



# The Future of Canadian Natural Resources

**Speaking Notes for Perrin Beatty**

**Premier's BC Natural Resource Forum**

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Please Check Against Delivery

Minister Morris, thank you for your kind invitation to deliver today's keynote. Val and Iain, it's a real pleasure to see the Chamber network out in force at this event. Your panel was excellent.

An invitation to speak about the future is always a great honour. It means you consider I'm wise enough to have taken lessons from the past, and that I can advise us on how to apply them to the future. If any of you knew my track record on the stock market, however, I'm afraid you would want to rescind the invitation.

For those of us who attended the opening banquet on Tuesday evening, it was fascinating to hear Nikolas Badminton share his thoughts about where technology is taking us. The truth is, if we could somehow view the world 30, 50 or even 100 years from now, we'd likely be more shocked than entertained. Technologies and social changes we think of as inevitable will fizzle into nothing, while some of the craziest, most outlandish predictions will turn out to be spot on.

There is, however, one prediction about this future world that I feel quite confident about. Humanity will be consuming natural resources. As long as people need food, shelter, tools and toys, we will need to take energy and materials from our land.

The real questions are: which natural resources will we need, does the world have enough of them, and can we meet our needs while respecting the world's limits?

I'm sure you know there's no simple or universal answer to these questions. Global trends are already pushing resource sectors in different directions.

The increasing prosperity of developing countries will push demand for natural resources upward.

By 2050, the United Nations Environment Program expects global material extraction to more than double and demand for fiber to increase by 80 to 95 per cent.

At the same time, technological advances and environmental concerns will fundamentally change how we produce and use goods and services. In some cases this means we will use fewer resources, but more often than not the impact will be to shift demand from one type of resource to another.

Electric cars, for example, will lower demand for oil, but raise consumption of base metals and rare earths. Electric vehicles need three times as much copper wiring as gas powered models. Elon Musk expects his company will need to absorb the world's entire supply of lithium to meet his annual production goal for Tesla 3s.

Canada has a unique stake in the trends shaping the global resource industries. We're a resource economy like no other.

Few countries can match the diversity of Canada's resource endowment. As the exhibits outside this hall show, Canada is a global player in the full range of resource

commodities, including energy, metals and minerals, forest products, agriculture and fisheries.

Premier Clark spoke yesterday about the importance of resources in BC's economy. A similar case can be made for resources throughout the various regions of Canada. We are an extraordinarily fortunate nation when you consider our resource inheritance.

Few countries can match our unique combination of natural resource wealth and technological know-how. Canada's unique competitive advantage in world markets is that we are both a resource economy and a knowledge economy.

Few countries can match Canadians' passion and commitment to environmental protection and community. Canada is a deeply democratic country, one that will simply not accept anything less than world-class environmental and social protections.

No other country combines these factors quite like we do. Our unique combination of diverse resource wealth, highly skilled and innovative workers and democratic institutions has driven Canada's prosperity for generations.

Forest products, mining and energy resources contribute almost a fifth of Canada's GDP. But statistics like that don't capture the full picture.

More than two-thirds of Canadian clean technology companies are focused on helping energy and natural resource production address their environmental challenges. Canada's diversity of natural resources has helped fuel Vancouver's growth as global center for clean technology.

The global mining industry is a major driver of the success of Toronto's financial sector. Imagine how the lawyers and stockbrokers of Bay Street would fare without all the mining and energy stocks listed on the TMX.

Hundreds of small and medium-sized businesses across Canada provide a range of goods and services to resource operations, including construction, catering, environmental services, and equipment manufacturers. These firms are not necessarily counted in statistics about the impact of natural resource sectors, but they depend on them all the same.

Focusing on the sustainable production of natural resources was a sound strategy for Canada in the past, and it remains a sound strategy for Canada today.

What I'd like to offer you is not a prediction about the future, but a vision of what Canada can accomplish if we use our natural advantages to make global trends work to our advantage.

Canada becomes the world's natural resource superstore. Through trade we not only secure our own prosperity, but punch above our weight in helping to protect the global environment.

