

## 32. Make the Ring of Fire a Nationally Significant Initiative

### Issue

The Ring of Fire is a transformative project for Canada. Federal action is required to expedite the development of the Ring of Fire and ensure the economic and social potential of this nationally-significant, multigenerational project is realized.

### Background

The Ring of Fire is a mineral resource rich area of approximately 5,120 km<sup>2</sup> located in the James Bay Lowlands region of Northern Ontario. There are a number of First Nations communities in close proximity to the Ring of Fire. Since the early 2000s, significant deposits of copper, zinc, nickel, platinum, palladium, vanadium, and gold along with the first and largest deposit of chromite in North America have been discovered. Based on current projections, the Ring of Fire is estimated to hold more than \$60 billion in geological riches<sup>1</sup> with deposits being significant enough to sustain activity for a century.<sup>2</sup>

The Ring of Fire is not a Northern Ontario or Ontario project but will have far reaching impacts across the nation. In the first ten years, the GDP impact outside Ontario will range from \$2.1 to \$6.3 billion; in the first 32 years, the GDP impact outside of Ontario will range from \$5.8 to \$16.8 billion throughout the country. In terms of tax revenues, it is projected that in the short term, \$870 to \$940 million will accrue to federal reserves. In the long-term, the federal government is expected to receive \$2.89 to \$3.25 billion in taxes.<sup>3</sup> It is predicted that the development of the Ring of Fire will sustain over 5,500 jobs annually. Benefits will not only impact the mining and mining supply sectors but will also generate economic opportunities within the manufacturing, construction, utilities, wholesale/retail trade and financial services sectors among others.

The Ring of Fire's polymetallic deposits are of global significance and have the potential to enable the diversification of Canadian exports; a current goal of both the federal government and business community. Demand for chromite is expected to increase in the years to come. Given that the world's chromite is found in just a handful of countries and the fact that the deposits in the Ring of Fire are of the highest-grade in the world makes Canada an attractive trade destination for this mineral. China, the largest importer of chromite, accounting for 85 percent of global demand, has already demonstrated significant interest in the Ring of Fire. In addition to chromite, gold and silver are making a strong resurgence on the international stage and palladium is expected to experience increased demand in the coming years. The federal government should promote the Ring of Fire's polymetallic deposits internationally as a significant investment and trade opportunity.

Further, the Ring of Fire has the potential to result in significant innovation gains in Canada, a top priority for the Government of Canada. Private sector actors for example are already developing innovative energy saving methods such as refining ferrochrome using green and low-cost natural gas rather than electricity. The federal government should work with First Nations and private sector actors to spur environmental innovation and explore technologies that can reduce energy costs and help make exploration in the Ring of Fire more efficient.

The Ring of Fire has endless economic opportunities but will only be successful if community needs are addressed. The First Nations communities closest to the Ring of Fire are among the most socially and economically challenged in Canada. The Federal Economic Development Agency for Northern Ontario (FedNor) is the lead federal organization dedicated to the development of the Ring of Fire. To date the federal government has invested \$35 million in 85 projects over the last four years to support initiatives that have the potential to lead to greater access, including transportation, hydro, broadband, and skills training. Some of these training programs have since ended, however. These communities will require continuous skills and educational programs to build capacity in management, finance and regional/community based infrastructure planning in

<sup>1</sup> James Franklin, chief geoscientist at the Geological Survey of Canada from 1993 to 1997. He is one of the country's top experts on the Canadian Shield geology underlying northwestern Ontario, including the Ring of Fire and Stan Studol, *Glob and Mail*, April 2016.

<sup>2</sup> "Beneath the Surface," Ontario Chamber of Commerce, 2014.

<sup>3</sup> *Ibid.*

order to participate in decision-making and resource development and to prepare community members for potential job opportunities.

There is also a severe lack of infrastructure in the region to connect communities to each other and to resource development. The Government of Ontario has earmarked \$1 billion dollars for transportation infrastructure in the Ring of Fire and has made a formal application to the Government of Canada in 2014 to match this funding through the Building Canada Plan. The federal government has declined to match funds until being presented with a detailed infrastructure plan. On March 2015, a joint federal and provincial announcement of \$785,000 was made for a study to examine the potential of a transportation corridor that would connect Ring of Fire mineral deposits and four remote First Nations. Although the chamber commends these investments, this is only one piece of the puzzle. A region that lacks roads, rail, power lines, potable water and access to grid power requires a more significant, sustained and long-term investment and vision to meet these infrastructure needs.

With the current provincial/territorial-federal alignment, this is an opportune time for the federal government to work in conjunction with provinces/territories, First Nations and industry to develop the best course of action and plan to modernize infrastructure in remote and rural regions of the country.

The Ring of Fire has its challenges. After more than a decade since its discovery, there remains no infrastructure plan in place for the communities surrounding the Ring of Fire, development timelines are uncertain, private sector investors are increasingly frustrated, and the region's peoples face significant social and economic hurdles. However, there are opportunities to capitalize on. The Ring of Fire is in direct alignment with a number of federal government objectives such as raising living standards of Indigenous peoples and involving them more genuinely in resource development. Further, the government has committed to an unprecedented infrastructure expenditure on strategic projects to kick start the economy. It has expressed an intent to forge new relationships with nations such as China. The Ring of Fire meets these criteria.

Now is the time for the federal government to scale-up efforts and work jointly with Ontario, First Nations, industry and community partners to capitalize on the window of opportunity and advance this project forward. The Ring of Fire has been referred as "Canada's next oil sands", a "game changer" and "the most promising mining opportunity Canada has seen in a century." The Ring of Fire also offers a unique opportunity to be a template for the development of natural resources in remote and isolated locations alongside indigenous communities. This type of framework can serve to help inform resource development across the nation.

The Ring of Fire should be treated as a national priority and communicated to all federal government departments as such.

## **Recommendations**

That the federal government:

1. Recognize the development of the Ring of Fire as a project of national significance.
2. Work with government, industry and community partners to build capacity and community readiness of Indigenous communities and people so that they may take full advantage of resource development in the Ring of Fire.
3. Actively promote the Ring of Fire, along with other mining projects, in the global arena as a trade and investment opportunity through Global Affairs Canada.
4. Work with governments, Indigenous communities and industry to develop a plan to address infrastructure needs in the Ring of Fire.
5. Partner with governments, the private sector and Indigenous communities to explore innovative technologies and R & D opportunities to reduce energy costs and create efficiencies in the Ring of Fire.