

**Premier Gordon Campbell
Annual General Meeting of Truck Loggers Association
January 19, 2007**

Check against delivery

It is a privilege to be here again at the annual Truck Loggers convention.

As we gather on the traditional territories of the Coast Salish people, I think it's really an important time to look forward and to also look at the challenges we face today.

I've been Premier now for five years, and you consistently bring forward excellent people to serve in leadership positions, including your president. Mike Hamilton is someone who knows what he's talking about, has solutions and isn't afraid to stand up and to work with government to find those solutions. And I want to say on behalf of all of us in government how much we've appreciated the contribution that Mike has made.

You've also got a retirement taking place. Jim Girvan is going to be leaving us as the executive director of the BCTLA. And I just wanted to say, Jim, on behalf of successive ministers of forests and the government and myself personally that we honestly appreciate the work that you've done, the time that you've taken and the counsel you've given us in your years of serving.

Don Bendickson, your new President says you've got a good apprenticeship program to bring people up when they're ready to go, so I know Don's going to get lots of support from Mike and, of course, from the new executive director Dave Lewis. I know Dave from when he was mayor of Gold River and Dave understands that forestry is important to communities; it's what people depend on in this province.

Last night at our Premier's reception someone said: "Is forestry really that important anymore?" And you know, this is what's really critical for us to know in a changing world. Forestry is British Columbia's number one industry. Thousands and thousands of British Columbians depend on forestry for their jobs, for their paycheques, for their homes, for their families. Forestry has been critical to our past, and everyone in this room should remember that and be an ambassador and advocate for this position: Forestry is critical to our future and that's why it's so important we work together to make sure it's the best possible future in British Columbia.

I know that Dave Lewis will make sure that we keep that on our radar screens and that we create that feedback loop so we are working with you to make sure communities have a sense of confidence in their industry.

And although forestry is doing better in some ways than it has in the past, most of our forests in British Columbia are under pressure. We have pine beetle pressure in the interior forests. We have the pressure of the economy and competition in the coastal forests. So one of the things that we have to be aware of is the world that we're used to, the stable world, the comforting world where what we do next quarter is the same thing we did last quarter, and the same as it was done five or six quarters ago, has gone, it's disappeared.

That's why what the Truck Loggers Association does is so important, because the Truck Loggers, your executive, your leadership, have consistently said that they recognize the changes. They have an agenda for action, and in executing that agenda for action are working with government. I want to say thank you on behalf of all my colleagues for that kind of an approach, because without openness, without direct feedback on what's worked and what's not, without looking for new solutions to the challenges we face and new challenges in the years ahead, we will not be successful in securing the future we want for forestry.

So to all of the members of the executive and all of the people in the Truck Loggers Association, I want to say thank you for that commitment to positive, construction solutions to make sure we have the foundation for a forest future that we all deserve.

I was particularly pleased to see that Rod Visser is joining your board of directors. He served with me in government from 2001 to 2005. Just as your board of directors is a critical component of building the kind of support you need, I'm supported by a broad range of individuals who all care about forestry and the forest institution. So thank you all very much for coming.

I know you've spent the last couple of days hearing from people about the challenges that are in front of you, and I know many of you are living them on a day-to-day basis. Each day you think of what you're going to face next and how you can make things work the way they should work. The coastal forestry industry is under a lot of stress. But let me say that I think one of the things you should have as you leave your Truck Loggers convention is a sense of optimism. Your convention is called "A Gateway to Prosperity," and forestry and the coastal forest industry are critical as British Columbia looks to a future of prosperity for all of our families throughout the province.

What's critical is for us to recognize that when we set our minds to achieve and accomplish goals, we're able to do that. Just five years ago we talked about trying to turn our economy around. We talked about trying to reduce our deficit, we talked about balancing budgets, we talked about having a good credit rating, and working together, and we've been able to do that.

