




BRITISH COLUMBIA

Canada's
Pacific Gateway

www.canadapacificgateway.com

**ASIA PACIFIC
INITIATIVE
ANNUAL REPORT**
APRIL 2008-MARCH 2009

EXECUTIVE SUMMARY

The Asia-Pacific Initiative (API), launched in April 2007, sets out British Columbia's strategy to capitalize on the unprecedented opportunity to secure the province's economic prosperity through stronger trade and investment relationships with the countries and regions expected to be the major drivers of the global economy in the 21st century: China, Japan, India, South Korea and Southeast Asia.

An API Master Action Plan was approved in November 2007 to implement projects and key actions in five priority strategies. The Asia Pacific Initiative Annual Report for April 2008 to March 2009 highlights key achievements under each of these priority strategies.

ASIA PACIFIC IDENTITY - Strong advocacy of British Columbia's Asia Pacific priorities in interprovincial and national forums continues to ensure Canada's Pacific Gateway is a top priority on the national economic agenda.

Progress is being made in brand recognition for Canada's Pacific Gateway, the province's international brand, with cross-ministry promotional campaigns and consistent brand use and jurisdictional messaging. The 2010 Olympic and Paralympic Games are expected to propel increased recognition of British Columbia and its trade, investment, tourism, and educational opportunities.

STRENGTHEN BRITISH COLUMBIA'S ASIA PACIFIC TRADE AND INVESTMENT RELATIONSHIPS - Access to emerging Asia Pacific markets has been accelerated by the expansion of International Trade and Investment Representative offices. Four new offices were established in Seoul, Beijing, Guangzhou, and Bangalore, joining Tokyo and Shanghai.

These offices introduced 57 B.C. companies to the Asia Pacific market, matched 110 investors with B.C. opportunities leading to \$31.55 million in new investment. An additional 174 investment inquiries were served by B.C. investment representatives at home and abroad.

35 outbound investment missions were undertaken to Asian markets, and 97 inbound investment missions from Asia were managed in fiscal 08/09.

There has been an increase in Asian investments to B.C. to \$7.96 billion and trade between B.C. and the Asia Pacific region has grown to \$9.2 billion since the launch of the API in 2007.

Seven new Twinning Partnerships were finalized in fiscal 08/09.

DEVELOP A WORLD-CLASS SUPPLY CHAIN AND GATEWAY INFRASTRUCTURE - Implementation of the Pacific Gateway Strategy Action plan delivered \$5.174 billion in transportation and infrastructure projects in fiscal 08/09.

Progress is being made with the implementation of a combined B.C. ports system, along with streamlining the regulatory review process to increase efficiencies and the effectiveness of the global supply chain.

B.C.'s northern gateway potential is being realized, with container shipments through the Port of Prince Rupert increasing 124 per cent over fiscal 07/08.

DEVELOP AND ATTRACT A LABOUR FORCE THAT HAS PACIFIC CENTURY SKILLS - Efforts to attract people from Asia Pacific countries to move to and work in B.C. resulted in 46,896 foreign workers entering B.C., with the Provincial Nominee Program approving 2,564 skilled workers in fiscal 08/09, a 97 per cent increase over 2006/07 levels.

To support new immigrants to maximize their skill sets, 38 projects support B.C. regulatory bodies to improve and streamline credential recognition, and more than 2,100 skilled immigrants were matched to jobs that utilize their education, knowledge and experience.

2,000 more apprenticeship spaces and 1,319 FTE graduate spaces at research-intensive universities were secured in fiscal 08/09.

The federal Off-Campus Work Permit Program was extended to include 11 institutions in B.C.

POSITION BRITISH COLUMBIA AS NORTH AMERICA'S ASIA PACIFIC DESTINATION - Implementation of the Asia Pacific component of the B.C. Tourism Strategy was realized with 24 media trips, 15 consumer campaigns, 18 co-operative advertising travel trade campaigns, 13 travel trade marketplaces, 21 educational travel trade seminars and 14 travel trade familiarization tours.

To increase B.C.'s reputation as preferred destination for Asian students, 17 schools were certified overseas to offer the B.C. Education Program and approximately 5,100 students have enrolled.

12 MOUs of educational cooperation were signed with China and Korea.

INTRODUCTION

This annual report¹ highlights key achievements of provincial government ministries implementing Asia Pacific Initiative (API) projects and priorities. Together, these activities are increasing British Columbia's market share in Asia Pacific, and enhancing its reputation as North America's capital for Asia Pacific commerce and culture.

Results from the past fiscal year demonstrate that ministries are making significant strides in meeting the priority goals of the API and achieving the expected outcomes and aggressive targets set. Highlights of government actions over the past year to achieve these goals are organized by the five strategic priorities of the API:

ASIA PACIFIC IDENTITY – developing strategic marketing and a captivating global brand

TRADE AND INVESTMENT RELATIONSHIPS – enhancing trade and investment opportunities by fostering strengthened business networks

WORLD-CLASS GATEWAY INFRASTRUCTURE – building the gateway infrastructure necessary to establish a reliable, cost-effective supply chain

PACIFIC CENTURY SKILLS – creating workforce capacity to accommodate and support economic growth

ASIA PACIFIC DESTINATION – gaining international recognition as an Asia Pacific centre for tourism, education and service industries

¹Note: Only highlights are identified in this report. For a more comprehensive listing on all action items associated with the API to March 31, 2009, please request the API Project Status Report.

Economic indicators are reported on a bi-annual basis and therefore do not reflect strictly fiscal 08/09 results.

ASIA PACIFIC IDENTITY 4



TRADE AND INVESTMENT RELATIONSHIPS 6



WORLD-CLASS GATEWAY INFRASTRUCTURE 11



PACIFIC CENTURY SKILLS 14



ASIA PACIFIC DESTINATION 17



STRATEGIC PRIORITY 1:

BUILD A GLOBAL IDENTITY FOR CANADA'S PACIFIC GATEWAY



Expected Outcome i.

Canada's policies, programs and ministerial engagement support the advancement of the Pacific Gateway in a manner relative to the scope of the opportunities

Expected Outcomes ii.

\$75 million in international exposure generated for Canada's Pacific Gateway brand at the Beijing Olympics in 2008

Expected Outcomes iii.

