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## COMMUNICATIONS

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## PRECIOUS METALS

Record gold prices add lustre to Nevada mining town

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## MARGIN CALLS

## UN group evicts 'cybersquatters'

**INTERNET** • The World Intellectual Property Organization ousted a record number of "cybersquatters" from websites with domain names referring to trademarked companies, foundations and celebrities in 2007.

The UN agency, based in Geneva, received 2,156 complaints alleging "abusive registration of trademarks on the Internet" last year, up 18 per cent from 2006 and 48 per cent more than the filings lodged in 2005.

"These increases confirm that 'cybersquatting' remains a significant issue for rights holders," said Frances Gurry, the agency's deputy director general, on Thursday.

Last year's domain name disputes involved a wide range of products, events and people — including Airbus's A380 jet, the 2010 FIFA World Cup, Harvard business school, Lance Armstrong's Livestrong foundation, talk-show host Oprah Winfrey, and television show The Simpsons.

## Used car market feels price pinch

**AUTO SALES** • The deep discounts automakers are offering on new cars in Canada are triggering trouble in the used-car market and leading to major financial losses, a leading auto broker warns.

Mark Derry, owner of CarSense, said Thursday that what began last summer as a highly publicized comparison of vehicle prices in Canada and the United States has turned into a nightmare.

Auto financing companies and dealers have seen the value of used cars and trucks plummet, said Derry, whose Toronto company helps clients locate and buy vehicles.

"Dealers are losing huge amounts of money on used vehicles right now," he told an industry forum on auto pricing organized by G7Research and the National Post. "They're terrified of carrying inventory."

Automakers are offering thousands of dollars worth of rebates to better reflect the strength of the Canadian dollar.

In cutting the price of new vehicles, manufacturers have also cut their resale value, and many used car dealers now find themselves stuck with vehicles for which they paid more than they're worth.

## HERALD ENERGY



Enbridge's Chuck Szmurlo launches drive to find uses for carbon dioxide

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## WEAK DEMAND CUTS INTO SALES



Lower product prices and surging costs have contributed to a 16.2-per-cent slide in sales in 2007 for Alberta's lumber, panel board and pulp and paper makers.

## Alberta forest sector faces 'nasty situation'

## Industry sees worst results in 15 years

Operators say the situation is dire — and may be unprecedented.

"It's a nasty situation," **Spray Lakes Sawmills (1980) Ltd.** woodlands manager Gord Lehn

said of the industry, which regularly goes through cycles of prosperity and downturn.

"We've got a deeper low and it's lasting for a much longer time than what I've ever seen before," added Lehn, a more than 30-year industry veteran.

"There are going to be casualties before this thing turns around, because people can only hold on to losses so long before they have to take some drastic measures and close the doors," said Lehn. "I don't know any company that's not losing money right now — it's just a question of how much."

Over two years, the industry's sales have dropped more than 36 per cent — a decline of more than \$1 billion — and in 2007 the industry shed more than 3,000 employees. That has produced dark days for an industry that is among the province's top five and that produces direct and indirect economic output in the vicinity of \$11 billion annually.

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## Alberta forestry industry annual revenue (ALL SECTORS, VALUE IN BILLIONS)

2004	\$4.3
2005	\$3.8
2006	\$3.2
2007	\$2.7

Source: Alberta Forest Products Association

GEOFFREY SCOTTON  
CALGARY HERALD

Squeezed on one side by toppling prices and demand, the impact of an export levy and a strong loonie, and on the other, surging labour, material, energy costs and environmental pressures, Alberta's forestry sector faces the worst results in at least 15 years — with no relief in sight.

"Alberta's forest industry is in crisis," Brady Whittaker, executive director of the Alberta Forest Products Association, said Thursday.

Whittaker's comments came as the province's lumber, panel board and pulp and paper makers announced their sales dropped 16.2 per cent in 2007 to \$2.7 billion.

## Calgary surpasses Toronto for costs

## Price of doing business edges higher

GINA TEEL  
CALGARY HERALD

The cost of doing business in Calgary just got a little higher, with the city now ranked Canada's second-priciest place to run a business.

Calgary edged past Toronto to take second-place honours, behind only Vancouver as Canada's costliest city for business, according to KPMG's 2008 Competitive Alternatives study, released Thursday.

Last time around, in 2006, Calgary was ranked the fourth-most expensive Canadian city by the study in terms of business costs, behind Vancouver, Toronto and Ottawa.

In 2008, Toronto fell to fourth spot, behind Vancouver, Calgary and Chilliwack, B.C. Edmonton ranked fifth. Calgary's jump to second spot among Canadian cities didn't come as a surprise to Mel Svendsen, chief executive of locally based auto parts-maker **Standen's Ltd.**

The company is seeing the greatest pressure in Alberta — and Calgary, in particular — compared with its operations in Quebec, Ontario and B.C., he said.

"It certainly presents its challenges and obviously we have to be more innovative and work harder to add value to our products and services in order to be globally competitive," Svendsen said.

KPMG's 2008 study compared business costs in 136 cities in 10 countries, using U.S. average costs as a baseline.

The study measured 27 significant cost components, including labour, taxes, real estate and utilities, which were then applied to 17 business operations over a 10-year planning horizon.

Nationally, Canada ranked second for cost competitive-

ness, just behind Mexico. Canada-wide, the study also found the weaker U.S. dollar is threatening Canada's competitive edge.

The 2008 results for Calgary reflect the significant economic success the city has experienced in the past few years, said Mark MacDonald, KPMG's global director of competitive alternatives.

With that success comes increases on the cost side, however, with inflationary pressures in labour, property and facilities.

"You're not one of the fastest-growing economic centres in North America for nothing," MacDonald noted.

In the big-picture view, however, there are other jurisdictions that are less cost-competitive than Calgary, such as Vancouver and points in the United States, he said.

And while Calgary may be more expensive than average from a pure cost perspective, most companies will measure that against the opportunity or revenue side of the equation.

"Ultimately you're going to be looking at the opportunity, the size of the prize, against the cost of achieving that," MacDonald said.

It's no secret there's been significant cost escalation in the province in the past few years, said Adam Legge, vice-president and chief economist for Calgary Economic Development.

He doubts it's enough to scare off new business from coming to town, however, as there's much more to business decisions than price.

It's about Calgary's clout as a global city, particularly in energy, and about being in the centre of the action, Legge said.

"We aren't hearing of companies saying they're not coming to Calgary because it's too expensive; we're hearing them say, 'We need to be in the business and financial hub of the energy industry, and increasingly more so of Canada overall, and that place is Calgary, and we will bear the cost,'" he said.

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## COST INDEXES AMONG MAJOR CANADIAN CITIES

CITY	2008	2006	CHANGE
1. Vancouver	104.2	96.9	7.3
2. Calgary	102.0	94.7	7.3
3. Chilliwack, B.C.	101.6	94.0	7.6
4. Toronto	101.5	96.5	5.0
5. Edmonton	99.9	95.1	4.8
6. Ottawa	99.9	95.1	4.8
11. Saskatoon	96.7	92.8	3.9

Source: KPMG

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