We went from being one of the worst economies in the country to one of the best economies in the country — a changed economy, but one of the best economies

in the country. Sixty-five thousand new jobs were created last year alone, and in fact, since 2001, 320,000-plus new jobs were created in the province of British Columbia. We said we were going to create a climate that would encourage investment. We watched as there've been some substantial new investments in the province of British Columbia. We have a 30-year low in unemployment, and we have an historic high in employment. All of those things are positive. All of those things create the opportunities for us to move forward with a sense of confidence and optimism.

But when you look at those big numbers, they sometimes mask the smaller, more specific challenges that you face in different sectors of the economy, and one of our tasks is to try and take on those specific challenges so that we can use specific solutions to build a larger economy for all of us. And we should recognize that we've made progress — not that we've reached the destination, but that we've made progress — and that much of that progress is because of the work that's been done in partnership.

The forest revitalization plan. Has it been perfect? No, it has not, no question about it. Has it made a difference? Yes, it has. We have made progress.

The introduction of market-based pricing, properly pricing timber and the elimination of costly regulations have made a difference. Now that we have a softwood lumber agreement we have some stability, and we can have some confidence about where we need to go. That can make a difference. Stats Can, in fact, has reported capital investments in forestry are up substantially - over \$3 billion between 2002 and 2005.

But any success that we've had has to be tempered with the understanding that there has been significant change in the industry. There have been, in some cases, real challenges for people and we have to recognize that those challenges aren't going to let up. The world's not going to stop and say let's just stay the way we are so that everything will be okay. Challenges are going to continue.

And we have to look at that and say: what can we do as a government to help you meet those challenges in a way that allows us to maximize the benefit of the forest resource for families, for the social infrastructure of the province, the environmental infrastructure of the province and for the competitive infrastructure of the province?

Some of the challenges we don't have much to do with. The rising Canadian dollar. You know, since we've been government, the dollar has been as low as 64 cents and as high as 94 cents. That's a big shift, and we look at that in government and it looks like a number on a piece of paper. You look at that in forestry and it has a direct impact on your bottom line.

Lower lumber prices. We're living, frankly, in a pretty good time in terms of our economy, and one of the challenges we have is to be prepared for when things aren't going as good. When things are the best they've ever been, there's a good chance they're going to go down a little, and that's one of the challenges the forest industry faced through the nineties. I remember people saying to me: "This is the best it's ever been, and it's going to carry on." And I said: "If it's the best, it's probably not going to carry on." And that's one of the challenges that we face as we look at the world.

There are increased fuel costs. There are labour shortages. Who would have thought five years ago that one of the challenges we'd face in forestry or in British Columbia would be labour shortages? We had people saying that we needed more jobs. Today we have people saying we need more workers. We need more trained workers.

Today, I had the opportunity to meet with a number of young people who had just graduated or got a certificate in forestry from BCIT, from UBC, from Malaspina, and I think we should say this: We want young people to go into forestry and I want to thank all those young people for putting the time and the effort in to get those certificates, because they're going to be the future of forestry.

So what's the message we should learn? What's the message we should try and embrace? It's this: There's not much that you can count on. You can't count on the dollar going down. You can't count on the competition getting easier. You can't count on things getting a little bit lighter. We have to count on ourselves to do better, to be smarter, to be more competitive, to be more imaginative, to be more creative and to act within the markets that are there for us.

I have every confidence that we can do that, but we're going to have to count on ourselves to deal with those changes, and we have to count on ourselves to deal with the big issues, to deal with the things that are in front of us and ask how do we deal with those?

Let me give you an example of a big issue that we've confronted and are dealing with: the issue of safety in the woods. We're not going to have a very successful industry if we don't make sure that the workers who we depend on are safe when they go to work. We all said that we wanted the woods to be a safer place to work. We wanted forestry to be known as a safe industry. We wanted to be sure that each and every forest worker gets home safely from their day at work.

We took another step to do that. In December we asked the auditor general to review how effectively government has implemented the recommendations of the final report of the Forest Safety Task Force. Because it is essential for both the industry and for government that we improve worker safety. We've hired a coroner dedicated to forest safety.

