

Overview of the Ramp-up Report

Background

TELUS recognizes the economic benefits generated when we connect communities with high speed internet service.

At the same time, in order to realize their full economic potential, communities must have a vision for their future. Developing a successful economic plan requires community leadership, information, commitment, and creativity.

In 2004, TELUS initiated the Ramp-Up project to spark that creativity and support community efforts to revitalize BC's regional economies.

The Ramp-up Report was commissioned by TELUS to facilitate discussion and planning within regions in BC about the future direction of local economies.

TELUS retained international consultant Frank Knott of Vital Economy Inc. to initiate regional discussions, conduct research, analyze opportunities, and produce a summary report.

During the summer of 2004, Vital Economy Inc. facilitated discussions through six regional workshops, and conducted brainstorming and visioning exercises to determine local priorities and aspirations.

Vital Economy Inc. has produced a report that analyzes opportunities in a number of different industries. The report provides an economic blueprint of the growth opportunities that exist across B.C., and will equip communities with leading-edge research they can use to realize their region's unique goals and opportunities.

Report Details

The report provides detailed information and cluster analysis in seven key industry areas, offers insight into the Olympic experience in other jurisdictions, and makes a number of recommendations.

Industry areas include: agriculture, technology, forest products, energy, marine, tourism and mining.

Introduction (slides 1-29)

RAMP UP! builds on previous economic development work and adds industry cluster and enabling environment assessments to identify a focus and set of priorities for economic development in British Columbia's regions

The approach uses industry cluster and enabling environment analyses to identify attractive economic development opportunities, suggested legal and regulatory reform initiatives and an overall economic roadmap for British Columbia

Cluster Analysis (Slides 30-336)

- The report identifies the clusters and market segments for which British Columbia has indigenous assets and whose development would help grow and diversify British Columbia's economy
- RAMP UP! research identified 7 high level industry clusters and 17 market segments for analysis of BC global competitiveness and identification of niche sustainable growth markets for which BC is uniquely positioned

Agriculture (slides 35-63)

- *High value agriculture* - The report looks at the trends within the organic food industry and consumer trends towards increase consumption and desirability of organic food products.
- British Columbia's organic & natural food industry is well positioned to capture projected growth in demand in the North American market, but should improve standards for products, establish a "BC Brand" and target export markets.
- *Wine* - Wine production is clearly one of the strengths of the Okanagan region. Assessment of international trends indicates that British Columbia's Wine Industry can be competitive in high-end, boutique wine production

Technology (slides 64-147)

- Within the Technology Industry, the report examines four market segments: wireless, specialty computer chips, biotechnology and forest technology.
- *Wireless* - British Columbia's wireless cluster is strong, and has the potential to develop further as the wireless market passes through its next era of rapid development in the 2000's.

- *Specialty Computer Chips* - British Columbia's specialty semiconductor industry is in its nascent stages, but there is an opportunity to leverage supporting industries and proximity to key raw material inputs to develop a new cluster in Trail, B.C.
- *Biotechnology* - Assessment of international trends affecting British Columbia's biotechnology industry indicate that British Columbia can sustain and grow the competitiveness of its biotech cluster.
- *Forest Technology* - Software in forestry is used in areas of land management, inventory management and sawmill automation. British Columbia's land management and forest industry software sector are well developed in British Columbia, but face mature markets and limited growth prospects. British Columbia needs to maintain its leadership position in B2B forest industry software and target growing international markets as North American markets mature

Forest Products (slides 148-221)

- Within the area of forest products, the report examines raw logs, furniture, panels, and alder wood production.
- *Raw Logs* - World-wide timber demand is large, with British Columbia and Canada providing 12% of world demand. The United States and Europe have been the primary drivers of demand during the 1990s – Japan's demand has dropped by 6% per year and demand in China and Latin America has been growing.
- British Columbia's round wood and sawn lumber industry has all the factors required for a strong cluster, but adverse factor input and demand conditions may weaken the cluster over time. British Columbia's round wood and sawn lumber industry should focus on moving fiber production to more value added forest products.
- *Panels* - The value of world structural panels market is large, but British Columbia and Canada are a very small portion of market demand. Assessment of British Columbia's structural panel industry shows that it is strongly positioned to compete in the structural panels industry, but should focus on moving production into prefabricated engineered systems and components
- *Furniture* - Assessment of British Columbia's furniture industry shows that it could be strongly positioned to compete and should focus on the high-end and artisan market segments.

- *Alder* - British Columbia and especially Vancouver Island should leverage the region's unique ability to grow alder and its wood processing and wood working skills to capture a portion of a \$500M+ opportunity in the next decade.
- Assessment of British Columbia's wood products industry shows that it is strongly positioned to compete in the alder industry, and should focus on expanding alder plantation production and alder processing.

Energy (slides 222-236)

- *Fuel cell* - Assessment of British Columbia's fuel cell industry shows that it is in an excellent position to compete in this developing market, but faces growing competition from emerging clusters in the United States, Europe, and Japan. British Columbia's fuel cell cluster is considered to be the strongest in the world today.

