



EDMONTON CONFIDENT OF ECONOMIC RECOVERY

Energy, major projects, fuel optimistic outlook

BY CHRIS O'BRIEN

As the world struggles to regain its collective economic feet in the wake of the global downturn, Edmonton appears once again to be moving ahead of the pack. Thanks in large measure to the region's industrial association with the nearby Alberta oil fields and the resources of the North, the economic crisis for many is becoming a fast fading memory.

Trade figures show that like the rest of the planet, Alberta has not gone unaffected. Lower commodity prices and trade volumes through the first half of 2009 pushed the value of the province's international exports down to \$33.4 billion or 37 per cent below the same period in 2008.

But even these figures don't seem to have dampened the confidence Edmontonians have in their economic future.

Over the past year, the city's business community watched with broadening smiles as world oil prices moved from USD \$37 per barrel in mid-February to crest over USD \$81 by the third week of October.

Corey Rosenbloom, a Chartered Market Technician (CMT) and respected analyst, described the climb as a "stellar

rally upwards" – a comment sure to bring nothing short of a rosy glow to the complexion of business owners throughout the city. As Rosenbloom pointed out, it doesn't take much imagination to see prices pushing "north of ninety" as the global economic recovery continues.

But the price of oil isn't alone in the basket of things Edmontonians are optimistic about. Reduced labour rates have lowered the cost of new oilsands development, major projects are now being re-examined, Alberta ranks second only to Saudi Arabia in terms of its oil reserves and, despite comparatively depressed prices, natural gas remains a lucrative source of trade related income.

In a recent speech Canadian Association of Petroleum Producers President Dave Collyer quoted predictions that global

energy demand, driven by population growth and aspirations for higher living standards, will jump 50 per cent by the year 2030 and double by 2050.

"Most reputable forecasters," he said, "agree that hydrocarbons will continue to provide the majority of energy supply over this period."

World Trade Centre Edmonton and Edmonton Chamber of Commerce President and CEO Martin Salloum is well aware of the value the oil and gas industry brings to the city's business community. But energy resources, he emphasizes, are just part of the picture.

"Look around, over a million people live here," he says. "They're working in agri-food, forestry, life sciences, nanotechnology, thousands of small businesses, you name it. We never stopped being busy."

Indicative of Salloum's assessment is the fact (Edmonton) Northlands has just opened its new Edmonton Expo Centre - which, with 522,000 square feet of exhibition and meeting space, is now Canada's largest conference and trade show facility outside of Toronto.



It's that kind of infectious corporate confidence that Edmontonians like Kelley Keehn are accustomed to seeing. At the exceedingly tender age of just 21 years, Keehn was already overseeing \$300 million worth of assets at one of Canada's largest international banks. Today, as a successful consultant, author and broadcaster, she chooses Edmonton as her base of operations.

"It's an online world," she says, "I can work pretty much anywhere I want to. But Alberta has the most vigorous economy in the country and we pay lower taxes. That's hard to beat."

Keehn isn't giving away any secrets. Indeed, those are the very attributes driving a surge in passenger traffic through the Edmonton International Airport.

Rebuilt in 2000 to accommodate 5.5 million travellers per year, the airport is already operating 20 per cent over capacity and has been forced, once again, to undertake an aggressive expansion. With a \$1-billion price tag, that expansion has airport CEO Reg Milley looking for efficiencies.

"Edmonton Airports is working earnestly to identify potential cost savings and taking advantage of a cooled economy," he says. "We're pursuing procurement strategies to lock in materials and suppliers now, recognizing that the economy will shift again and prices will follow."

And therein lies yet another reason for the optimism so evident on the streets of Edmonton.

Global recession has actually provided some welcome relief from the inflationary pressures that affected the city's economy over the past six or seven years. In fact, it may have been just what the economic doctor ordered: allowing labour and material costs to soften, infrastructure to catch up, and regulatory issues to become more clearly focused.

The employment forecast for the end of the year suggests, for the time being, Edmonton employers are content to maintain current staffing levels. In its

fourth quarter (2009) employment outlook survey, Manpower Canada found 74 per cent of Edmonton employers anticipated no change in staffing levels, while a respectable 17 per cent expected to hire additional staff. Only nine per cent expected declines or were unsure.

As the global recession wanes and Edmonton braces for the anticipated "next round" of mega-billion-dollar developments, rest assured it'll do so with an experienced hand, and eye to the future, and the tangible optimism that only confidence can bring. ▲



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