We've adopted the Health and Safety Accord to set higher standards, and endorsed the B.C. Forest Safety Council's SAFE Companies initiative that includes a goal that by the end of 2007 all companies bidding on B.C. timber sales licences will be SAFE certified. I am pleased to announce today that 16 companies have successfully completed the comprehensive safety audits necessary to achieve SAFE certification under the SAFE Companies initiative. They were the first companies to receive this certification, and we'll be presenting them with the certificates a little later on today.

I want to say Number One thanks to those companies for taking the initiative, thanks for the leadership they're showing, but Number Two I want to say our focus on safety has already made a difference. The B.C. Forest Safety Council reported that the industry saw its lowest number of deaths on record in 2006: 12, down from 43 in 2005. That's a good start, but you know any death in the industry is not acceptable to us or to you, so we're going to continue working together to try and make sure that does not happen, so forest-dependent families can depend on us to make sure that doesn't happen.

Last year we saw serious injuries reduced substantially as well, from 43 down to 32. We want to make sure that workers have a sense of confidence, are properly trained and are safe when they go to work.

Your TLA has given us another task as government. You want us to develop policies to help your industry compete in the global marketplace. And there's probably nothing more important for us than to be sure that you can be competitive in the global marketplace, so we introduced proper pricing for pulp wood. We worked with you to streamline scaling to make your operations more efficient.

We appointed Ken Dobell as a special adviser on industry requests for the coastal forest industry, and I know Ken came and spoke with you the other day. We asked to you participate in the Coast Recovery Group/Coast Steering Committee and the TLA is doing that.

I can tell you that Rich Coleman intends to bring forward a Coastal Action Plan sometime this spring with your help, and I can tell you that the meetings that I've had with Rich and with your executive are going to be critical as we finalize that and propose those changes to cabinet.

We're also looking for your input on raw log exports, something that is always a hot political topic in the province of British Columbia. As you know the Wright-Dumont report came out in December. There are nine separate recommendations in that report and we will clearly be guided by many of the comments that you make, so I would urge all of you to participate in that before the end of January.

But there are some other critical issues that we have to confront. And I'll get back to raw log exports in a minute, but one of them is: how do we secure the land base? How do we make timber targets more real for you? We're going to work with you over the next year to make sure that we can do that, so that you can have a sense of confidence about where you can go and what you can do.

We're looking for ways to expand the volume of timber that's available. We're researching new products and new markets for hemlock.

I just want to stop there for a second and talk about hemlock briefly. I know a lot of you are concerned about hemlock. This is the question. How do we make it work for our customers? It may take research and development. It may take different approaches than we've had in the past. But I know this. We will not be successful in the future if we lock ourselves into the approaches of the past. So if we want to take full advantage of the markets that are out there, if we want to be successful in dealing with the markets that are out there, we are going to have to break free of the past.

And I'll be candid about it. There is nothing more difficult in politics than to break free of the past. Just think about that, because all of us are used to doing things one way, and for us to truly be successful as we move ahead, to change the dynamic on the coast, to change the dynamic in British Columbia's forest industry, we're going to have to do some things a little bit different. I was very pleased in the fall when I went to Japan to see the industry taking up that challenge, taking up the challenge of taking fibre from hemlock and making it work for customers.

That remains a substantial challenge for us, but the core issue is this: If we keep doing things the way we've always done them, we're going to get the same results. If we want to change our results and change our opportunities, we have to change what we're doing. It's pretty simple really, and that's one of the challenges we face. Because we live in times of pretty dramatic change, when a lot of the things that are changing are things we won't have direct control of as a province, as a country. So we have to create for ourselves a new footing — a footing that's more agile, a footing that's more responsive, a footing that's more open and more competitive. And to do that, we have to recognize what we have in British Columbia and how we can take advantage of it.

