Court | Queen's Bench Division; Administrative Court; Family Division; Divisional Court; Chancery Division; Divisional Court. |
| Crown Court | Trials of indictable offences, appeals from magistrates' courts, cases for sentences. |
| Magistrates' Courts | Trials of summary offences, committals to the Crown Court, family proceedings courts and youth courts. |
| County Courts | Majority of civil litigation subject to nature of the claim. |
| Tribunals | Hear appeals from decisions on immigration, social security, child support, pensions, tax and lands. |

International Dispute Resolution

Arbitration Law is based on the Arbitration Act of 1996 which provide a clear and accessible statement of the law which is to limit judicial involvement in the arbitral process and to limit rights of appeal against arbitral awards. It is important for the parties to be aware of the flexibility of the Arbitration Act so that they are best positioned to craft the best arbitration procedure for the contract and subject matter at hand. Conformity to International Commercial Arbitration Rules is based on the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, the Geneva Protocol on Arbitration Clauses, and the Geneva Convention of the Execution of Foreign Arbitral Awards.

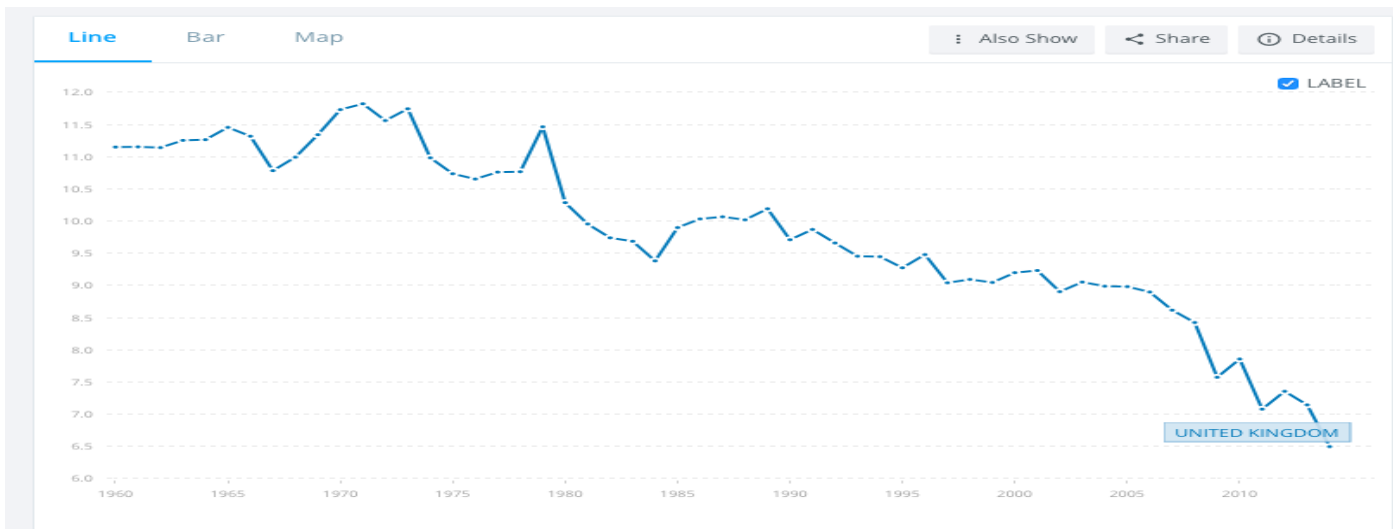
Environmental

The UK has developed strategic plans that focuses on the UK being a leader in environmental policy. The UK is looking to improve air, water and to protect plants, trees, and wildlife. The approach taken by the government is to

have this change achievable within a generation. The UK has set some remarkably high targets for the environmental pressures identified and relying on implementation through strong policy. One of the most positive policy actions that has occurred that would help the wood pellets business is that the UK is replacing coal with wood pellets at her power plants to reduce CO2 emissions. According to the Wood Pellet Association of Canada, which stated that, "The Climate Change Act of 2008 (the Act) provides that the UK must reduce its CO2 emissions by at least 80 per cent from 1990 levels by 2050 to limit the global temperature increase to 2°C. To ensure that regular progress is made towards this target, the Act established a system of five-year carbon budgets to serve as achievable steps along the way with the first four set in law."

With BREXIT looming on the horizon, the UK is facing pressure and environmental targets, like other areas, may take a back seat to BREXIT negotiations for a little while.