B.C. is recognized internationally as a member of the Asia Pacific trading region by 2010

Expected Outcomes iv.

B.C. – Canada's Pacific Gateway is one of the most recognized brands in the Asia Pacific region by 2010

PROGRESS TO DATE

- \$70.7 million in international exposure including PR value and advertising value for Canada's Pacific Gateway brand at Beijing Olympics in 2008
- 100 per cent of all collateral materials use international branding and jurisdictional messaging
- 5 cross-ministry promotional campaigns conducted covering multiple sectors launched in Japan, China and Korea

HIGHLIGHTS

To ensure **Canada's Pacific Gateway is a top priority on the national economic agenda**, advocacy of the province's Asia Pacific priorities in interprovincial and national forums has resulted in broad national and regional support for B.C.'s positions on Gateway infrastructure, environmental assessment, Open Skies, trade and investment attraction, visa processing and foreign credential recognition. For example, at the 2008 Council of the Federation meetings, B.C.'s advocacy led to a call from all Premiers for the federal government to move rapidly to negotiate free trade or economic partnership agreements with China, India, Japan and other important Asia-Pacific partners.

In support of a **compelling global identity and comprehensive approach to Asia-Pacific marketing**, Canada's Pacific Gateway branding is being used for all cross-ministry marketing initiatives, highlighting the province's competitive advantages and increasing awareness of B.C. assets and our reputation as a great place to live, work, study, invest and do business.

From May to September 2008, the B.C.-Canada Pavilion in Beijing highlighted B.C.'s global brand and provided a venue to introduce B.C. and Canadian companies to opportunities in China. Through industry-driven business programs, companies were able to self-promote, network and establish future partnerships.

Successes:

- 871 B.C. and Canadian delegates were hosted and engaged in pavilion events (more than double the original target).
- 2,378 Chinese delegates and 32 industry sector groups were hosted, resulting in new, significant trade and investment partnerships
- 690 business connections were solidified resulting in 16 formal MOUs.
- 150 Chinese journalists from 50 media outlets were notified and provided with communications materials on visiting, studying, working, and investing in B.C.
- 230 media stories were generated in China with a PR value of \$54 million, an advertising value of \$9 million and an audience reach of 65 million.
- 470 media stories were generated in B.C., Canadian and international media with a PR value of \$6.6 million, an advertising value of \$1.1 million and an audience reach of 177 million.

Significant efforts continue to be made to **establish long-term relationships with senior level Asia-Pacific government and business leaders** including:

- Federal/provincial trade and investment mission to China in June 2008 with 11 B.C. companies participating
- Promotion of B.C. educational opportunities with key government education officials from provinces in China in June 2008
- Canada-China Mining Investment Symposium and Canada-China Mineral Forum events in October 2008
- Financial risk management seminar for senior executives from the People's Republic of China Reserve Bank, government departments and state agencies.

To facilitate relationship-building skills and increase intercultural awareness and effectiveness, the Public Service Agency delivered Asia Pacific cultural training on India, Vietnam, South Korea, China, Japan, Philippines to 155 B.C. government employees.

PRIORITY NEXT STEPS

Capitalize on all available intergovernmental opportunities to advance Asia Pacific files, including B.C.'s hosting of the 2010 Western Premiers' Conference and continued development of the B.C.-Alberta-Saskatchewan joint cabinet mechanism.

Cross-ministry follow-up with high-level Asian business and government contacts to participate in the province's 2010 Olympics hosting program to cultivate long term relationships and advance B.C.'s economic, innovation and diplomatic interests.

Leveraging the Olympic momentum included:

- Inclusion of Olympic messaging in all international presentations, collateral, and investment and trade attraction materials
- Olympic links on Canada's Pacific Gateway website and promotion of 2010 procurement and supply opportunities
- Planning for business-to-business matchmaking and hosting opportunities in the lead up to and during the 2010 Olympic and Paralympic Games.

The Canada's Pacific Gateway website will undergo a complete content update and refresh to include profiles and promotion of B.C. business opportunities during the 2010 Olympic hosting program.

British Columbia hosted the Pacific North West Economic Region Summit in Vancouver in July 2008. The summit showcased B.C.'s leadership in engaging the Asia-Pacific region through focused working sessions on Asia-Pacific Gateway tourism, transport, border security, innovation and education. The summit was attended by over 800 government and business leaders from both Canada and the United States and garnered significant media attention.

STRATEGIC PRIORITY 2: STRENGTHEN BRITISH COLUMBIA'S ASIA PACIFIC TRADE AND INVESTMENT RELATIONSHIPS

Expected Outcome i.

Full-time representation established in key Asian markets by 2007

Expected Outcomes ii.

A \$1 billion increase in Foreign Direct Investment by 2010, \$3 billion by 2015 and \$5.5 billion by 2020

Expected Outcomes iii.

A \$15 billion increase in trade with Asia Pacific by 2010, and \$35 billion by 2015

Expected Outcomes iv.

Additional western Canadian jurisdictions signed on to the B.C.-Alberta Trade, Investment and Mobility Agreement by 2008

Expected Outcomes v.

A pilot Pacific Northwest trade and mobility arrangement in place by 2008

Expected Outcomes vi.

B.C. is perceived as the most attractive jurisdiction in Canada for Asia Pacific business and investment by 2010



British Columbia's Mantra Venture Group signed an MOU with Bluebird Co., an environmental engineering company based in Seoul. Under the terms of the MOU, Bluebird will become an integral partner in the development and commercialization of Mantra's carbon sequestration technology, both in Korea and elsewhere in Asia. Bluebird will also establish an office in Vancouver, with investment of over \$3 million by 2010. The deal is the first commercial partnership to result from a twinning arrangement between the District of North Vancouver and Guro District in southwest Seoul, an agreement largely brokered by the efforts of B.C.'s Seoul Office and Korea desk.

PROGRESS TO DATE

- 4 new offices established in Seoul, Beijing, Guangzhou, and Bangalore bringing the total to 6 offices
- \$7960 million in Asian investments in B.C. (2007-2009)
- \$9.2 billion (2007-2008) increase in trade with Asia Pacific
- The inaugural B.C.-Alberta-Saskatchewan joint cabinet meeting in March 2009
- B.C. and Washington State are exploring opportunities to establish a Pacific Northwest Trade and Mobility agreement.

