

Address to the Empire Club of Toronto

Premier Gordon Campbell

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Check Against Delivery

Since 1903, the Empire Club of Canada has helped strengthen our country by providing an important forum for public debate and nation-building. The world has certainly changed since the Empire Club held its first meeting.

The whole Western world is now looking west – across the Pacific to the Far East – for new customers, new markets, new investors, new visitors, skilled workers, and new growth. And at the same time, Asian countries are looking to the Western world to fuel their growth. They are looking to North America to sell their products, market their services, and to generate wealth.

For most of the last 500 years, China looked inward; it effectively closed its doors. Now it's reaching out to buy our resources, master our technologies, and invest in our infrastructure. And its economy is rocketing forward.

Over the past decade, China's economy doubled in size and accounted for 30 per cent of the entire world's GDP growth. The International Monetary Fund says its GDP could easily continue to grow at 7 or 8 per cent a year for at least another decade. At that rate, China's GDP would surpass Japan's by 2015. Today, China is Canada's second largest trading partner. It has already surpassed the United States as the biggest export market for Japan, South Korea, Taiwan, Thailand and Indonesia.

India, too, is growing at about double our economic growth rates. If it continues on its current pace, its \$600 billion economy will hit \$2 trillion in GDP by 2025. India has the fastest growing middle class in the world. It graduates 350,000 engineers a year from its colleges and universities. White collar workers in North America are having their jobs done by workers in India who do the same tasks for about 25% of that cost.

Economic power has moved to the Pacific. What we used to think of as tomorrow is here today. Hong Kong, Singapore, Korea, India and China – that's nearly three billion people. These staggering statistics are shaking the foundation of our global economy to its core.

We have no time to lose. The world has shifted on its axis. It is time for Canada to act. We need a co-ordinated, aggressive and relentless national strategy to realize Canada's true potential as a Pacific nation.

The Pacific is central to Canada's ability to compete and prosper in the century ahead and yet, for most Canadians, it is still an after thought. In a recent survey, only 32% of Canadians regarded Canada as a Pacific nation, compared to 70% of British Columbians. We need to change that perception – quickly.

We are witnessing a seismic shift in global economic power and geopolitical relations. If we seize this moment to capitalize on this Pacific Century as a national priority for all Canadians, from coast to coast to coast, every Canadian will benefit. We need to open up Canada's Pacific Gateway from British Columbia, right across our country, and build upon that strategic advantage for all Canadians.

It is Canada's core competitive advantage. It is our one irrefutable advantage. The key to our success in this Pacific century can be stated in three words – location, location, location. Only Canada enjoys the unique position as the closest neighbour and largest trading partner with the world's largest national economy – the United States. Only Canada sent \$366 billion in exports to the United States last year and enjoyed a positive trade balance of \$151 billion.

Now let's turn our minds to Asia's economies. Here's what's important: Canada's ports are closer to Asia than any other ports in North America. Which North American ports are closest to China? Canada's. To Hong Kong? Canada's. Japan? Canada's. South Korea? Singapore? Taiwan? Canada's ports are closest. We are potentially the fastest way to get those countries' goods to all of North America – and to get our goods to them. That is a huge Pacific advantage for Canada.

We have done this before. Just 50 years ago, European Atlantic economies started to emerge out of the ashes of the Second World War. To build on our Atlantic advantage as North America's closest gateway to Europe, we pursued a national vision. Every Canadian worked and paid to unlock that advantage through a massive and imaginative and visionary national commitment - the St. Lawrence Seaway.

Canadians invested the equivalent of \$6.2 billion in today's dollars to open up that Atlantic Gateway in 1959. We opened up our trade corridors from the far shores of Lake Superior, to the industrial heartlands of America, to our Eastern seaboard, to the Atlantic shores beyond. The federal government accounted for two-thirds of that investment and the Province of Ontario contributed the rest. Combined with the US investment, the St. Lawrence project was a \$9.3-billion investment in 2006-equivalent dollars. And that doesn't include the billions of dollars in investment in our road, rail, air, bridge and border infrastructure that flowed from that vision.

Canadians built upon that strategic advantage, by investing in our ability to move goods, services and people. Canadians prospered. The St. Lawrence Seaway was billed as the Gateway to the World – and it has truly become the Atlantic world's Gateway to North America. Fifty years later, that same opportunity calls us to the same dream for the Asia Pacific - Canada's Pacific Gateway.

We need to open up our ports, airports and transportation arteries, from west to east, and north to south. We need to take full advantage of our strategic global position, to make Canada the world's Pacific Gateway to and from North America.

Canada is an international crossroads of opportunity, culture and commerce. Here we are in Ontario. Next to B.C., you have the highest value of per capita imports in Canada from the Asia Pacific, followed by Quebec. Your per capita imports from the Asia Pacific last year were about

40% higher than the Canadian average. You've had a 60% increase in exports to China since 2001, and over half of those flow through BC ports.

