

MONEY



Happy New Year?

As China gears up to welcome the Year of the Rat, inflation raises some serious concerns for a consuming economy

PAGE A35

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GORDON CLARK (EDITOR) • 604-605-2020 • gclark@png.canwest.com | FRIDAY, JANUARY 11, 2008

PAGE A33

Moderation's the key to 2008

BY WENDY McLELLAN
BUSINESS REPORTER

The forecast for B.C.'s economic performance in 2008 can be summed up in a single word — moderation.

Moderate economic growth. Moderate population increases. Moderate inflation.

"We are expecting moderate overall growth in 2008, slower than in the past couple of years," Helmut Pastrick, chief economist for B.C.'s Credit Union Central, said yesterday at the Vancouver Board of Trade's economic-outlook forum.

Pastrick said B.C.'s real domestic product growth is forecast at 2.8 per cent this year, compared with an estimated three per cent in 2007 and 4.5 per cent in 2005. The number of B.C. residents will increase slightly this year, partly due to an increase of Albertan migrants.

Workers will continue to be in high demand this year and personal disposable income is expected to improve again in 2008.



PASTRICK

And after several years of double-digit housing-price increases, the market will show more moderate growth of about 10 per cent per year, which could last two to four years, Pastrick said.

"But B.C.'s economy is really operating on two planes — the local economy is doing well, but the trade sector is not, and the

gap is widening," he said.

On the domestic side, consumer, government and investment spending is keeping the provincial economy rolling, but net exports, particularly lumber and wood products, are declining and are expected to continue their slide this year, he said.

Forestry consultant Peter Woodbridge told forum delegates that demand for housing and building materials in the U.S., while it will decline in the short term, will rebound within a couple of years.

At the same time, B.C.'s pulp sector is strong at the moment, but a downward adjustment is looming, he said.

"The forest industry is doing the right things to survive," Woodbridge said. "But conditions will remain tough."

TD Bank Financial Group released its provincial economic forecast for 2008 yesterday, which also predicts slow growth compared with last year.

But the western provinces are expected to fare better than the national average, due to strong commodity prices and energy exports.

wmclellan@png.canwest.com

WestJet flies where Air Canada will not

ABBOTSFORD: Surging Valley population gets Toronto link

BY GLENDA LUYMES
FRASER VALLEY REPORTER

WestJet will resume daily non-stop flights between Abbotsford and Toronto in May, capitalizing on Air Canada's withdrawal from the Fraser Valley and the area's growing population.

The announcement was hailed as an "outstanding" opportunity by local politicians and executives who gathered at Abbotsford International Airport at 7 a.m. yesterday morning to applaud the news and eat blue-and-green cake.

"I know Fraser Valley business travellers will fill these planes," Abbotsford Airport Authority chair Dave Kandal said confidently.

"We've heard from many of our neighbours, including Surrey, Langley and Chilliwack, that flights that accommodate the business traveller are the type of service this regional airport needs to offer.

"This flight fits the bill."

Kandal said the Toronto service, which begins May 18

with a red-eye flight leaving Abbotsford at 11:25 p.m., will connect the Fraser Valley to international destinations.

"Two miles of runway can carry you anywhere in the world," he said, adding that some passengers fly from Abbotsford to Vancouver International Airport because it's "a lot less hassle."

It's not the first time WestJet planes have flown the Abbotsford-Toronto route.

A similar summer service was offered between 2003 and 2006, with Air Canada adding a similar flight in June 2006.

The following year, neither airline offered the Toronto

service. Air Canada eventually pulled out of Abbotsford altogether, cancelling its last three Abbotsford-Calgary routes last spring.

WestJet Abbotsford station manager Shane Carson said the market is ready to support the summer service again, and the Toronto route will be analyzed in October to see if it's feasible to continue or even expand it.

Abbotsford Mayor George Ferguson said the Toronto service is "great news" for the entire Fraser Valley.

As rain pelted the terminal windows, someone in the crowd at the terminal suggested a charter service to Hawaii.

WestJet has said it plans to

increase its U.S. business service this year, as well as adding more holiday destinations.

The airline made a number of service announcements yesterday, including daily non-stop service between Toronto and Quebec City and seasonal non-stop service between Toronto and Regina and Toronto and Saskatoon, as well as between Ottawa and Edmonton and Ottawa and Halifax.

WestJet marketing vice-president Bob Cummings said 2007 was a year of "tremendous" growth for the company.

WestJet serves 45 different cities and hopes to have a total of 60 destinations by 2013.

gluymes@png.canwest.com



A WestJet plane takes off from Abbotsford International Airport. The airline is increasing its service from the Fraser Valley hub after its main competitor, Air Canada, pulled out.

— GERRY KAHRMANN FILE PHOTO — THE PROVINCE