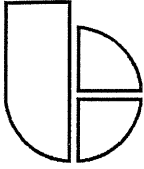


Presentation to
Ministerial Consultation Session
on the
Asia Pacific Gateway

Jerry Lampert
President and
Chief Executive Officer
Business Council of
British Columbia

Saturday,
October 1, 2005



**Business Council
of British Columbia**

Suite 810
1050 West Pender Street
Vancouver, B.C. V6E 3S7
Telephone (604) 684-3384
Facsimile (604) 684-7957
E-mail: info@bcbc.com
Website www.bcbc.com

**Presentation to
Ministerial Consultation Session
on the
Asia Pacific Gateway
Saturday, October 1, 2005**

**Jerry Lampert
President and Chief Executive Officer
Business Council of British Columbia**

Thank you for the opportunity to be part of this panel today.

The Business Council of British Columbia, established in 1966, is an association representing approximately 200 large and medium-sized enterprises.

The Council's members are active in all major sectors of the provincial economy, including forestry, mining, manufacturing, oil and gas, petro-chemicals, utilities, financial services, transportation, telecommunications, information technology, hospitality and tourism, construction, wholesale/retail, agri-food, healthcare, education and the professions.

Taken together, the corporate members and the associations affiliated with the Business Council account for approximately one quarter of all jobs in British Columbia.

As the Prime Minister noted in his recent address to senior public servants in Ottawa, the Asia Pacific region is looming ever larger in Canada's economic future. This is particularly true for BC, which has more extensive economic, community and cultural linkages to Asia than the rest of Canada. Because of our west coast location, BC also serves as a key gateway facilitating trade, tourism and other commercial activity between Asia and North America.

The Asia-Pacific region includes many of the world's most dynamic and fastest developing economies, including China and India.

- Asia as a whole is home to more than 62% of the world's population but accounts for just one-third of global economic production. Every forecast we have seen shows that Asia's share of global production will climb steadily in the coming decades. As this dynamic unfolds, the region is expected to account for an increasing share of Canada's international trade, trade in services, and tourism activity. Two of Canada's five largest trading partners are located in the Asia Pacific: Japan (second), and China (fourth).

- BC's international trade is significantly more oriented towards the Asia Pacific than the rest of Canada's. Four of BC's five largest export markets (Japan, China, South Korea, Taiwan) are in the Asia Pacific region.
- Asia Pacific countries today purchase one-quarter of all BC's international merchandise exports. We expect this figure to increase over time. Asian countries also supply a large majority of the immigrants arriving in BC.

The rise of China, and burgeoning economic activity in the Asia Pacific region more broadly, is sure to pave the way for sustained growth in trade and travel between North America and Asia Pacific countries. BC's geographic proximity to the Asia Pacific region, coupled with our immense resource wealth and high quality transportation infrastructure, mean that our province is superbly positioned to expand and leverage its gateway role.

That said, BC's transportation infrastructure, which plays such a vital role in facilitating trade and commerce between Canada and Asian markets, faces significant challenges.

Consider first the issues facing Canada's west coast port system:

- Very rapid traffic growth – some projections suggest container traffic through Vancouver area ports will quadruple by 2020. Rapid growth has already resulted in a commitment to invest \$1.5 billion in terminal development in the Vancouver port network. In addition there is a new container terminal being built in Prince Rupert.
- Our ports face strong competitive pressure from US west coast ports, which operate with more autonomy, have taxing authority, and can issue bonds for large capital projects. In the US, transportation infrastructure is seen as an economic enabler whereas in Canada, there has been a tendency to view it mainly as a source of government tax revenue. This needs to change if Canada is to reap our share of the benefits flowing from strong economic growth in Asia.
- Capacity constraints – growth has led to concerns about capacity limitations and the future reliability of ports, as well as the linked road and rail infrastructure.

To help address these challenges, the federal government should look at providing major commercial ports with more financial and operational autonomy, a process which we recognize has already begun in a modest way in the past year or so. Ottawa should also do its part to ensure that our port infrastructure is not overtaxed relative to competing US ports.

Finally, we believe it is imperative that the federal government not act as an obstacle to the expansion and further development of our port sector and other segments of the commercial transportation system. If the federal government means what it says about working with BC

to realize the opportunities inherent in the Pacific Gateway strategy, then all federal Ministries and agencies need to get on board to deliver on this strategic commitment. This includes not just departments like Transport Canada and Industry Canada, which have mandates to encourage economic activity, but also Environment Canada, Fisheries and Oceans, and the Canadian Environment Assessment Agency, which often seem determined to do everything possible to thwart, delay and raise the costs of economic development projects in our province.

An efficient gateway is also critical for the province's large tourism industry. As with trade, when it comes to tourism Asian markets will become increasingly important for British Columbia as well as for Canada.

- One factor is the rise of a huge middle class in China, India and some other parts of Asia. As hundreds of millions of Asian households attain middle class status in the next decade, their propensity and ability to travel abroad will increase in tandem with their rising incomes. Capturing even a small share of this burgeoning market would offer tremendous benefits for BC and other provinces.
- The fact that Canada has achieved approved destination status from Chinese authorities is obviously a positive development. Negotiations that are currently dragging on should be completed expeditiously to give effect to this agreement.
- Another consideration is the potential for the US tourism market to stagnate and even decline. Security threats, border delays, and the higher dollar have already contributed to a drop in the number of US visitors coming to BC (and Canada). In addition, the US is planning on soon making it mandatory for all US citizens re-entering the country to have passports. If this policy is implemented it will have a negative impact on tourism considering only 20% of Americans currently have passports. To the extent that Americans travel less outside of their own country, the Asian tourism market will become more important for BC and Canada.
- In order to further take advantage of this market the Federal Government should move to adopt a Transit Without Visa policy for visitors from China who are in possession of a US Visa and are on the way to the United States. As importantly, the Federal Government should proceed with negotiations on a bilateral agreement with the United States on Fifth Freedom air rights.

These are a few of the issues that the Business Council of British Columbia believes the Federal Government must continue to address. They are enormously challenging, but we believe progress on them will assure British Columbia's, and Canada's, position as a trading, investment and travel partner with the dynamic and growing Asia Pacific.

* * * * *