Marine (slides 237-298)

- The report examines trends and opportunities in aquaculture (specifically with respect to salmon and shellfish harvesting), and Yacht Building. These opportunities were greatest for communities on Vancouver Island and Vancouver-Sunshine Coast.
- *Salmon Aquaculture* - British Columbia has made a relatively small contribution to the rapid increase in world farmed salmon supply over the past decade while Norway and Chile have provided the majority of the increase in supply.
- The increased perception of the benefits of eating salmon, the explosion of supply capacity, the increasing importance of technology, and the consolidation of salmon producers is making farmed salmon a supply driven, international commodity business where a producer needs scale and international presence to compete.
- *Shellfish Aquaculture* - The world shellfish market is large and has been growing rapidly--worldwide demand for shellfish has grown to approximately 2.6 million tons/year and is worth over \$15 billion.
- British Columbia's shellfish industry is competitive and has excellent potential, but must address restrictions on site access, develop a BC brand and upgrade local R&D if it wants to retain a competitive salmon aquaculture industry
- *Yacht* - For the purposes of this assessment the "yacht" market is defined as all sail powered boats and inboard cruisers. British Columbia is a good

location for yacht construction and repair facilities, and has the conditions necessary to develop a robust yachting cluster. British Columbia's yachting industry can meet the strong demand for high-end sail and motor driven boats.

Tourism (slides 299-327)

- *Adventure and Upscale Tourism* – Ecotourism will grow an average of 20% per year compared with a 4% projected growth in overall tourism--British Columbia is in an excellent position to tap this growing market.
- Adventure tourism will grow an average of 15% per year compared with a 4% projected growth in overall tourism--British Columbia is also in an excellent position to tap this growing market.
- Pursuing an upscale and adventure tourism strategy fits well with provincial and regional government strategies. British Columbia's tourism industry has all of the factors required to develop strong upscale and adventure tourism industries.

Mining (slides 328-336)

- Demand growth will be driven by economic growth in China and India as well as new demand from the auto sector for aluminum and lead.
- Globalization, pressure from equity holders to improve performance, and reduced availability of funding for exploration and development means British Columbia is in a more competitive environment for mining investments.
- British Columbia is viewed by the mining industry as having excellent mineral potential, and its mining market segment has all of the factors needed to develop a world-class mining sector.
- British Columbia is well positioned to develop a world-class mining industry, but must concentrate on creating a favorable and predictable regulatory environment.

Regional Competitiveness and Opportunities (slides 340-420)

- The report examines and assesses the competitiveness of regions in BC, and examines opportunities as well as the enabling environment for future economic growth.

- Initiatives by the current government over the past several years have begun to catalyze changes in the enabling environment that will provide a foundation for achieving sustainable economic growth.
- Globalization of the world economy will continue to accelerate, and British Columbia must leverage its assets and geographic location to compete in the global economy.
- The Vancouver Island / Coast is well positioned to develop a much more diversified economy based on its diverse base of economic activity and its proximity to educational, research and finance resources.
- The Thompson-Okanagan region is rich in technology and agricultural assets that could be leveraged for a value-added agriculture and agricultural tourism strategy.
- The East and West Kootenay economies show strength and innovation in resource-based industry and leading edge growth in the tourism sector which can drive future economic development.
- The West Kootenay workshop and interview results show a region that is passionate about and committed to pursuing economic development in spite of significant challenges.
- Cariboo workshop and interview feedback show that the pine beetle infestation and geographic isolation are significant challenges--connectivity and collaboration with other regions will be vital for future economic growth.
- Northeast workshop and interview feedback reflect a region that is working to manage oil and gas driven economic growth while looking for ways to keep the benefits of this growth in the region and diversifying its economy.
- Northwest workshop and interview feedback reflects geographic challenges of remoteness and size that could be met by leveraging a rich, First Nations heritage and external collaboration.

Leveraging Benefits from the 2010 Winter Olympics (slides 421-441)

- The report offers insight and perspective into the opportunities that hosting the Olympic Games can generate for a jurisdiction. It compares experiences from other jurisdictions, such as Los Angeles, Calgary, Barcelona, Lillehammer, Atlanta, Nagano, Sydney, and Salt Lake City.
- Olympic host cities face a number of opportunities and challenges in successfully capturing long-term economic benefits from the Games.

Jurisdictions need to start planning early in order to be able to realize the lasting benefits that hosting the Olympics can bring.

- British Columbia should build on the lessons learned from prior Games and develop a private sector-led approach to capture long-term economic benefits from the 2010 Games for all of British Columbia.

General Roadmap and Recommendations (slides 442-483)

- The results from RAMP UP! suggest that British Columbia should build on recent economic successes and new regional initiatives to create a sustainable, regionally driven economic roadmap.
- Regions should increase the private sector contribution to their incomes by finding competitive niches for their natural resource based industries and new industries that can become new drivers of economic growth.
- Studies by BC Stats and the Business Council of British Columbia show that British Columbia must also become more export focused to increase the competitiveness of BC firms and drive economic growth in the regions and in the province as a whole.
- Analysis by RAMP UP! has identified new globally competitive industry opportunities which leverage indigenous assets and which can drive economic growth in British Columbia's regions.
- The provincial government's international marketing and technology promotion initiatives have already been successful in moving British Columbia forward.
- British Columbia's regions should set quantifiable goals for economic and community development objectives, and establish a measurement capacity in the regions to track progress against these goals.
- British Columbia's regions must start collaborating as regions, not as separate communities, managing economic development as a joint private/public sector effort, and setting economic development goals.
- RAMP UP! success requires province-wide and regional collaborative frameworks, to foster collaboration, manage shared investments, organize shared resources for best utilization and assure shared accountability for initiatives.

Bibliography (slides 484-498)