

COFI Annual Convention
Prince George, April 12, 2007

**"Regional Economic Implications for the MPB
and Mitigation Strategies"**

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BC Economy

- Economic Growth to Continue
- Some Slowing in US Economy
- Continued Torrid Pace of Growth in Asia
- Skill Shortages in BC as Potential Drag

Population/Employment

| | Population | Employment |
|----------------|-------------|---------------|
| Nechako | 3.4% | (7.5)% |
| 2001 | 44,009 | 46,600* |
| 2006 | 45,514 | 43,100* |
| Cariboo | 2.8% | 4.4% |
| 2001 | 167,989 | 79,400 |
| 2006 | 172,730 | 82,900 |
| BC | 5.7% | 14.25% |
| 2001 | 4,078,447 | 1,921,600 |
| 2006 | 4,310,452 | 2,195,500 |

MED Focus

- Developing Markets
- Removing Barriers to Trade and Investment
- Investing in Our Workforce
- Community Led Initiatives
- On-the-ground Support
- Developing New Products

Developing New Markets

- Asia Pacific Initiative
 - Build global identity for Canada's Pacific Gateway
 - Develop supply chain and infrastructure
 - Strengthen trade and investment
 - Position BC as Asia Pacific Destination
 - Develop workforce with Pacific Century skills

Removing Barriers

- Trade, Investment, Labour Mobility
 - International
 - Within Canada
 - Within British Columbia

Investing in our Workforce

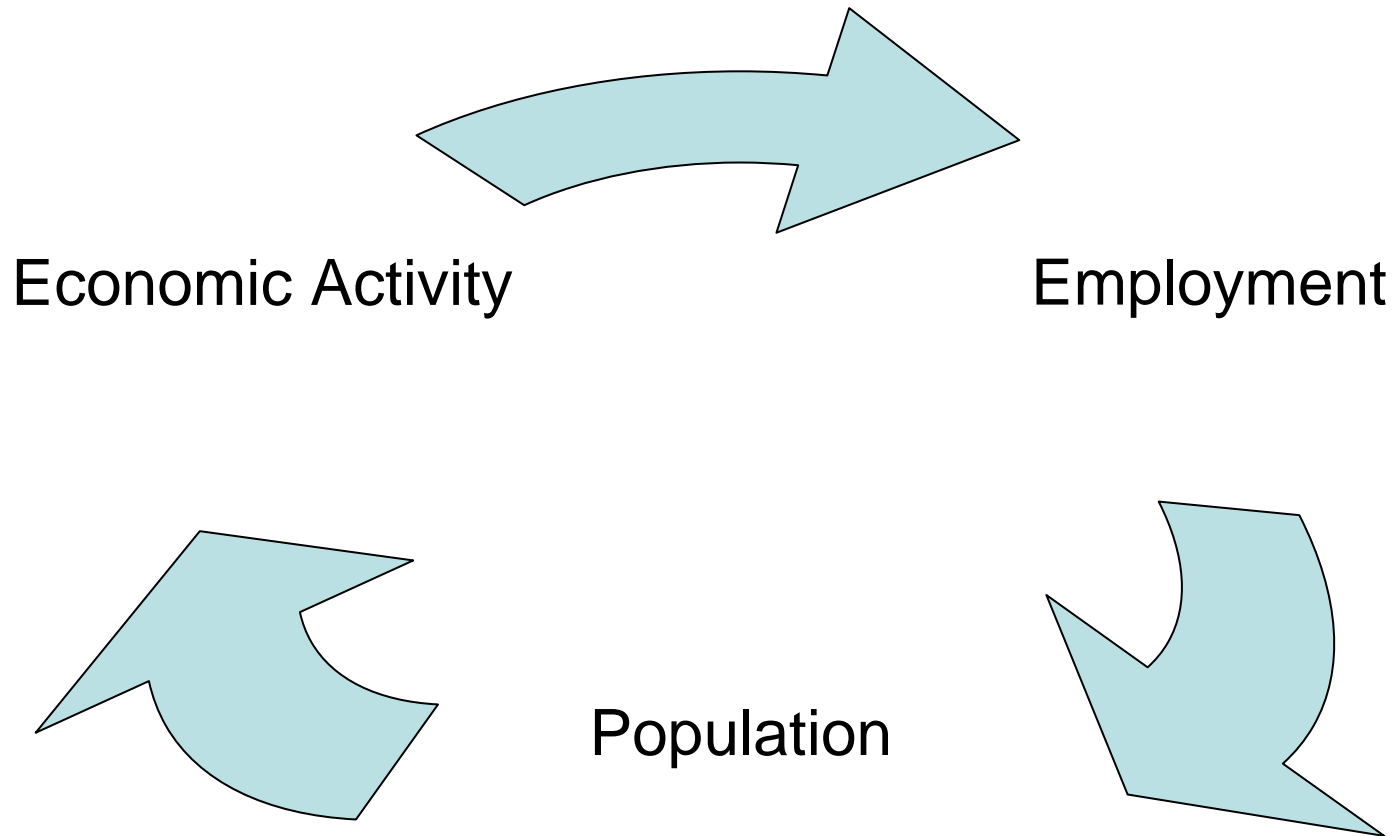
- Keep the workers we have
- Increase access to trades training
- Increase labour market success for Aboriginal people
- Address regional skills shortages
- Enhance immigration
- Improve the opportunities for workers to enhance their career prospects.

Challenges

- Expected timber supply reductions of 40% and more
- MPB impacted regions remain highly dependent on the forest sector
- BC and Canada facing a population pull to the cities



Economic Impact



Government Efforts to Date

- Mountain Pine Beetle Action Plan
 - Scale of Challenge
 - Resources Required
 - Need for Collaboration

MPB Action Plan

- Objective
 - Encourage immediate and long-term sustainability for communities.
- Objective
 - Recover greatest value from dead fibre.

Community Led Initiatives

- Regional Trusts
- First nations MPB Initiative
- Beetle Action Coalitions
- Regional Alliances

On-the-ground Support

- Supporting Beetle Action Coalitions locally
- Ministry lead in Prince George to support cross ministry development and implementation of initiatives
- Developing a framework to guide investment decisions

Developing New Products

- Support dimension lumber production and
- Promote value-added wood products
- Encourage development of bio-fuel uses
- Explore development of other products
 - Tourism
 - 2010 Olympics
 - Non-resource products and services

The Bio-Energy Opportunity

- Potential for \$6 Billion in Capital Investment
- 1500 MW of new renewable power
- Biomass from non-traditional sources
- Partnerships with IPPs

Innovative Response

- Converting Challenges into Opportunities
- Globalization
- Asia Pacific Axis
- Distribution/Supply Chains
- Innovation