

**Premier Gordon Campbell
Speech to Forest Expo
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Check against delivery

Let me start by saying thanks to all of you for coming today. It's a gorgeous day out, so I'll try and be short and keep this to the point.

I want to start with a thank-you to Roy, first, and to all of the people who have brought the Forest Expo together again this year. You know, it is important for us to recognize the incredible contribution that forestry makes, and I know that here at the Expo there are over 300 exhibitors; there are 20,000 people that will go through and enjoy all of the products and enjoy all of the information that's here. I know also there are thousands of people who will learn about this industry and how critical it is to the province.

In spite of the challenges the industry's faced over the last decade and more, I think it is important for all of us to remember that forestry remains the critical cornerstone of British Columbia's economic prosperity and economic future. Your being here today, your commitment to your industry is something that sends a signal to everyone in the province, and I want to say thank-you to each of you for that.

It is actually quite interesting to think about how huge the forestry impact is in British Columbia. We went through a period when a lot of the great assets we have and the strengths that we have in forestry were taken for granted.

It's time for us to move ahead. I've seen a number of you here today who have been working with me over the last ten years to try and make sure that any government, whether it's our government or the previous government, gets this.

A quarter of a million jobs in British Columbia are directly related to forestry - a quarter of a million jobs. A quarter of our gross domestic product in British Columbia is directly related to forestry. One half of all of the trade, all of the export market, export income that we generate is directly attributable to forestry.

That's why it's so important to us that we have a forest industry that's got a strong and secure foundation and a vital future. One of the things that's been very distressing is we saw for a couple of years a significant reduction in the number of young people getting involved in forestry. We need to make sure that we create an image for forestry that shows prospects, a future. We need to create excitement in young people's eyes in the north, in the south, on the coast, in the Interior because that actually is British Columbia's future, and I know the forest sector recognizes that and helps young people recognize that. For each young person that we bring through the Forest Expo we create in them some vision of where they can go.

Something that's important for us to keep on reminding British Columbians about as we move ahead, and that's this: trees grow. The reason we can cut them down, and the reason that we know that the forest industry and forest products are most environmentally sound and secure as a renewable resource is because trees grow. It's amazing how many people lose sight of that.

Protecting and improving the environment is a critical message for us to take across the province. As we take it across the province, we take it across the country, and indeed, we take it around the world. That's one of the goals that we've set for ourselves.

Another thing that we have to do is make sure that we have not just an open economy but that we, in fact, are expanding them outside of our province - south of the border and around the world.

We went through a decade in the nineties, frankly, where we lost a lot of market share in British Columbia, where we watched as Scandinavia and Lithuania were taking some of British Columbia's market share. Well, I've got news for you; British Columbia's not going to take that anymore; we're going to take that market share back, and in fact, we're going to expand our forest industry's market share around the world.

So we knew when we were elected less than three years ago that we were going to have to change our policies; we were going to have to make our industry more competitive; we were going to have to make our industry more open to competition, both within the province and outside of the province. We were going to have to try and create a tax regime that encouraged investment. We were going to have to try and create a framework that would allow for the entrepreneurial genius of British Columbians to come to the fore. And we see some of that today.

As you go through the Expo, you can see the value-added products that are starting to take shape in our province and that are starting to be exported and recognized.

You all know that we're going to be hosting the Winter Olympics in 2010. I'll tell you the one word that we want people to remember when they leave British Columbia and leave the Winter Olympics. Do you know what the word is? Wood.

We have said explicitly to the Olympic Committee that we want to show off our wood in all of its dimensions, so that the world can see it, and we can use 2010 - like they used at Winter Olympics in Lillehammer - to generate a whole new generation of value-added industry across the province of British Columbia.

And we need you to help us with that. We need you, and we need to make sure that we're providing you with the opportunities that small entrepreneurs need, that communities need to make sure that they can start to develop the products that are critical.

In British Columbia I think we should remember this: there is no part of the world that has a more talented workforce and can be more productive than British Columbia. We

should remember inside that, in fact, we are the gold medalists when it comes to forest products, and we're going to have to make sure that we take full advantage of that.

When you look at the talent that we have in this province and you see what we've done, you've got to ask: why did we fall back? I think there's no question that it was because of the tax regime and the regulatory code that we had.

So over the last three years we've been working to try and improve on that. We've developed a results-based Forest Practices Code that eliminated 50 per cent of the regulation that was involved. It eliminates 18 approval steps. That's not because we lowered our standards; it's because we listened to the industry who told us that what government was doing wasn't making any sense.