Let me give you an example. First Nations are going to be a part of our forestry future in British Columbia. New partnerships are building; new companies are building; new opportunities are building. First Nations are going to be able to provide substantial new workers into the forest industry with the proper training. And I want to take my hat off to those of you in the industry who are reaching out right now to build those partnerships, to build that capacity, to build that capability, not just for you and not just for the First Nations, but for British Columbia and the industry, because it's a critical part of where we're going.

We'd like to see a time in British Columbia where the gaps between non-Aboriginal and Aboriginal people are only gaps in our cultural history, our cultural heritage, and that there are things that we can celebrate together. We're doing that. We're taking the steps and we're taking them with you. And again, I want to say thanks to those who have taken it on themselves to work with First Nations to help build that capacity, to help build success, because our success is going to be dependent on their success.

Here's the big change that has taken place. As you know we've negotiated a softwood lumber agreement, and we should remember this: In Canada they look to British Columbia for leadership. We are Canada's leading forest producer. We are the world's largest softwood lumber exporter. We are leading in many ways. And now is the time for us to lead in a new way: to lead British Columbia and our forest industry across the Pacific Ocean.

The world has changed; it's much more competitive. We actually have been losing market share in our second largest market, in Japan. We've got to reverse that. We've got to change that. And how do we do that? Well, the first thing we do is we stop taking our customers for granted. We go to our customers and we say to them: What do you need? How can we meet that need? How can we do it more rapidly, more competitively, with more quality than anybody else?

This fall I went on a tour to Asia, and one of the things that I was really pleased with was the British Columbia pavilion at the home show. We had our industry there showing off our products, and you know what? Our product is better. And the only thing that allowed our market share to shift was we allowed our focus to shift.

If you look back at 1988 when NAFTA was signed our focus shifted. It became easy. It became easy to send goods down to the United States. It became easy to forget about Japan. Well, you know, it's not easy anymore, and because the Americans can't compete, they'll put up whatever kind of protective barriers they can. And we know, after so long and so much work, so much time, so much energy put into the softwood lumber agreement, we can't depend on that one big market. It's still a big market, and we still want to supply it, but if we depend on it, then we're going to be subject to its whims. We can't do that. We need more big markets to respond to.

The second-largest market for our softwood is Japan, so we should be actively engaged there. And Colin Hansen is working right now on how we can establish our own presence there on an ongoing basis. And let me tell you this. If there's a British Columbia presence in Asia, it's a presence for forestry, and it's a presence for wood. So in Japan we'll be doing that and we'll need your help to do that.

After travelling to Japan, I went to China. We all know how incredible the opportunities are in China. But you know, it's interesting, after I had been there for about a day, I met with the vice-chair who is responsible for economic and natural resource development. And when you're sitting there, I'll say something, and someone will translate it and then she would say something, and they'd translate it for me so we could understand one another.

Now, I don't think it'll come as a surprise, but I actually don't speak Mandarin and the vice-chair responsible for economic and natural resource development does speak English. So at one point, when President Hu Jintao was here, I had an opportunity to meet with and talk with the president about how important it was that China become a marketplace for British Columbia's forest products. And he got together with the vice-chair responsible for economic and natural resource development and they were trying to increase the import of British Columbia's forest products into China.

The translator said: "We've seen the increase of your forest products go up by over 70 percent." The vice-chair then decided that she wasn't using the translator anymore. She said "No, no, no, actually, your net imports have increased by 125 percent." I said, "Well, that's great, and she said: "That's the good news." She said: "The bad news is it's only 2 percent of our market."

Now, just think of that: 2 percent of their market in China. China is going to be an opening marketplace for us, but we have to really focus on it and drive an agenda in China if we're going to be successful, because the rest of the world has noticed China, too.

So here are some of the opportunities. While I was in China, I went to Guangdong Province, and we opened a 100,000-square-foot park highlighting B.C. wood landscaping. A lot of hemlock was being used in that. Later on, there was a call from China's State Council for increased treated wood for landscaping uses. So because we are a sister province with Guangdong, because Vancouver's a sister city with Guangzhou, we have 100,000-square-foot demonstration project.