Consider the growth in trade with just China. According to Stats Can, Canada's exports to China have more than doubled from about \$3 billion in 1996 to \$7 billion last year. Our imports from China to Canada have grown six-fold in just 10 years, from \$4.9 billion to \$29.5 billion.

That's a huge increase in the flow of goods to and from Canada. A total of \$15 billion of those Chinese imports went to Ontario, up from \$2.4 billion a decade ago. Think about all of the goods we are shipping to and from all of our other Asian trade partners, and you begin to get the picture.

The choice is ours. We can either sit by and watch as North America's growth in Pacific trade flows through American ports and airports to American cities and American citizens. Or we can take advantage of our strategic location as the closest Pacific Gateway to Asia and flow those goods across Canada and all points south.

Consider our advantage in ocean shipping. From Hong Kong to Prince Rupert it's about a thousand miles closer and nearly four days shorter than to Long Beach, California. It's pretty much the same advantage in distance to Guangzhou or Shanghai. It's almost two days shorter from Prince Rupert to Hong Kong than to Seattle.

Which way would you rather go; if you knew that you could also save an additional two days in rail or truck travel to Toronto, Chicago, or New York? But that's a big "if." Because it's not just a matter of sheer distance. Speed kills. Reliability counts. It's also a matter of how fast you can get your ship into and out of port – and that's a matter of capacity and efficiency.

It's a matter of how fast you can get your goods loaded or unloaded at the dock, and put on trucks or railcars. It's how fast you can move that product across the country and to North American markets.

The challenge today is, even if we wanted to take advantage of that opportunity, our ports can't handle it. Today, Canada's biggest ports are too small. We're further limited by the physical restrictions in shipping capacity along our roads, bridges, and railways, and through our airports.

Right now, we don't even have the ability to ship containers via the Port of Prince Rupert – and Canada invented containerization, in 1955! We don't have the infrastructure to capitalize on the increased volume of goods that will be shipped to and from North America from the Asia Pacific.

By 2020, Chinese ports alone will have an increase in capacity of about 50 million TEUs. That's over six times the increased capacity that is either planned or in-progress all along the West Coast ports in Canada and the United States. And of that expanded capacity, Canada only accounts for about one-seventh.

The port of Shanghai alone plans to increase its capacity from 18 million to 31 million TEUs within the next decade. The entire West Coast only handled 22 million TEUs last year. So how are we going to handle all of that increased business? Who will rise to that challenge and capture that opportunity?

We know this: when we have the capacity to handle more trade and move it faster to market, Canada gains. We become a more competitive place to set up shop and produce new products. That's the opportunity for Canada, because to lose out on that growth in trade traffic would be all of Canada's loss. If we do what needs to be done, and open up our Pacific arteries for trade –all Canada gains.

A ports strategy alone will produce a 173% growth in direct maritime jobs for Canada by 2020. Within the next 20 years, cargo traffic at Vancouver International Airport will easily double as the closest terminal to Asia.

When I talk about the need to open up Canada's Pacific Gateway, this is what I mean: I mean expanding Canada's Pacific ports and building new, safer, faster highways and bridges in the Lower Mainland, to move your goods faster to market. I mean improving the TransCanada highway through the Rockies – through Kicking Horse, through Banff and on into the heart of the country. I mean expanding our airports and transportation arteries across Canada into America, to take full advantage of the Pacific opportunity. I mean opening up the Port of Prince Rupert to containerized shipping, so that we can capture that competitive advantage for Canada.

I mean inland ports in Prince George, Kamloops and Moose Jaw – inland container terminals that will enable us to pre-load our exports into containers before they are sent to our ports for shipping. Those inland ports will take pressure off of our sea terminals and allow our goods to get to Asian markets faster and more cost-competitively.

All of these measures will make Canada a more competitive Pacific Gateway to Toronto, Montreal, Chicago and New York. Just as the St. Lawrence Seaway served as a funnel to channel America's trade to the Atlantic, so too can our Pacific Gateway work to Canada's advantage.

They certainly get that opportunity in the United States – and they're moving to capture that business. Seattle is about the same time and distance to Asia as Vancouver. Yet in 2005, our container volume grew by 6% in the Port of Vancouver. Seattle's grew by 18%.

We're falling behind. Let's stop settling for second best. Let's reach higher for what we can be and what we should be. Our ports are not just competing with the Americans; they are competing with one another.

British Columbia is ready to take on the competition and lead the establishment of a new Pacific Port Authority that maximizes our competitive strength, to optimize Canada's economic benefits and established a focused action oriented results oriented Pacific Gateway.

I want to give every part of this great country a wake-up call. It is time to act. We cannot wait. We need to do far more to open up Canada's Pacific Gateway – if we lose our natural advantage

now because of a paucity of vision, parochialism or institutional inertia, we will not be able to buy it back. Rather than a legacy of opportunity we will leave the next generation a legacy of regret.