Figure 3: CO2 emissions per capita for UK (world bank data)



Opportunities and Challenges

Opportunities and challenges related to wood pellets have to do with greenhouse gas emissions (wood pellets can contribute to reducing carbon emissions, but emissions may not be fully accounted for); resource availability (wood pellets can contribute to energy security, but its sources are finite); environment and human health (increased use of wood pellets for energy can have adverse effects on air quality, soil properties and biodiversity). To address sustainability concerns, different responses have been put forward, including the principle of the cascading use of wood pellet, whereby it is used more than once, with energy conversion typically as the last step. Wood pellets is considered a renewable energy source because it can usually be renewed in a few decades and be used to address the sustainability concerns of UK. Wood pellets can be converted using a variety of conversion routes to produce three types of bioenergy: heat, electricity, and transport fuels. In 2012, Canada exported 1,369,000 tonnes of wood pellets, valued at \$208 million. About 84% of that amount went to countries in the European Union, with the United Kingdom and the Netherlands being the largest importers (using the fuel for electricity generation).

(Natural Resources Canada). Therefore, we feel there are several opportunities for expansion of the business to the UK pellet market with favorable profit margin.

Challenges

Sustainable supply and proximity to end users and huge investment cost are part of the challenges to commercialization. The prevailing low price of oil in the international market has seriously eroded the financial viability of many renewable systems. The risk of contamination with decay fungi, molds, and wood boring

insects (e.g. termites and beetles), therefore, quarantine treatment (e.g. ISPM 15) may be necessary especially for export and international trade. Thermal conversion of biomass and wood pellets result in the emission of NO_x and SO_x, these pollutants are relatively small in quantity in comparison with fossil fuel. (Acda, M. N. et al., 2018). Another challenge is the cost of fuel for shipping. Shipping of wood pellets is by far the biggest cost and with the price of oil in the world along with the ramifications associated with BREXIT, this may prove to be a growing cost and would be challenging to the business in Canada to take on additional shipping costs.

Conclusion

Paris Agreement (PA) signed by countries of the world including UK about publishing greenhouse gas reduction targets and revision Mechanism, Countries will be tasked with preparing, maintaining, and publishing their own greenhouse gas reduction targets. Nations will periodically analyze collective progress toward achieving the goal of the PA. The agreement says these targets should be greater than the current ones and these targets will be reviewed and revised every five years starting in 2023. The agreement also says that each country should strive to drive down their carbon output "as soon as possible (UNFCCC, 2015)." PA establishes a "mechanism to contribute to the mitigation of greenhouse gas emissions and support sustainable development" and paves the way for voluntary cooperation between countries in meeting their pollution goals. The deal sets the goal of a carbon-neutral world sometime after 2050 but before 2100. This means a commitment to limiting the amount of greenhouse gases emitted by human activity to the levels that trees, soil and oceans can absorb, naturally (UNFCCC, 2015). Climate risk

screening of national development strategies and policies aimed at enhancing livelihoods and economic. Although Canada is one of the richest countries in wood forest, therefore, government of Canada must regulate wood cutting with policy to guide against deforestation and forest degradation (REDD+) activities which are a major source of GHG emissions and it account for around 11 percent of the global GHG emissions (Hosonuma et al., 2012). As trees take carbon out of the atmosphere when growing, wooden buildings contribute to negative emissions by storing the stuff. When a mature tree is cut down, a new one can be planted to replace it, capturing more carbon. (see Class Learning Cell 3, Article 2, the house made of wood).

Immigration is one of four UK ports where Canadian wood pellets are unloaded on their way to Drax. The others are the Ports of Tyne, Hull, and Liverpool. The Immingham wood pellet terminal was designed to handle about six million tonnes pellets per annum with the unloaders in almost constant operation. Canada-UK pellet

diversification to enhance climate resilience.

trade is to share information about Canadian sustainable forest management (Canadian Government must work on forest management sustainability policy for the pellet industry to continue to thrive). Wood pellet is allowing the UK to meet its internationally binding targets on climate emissions. Recently, Canada expressed significant excitement about the growth of her wood pellet trade with Asia. However, it is important not to lose sight of the incredible importance of the UK market, and especially Drax Power, to Canada's wood pellet industry (Canadian Biomass Magazine). The use of wood pellets could help ease energy independence from high priced fossil fuels, and it will help mitigate effects of GHG emissions. The demand for wood pellets is growing exponentially and its economic return on investments will be very abundant in the long-run for the Canadian wood pellet industries.

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