That's important, because I believe that next year when we go and open that park we will be opening up a huge door of opportunity for our landscaping wood. The estimate is that it will be a multibillion-dollar opportunity.

If you go to China, you will find that they are changing. In China they're expecting an urbanization of 300 million people over the next 15 years. To put that in context for you, the United States took 220 years to go to a population of 300 million people. In 15 years, 300 million people will be moving from outside China's cities into the cities. That creates huge opportunities for us.

Now, I should say before I went to China, there were some people who were saying we actually were not getting this deal in China because they weren't building wood-framed housing in China. They are going to build some, but it's not close to what we expect. There's 10 million housing starts in China a year — 10 million. But this is the thing: We don't need to do wood-frame housing. We need to use wood in the houses, whether it's wood landscaping or wood trusses that are now part of a demonstration project in Shanghai.

Three years ago I went to Shanghai, and I said: "Let's use wood to build the trusses on some of your apartment buildings." They said: "Fine. Let's do that." Well, when we did that project, we found this. The tenants said they liked it better than their traditional treatments. They said it was more flexible. They said it was less disruptive. They said it was more comfortable. And they loved it when it was finished. That's a \$145 million opportunity in Shanghai alone and a \$3 billion opportunity in China. We need to take advantage of that.

And Dream Home China. We have a project there which encourages professionals and engineers and designers to come and see how we can use wood. We're expanding that project because it's been so successful. Again, in Shanghai and the important centres of China, we're putting wood into that marketplace.

And here's an important point to think about. While I was Hong Kong, one of the developers said to me: the world is changing in China. Just three years ago in China we thought that all they cared about was getting the quantity out there, pushing the housing out through the door. He said today it's changed. And this was the good news for us: he said they're now looking for quality.

And do you know how they define quality? There's one word they use to define it. Anybody have any ideas? It's got four letters in it. The two in the middle are "o." The one in front is a "w." Wood. They're using wood to define the quality of housing units. Wood panelling, wood door frames, wood floors. Wood is one of their definers for quality and the middle class in China is starting to ask for quality in their wood products.

So this one developer I was talking to was building a five-million-square-foot project, and he said to me: you know, there's a real opportunity for us to expand the use of wood in all of our projects. Those are opportunities for us that we should take advantage of and that we can take advantage of.

So, I understand the challenges we face in our local communities, I understand that there are lots of challenges we face in the province. But there are big opportunities out there for us, too. And I just want you to think about those opportunities and where you'd like us to be in 10 or 15 years. Think about how you'd like the industry to be working.

I know we'd all like it to work well all the time. It's going to be a competitive industry, because we're not going to be able to stop Russia, we're not going to be able to stop Scandinavia from competing with us. How can we be more competitive? How can we create the environment so that people will invest in British Columbia, buy from British Columbia, work in British Columbia in the forests of British Columbia? Because that's where we get real return, real opportunity and a real future.

As you look at the world today and look at all the changes that are taking place, I can guarantee this: The world is moving to the Pacific and we're the gateway to the Pacific. Just as our forests are the gateway to prosperity, so our Pacific location is a gateway to opportunity for all of us.

We have a very diverse culture in British Columbia. We have direct personal connections with marketplaces that are the fastest-growing marketplaces in the world: China, India and Korea. We have direct and personal relationships with the second-largest economy in the world, Japan, and we have the creativity and the entrepreneurship that our communities are starting to take advantage of. We want to be known as the most competitive, the most sustainable and the highest-quality forest industry in the world. We can do that when we work together.

So as you leave this convention, I hope you will take time to think about what you would like our forest industry to be like, how we can husband that resource, how we can use that resource. I can tell you this: There are lots of problems, there are lots of challenges, but there are also solutions, and there are opportunities. You are smart enough, creative enough, dedicated enough, directed enough and focused enough to win any global competition.

We want to be there with you to lift you up, to create the opportunities that you deserve. We want to do that for you, for your companies and for your communities. We want to do it in partnership, because that's where the future of British Columbia lies.