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Opinion: As Plan Nord moves forward, warning signs from Yukon

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**SECTIONS**

The preparation to start the Wolverine mine under development by Western Canadian Coal Corp. near Tumbler Ridge.

Wayne Sawchuk / Vancouver Sun

Philippe Couillard's government announced Jan. 26 that it would host an international symposium at the end of February to advance its Plan Nord program.

The plan envisions spending \$80 billion in investment over 25 years, with \$33 billion going to expand the mining sector and \$47 billion to develop energy resources. The plan was first introduced under Premier Pauline Marois, but was resuscitated by the Liberals with amendments and an additional \$1 billion investment in Quebec contracting firms for the production of mining equipment.

The symposium will be held from Feb. 25 to Feb. 27 in Quebec City and will bring in international experts for discussions on economic development and sustainability in northern Quebec, all part of the soon-to-be unveiled Liberal plan to bring economic wealth to the north of the province.

These international experts — among whom will be the president of Iceland — will grapple with the challenge of developing the region's mineral and other resource wealth, all while preserving the environment and countering the consequences of climate change, expected to have a larger impact on the northern community.

But as the Liberal government formulates its northern policy, it should keep a close eye on what has happened in the Yukon this week before they bank too heavily on counting on the mining sector to bring lasting prosperity to the north.

This week, one of Yukon's two operating mines was forced to close due to crashing metals prices. Yukon Zinc Corp.'s Wolverine mine — which produced zinc and silver — will have to lay off 220 workers due to a massive cash shortfall and an inability to pay into the fund which will finance cleanup of the site.

The Chinese company insists the closure is temporary, but with metal prices continue their downward plunge, it's unlikely the mine will resume production anytime soon.

It's expected that Yukon will take a terrible hit from the mine closure. Yukon's economic growth has been dependent on mining activity for the past several years, the territorial government acknowledges in its 2014 Economic Outlook.

The territory's 2015 mining revenues, stemming from proceeds generated by Wolverine and Alexco Resources' Bellekeno mine, were expected to total over \$800 million. Together with quarrying and energy, mining accounts for more than 20 per cent of the territory's gross domestic product.

This wasn't always the case. As recently as 2007, mining only accounted for 6 per cent of the territory's GDP. If this figure still held, the shutdown of Wolverine would have a much more manageable ripple effect.

Mining activities not only contributed to a significant chunk of the overall territorial economy, but were also responsible for a large proportion of non-residential construction. Mining companies financed the building of hospitals, waste water treatment facilities, cultural facilities and airport expansion. The slowdown of mining activities will also be felt in this end of the economy.

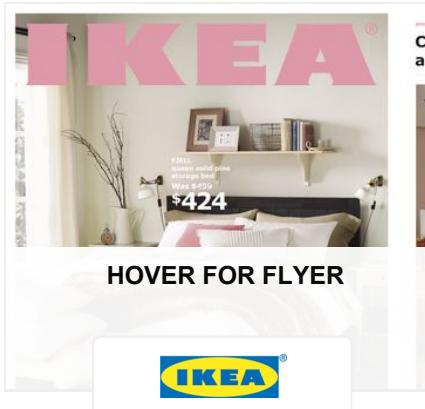
The Couillard government should be wary of placing such dependence on one industry as it looks to put the finishing touches on its Plan Nord. Metals prices are unlikely to rebound in the near future, and mining companies themselves are looking to decrease exploration and development on new assets.

There are many reasons why mining companies would reconsider investment in the north, including the region's remoteness and lack of transportation infrastructure, not to mention the expense of flying in fuel for its activities.

The Couillard government would do well not to put all of its northern economy eggs in one basket.

Jax Jacobsen is a journalist with experience covering the mining industry. She lives in Montreal.

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