

## **Council of Forest Industries Conference**

**Premier Gordon Campbell**

**April 11, 2005**

### ***Check Against Delivery***

It is really great to be here at the local government leaders' luncheon today because the strength of our province comes from local communities feeling a sense of confidence, having a sense of local vision and local commitment.

To the 92 local and regional governments that are here today I want to say thank you. Thank you very much for your commitment, for what you do for your communities and for the families that live there.

If we look back over five years and think of where we were and where we've come from, I hope you take some time to congratulate yourselves because I know how tough it has been. I know how tough it's been for the value-added sector as they've dealt with the softwood dispute. I hope we all realize in spite of those tough times how they've kept people going; they've kept their businesses going throughout the industry.

What we're starting to feel now is a real sense of opportunity again. The world is starting to open up in front of all of us in forestry. We're seeing investments come back; we're seeing new mills open up; we're seeing new products being developed.

Sure there are challenges in front of us, but, if we can focus on where we want to go we can overcome the challenges and be recognized around the world as the most competitive forest industry in the world with the best products in the world, with the best workers in the world, and with the best future in forestry in the world. That's our goal, and working together we will accomplish it.

We're going to accomplish it because investment is coming back. Hundreds of millions of dollars of investment are coming back into our forestry plants, hundreds of millions of dollars that are securing the long-term future for forestry in British Columbia.

You often hear people talk about the new economy. The new economy is forestry; the new economy is mining; the new economy is energy; the new economy is tourism; the new economy is British Columbia. We can lead the new economy in this province, and that's going to work for everybody in every region of British Columbia.

Here in Prince George today we can feel what's happening. You've got a northern medical program for the first time in the history of the province. You have a northern sports centre for the first time in the history of Prince George. You have a Cariboo connector, which is going to connect our resources with really critically important markets. All of those things are responding to the leadership of this community.

As I look at community leaders from across the north, again I want to recognize how much effort they put into shaping that vision for us. I want to take a moment to recognize Tom Michael. Tom is 83 years old and he's decided that he's not going to seek re-election. But I can tell you this. I hope that we have people that are as healthy, that are as positive and that are as driven as Tom Michael is as we move to the future, 'cause that's where the future of British Columbia is. Thanks, Tom, for everything you've done. You've been great.

Here we are in Prince George. Investment was up 15 percent in 2004. There's a new mill going ahead in Quesnel. There are new facilities at Dunkley Lumber just to the south of us. There are new investments taking place in Houston. There are new investments taking place in our transportation infrastructure to make sure that we can deliver our products to world markets.

You can't talk to a person from Prince Rupert who doesn't talk about the exceptional opportunities that are available, not just to the northern part of British Columbia and our resource communities, but also to Canada. We're opening up Prince Rupert's port to reach across that vast Asia Pacific to new market places. That's a critical part of our future and that's because of you.

As we sit here today, let's think about where we can go and what we can do and how we can accomplish our goals and objectives. We have to see the world through different eyes and be willing to confront the challenges that are in front of us. We also have to be willing to grasp the opportunities that beckon us, that call us forward in each of our communities, call our young people forward to a new future.

I was in Toronto the other day speaking to the Empire Club and the Canadian Club. I was introduced, and the person said: Premier Campbell is spending a lot of time thinking about the Far East. Got that in your head? Far East. I stood up and said: The Maritimes are the Far East. China and India and Japan and South Korea are the near west, and that's where our future is in British Columbia and in Canada.

What's the fastest growing economy in the world? Does anyone know? China. Where is the fastest growing middle class in the world? India. Japan is on the rebound. South Korea is looking at taking advantage of resources in British Columbia. As we think of the future, let's never lose sight of this.

The reason resources have been such an important part of our past is because they are here. We're not moving our forests to Wyoming. We're moving our forest products to Wyoming. We're not moving our mines to South Asia. We're moving our mineral products to South Asia. We are the largest shipper of softwood in the world and part of a small open economy with the resources and people and talent and creativity and enterprise to take advantage of that and deliver those products around the world.

In China there are 10 million housing starts a year. We want to take advantage of that. We want to be at the forefront of opening those markets and we can if we work together.

We have some experience with that. We created a program called Dream Home China. Dream Home China was opened in Shanghai as a partnership between the government and industry. We were trying to show the Chinese marketplace, the Chinese consumer the opportunities that wood creates.

You know, it was amazing. Just having the project there we actually increased the number of wood frame housing that were built in China by 40 percent. Forty percent. That's pretty good, don't you think?