HIGHLIGHTS

The addition of four new trade and investment offices in Beijing, Guangzhou, Bangalore and Seoul joining existing offices in Shanghai and Tokyo furthered the **establishment of British Columbia trade and investment representatives in priority Asia Pacific regions.**

Numerous initiatives supported the **acceleration of B.C.'s access to emerging Asia Pacific markets** including:

- 68 investment promotion workshops delivered in Asia
- 3 new Local Government Twinning/Partnership agreements were signed with:
 - North Vancouver and Guro District, Korea
 - Richmond and Xiamen and Qingdao, China
 - Sidney and Niimi, Japan
 - Surrey sister city relationship with Zhuhai, China was refreshed
- 4 new Local Government Twinning/Partnership agreements have been concluded and are expected to be signed between:
 - Burnaby and Hwaseong, Korea and with Changzhou, China
 - North Vancouver and Huizhou, China
 - Coquitlum and Paju, Korea
- Matching business services offered to 455 B.C. and Asian clients with 110 formal matches concluded
- The Asia Pacific Business Centre officially opened March 6, 2009, and in its first three weeks of operation received 29 client inquiries and 39 meetings and events were hosted
- B.C. Alumni reception in Beijing in June 2008
- A new Small Business Asia Pacific Export Planning Website and Guide were launched in October 2008 (www.bcexportasiapacific.ca)
- A total of 73 investment inquiries from Asia were served - 35 from China, 2 from Hong Kong, 17 from Korea, 10 from Japan, 5 from India, and 4 from other Asian jurisdictions.

Fiscal 08/09 saw an **increase in in-bound and out-bound investment** activities with Asia Pacific including:

- 35 **outbound missions** to Asian markets (19 undertaken by STED) including:
 - Two missions by the Premier to Beijing and Korea
 - Eight ministerial missions including Agriculture and Lands; Transportation; Small Business, Technology and Economic Development; Education; Forests and Range; Mining; and the Parliamentary Secretary to the Asia-Pacific Initiative all focused on helping B.C. increase business relationships in priority sectors and growing bilateral relations in China, Japan, Korea, Vietnam and Singapore.
 - The Premier visited China and Korea in May 2008 to officially launch the B.C. Canada Pavilion in Beijing, open B.C.'s trade and investment representative office in Seoul, and sign a sister province agreement with Gyeonggi, Korea. The Premier led a 40-member delegation comprised of companies in the clean technology, green design, forestry, education, and new media sectors.
 - Additional missions led by officials promoted B.C.'s sectoral interests in Asia in the education, new media, clean technology and services sectors, including G-Star, the largest Game Trade Show in Korea, and Entech, the Environmental and Energy Trade Show in Korea.
 - 13 meetings held with Asia Pacific region companies to discuss investment in British Columbia mining and petroleum investments, including with Chinese Consulate on the promotion of Chinese green energy conference; Korean Midland Power Co. Ltd. (KOIMPO) interested in coal for plants and wood pellets; and Zibo Mining Group Co. Ltd. to discuss general mining information, with special attention to coal.

British Columbia's sale of softwood lumber products to China jumped 70 per cent in 2008. The British Columbia share of China's total softwood lumber consumption rose to 5.7 per cent in 2008, up 2.1 per cent from 2007. British Columbia Forestry Innovation Investment generated \$1.5 million in incremental sales and 60 new business leads for the value-added sector. In 2008, British Columbia's exports of softwood lumber to Japan totalled 2.7 million cubic metres, giving the province a 44 per cent share of Japan's total imports and a 16 per cent share of its softwood consumption.

• **97 inbound economic development missions** from Asia, including China (33), India (5), Korea (20), Japan (23), and Southeast Asia and the Pacific (16). Sectors of interest included oil and gas, transportation and logistics, energy and advanced energy, financial services, life sciences (including pharmaceuticals), education (including research and science collaboration), and labour recruitment. Key inbound missions included:

- Study visit of 31 senior executives from major Chinese State-Owned Enterprises to study financial risk management in June 2008
- 150 Indian business delegates who met with B.C. companies in the life sciences, ICT, environmental goods and services, education, mining and alternative energy sectors in June 2008 as part of India Calling.

B.C.'s multilingual international website – Canada's Pacific Gateway – fulfills the goal for an **Asia Pacific electronic, multilingual gateway**. It was launched in English, French, and Simplified and Traditional Chinese in September 2008 and completed in Hindi, Punjabi, Korean, Japanese, Spanish and German in March 2009. More than 58,000 unique visits were recorded in 08/09.

ECONOMIC IMPACTS

ASIAN INVESTMENTS IN B.C.

From July 08 to June 09, 35 investments have been finalized and 6 are projected to occur, for a total value of \$7,960 million.

Looking regionally, 22 investments came from Greater China (China including Hong Kong, Macau, and Taiwan), 14 from North East Asia (Japan and South Korea), and 5 from South East Asia (India, Malaysia, Singapore, and the Philippines).

The January-June 2009 period saw a total of 15 investments at an estimated worth of \$940 million. This compares with just 4 investments in the same period in 2008 worth \$129 million.

ASIAN INVESTMENT BY BUSINESS SECTOR:

| Sector | Number of Projects | Value of Projects |
|--|--------------------|------------------------|
| Real estate | 15 | \$7,157 million |
| Mining | 13 | 770 |
| Professional, Scientific, Technical Services | 4 | 27 |
| Information and Cultural Industries | 2 | 1 |
| Financial Services | 2 | 1 |
| Food Services | 2 | 1 |
| Retail Services | 2 | 1.5 |
| Manufacturing | 1 | 1 |
| TOTAL | 41 | \$7,960 million |

B.C. forest sector initiatives in Asia included:

- 3 MOUs by FII, including construction of the Xiang'e Primary School, under the Canada-B.C. Earthquake Reconstruction project launched September 2008
- The Qingchuan "Vancouver Village" rural sustainable housing project, a collaboration between the Canada Wood Group and British Columbia Forestry Innovation Investment (BCFII), used Canadian wood frame building technology to build a North American-style sustainable housing community. Phase 1 is now complete.
- Training at Canada Wood College for 161 Chinese students, many of whom went on to work on the Wenchun Earthquake Reconstruction Project
- Trade association participation at nine targeted trade shows and market research on trends in the Japanese housing sector, the impact of the aging population, SPF and Hem-Fir products in post and beam housing and opportunities for value-added products.