This industry has been a great partner for government as we've gone through the last few years, not because they've kept coming to meet with the forest minister or meet with Roger Harris or Pat Bell or Shirley Bond, but because they recognize that what we are trying to do is make everything great and the only way that we can do that is to be straightforward and blunt about what we're doing, what's working and what's not working.

But there's two sides to that equation: what is working and what's not working. If we can focus on what's working and build on that, as well as changing what's not working, we have a chance to create the kind of foundation for the future that is absolutely critical.

Some of the things that we've done are clearly starting to work. One of the measures is investment. We saw last year that investments in forestry increased by 18 per cent. That's an encouraging fact. This year it's projected to increase by about the same amount. That's important because without investment we don't have the kind of new plants that we need, we don't have the kind of productivity that we need, and we don't have the kind of future that we need.

Over the last year, \$500 million was invested in the industry; from the \$200-million plant in Fort St. John to the \$34 million in the expansion of the supermill in Houston to the \$30 million for the J.S. Jones high-speed sawmill in Surrey to the millions that have been spent right here in Prince George, including the new mill that I was just at - Gregg Forest Products Brink value-added plant, a \$4-million expansion.

Forestry is going to continue to be a cornerstone of our economy, and that takes investment. So as we watch investment grow, I think we all have to recognize that that's an important indicator to us that things are starting to change and we're starting to move forward.

If we do have a product and we do have the energy, it's important for us to market it. Sometimes we don't do the kind of marketing that's necessary to make sure that we can expand our market reach. So today I'm pleased to tell you here that we will be investing

\$16.1 million for forest marketing and research so that we can expand our markets and do even more for British Columbia.

Those markets that we're going to expand into are huge, and some of them are very new. So as I talk about some of this, I'd just like you to think about the concept of this. How many of you remember when we started to try and open the market in Japan?

Well, it takes a while to build a market and to build a wood culture. We actually have a wood culture in British Columbia. Very few people I've met in British Columbia would say, you know, "I don't want my house built with wood," but there are lots of places in the world where there isn't a wood culture, so right now we're trying to expand.

One of the places we're trying to reach - and it's a marketplace where we have a huge opportunity - is China. Now, think of this. In China each year the housing growth is more than the current housing market than we have in Canada - every single year - and very few of those homes are built with wood.

So we decided that we were going to go there and we have had some pretty significant success. The new building code in China for the first time includes wood construction. That's an important step. We have an agreement with China that they will look at how they can use what we call naturally damaged wood.

Now, you probably know naturally damaged wood by different names. You might think of it as denim wood. You might think of it as pine beetle-infested wood. You might think of it as fire-damaged wood. But it is naturally damaged, and you know and I know that it still has a very substantial economic value if you use it properly, harvest it quickly, and if we move it to market. And that's one of the things that we're going to be trying to do throughout the province.

On March 17 the coastal industry here opened a new office in China to promote the Dream Home China Project. The Dream Home China Project was to make sure that we use B.C. wood, B.C. designers, B.C. tradespeople to train the people in China in the trades technique that they need and show people what was available with wood construction.

Well, I'm pleased to say that our partner in Shanghai now have committed to build 305 wood-frame homes in Shanghai.

I can see your reticence in celebrating 305 homes, but let's put that in context. British Columbia wood is now going to be building 305 of the 500 homes that are being built in China this year with wood. If we keep at that level, if we keep building the commitment, the confidence, and the trust in the Chinese marketplace with B.C. suppliers and B.C. trades techniques and B.C. design techniques, we have a huge opportunity to build a market presence.

We must build other markets than the market south of the border. If people haven't figured out yet that dependence on America does not pay off, we've got an awful lot of learning to do. We have to have a market that reaches out to Europe, that reaches out to Asia, that reaches to China, that reaches to India and supplies them with our globally recognized, top-quality product. With your help we can do that.

We're going to be marketing B.C. hemlock in Japanese markets. We're going to be marketing value-added products around the world. We're going to be marketing B.C. cedar in the U.S. as being a superior product to plastics and to vinyl. We're going to be marketing denim pine-beetle wood around the world. All of those things create opportunities, and they, in fact, are going to eat up about \$8.6 million of the \$16.1 million that I was just talking to you about.

The other \$7.5 million is going to go to forestry research projects. Travel through the Expo today, and think back of what it must have been like when it first started. There's a significant change in product mix, technology, and productivity that's taken place, and we have to be part of that.

Nobody has a better appreciation for preserving our forests and making sure that we maximize the benefits than you do. People who rely on our forests for their jobs and for their families' future understand that we have to invest in our forests.

We are working with you to do that, and we know that as we go through the next few months and, indeed, few years, there will be some difficult challenges that we face.