But this is the catch; that meant 200 homes. Now, when you think of 10 million homes, that's what you call an opportunity. That's a door of opportunity that British Columbia wants to walk through with all of you on behalf of our province, on behalf of our country and on behalf of the workers that live here and work here.

We want to make sure as we do that that we are not only competitive but also patient. It's not going to happen in ten weeks. We have to think ten years out and think of what we need to do. Then we have to go to these local community leaders and we have to ask them to be part of this strategy.

I know that Prince George has many relationships in China. But think of having relationships that are built around a Dream Home British Columbia centre where we talk about wood products, we talk about the resources we have, we talk about the tourism industry, we talk about your communities. Think about making a real connection and building those relationships over time.

Because those relationships are really what are going to build a solid market base for us in that economy.

I know that one of the issues that people talk about is the pulp industry. How are we going to move that forward so it has a sense of opportunity again and we're creating the kind of real economic engine that it can be?

That's why we established the competition council. The competition council is chaired by David Thompson and Dan Miller. We're saying to that council you go out and talk with the private sector and the industry sectors. Pulp and paper will be one of the first that we talk to. Talk to them not just about what the provincial government can do. What can the local government do? What can the federal government do? What can private industry do to make themselves more competitive?

Why do you think the Americans have got those softwood barriers up? Because we're better than them, because we deliver better product at a lower cost than they do, and they're not willing to change. We have to be willing to change. We have to be willing to change not just to meet the challenge of the Americans, but also to meet the opportunities around the world, and working together I know that we can do that.

In fact, I want to tell you today that we intend to move forward in developing our marketplaces across the world. We want to make sure that they work for you and for your communities. We want to be sure that on the global stage people see British Columbia as a place where they want to invest, but also where they want to come for their markets.

Today I can tell you that we will be investing \$8.4 million through the forest investment initiative in 2005 to improve forest marketing and forest product development so that we can take on the challenge of that competition and win it together.

\$5.2 million will be invested in 26 marketing projects and \$3.2 million will be invested in 16 product development initiatives. Because as we think of the new world and the new marketplace that we have to go to, we shouldn't just think in terms of what we have here. We should think in terms of what those customers over there want.

I'll tell you a story about the best fisherman on the coast. He goes down to the wharf one day, and the bait boy says to the fisherman: what bait would you like today, sir? The fisherman looks at the bait boy, and he says: That's the wrong question. The question is: what bait would the fish like?

As we look to new markets in China and in India and we look to regain our market share in Japan, as we look to build more markets in the rest of the Asia Pacific, the question we have to ask ourselves is: what bait do the fish want? What do our customers want? How do we bring what our customers want so they're in lock step with us?

How we do it is we think of how we can add to their value. So say in China they'd rather build their foundations and the majority of their homes with concrete. Maybe we should let them do that. Maybe we should show them what they can do with wood inside the home.

Maybe we should show them what they can do with wood truss systems on top of the homes. Maybe we should show them how advantageous wood doors and frames and windows can be, not just environmentally, but in terms of creating a quality home they haven't really been able to enjoy in China.

Those are the opportunities that we really have to think about and work on together. When we talk about opening the Asia Pacific corridor to British Columbia we all have to invest in that.

The provincial government improving the rail between here and Prince Rupert has been an important step in the right direction. The important thing for us to remember is it's not just us sending our products there; it's bringing their products back; it's creating an exchange and building on that.

But we need the federal government to assist us and help us with that. I think they're going to come to the table, because I think they recognize that Canada's future is locked into the Asia Pacific, and that British Columbia is the only Pacific province in Canada.

We also have to think north south. That's why the investment in the Cariboo connector is so important. We're still going to be sending products down to the United States. We're going to serve the needs of those customers, and we're going to continue to win the competitions.

You're going to hear from Frank McKenna tomorrow, and he's going to talk about some of the issues that he faces. I'll tell you we're lucky to have a man of Frank McKenna's quality down in Washington D.C. because he is never going to forget about the importance of Canada. I'm a good friend of Frank's; he's a good friend of mine. He's never going to forget the importance of wood in British Columbia and opening up that border for our workers and our companies.

As we look to the future it's important to think about the things that get us excited, that move us forward, that give us the energy, the drive, the adrenalin to say 'Yeah, let's go, let's keep moving'.

It's also important to look at our challenges and face them squarely. That's why it's so important to have a competition council that's independent from government. We've got some very talented people on that council. They're going to lay out what they think is best, not just for the pulp industry and the forest industry and the mining industry, but for all sectors of our economy.