Four new trade offices were opened in 08/09 in Seoul (Korea), Bangalore (India), Beijing and Guangzhou (China). Together with existing offices in Tokyo (Japan) and Shanghai (China), B.C. now has six offices in Asia.

Those offices that were in operation for close to the entire fiscal year (Seoul, Shanghai, Tokyo) attracted over \$31.5 million of Asian investment to B.C. and assisted the conclusion of 13 trade deals increasing sales of B.C. goods and services. Over 174 concrete leads were identified resulting in more than 100 matching opportunities between B.C. and Asian counterparts. Approximately 20 deals are currently in advanced stages of development.

TIR ACHIEVEMENTS FISCAL YEAR 08/09

| | JAPAN | KOREA | CHINA | TOTALS |
|--------------------------------------|-------|--------|-------|---------|
| CONTACTS | 400 | 695 | 850 | 1945 |
| CORPORATE CALLS | 135 | 208 | 112 | 455 |
| MARKET VISITS | 7 | -- | 23 | 30 |
| B.C. COMPANIES TO MARKET | -- | 14 | 43 | 57 |
| LEADS | 62 | 112 | -- | 174 |
| MATCHING/ INVEST OPPORTUNITIES | 21 | 67 | 22 | 110 |
| INVESTMENT \$ (millions) | \$1.2 | \$9.35 | \$21 | \$31.55 |
| EXPORTER SUPPORT | 70 | -- | 45 | 115 |
| TRADE DEALS | 2 | 11 | -- | 15 |
| EXECUTIVE VISITS TO British Columbia | 15 | 12 | 13 | 42 |
| SEMINARS | 10 | 15 | 4 | 29 |
| SECTOR EVENTS | 29 | 21 | 13 | 63 |
| PARTNERSHIPS | 1 | 0 | -- | 2 |
| REPORTS | 12 | 4 | 12 | 28 |
| INBOUND MISSIONS | 10 | 2 | 2 | 14 |
| OUTBOUND MISSIONS | 4 | 2 | 6 | 12 |

DEALS

Between July 2007 and June 2009, there have been 40 deals reported between Asia and B.C.; 19 with Greater China, 13 with North East Asia and 8 with South East Asia.

Nearly half these deals (20) were in the manufacturing sector – primarily machines and equipment, for example surveillance cameras, but also turbines and blades for wind power equipment, steel pipes, and house construction materials. Half of these were related in some way to the “green economy”.

There were nine deals between B.C. and Chinese manufacturers; four with firms

from Japan and South Korea; and seven with companies located in South East Asia.

The next most significant sector was mining, with eight deals in total, five of which were with Japanese or South Korean firms, two with firms from Greater China, and one linked to the Philippines. These deals facilitated activities such as shared access to resources.

There were five deals involving the exchange of professional, scientific, and technical expertise, two with China and three with North East Asia.

| Sector | Number of Deals |
|--|-----------------|
| Manufacturing | 20 |
| Mining | 8 |
| Professional, Scientific, Technical Services | 5 |
| Education | 3 |
| Information and Cultural Industries | 3 |
| Finance | 1 |
| TOTAL | 40 |

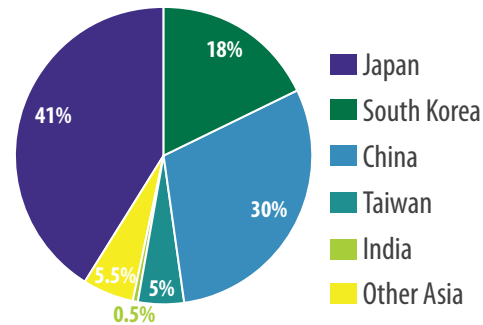
B.C. GOODS EXPORTS TO KEY ASIAN MARKETS

In the first half of 2009, B.C.’s goods exports to all Asian markets except China declined, with an overall fall of approximately 14 per cent over first half of 2008 numbers. This outcome follows several years of steady growth.

China exports in coal, lumber and copper have increased over the first half of 2009.

Japan remains the largest market for B.C. goods, taking 41 per cent of total B.C. exports to Asia from January to June 2009. China’s share has been rising steadily in recent years.

In 2008 and year-to-date in 2009, B.C. was the only province to export copper to Asia.

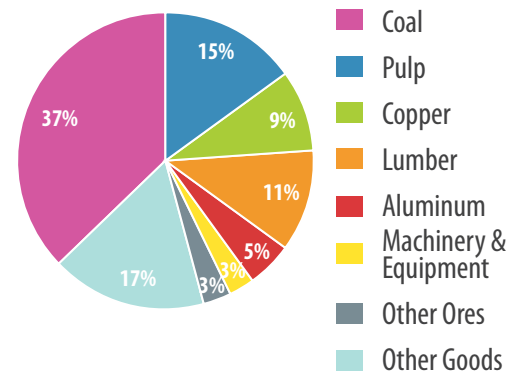


B.C. EXPORTS TO ASIA OF SELECTED GOODS

Coal comprised nearly 40 per cent of all B.C.’s goods exports to Asia. Rapid increases in coal prices account for the increase in export values over the period. Pulp made up 15 per cent of B.C.’s total exports to Asia, followed by lumber.

B.C. forestry exports to Asia Export Statistics in billions: Japan (\$5,050); China (\$2,080); Korea (\$1,984); India (\$170 million).

The seasonal increase in B.C.’s seafood exports to Asia between April and June is reflected in the rise in the proportion of other goods exports to Asia from 14 per cent in the first quarter to 17 per cent year to date.



YTD - JAN-JUNE 2009 B.C. EXPORT SHARES, ALL ASIA

Asia continues to take a significantly larger portion of B.C.'s exports than either Ontario or Canada.