For the last 20 years, the north-south forces brought on by NAFTA have reinforced regionalism. The latitudinal pull to the Pacific will counter balance that vertical pull of the last generation and reinforce a new Canadian national purpose. The Pacific can power the next national dream.

In B.C. we are acting now because candidly we can no longer wait for the slow machinery of our federal institutions. An initial \$3 billion Gateway investment program is well underway. My government has committed \$2.3 billion over the next three years alone for this project. The private sector is also investing billions in improvements to our railways, ports and airports.

So far, the federal government has committed to the first phase of initiatives. Last week, the Prime Minister announced 12 separate infrastructure, transportation, and technology and border security projects in Western Canada. They include improvements to our ports, from Prince Rupert to Roberts Bank. They include improvements to the Trans Canada Highway.

That federal investment is welcome. It's a good down-payment, but it will take a lot more to get the job done for Canada.

If we think small we will not even hold our own through the economic upheavals that are reshaping the world. All Canadians contributed their tax dollars to opening up the Atlantic Gateway through the St. Lawrence. All Canadians will need to participate in this transformation as well.

The global shift has happened. We can face it with confidence and strength and unity of purpose. And every Canadian in every province will benefit.

Let's put Canada's engineering and technical skills to work. Let's embrace a competitive strategy that gives us a chance to thrive. The Pacific Gateway is a major part of that national competitiveness strategy, but transportation is only one element.

Immigration, skills development and research are all critical to our competitiveness. We need to use some of our surpluses at all levels of government to cut taxes and put more money back into people's pockets. We need to stimulate private sector capital investment. Just as David Dodge has said, we need more P3s. We have the highly successful P3s for Kicking Horse Canyon and the Sea to Sky highway. We will need to do more.

The first call on the federal surplus should be to reduce the tax burden for all Canadians. That will make Canada more competitive and attract the human resources we require for the future. We know that tax cuts work.

We said we'd bring in a significant tax break, to give British Columbia the lowest provincial personal income rates of any province for lower and middle incomes. In my government's very

first day in office, we cut personal income taxes by 25% and we've been reducing taxes ever since.

British Columbians now have the lowest personal income tax rates in Canada on first \$80,000 of income and second lowest marginal rate.

And that's only one part of our competitiveness plan. We set out to cut the regulatory burden by one-third and have exceeded that goal. Over the last five years, we've eliminated 157,000 needless regulations and cut the red tape burden by 41%.

We reversed a \$3.4 billion structural deficit and have not only balanced the budget, but achieved record surpluses. Last year we had the largest pay-down in debt in BC history. And the investment community has noticed.

We've had several credit upgrades from all of the bond ratings agencies, and just been given a triple A rating, the highest credit rating possible by Moody's. B.C. has not had a triple A rating since 1983. That is almost a generation ago. Today we have joined the government of Canada and the province of Alberta as the only governments with a triple A rating from Moody's.

The results speak for themselves. We've got the lowest unemployment rate in 30 years and are leading the nation in job creation. B.C. accounted for 30 per cent of all job growth in Canada in 2005.

We've had the highest weekly average earning increases in Canada and the largest jump in real disposable income in B.C. in 20 years. Virtually every sector of our economy is on a roll. And with the Winter Olympics in 2010, British Columbia's Golden Decade is well underway.

We can no longer accept the excuses of the status quo. In today's world the status quo should have no status. After a decade of waiting for provinces to improve the internal trade so it was at least as open as our trade with the US, B.C. and Alberta acted bilaterally. B.C.'s new Agreement on Trade, Investment and Labour Mobility with Alberta is a great start.

It will make us the second largest economy in Canada, after Ontario, and will provide us a huge competitive advantage. It is estimated to have a positive benefit in every region of our province, to create about 80,000 new jobs and to have positive economic benefits of about \$4 billion.

Ontario should join us. So should every other province. This stuff works. Let's stop talking about free trade in Canada. Let's make it happen.

As we do that we open up the Pacific Opportunity to all Canadians. We need to aggressively leverage all of Canada's resources in the Asia Pacific. This is the second largest country in the world. It is time to think big and to think tomorrow.

The Pacific Century has been launched. It is upon us. It is ours to claim and ours to gain together— as proud Canadians. The growth of the Pacific is our ticket to future prosperity.

The last century is gone. The Pacific century is upon us. We cannot allow the opportunities of Pacific Asia elude us because we studied too much and waited too long?

It is time to embrace the strength of our diversity and recognize Canada's Pacific opportunity and seize on the limitless opportunities that it provides to us all.

This is the next national dream. In the Pacific century ahead we are limited only by our imaginations and our willingness to act. "Whatever you can do or dream you can, begin it. Boldness has genius, magic and power in it."

The Pacific will power a new generation of prosperity for Canada. We cannot wait. Let us act boldly together. Let us begin. Thank you.