

MEDICINE HAT NEWS

BUSINESS

Chris Brown, editor ■ cbrown@medicinehatnews.com ■ 403.528.5663

Canadian companies feel impact of coronavirus as it strikes across sectors

The Canadian Press

MONTREAL

Canadian companies are starting to feel the pinch of the deadly coronavirus epidemic as they call off trips and watch their stock values slide.

The S&P/TSX composite index in Canada had its worst trading day in nearly four months on Monday, dropping more than 100 points before partly rebounding Tuesday morning.

Imax Corp. says it postponed the release of five films after China's more than 60,000 movie theatres shut down, including the company's more than 600 locations. The Mississauga, Ont.-based company is in the midst of a major expansion in China, which hosts roughly 40 per cent of its outlets and generates hundreds of millions in box office revenue.

Air Canada has seen its stock fall about 12 per cent in the past week. The Montreal based carrier offers direct flights to Beijing and Shanghai from Canada's three biggest cities, as well as to the airport at Wuhan - the epicentre of the virus - through a partner. Air Canada is allowing passengers to rebook flights to the Chinese cities free of charge.

All sorts of sectors, such as retail, insurance, mining and manufacturing, are bracing for impact. Companies including Canada Goose Holdings Inc., Sun Life Financial, Teck Resources Ltd., and Magna International Inc. - which has nearly 19,000 employees at factories and offices in China - put employees' travel plans on hold or instructed staff to work from home. All except Sun Life saw their stock fall between five and 15 per cent since Jan. 20, when authorities confirmed human-to-human transmission of the virus.

Bombardier Inc., the Montreal-based train-and-plane maker employing some 8,000 workers in China, echoes other Canadian companies with a foothold on the mainland and says it is "monitoring the evolving situation" and asking staff to "strictly follow the travel and public health instructions issued by the Chinese authorities."

Markets beyond the Asia Pacific region are stabilized for now, said Colin Cieszynski, chief market strategist at SIA Wealth Management.

"With efforts still underway to contain the coronavirus outbreak, including curtailing transport between Mainland China and Hong Kong, investors have paused to assess the situation, much of which remains clouded in uncertainty," he wrote in a research note.

The virus has killed at least 106 people and infected more than 2,750 others, Chinese officials report. The flu-like illness has spread to at least 14 other countries in Europe and North America, including two confirmed cases in Toronto and one presumptive case in Vancouver.

Broader proliferation beyond China's shores would lead to "a progressively larger global economic disruption," Beata Caranci, chief economist at TD Economics, wrote in a note.

"There's little doubt that confirmed cases will continue

to rise globally in the near-term, but Chinese authorities have demonstrated a swifter and more transparent response than the SARS episode, both domestically and in alerting the World Health Organization."

The extent of the epidemic to date falls well short of the spread of Severe Acute Respiratory Syndrome, an illness from the same family as coronavirus, that spread from China to more than two dozen countries, including Canada, in 2003.

SARS infected more than 8,000 people worldwide, killing close to 800, according to the WHO. The disease sickened about 438 Canadian patients and caused 44 deaths in the Toronto area - the epicentre of the virus outside of China.

SARS cost Canada \$5.25 billion and about 28,000 jobs in 2003, according to a 2014 report by Kai Ostwald, an assistant professor at the University of British Columbia's School of Public Policy and Global Affairs.

The damage came in large part from fear-based shifts in consumer behaviour rather than higher medical expenditures, Ostwald wrote in the report.

"Specifically, fear of contagion prompted widespread aversion behaviour, in which people significantly reduced activities that put them in close proximity with others. This included not only things like flying and eating in restaurants, but also activities like workplace and school attendance," he wrote.

Another difference between the two outbreaks lies in China's supercharged growth as an economic power over the past two decades. In 2003, China comprised four per cent of global output, compared to 16 per cent today, according to the World Bank.

A disruption could ripple through supply lines and consumer prices if the virus continues to spread.

"China is the engine of the global economy, churning out goods," said German health economist Fred Roeder.

Its critical role in international shipping may be thrown into disarray as ships encounter delays at the port at Wuhan, a key hub on the Yangtze River.

"If they cannot leave, it creates huge delays in the supply chain and value chain of businesses all across the world," Roeder said. "It could actually hit the latest generation of smartphone if ports are shutting down."

Tourism too is at risk, with travel in many parts of China effectively suspended as full or partial lockdowns

restrict more than 50 million residents. Canada is increasingly reliant on Pacific countries for tourists, with the number of annual visitors from China shooting up by a factor of 10 since 2000 to 757,000 in 2018.



The results are in and business has spoken

In previous articles, I've addressed how a sound community economic action plan requires business to be at the front end of what we're doing. You can't identify economic problems and implement solutions without the insight of local business. No one understands the issues and have thought about how to solve them more than businesses themselves. Thus, we as a community need them at the table helping shape decisions for the future.