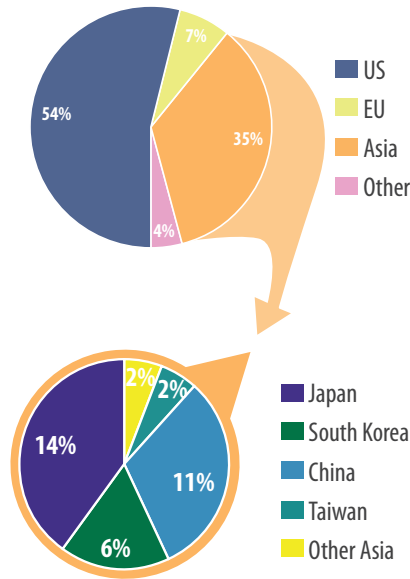
In the first half of 2009, Asia took 35 per cent of B.C.'s exports compared with 9.5 per cent for Canada and 4.4 per cent for Ontario.

Canadian exports to Asia are dominated by coal and pulp from B.C. and rapeseed, potash, and wheat from the Prairie provinces.

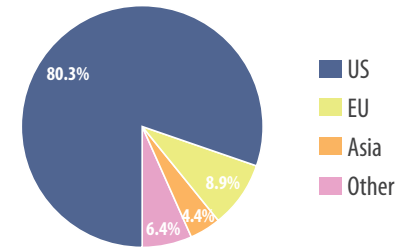
Over the same period, the proportion of Ontario's exports to the US remained the same while those from B.C. and the rest of Canada dropped slightly.

British Columbia forestry has succeeded in maintaining its 15-18 per cent share of total demand in Japan, in spite of increased competition from Russia and Europe. This translates into a market worth approximately \$720 million to the B.C. forest industry in 2008.

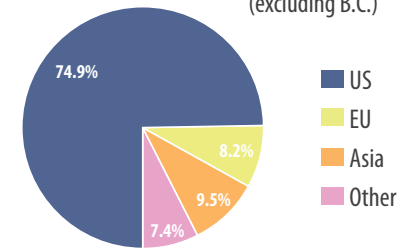
GLOBAL EXPORTS FROM B.C.



GLOBAL EXPORTS FROM ONTARIO



GLOBAL EXPORTS FROM CANADA (excluding B.C.)



PRIORITY NEXT STEPS

A minimum of 72 investment workshops will be delivered in Asia.

Business connections will be offered to more than 750 clients in Asia with more than 210 matches concluded.

B.C. Alumni network will be expanded to increase engagement and outreach.

Five twinning and partnership activities are under way and additional B.C. cities are actively seeking partnership opportunities in the Asia Pacific region.

Missions to China will promote B.C.'s clean technology capabilities (waste water management), mining interests and participate in China International Fair for Investment and Trade.

Missions to Korea to participate in the environmental technology (Entech) and new media (G Star) trade shows.

Missions to Japan in the advanced energy (Fuel Cell Expo), biotechnology (BIO Japan) and new media (Tokyo Game Show) sectors.

Missions to India in the life sciences, advanced energy, and education sectors (research and science collaboration).

B.C., Alberta and Saskatchewan will hold a second joint cabinet meeting in September 2009.

2010 Olympic and Paralympic Games business hosting activities, including facilitated interactions with B.C. companies, industry associations and captains of industry with a select group of 100 international business leaders.

STRATEGIC PRIORITY 3:

DEVELOP A WORLD-CLASS SUPPLY CHAIN AND GATEWAY INFRASTRUCTURE



Expected Outcome i.
More than \$15 billion in private and public investment in airport, port, road, and rail infrastructure in B.C. and Western Canada by 2015

Expected Outcomes ii.
By 2010, B.C.'s southern and northern gateways are able to handle 3.5 million TEU in container trade

Expected Outcomes iii.
By 2015 CPG supply chain infrastructure ranks number one in the world in terms of reliability and efficiency

Expected Outcomes iv.
B.C.'s northern gateway and hub potential includes 25 major projects (pipelines, ports, mineral development) by 2015

Expected Outcomes v.
A federal-provincial partnership that enhances the competitiveness of the CPG

Expected Outcomes vi.
Increased direct flights from more Asia Pacific countries to B.C.'s international airports

PROGRESS TO DATE

- The public and private sectors have committed over \$21 billion to projects that support the Pacific Gateway with Various projects underway and due for completion between 2009 and 2015
- Total container capacity is currently 3.5 million TEUs, 3.0 million TEUs in Southern Gateway, .5 million TEUs in Northern Gateway
- New performance standards created for trans-model service delivery at Port of Prince Rupert finalized in 2007
- Performance Standards and Recovery Plan to guide service standards for terminal operators at Port Metro Vancouver in progress
- Port Systems Reliability Measures pursued to ensure labour stability and trucking and port licensing efficiency
- \$170 million Prince Rupert Container Terminal Phase I completed 2007. Capacity: 500,000 TEUs to support northern gateway
- \$20 million CN transload facility at Prince George completed October 2007
- \$33 million Prince George Airport expansion project completed April 2009
- Prince Rupert Container Terminal Phase II, environmental review process and consultations with First Nations underway
- \$203 million Northern Corridor Roads upgrade, construction underway
- \$300 million Canpotex Potash handling capacity expansion
- Prince Rupert Airport Terminal 2
- Canadian government has committed \$1.5 billion to Gateway initiatives with \$0.6 billion has been disbursed to date
- Canada has air bilateral agreements with Japan, Singapore and the Philippines

British Columbia and its Canada Pacific Gateway partners have continued to build infrastructure during the downturn in order to ensure the Gateway is in a position to take advantage of the recovery when it occurs. The Pacific Gateway Executive Committee is chaired by the BC Deputy Minister of Transportation and comprised of federal, provincial, and industry representatives to oversee implementation of the Pacific Gateway plan. Together, they are working to ensure that by 2020 British Columbia will:

- *Generate 45,000 jobs (32,000 in BC)*
- *Generate \$2.4 billion in wages (\$1.7 billion in BC)*
- *Handle \$75 billion in trade (from \$35 billion today)*
- *Contribute an additional \$6.6 billion (\$4.7 billion in BC) to the Canadian economy*

HIGHLIGHTS

Implementation of the Pacific Gateway Strategy

Action Plan progressed with transportation and infrastructure projects continuing on track or completed in fiscal 2008/09 including:

- \$1.9 billion Canada Line rapid transit project nearly complete
- \$33 million Prince George Airport expansion project completed
- \$7 million Amtrack Sidings completed 2008
- \$290 million Border Infrastructure Program completed December 2008
- \$1.48 billion CP Rail acquisition of Dakota, Minnesota and Eastern Railroad completed 2008
- \$377 million CN acquisition and upgrades of E.J. and E. Railway completed February 2009
- \$808 million Golden Ears Bridge project nearly complete
- \$113 million YVR expansion to domestic terminal completed 2009
- 10-year renewal of the Ports Property Tax was finalized to provide stability for terminal investment, and North Shore terminal operators committed to invest \$1 billion in marine terminal improvements.

