

Economist to Canadian Business Travel Industry: Growth May Slow

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The business travel industry in Canada is bound to feel the effects of the economic slowdown in the United States, a senior economist from Scotiabank warned more than 225 travel managers and suppliers yesterday as they gathered in Toronto for a two-day conference sponsored by the National Business Travel Association (NBTA) Canada. The industry is expected to continue growing, but at a slower rate compared to recent years.

Economist Adrienne Warren said most service sectors are not as exposed to troubles in the United States as other parts of the Canadian economy, but travel and tourism will likely be an unfortunate exception. "We have already seen some pressure from the high Canadian dollar, at least in terms of U.S. travel to Canada," she said.

Warren predicted both commodity and energy prices would remain quite firm. "In terms of the travel industry that probably means higher fuel costs, higher air fares," she said. "We saw some announcements today from Air Canada and WestJet, passing on higher prices. You can carry it for so long, but eventually these prices will begin to creep into restaurant prices, hotel prices." Although she later added that the price of oil might return to the range of \$95/barrel, she said the problem will not go away in the next couple of years. "Get used to it," she advised.

Western Canada will have the advantage of its booming oil and gas industry, higher levels of trade with Asia, and a boost from the upcoming Olympics, Warren noted. So far, the outlook is good in the West, according to Shelly Lewchuk, an NBTA Board member who is also Supervisor, Corporate Travel for Canadian Natural Resources, a Calgary energy company. "I haven't seen a significant downturn, however I think that companies are being very cautious," she said. "They are scrutinizing [travel] expenditures to a high degree."

Lewchuk acknowledged that oil and gas companies are benefiting from high fuel prices, and the effects of the slowdown depend on what industry you work in, even in the West.

Scotiabank's Warren did offer some encouraging words. "I would think that you are still going to see a growth in [travel and] tourism expenditures over the next couple of years, but probably a little bit slower than we've seen in recent years."

Other speakers at the conference included Jim Facette, President and CEO of the Canadian Airports Council, who called on the federal government to move much more quickly to update old bilateral air services agreements with other countries to enable Canadian airports to attract more traffic and business.

Facette, Lewchuck and Warren were among more than 225 business travel industry professionals taking part in NBTA Canada's 4th Annual Conference & Exhibitor Showcase, being held this week in Toronto.

NBTA Canada, the leading organization for corporate travel professionals in Canada, is part of the National Business Travel Association (NBTA), the world's premier business travel organization. U.S.-based NBTA and its regional subsidiaries - NBTA Asia Pacific, NBTA Canada and NBTA Mexico - serve more than 3,200 members in 30 nations around the globe. NBTA has 41 U.S. Chapters with more than 5,000 members. NBTA members are corporate and government travel and meetings managers, as well as travel service providers, who collectively manage and direct more than US\$170 billion of global business travel expenditures annually. The association provides industry-leading networking, education & professional development, research, news & information, and advocacy. For more information, visit www.nbta.org and www.nbtacanada.org.

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