We do this by becoming the place the world turns to for solutions to the technical, environmental and social challenges of providing people with energy, food and materials. We don't export our natural resources alone, but also disseminate the technology and knowhow to extract these resources in the right way.

But trading the commodities themselves remains a crucial part of this plan. B.C. is actively pursuing this strategy.

Your Premier has set forward a vision of how B.C.'s low-emission natural gas can help China and other Asian countries move away from coal power.

The largest-ever shipment of timber from B.C. to India left just last month. The timber is going to a project that will demonstrate how sustainable forest products can make Indian architecture more sustainable.

The expression "Made-in-Canada" should be synonymous with quality commodities produced to the highest standards and with the lowest possible environmental impact. We will have the ability to deliver metals, minerals, food stuff and fibers to anyone, anywhere, quickly, reliably and at a low cost.

Global natural resource firms will line up to invest in Canada. They know we have a tough regulatory system, but one that makes decisions quickly and is clear and consistent about what businesses need to do.

It's a vision of a prosperous Canada, where innovation and care for people and the environment is put at the center of economic growth.

And we're at risk of messing it up.

Fundamental changes are taking place in the economy. There will be winners and losers. We need to be building the physical and regulatory infrastructure that will help Canadian business come out on the winning side.

For Canada's resource industries to win, businesses, governments and communities all need to come together to figure out a way forward on four interrelated policies.

The first is trade promotion, followed by investment in trade infrastructure, regulatory clarity and, finally, a renewed relationship with indigenous peoples.

Before we achieve any kind of long-term vision for the future, Canada must first survive the next four to eight years. The U.S.-Canada relationship is going to dominate our political discourse for the foreseeable future.

We are working on a strategy to get the message to Washington that trade drives prosperity for both Canada and the U.S. We cannot afford to ignore the largest market for our goods and services.

But if Canada's major economic partners are getting cold feet on globalization, let's also push forward where we can.

The Trans-Pacific Partnership, under its current form, is gone. But there is still something to be salvaged from the talks, negotiations, efforts and intent that created it. Japan was a major reason we were at the table.

A little over a year ago we formed the Japan-Canada Chambers Council with the Japan Chamber of Commerce and Industry to better connect our members to the world's third-largest economy.

Last spring we partnered with the Greater Vancouver Board of Trade to host a delegation of over 70 Japanese business people, including Shoei Utsuda, the Chairman of Mitsui, one of the most powerful companies in Japan.

We also had the chance to sit down with a delegation from Keidanren, the country's most influential business association, as they toured Canada and the United States.

Our message to both these groups was clear: if the TPP does not work out, Canada will still be at the table.

That remains our position. In fact, we're gearing up to send a delegation to Japan in April, where our message will be renewed. We'll be pushing our governments to restart negotiations on a Canada-Japan Economic Partnership Agreement.

At the time of our last meeting, our Japanese colleagues still held out hope for the TPP. I'm looking forward to our next meeting to hear how developments since the US election may have changed their view of the importance of a bilateral agreement.

But trade success is about more than just formal agreements. Our trade promotion efforts in particular will need to get sharper and more coordinated.

We need a whole strategy that leverages all our advantages – trade commissioners, engagement of diaspora Canadians, regulatory efficiency, and much more.

If formal trade agreements cannot move forward, these measures will become ever more important to opening doors for Canadian businesses.

But trade promotion will mean nothing if we can't get our goods to markets quickly and efficiently.

In May we released a report called *The Infrastructure that Matters Most* to focus government attention on export facilities we need to allow Canadian products reliable access to world markets.

I was pleased to see the government announce a new fund to addressing this concern. We need to make continued improvements to the capacity, speed and resiliency of our trade infrastructure network.

However, all the funding in the world won't matter if we can't get transportation or natural resource projects permitted in time to take advantage of new opportunities.

I want to be very clear on the issue of energy, which I know is the subject of intense debate, both here and in the rest of Canada. Every study I have seen concerning the demand for energy over the next fifty years indicates that it is going to continue to grow. Since the beginning of time, there has been a direct correlation between rising living standards and the consumption of energy, and, as we pursue our goal of moving hundreds of millions of people out of poverty into lives of relative comfort, that demand will continue to grow.