Support for the implementation of a combined B.C. ports system was demonstrated with the amalgamation of the Vancouver, Fraser River and North Fraser Port Authorities into the Port Metro Vancouver and the hiring of a new CEO.

Efforts are ongoing to **maximize B.C.'s northern gateway potential**, with progress being made on Prince Rupert Container Terminal Phase II consultations and the construction on the \$203 million Northern Corridor Roads upgrade.

The Environmental Assessment office contributed to **streamlining regulatory review processes for priority gateway projects** by harmonizing the federal and provincial environmental assessments of the South Fraser Perimeter Road Project and the Port Mann Highway 1 Project.

ECONOMIC IMPACTS

350 jobs created at Fairview terminals

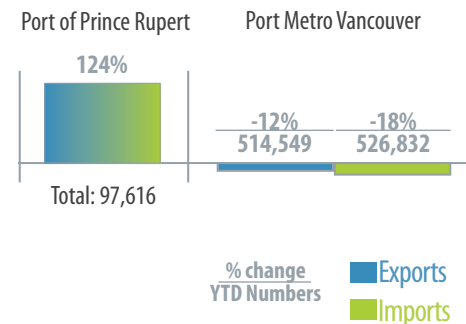
100 jobs created at Canadian Border Services Agency (and related)

It is estimated that of \$21.69 billion worth of transportation and infrastructure projects will achieve completion by 2020

CONTAINER TRAFFIC

Container shipments from most major western ports, measured in twenty-foot equivalents (TEUs), were down between 15-30 per cent for the first six months of 2009 compared with the same period in 2008.

Container shipments through Prince Rupert, a new and smaller port, increased 124 per cent compared with the same period last year.



The Port of Prince Rupert handled 10,587,848 tonnes in 2008, a slight increase over 2007, despite a global economic downturn that has resulted in declining traffic through most other North American West Coast ports.²

This service has attracted interest from shippers taking advantage of Prince Rupert's shorter shipping time from Asia and the direct rail connection to the US mid-west (the "Chicago Express"). The Port saw traffic increases throughout 2008 and 95 per cent growth in container traffic in 2009. A second weekly call was added to COSCO, K-Line, Yang Ming, Hanjin shipping alliance in July 2008 at a time when most shipping lines cut service.

²Prince Rupert Port Authority News Release January 21, 2009

PRIORITY NEXT STEPS

Major infrastructure projects under way and due for completion between fall 2009 and 2017 include:

- \$60 million for rail improvements to Roberts Bank Rail Corridor (2014)
- \$2.46 billion Port Mann Bridge and Highway 1 upgrades (2017)
- \$198 million Pitt River Bridge & Mary Hill Interchange. Construction is 80 per cent complete (November 2009)
- \$1.9 billion Canada Line rapid transit project (Complete)
- \$134.5 million Kicking Horse Canyon Phase III (2012)
- \$400 million Deltaport third berth project to add 450,000

TEUs (October 2009)

- \$203 million Northern Corridor Roads upgrade (2010)
- Prince Rupert Container Terminal Phase II (2014)
- Open Skies Summit to promote increased direct flights from Asia Pacific



STRATEGIC PRIORITY 4:

DEVELOP AND ATTRACT A LABOUR FORCE THAT HAS PACIFIC CENTURY SKILLS

Expected Outcome i.

Annual number of skilled worker approvals through Provincial Nominee Program double by 2009

Expected Outcomes ii.

2500 new graduate spaces for Masters and Doctorate degrees, and 7000 more apprenticeship spaces by 2010

Expected Outcomes iii.

Increase in the number of immigrants with specific skills required to 20,000 per year through 2015

Expected Outcomes iv.

Increase off-campus and post-graduation employment

Expected Outcomes v.

Increase in the annual number of new Temporary Foreign Worker applications by 50 per cent to 24,000

Expected Outcomes vi.

Increase in the number of new immigrants bridged into jobs that match their skills

Expected Outcomes vii.

Increase in the number of students enrolled in Mandarin and other Asian languages in B.C. by 30 per cent by 2010

The BC Skills Connect Program works to ensure skilled immigrants find jobs that meet their skills, knowledge and expertise. Since the program's inception, more than 5,000 skilled immigrants have benefited from the program, the majority from countries of the Asia Pacific. In 2008-09, the program assisted more than 2,100 skilled immigrants, exceeding its target, with more than 80 per cent of those who came through the program maintaining employment, compared with only 38 per cent before the program was in place.

PROGRESS TO DATE

- The Provincial Nominee Program approved 2,564 skilled workers in 2008/09, 97 per cent more than in 2006/07 - result achieved
- Funding provided for 3,000 apprenticeship spaces in 2007/08
- Graduate spaces have increased by 1,319 FTEs at B.C.'s 4 research intensive universities
- Funding for 2,000 more apprenticeship spaces in 2008/09
- B.C. expanded the federal Off-Campus Work Permit Program to include 11 eligible private degree-granting institutions in B.C.
- 2007 – 36,460 foreign workers entered B.C.
- 2008 – 46,896 foreign workers entered B.C.
- In the first half of 2009, 22,536 foreign workers entered B.C.
- The Skills Connect for Immigrants Program successfully helped 2,100 skilled immigrants in 08/09.

HIGHLIGHTS

Attracting people from Asia Pacific countries to move to and work in B.C. was facilitated by the signing of a Memorandum of Understanding between B.C. and the Philippines and the launch of the Welcome B.C. website in April 2008, which assists an average of 25,000 clients each month, with a 600 per cent increase from interested clients in India and a 300 per cent increase from interested Philippine clients since the launch.