You know that we've just come through and we are still going through a major challenge with regards to softwood. Now, I hope that you all heard this, but if you didn't, we had a significant improvement in the softwood situation just yesterday where the Department of Commerce recommended a recent cut to the anti-dumping and countervail duties in half, down to 13.22 per cent.

That is a very encouraging sign for British Columbia, and that should be a very encouraging sign for each of you. The \$2 billion that they have taken out of our pockets when Canadians sent products to the United States is two billion more dollars than American consumers should have spent for those products. It is not the way our forest industry should work.

So yesterday's news says to us that we have to stay the course. We have to keep moving through on the strategy that we undertook. We said quite clearly that we would not sign an agreement with the United States that did not meet the needs of British Columbians, and I can say this: We will not sign an agreement with the rest of Canada that does not meet the needs of British Columbians.

I can tell you that you being behind the government that particular negotiating stance to our counterparts in Canada and across the border made a huge difference, and it looks

like it's going to save you hundreds of millions of dollars. I want to say thank you for your persistence and your commitment.

This is truly a tribute to the leadership of our industry, to the workers in our industry and to the people who work so hard, year in and year out, in our forest industry: In spite of \$2 billion costs imposed by the United States, last year profits were \$400 million. That is an important measure of the contribution that your industry continues to make.

As we think of that and as we see our way through the softwood lumber discussions, I think it is important for us to remember two things: The first thing is that we can look like we win. We can feel like those duties are going down. But if we don't have a long-term agreement, we could be hit year in and year out by the protectionist lumber lobby in the United States. We can win this case in softwood and be hit with another case the day after.

So one of the things that we are trying to do is secure long-term open access to American markets. We should be allowed to compete on the open market. I want you to know this. If we're allowed to compete on an open market with a level playing field, British Columbia is going to win every single time, not just between British Columbia and the United States, but between B.C. and the rest of the country.

You also know, as well as softwood we've been with the pine beetle infestation. Again, I have to take my hat off to the industry for the work that they have been willing to do with us. Over the last few years we've watched as the harvest of pine beetle wood has nearly tripled to 54 per cent of the total Interior harvest. It is a battle that we must win. For every infested tree that we take down, we save over a dozen trees from being infected. We're certainly not even close to winning that fight yet. But we do have to be willing to change the way we think about, deliver and harvest the product if we're going to have any hope at all of succeeding against the pine beetle.

Once again, it's the industry that has set the mark and it's the industry who has constantly come up with the innovations and the ideas of how we can deal with that as quickly as possible. Indeed, it was the industry almost a decade ago that came and said to the government of the day: you have to act now, and the sooner you act the better off we're going to be. Unfortunately, it took too long to act. We have to try and get ourselves ahead of this and to do that is going to take some real work and it's going to take continued cooperation and collaboration.

We have put out requests of interest, as you know, on the pine beetle. It closed on May 31. We received 57 different expressions of interest, from small, medium, large operators, from first nations, proposals ranging from using pine beetle wood for everything from dimension lumber to railway ties, for OSB plants, to fuelless energy. Again, British Columbia can lead the world, if that's what we decide to do.

It's important to note that it's actually entrepreneurs that are finding a use for the product, that are creating the opportunities for the product, and again, I want to say thank you to them for that.

Let me just close with two comments. The first one is this. Our forests are British Columbia's most valuable natural resource. But our forests don't have much value without the talents of the people that work in them and work with them. People make a huge difference in adding value to our wood. People, their energy, their expertise, their pursuit of investment and creation of jobs are what really add to our forest industry.

I want to tell you something else. While we look at the pine beetle and recognize the damage it can do, we also should look at one another and recognize the damage that people can do, particularly as we move into this summer. This is what I'm talking about. Ninety-one per cent of all the fires that we have had this year in British Columbia were started by people, not because they wanted to, but because they weren't being vigilant and they weren't paying attention.

Last year we had a horrendous year for fires. But we were actually lucky, because we didn't see any real fires raging through the pine beetle wood, which is much drier.

So I'd ask each of you to remind your friends, whether they're living here or in the south, or anyone you get a chance to talk to, to be extra careful this year. We do have a drought. We're expecting additional fires this year. The more we can prevent human-caused fires the better.

You are the stewards of the forest. You are the people who manage our forests. You are the people that work in our forests, and you're the people that deliver the value and the wealth of our forests for all British Columbians.

I want to say thank you once again for that. I want to say thank you again for your resilience, for your persistence and for your commitment, because you should never forget this. You are the people that create the quality of life that British Columbians have come to expect. It's what you do that makes a true difference, and it will make a great difference as we build a better future for our families and for our young people throughout this province.

Thank you very much.