This is remains the thrust behind BREWD - our Business Retention, Expansion and Work Force Development strategy. Invest Southeast Alberta (ISA) and its partnership of regional business, government and service agencies including Invest Medicine Hat (IMH) locally continues to develop a joint economic action plan, share necessary resources, and provide support for the growth of a thriving business environment.

Research steps including two comprehensive online business surveys that engaged 476 business respondents (two per cent response rate) and 341 work/job seekers; 50 in-person interviews with key employers; and 10 surveys with workforce training and service providers are now complete.

While the research overall has revealed quite optimistic results, there were many important business issues raised by survey respondents and also a number of insightful suggestions on what wasn't working and how to facilitate business growth.

A collation of qualitative responses to the question "What is the single biggest barrier to your business's expansion?" reflect issues of concern in the business community.

Besides economic concerns, labour attraction and training issues were by far the most commonly mentioned business challenges in the BREWD survey and employer interviews.

Twenty-eight percent of respondents in the BREWD survey expect the number of employees in their organization will increase, while only seven per cent expect a decrease. Approximately 40 per cent of businesses are experiencing hiring challenges, and 24 per cent have issues retaining workers.

These are significant proportions of the business base. There were 313 affirmative responses to the question, "Are you currently experiencing any challenges recruiting/hiring workers in these general categories?"

The key now is understanding what the data tells us and moving from study to

action. That is identifying priority problem areas, creating viable solutions, and implementing action-based strategies for improvement. Here's a look at the remaining next steps in the process:

Phase 1: RESEARCH

1. Finalize Survey Research Report

- present findings from our primary and secondary research and use this data to determine overarching themes or opportunities within our business environment (January).

2. Facilitate Research Review Meetings

- work with BREWD team members to assess the findings of the Survey Research report, providing further insight into identifying potential roadblocks and their solutions (January).

Phase 2: SOLUTIONS

3. Host Task Force Retreat and Set Priorities

- engage a broader cross-section of community leaders to set priorities and determine which solution-based projects should be actioned and who specifically will lead them forward (February).

4. Prepare Final Summary Report of Priority Actions

- outline projects ranked in order of priority and assigned project leaders (March).

Phase 3: IMPLEMENTATION

5. Host Economic Growth Forum

- community celebration and official launch of the projects moving into action; communicate the commitment of local businesses, organizations and institutions to the growth of our local economy (May/June).

6. Implement Action Plans - leaders will be positioned and plans for action will be initiated (June 2020- June 2023).

7. Evaluate Projects and Monitor Progress

- measure progress, continue to align priorities, make necessary updates and celebrate successes throughout this entire process. Follow up is key to these action plans! (Ongoing).

Together, by enhancing cooperation and consensus among business and community stakeholders, we will develop a relevant and attainable community action plan for economic prosperity. Find out more and join the business movement at www.invest-southeastalberta.ca. Become a subscriber and access all the reports as they become available.

Sandra Blyth is the Director of Economic Development with Invest Medicine Hat and member of the Leadership Team with Invest Southeast Alberta



Sandra Blyth

YOUR AD → YOUR WAY → ANY TIME OF DAY!
 Our online classified ad placement is best!
 Bigger and Better than ever!!!
 Check it out for fantastic deals in print and online!
 403.526.7653
 www.medicinehatnews.com

CUSTOM CATERING
 By the **Patio Cafe**
 Medicine Hat, AB

Everything from scratch!
 Using Local and Fresh Ingredients.

- Birthdays • Anniversaries
- Showers • Sporting Events
- Retirements • Weddings • Funerals
- Breakfast, Luncheon, Dinner
- Corporate and Private Events
- Specializing in GLUTEN FREE!

CELEBRATING 10 YEARS
 of quality catering excellent service!
Corey and Werner Fricke
 403-488-9050 • 635-3rd Street SE • thepatiocafe@telus.net
 visit our website: www.medicinehatmenus.com

You're at home here. **CALL FOR NOMINATIONS**

CO-OP

South Country Co-op is seeking nominations from members who are interested in serving as a director of the Co-op.

There are three positions available for a 3-year term.
 All Nominees:
 • Must meet director eligibility requirements, which are included in the nomination package.
 • Nomination package must be completed and received no later than January 31st, 2020 at 4:30pm.

South Country Co-op Ltd
 Attn: Jeff Unrau
Nominations Committee Chair
 969 16th St SW, Medicine Hat, AB T1A 4X5

A copy of the nomination package can be picked up at the above address, the Vauxhall admin location, or printed off our website (www.southcountrycoop.crs).
 Please address all questions or inquiries to:
 Jeff Unrau at jeffpunrau@gmail.com, no later than January 31st, 2020 at 4:30 pm.