The Provincial Nominee Program approved 2,564 skilled workers, a 97 per cent increase over 2006/07 levels, exceeding the expected outcome of doubling the annual number of skilled worker approvals through this program by 2009.

To **maximize the skill sets of immigrants in B.C. and those coming to B.C. from Asia**, 38 projects supporting British Columbia regulatory bodies in improving and streamlining credential recognition processes for internationally trained professionals were delivered, including:

- Development of an online self assessment tool, available in five languages, to help applicants to the B.C. Society of Landscape Architects determine their readiness to apply for certification and membership
- Certified Management Accountants and Certified General Accountants of B.C. are working in partnership with their Alberta regulatory counterparts to develop an online guide for immigrants looking to become a CGA or CMA
- Country-specific web pages are under development by the B.C. College of Teachers that compare home country practice requirements to B.C. teaching requirements.

British Columbia expanded the federal Off-Campus Work Permit Program to include 11 eligible private degree-granting institutions, ensuring students who graduate from eligible programs are able to obtain an open work permit under the Post-Graduation Work Permit Program with no restrictions on the type of employment and no requirement for a job offer.

B.C. Skills Connect Program is **maximizing the skills and knowledge of Asia Pacific immigrants living in B.C.** by connecting more than 2,100 skilled immigrants with jobs that utilize their pre-arrival skills, knowledge and experience, exceeding the fiscal 08/09 targets.

To support **international education opportunities in Asia Pacific**:

- Two international students from China will receive scholarships of \$10,000 each to study for the 09/10 academic year
- The International Language Branch was created in the Ministry of Education
- Asia Pacific Language courses will be offered through the Virtual School Society **to ensure BC's K-12 students have the skills for the Pacific Century.**

WelcomeBC.ca is a one-stop website for newcomers to British Columbia, the agencies that serve them, and the communities they select as home. It is designed to help:

- *newcomers to move to B.C., and to live, work, invest or study here*
- *communities to welcome other cultures and nationalities, and*
- *service providers to connect with communities, funding and support.*

WelcomeBC has won two Public Sector IT Awards, a Regional Premier's Award, and IPAC Management Innovation Award.

Content and design will be relaunched in the fall of 2009 to keep up with demand, and investigations are under way to look at creating country specific gateways for immigration, investor, and student arrival information.



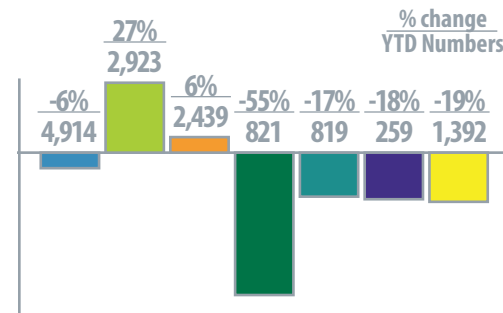
ECONOMIC IMPACTS

The B.C. Skills Connect Program has achieved a post-program labour market attachment rate of approximately 80 per cent.

IMMIGRANT ARRIVALS

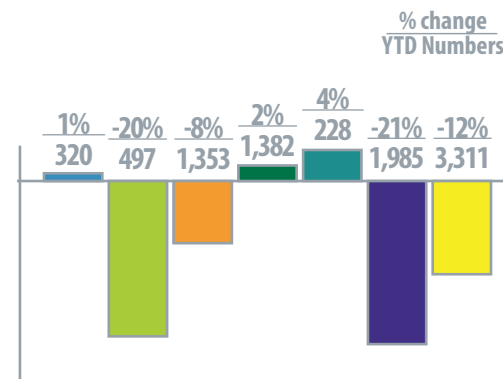
For the last several years, Asia has been the source of nearly 70 per cent of immigrants to B.C., as compared with 50 per cent on a national basis.

Chinese immigrants made up nearly 40 per cent of Asian immigrants, which was down in 2009 on year-over-year levels. Showing positive year-over-year changes, India and the Philippines add another 20 per cent each to B.C.'s immigrant arrivals.



TEMPORARY FOREIGN WORKER ENTRIES

The most significant year-over-year decline in temporary foreign workers entering B.C. during January-June 2009 was from Japan, which makes up over 20 per cent of the total. Smaller changes were seen in entries from South Korea and the Philippines, also relatively large contributors to B.C.'s labour market.



PRIORITY NEXT STEPS

Funding for 2,000 more apprenticeship training spaces will be provided in 2009/10.

By 2009/10, funding for 1,875 new graduate full-time equivalent (FTE) student spaces will be provided.

Due to its success, an RFP is in place to expand the B.C. Skills Connect Program to include lesser-skilled immigrants.

12 B.C. students will be awarded Chinese Government scholarships to study in China beginning in September 2009.

One British Columbia undergraduate student will be awarded the Premier's One World Scholarship to pursue a portion of their post-secondary academic studies overseas.

STRATEGIC PRIORITY 5:

POSITION BRITISH COLUMBIA AS NORTH AMERICA'S ASIA PACIFIC DESTINATION

Expected Outcome i.

The number of Asia Pacific visitors to B.C. doubled by 2015 to 1.5 million

Expected Outcomes ii.

The number of long-term Asia Pacific students studying on visas in B.C. increased by 20,000 by 2010 and 75,000 by 2020

Expected Outcomes iii.

Vancouver is recognized as an International Finance Centre for Asia Pacific commerce by 2015

Expected Outcomes iv.

Asia Pacific foreign direct investment into university research and commercialization programs increased

Expected Outcomes v.

B.C. is the leading Asia Pacific jurisdiction in which to convert research ideas into viable commercial opportunities

Expected Outcomes vi.

B.C. is a destination of choice for international conferences, meetings and collaborations that bring together experts, researchers and leaders of North America and Asia Pacific



The B.C. Trade Commissioner's Office was established for one year to implement government's strategic international education and skills development initiatives for the Asia Pacific Gateway. The office worked with partner groups across the B.C. education system to build on the foundation of excellence. Business missions to China and Korea resulted in 12 MOUs of educational cooperation signed with provinces in China, the Republic of Korea and the Chinese International Language Council (Hanban).