We will need every form of energy, both renewable and non-renewable, and we will need to produce, distribute and consume it in as sustainable and responsible way as possible.

Climate change is real, and it represents an existential threat. Ultimately, the best hope lies not in consigning developing countries to permanent poverty, but in inventing and implementing the technologies that will allow us to meet our growing energy needs while protecting and enhancing the environment. We need to redouble our efforts to develop the new technologies that will bring us both rising living standards and a healthier environment.

I believe that Canadian energy can be an important part of the solution to both global poverty and climate change. When Canadian oil and gas can be used to replace coal-fired generators in developing economies like China's, that's a win for the environment.

And there are other important advantages that Canada offers. Of the world's exporters of oil and gas, which among them is more democratic than Canada? Which among them is more committed to environmental protection than Canada? Which among them can do more than Canada to ensure that the proceeds of the sale will not be recycled into armed conflict or terrorism? And which among them can give greater guarantees than Canada that the tap won't be turned off as a political weapon when tensions arise a few years from now?

When I travel internationally, I hear from our potential customers that, for all these reasons, they want to do business with Canada. Yet, they are also very clear with me that, if we are either unable or unwilling to meet their needs, they have no choice but to give their business to the other suppliers who are already knocking at their doors.

This is an issue that only we Canadians can decide, and we need to do so soon, before the opportunity is lost.

We need to shift the debate from whether we will bring our resources to global markets in a responsible way to how we will do so.

Much of the debate in Ottawa today is on the subject of infrastructure. It centres on how much money the federal government will borrow to invest in reducing the serious gap that has developed over the last several years. And yet there is an opportunity to unlock tens billions of dollars of private sector investment. What is needed is not a cheque from Ottawa, but a “yes.”

There is no reason why a thorough regulatory process can't also be an efficient one. The current system's duplication, inefficiency, delays and uncertainty do not lead to better outcomes for the environment or for communities.

Yet it does have a major impact on business costs and the appetite to invest into major projects in Canada. The World Economic Forum ranks Canada 37<sup>th</sup> in terms of the drag government regulation imposes on the economy's competitiveness.

This is below many countries that are recognized leaders in environment policy and protection, such as Sweden, Germany and Norway.

The federal government is reviewing the Canadian Environmental Assessment Act, and we participated in the consultations. Our message was that rigorous environmental regulations do not have to be complex and burdensome ones.

In Canada, an efficient regulatory system, one that can support investment while protecting communities, means building a new relationship with our indigenous peoples.

In 2016 we talked to over 90 businesses, Indigenous groups and communities, legal experts and government officials about how to move forward on the issue of duty to consult and accommodate indigenous peoples.

They told us how a lack of a clear process can undermine not only business' interests but those of Indigenous communities too.

They explained that many of Canada's Indigenous peoples do not oppose development but instead want to have a fair stake in the benefits and a say in how the projects proceed.

Last October, I hosted a roundtable on the path forward with prominent Canadians. Paul Martin and Bob Rae were there, as well as high-level representatives from Indigenous organizations, government, and business. This was the beginning of a renewed dialogue, one that I hope can be echoed not just at the national level, but in many local chambers and in your communities.

These are some of the steps that we are taking to move Canada forward. As you can see, there are many situations where business, in partnership with government, can turn potential roadblocks into new paths. The question is if we will be able to do it in time. We will get only one shot at some of these opportunities.

Looking back on Canada's 150 year of history, natural resource trade has been a fundamental part of our business identity and of our success. I don't know what Canada's future will be, but I'm willing to bet that natural resource trade will be part of it. Canada has a unique opportunity to use trade and innovation to fulfill the fundamental needs of humanity in a way that respects the limits of our earth.

Seizing these opportunities is a sound strategy for a prosperous future, but it will not always be easy. However, I believe that these are the building blocks for a more resilient, more prosperous Canada. I believe this is what we need to build not just for the next decade, but for the next 150 years of Canadian business success.