There are some things we have to deal with that weren't imposed by us; nature imposed them. The pine beetle epidemic that we face right now is a good example of that. It's having a huge devastating impact on the health and the quality of our forests.

But we shouldn't sit back and say there's nothing we can do. I think we should say: what can we do, and how do we deal with it? How do we take the energy, the imagination, the creativity of people on the ground and turn that to our advantage?

We know with the pine beetle what's going to happen. We know that the quality, the marketability, the economic strength of that product is going to deteriorate over time, so we have to do as much as we can to take full advantage of that pine wood as quickly as possible. It requires a multi-faceted, multi-pronged, multi-dimensional approach. And it requires us to actually say to ourselves: let's see what we can do to make this work for us, not turn our back on it. Let's look at it squarely, and say what can we do to make it work for us?

Within two and a half weeks of being elected we came to Prince George and announced the pine beetle task force. We knew we were in for a lot of trouble. We knew we couldn't wait for nature to solve our problems; we knew we had to act on this.

So we have acted, but it's still already impacting 25,000 B.C. families, 30 communities across the province. This year the government of British Columbia invested \$100 million for reforestation of beetle- and fire-damaged areas throughout the province.

On March 18 the British Columbia and Alberta cabinets met together, and we said 'Let's do this together'. And we noticed something: the pine beetle doesn't care about where we designate it should go.

Remember when it started in Tweedsmuir Park? Remember when the people in Vanderhoof said: You guys better get acting on this? I can remember the Mayor of Vanderhoof Frank Read said the pine beetle won't care that this is a park and this is a working forest; it's just going to keep going.

Well, it doesn't care. It doesn't care that it's British Columbia and Alberta. The pine beetle does not stop at the weigh scales between British Columbia and Alberta; it just keeps on eating wood and killing it.

So we sat with Alberta, and they said: let's do this together; let's pull this together. We've got \$1.7 million that we're working with right now to try and make sure that we do everything possible to stop the spread. We pursued it; you pursued it; every mayor here pursued it. Every industry leader pursued it with the federal government.

They now have come forward and Minister Emerson said this: this is a down payment on a problem. They've committed \$100 million this year to help deal with that: that's important.

We have to ask ourselves what science and research we have to put in place to make sure we develop new products with that wood. We have to ask ourselves are there things we can do that maybe will stop the pine beetle's spread; we have to invest in that.

We have to look at ways that we can open new product markets, as we have in China. In China they have said to us they will accept naturally damaged wood. We are working with them already, with their research institutions, building a coordinated approach.

But we have to do more. So today I can tell you that we will be adding \$50 million to the northern development initiative, including \$30 million specifically in order to deal with the pine beetle.

Here's what's important about this: the northern development initiative is driven by the local communities. The northern development initiative board are five independent members and representatives appointed by regional districts and communities across the north. We've put that in place because we want to hear from them. We want to give them resources and say don't come and ask us, you decide. You decide what you want to do.

So when we put that \$50 million into the northern development initiative, making it an \$185 million initiative, we're saying think of the region; think beyond your borders because the pine beetle certainly does. There's \$30 million that's going to that for cross-regional activities. There's \$5 million dollars that will go to each of the four regions so that they can think even more locally about what they may do.

I know this, and I have confidence in this: I know that you will invest those dollars wisely, I know you will build partnerships with those dollars, and I know you will build an even brighter future for British Columbians with those dollars.

This is a great convention theme: securing your future beyond 2010. We all have to think beyond that 2010. Let's make sure that as we bring the world to British Columbia, as we bring the world to the north, as we bring the world across Canada, let's make sure we take full advantage of that.

I can't tell you how pleased I am that young British Columbians are going back into forestry again and thinking about how they can make this industry even more exciting for the future. I think it had something to do with the fact that when they graduate in forestry now, they get five or six job offers. They are thinking of forestry again; they are thinking about what forestry can be to this province.

So today I ask you as you go through your work, as you think about the challenges, as you think about the opportunities, remember this: British Columbia is built on a foundation of wood; our future comes from what we can do in the forest industry.

Our forest industry has been British Columbia's past. And our forest industry will be secure for the long term if we work together, if we use our imaginations. Imagine what you would like your industry to be like; imagine what forest-industry families dream about and let's work together and let's make sure that we deliver the opportunities for people to fulfill those dreams.

We live in the best place on earth. And with your help, we're going to make it even better.

Thank you very much.