PROGRESS TO DATE

- New bi-lateral air agreement signed between South Korea and Canada resulting in increased air capacity
- The B.C. Trade Commissioner's Office was established for one year
- Two international financial companies located to Vancouver in fiscal 08/09
- Vancouver ranked 25 on Global Financial Index
- Estimated 615,000 visitors to B.C. from Asia Pacific region in 2008 (including New Zealand and Australia)

HIGHLIGHTS

Implementation of the Asia Pacific component of the B.C. Tourism Strategy was accelerated through:

- 24 media trips bringing journalists and broadcasters to B.C. to increase consumer awareness of tourism products and experiences
- 15 consumer campaigns, including the Taiwanese “Travel on Your Own” online promotion, which raised awareness of B.C. and increased web visitation by 20 to 30 per cent between April and June 2008 over same period in 2007, adding 200 consumers to the database who agreed to be contacted with future travel offers to B.C.
- 18 co-operative advertising travel trade campaigns, including Whistler Cafe at Naeba Ski Resort in Japan, which was visited by 16,800 Japanese skiers, increasing awareness of Whistler and added 2,045 new consumers to Tourism B.C.’s database with permission to contact with future travel offers
- 13 travel trade marketplaces with one-on-one meetings with travel trade product buyers
- 21 educational travel trade seminars
- 14 travel trade familiarization tours bringing travel trade product buyers to B.C. to inspect and experience tourism offerings.

Among the achievements to **establish B.C. as a preferred destination for Asia Pacific students:**

- 17 schools were certified to offer the B.C. Education Program (15 located in China and Korea) and approximately 5,100 students have enrolled
- 12 MOUs of educational cooperation signed in China and Korea
- K-12 international education website links have been established on Canada’s Pacific Gateway site
- International educational promotional materials and marketing collateral were developed
- B.C. participated in recruitment fairs in Tokyo and Brazil to promote K-12 education.

B.C. led meetings with Canada Citizenship and Immigration (CIC) to develop, implement and evaluate new approaches leading to best practices that can be implemented to enhance the effectiveness of the study permit process, thus supporting the expanded entry of international students to British Columbia. The success rate for B.C. Offshore School students issued study permits through a CIC Beijing Pilot Project is nearly 100 per cent.

Increasing cultural awareness and linkages with the Asia Pacific across B.C. was furthered by an MOU establishing a School Board Sister Relationship and strengthening educational communication and cooperation between the Xiang’e E Primary School, in Xiang’e County, Sichuan, the People’s Republic of China and Silverthorn Elementary School, located in the Bulkley Valley School District (No. 54) in Houston, British Columbia. An implementation plan for a China-B.C. Teacher Exchange program was also developed.

Four initiatives through the B.C. Anti-Racism and Multiculturalism Program were delivered and the program has now evolved into EmbraceB.C. Successes include:

- Diversity training in Victoria provided to businesses and post secondary institutions
- Events and activities organized in the Collingwood neighbourhood of Vancouver to bring neighbours together to celebrate and share cultural experiences
- A conference in Kamloops for youth from diverse backgrounds to promote cross-cultural understanding and racism awareness
- Workshops for young people in Abbotsford to understand cultural differences.

Tourism BC’s media relations program, including media trips, press releases, and pre-written stories, earned an equivalent advertising value (EAV) of \$28.5 million – the cost of the media if it had been purchased.

A highlight of the program included bringing three influential bloggers to British Columbia to share their experiences as a part of a Chinese Blogger Media Tour. As of December, 20 blogs had been read by 358,101 individuals and 18 videos viewed 122,987 times and the EAV is estimated at \$81,000. Over 2,350 comments were added.

In addition, a Korean media project with KBS TV resulted in three television features: Peak 2 Peak and activities in Whistler, Snow Country; Green Nature City Vancouver; and Enjoyment of Walking in Nature, Tofino with a total EAV estimated at \$369,000.

ECONOMIC IMPACTS

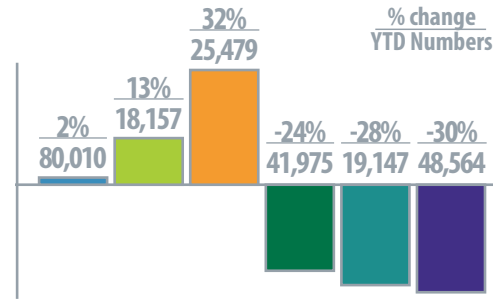
Revenue from Asia Pacific airfares to British Columbia estimated at \$456 million

Visitor Revenue from tourism campaigns in 08/09 are estimated at:

- Japan 137,727 \$144m
- Korea 97,627 \$132m
- Taiwan 54,046 \$ 56m
- China 78,077 \$124m

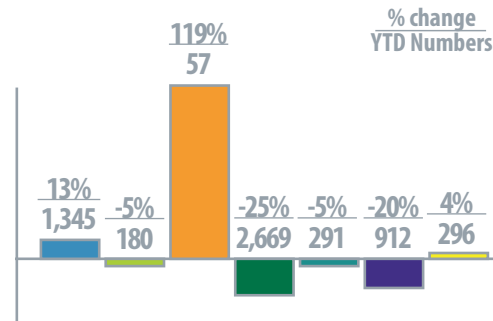
TOURISM ENTRIES

China (including Hong Kong) accounted for a third of B.C.'s tourists from Asia in the first half of 2009, with Japan and South Korea adding approximately 20 per cent each. The change in tourism from India was positive but represents only 7 per cent overall.



INTERNATIONAL STUDENT ENTRIES

Nearly half of B.C.'s international student entries between January and June 2009 came from South Korea, down 25 per cent over year-ago levels. Close to a quarter more students came from China, up from year ago levels. The large increase in students from the Philippines represents only 1 per cent of B.C.'s total entries from Asia.



PRIORITY NEXT STEPS

Pre-certification of the B.C. Program at three schools in the Asia Pacific proposed in 2010.

The number of Schools certified in Asia Pacific is expected to expand to over 20 schools in 2010.

MOUs of educational cooperation are being developed for Vietnam, Taiwan, Jilin province, PRC, Qatar, the Philippines and Colombia in 2010.

