

# Record BUSINESS

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## Canada will be hit by recession

OECD says economy will shrink by 0.5 per cent next year but rebound in 2010

By Julian Beltrame

**OTTAWA** — The Organization for Economic Co-operation and Development says Canada will not be immune from the current global malaise and will see its economy shrink by an average 0.5 per cent next year.

The group says almost all the 30 developed countries that make up the OECD have already entered the recession.

It estimates the OECD countries will have an average 1.4 per cent contraction in the fourth quarter of this year, the October-December period.

The OECD report is unwelcome news to

the government as it prepares for tomorrow's economic update and upcoming federal budget.

"No one in the world was predicting the kind of economic downturn and the severity and depth of the economic downturn that we've experienced in the last 12 weeks," Finance Minister Jim Flaherty said in answering questions on the report in the House of Commons.

But Flaherty took comfort in the fact the OECD is projecting that Canada will lead the recovery among G7 nations in 2010.

The think-tank says Canada's economy will advance by 2.1 per cent in 2010, a tepid

rebound, given that it is coming off a down year.

Although the OECD praises Canada's relative strengths, including government fiscal positions, and relatively sound banking and housing sectors, the group says as an exporting nation, it cannot avoid being side-swiped by the global financial crisis and economic slowdown.

"Sharply deteriorating conditions in global financial markets, generalized softness in the U.S. economy and receding commodity prices are amplifying export weakness and dragging down domestic spending," the think-tank says.

It predicts unemployment will rise to seven per cent next year and 7.5 per cent in 2010, from the current 6.2 per cent.

Federal and provincial governments will record an accumulated deficit of 1.3 per cent of GDP next year, about \$21.6 billion, and 1.7 per cent, or \$28.2 billion, the following year.

But given that Canadian governments have been in surplus positions for most of the past decade, the upcoming deficits should not cause alarm, the group said.

"The general government is expected to move into deficit in 2009 and 2010."

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### Enterprise



Vision Screen Print's three owners — and employees — are Janet Allishaw, Nelson Ribeiro (centre) and Mark Pfaff.

## Three's a company

Printing trio do small jobs that larger firms avoid

By Rose Simone, Record staff

**WATERLOO** — With friends at one's side, starting a business doesn't have to be scary.

That's what three longtime friends and colleagues — Nelson Ribeiro, Janet Allishaw and Mark Pfaff — discovered as they launched Vision Screen Print Inc. last year.

Their former employer, Anson Screen Print Inc., had decided to move from Waterloo to Cambridge, leaving the trio at a crossroads. Pfaff didn't have a job at the new location. Ribeiro and Allishaw didn't want to make the move.

Individually, they had 18 to 30 years of experience in the industry and knew there were plenty of potential customers for smaller screen print jobs that bigger companies didn't want to do.

So they put together a business plan, got bank financing and found a location on Dutton Drive in Waterloo. Within three months of starting, they had a core list of 15 to 20 loyal customers.

Today, Vision has about 60 regular customers who come to it to have letters and designs printed on everything from electronic gadgets, magnets, CDs, decals, point-of-purchase displays and cabinets to signs of all sizes — including the sides of transport trucks.

Ribeiro, the general manager, says the transition from being employees to owning a business was not as difficult as one might imagine. "It would have been more difficult if it had been just one of us deciding to do this, but there were three of us and we can lean on each other."

Ribeiro does the set-up of the screens and much of the quoting on jobs. Allishaw is production co-ordinator and in charge of the actual printing. Pfaff is the graphic designer. They each put some money into the business and also got a small business loan.

"The banks could see that we weren't asking for hun-

#### Vision Screen Print Inc.

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Employees: 3

dreds of thousands of dollars, and so the gamble wasn't that huge for them," Ribeiro says.

Vision started with mostly used equipment. "If you put feelers out there, it is amazing how many people are willing to help you out," Ribeiro says.

Once a screen has been prepared for a job, the actual transfer of the ink is done by hand, by placing the screen on the object and running a squeegee across it.

"I could do this all day long, for as long as my stamina keeps up," says Allishaw, who will very precisely transfer lettering onto the plastic faces of as many as 300 electronic gadgets a day.

Ribeiro says the company's competitive edge is in orders that other companies think are too small. "Other companies prefer to set things up and run for a bit. But for us, it's better to do 12 different jobs."

That also keeps the work interesting, he adds, because each job comes with a different challenge.

Vision doesn't get into printing T-shirts, "because that's something the bigger companies can do more efficiently," Ribeiro says.

For now, the three owners are Vision's only employees. "It's nice to have a small operation," Allishaw says. The business runs "almost like a small family," Pfaff adds.

Ribeiro says that knowing each other's personalities and strengths makes for a smooth operation.

"It's really nice to work with these guys. I wouldn't want it any other way," he says.

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## Domestic auto sector in tailspin

Canadian industry to lose 15,000 jobs by end of '09, Conference Board predicts

By Kristine Owrarn

**TORONTO** — The Canadian auto industry will lose a staggering 15,000 jobs by the end of 2009 as a "maelstrom" of change sweeps through the sector, according to an economist with the Conference Board of Canada.

The latest projection from the non-profit research organization predicts the industry will lose \$1.7 billion this year as new vehicle production declines by 15.3 per cent.

Conference Board economist Sabrina Browarski said the drop is attributable primarily to reduced demand for new vehicles in the U.S.

Production is expected to reach an eight-year low in 2009, adding up to another \$1 billion in losses.

Browarski said the total damage will likely come to 15,000 lost jobs in the vehicle assembly sector alone, with even more expected at auto parts manufacturers and other spinoff industries.

"We haven't seen job losses like this for years," Browarski said in an interview.

Canadian Auto Workers economist Jim Stanford said approximately 7.5 jobs depend on every one job at a vehicle assembly plant.

"So that 15,000 jobs lost would eventually translate into over 100,000 jobs lost in the national economy when you add up the spinoff effects," Stanford said.

The Conference Board report said the automakers are caught in a "maelstrom of cyclical and structural industry changes" and it's a trend unlikely to improve until 2010.

While the struggling industry is experiencing structural shifts, most of the negative trend in sales can be attributed to a cyclical slump in demand as U.S. consumers prepare for a recession, Browarski said.

"I think because we're seeing such a slowdown in U.S. consumer demand... it's going to be a waiting game for the automotive sector and we have to wait for the employment numbers to stabilize and for incomes to stabilize before we start to see any resurgence."

The Conference Board predicts five consecutive quarters of declining consumer confidence and demand, which could send U.S. vehicle sales in 2009 to a level not seen since 1992, Browarski said. Exacerbating consumer reluctance to buy new vehicles is a shortage of credit.

GMAC Financial Services — the finance arm of General Motors — is restricting its loans to people with credit scores over 700, "which is really the upper echelon of creditworthiness," Browarski said.

This means the 43 per cent of Canadians who lease their vehicles and the 20 per cent of Americans who do the same are increasingly likely to delay getting a new vehicle until credit markets loosen up.

"Clearly the credit freeze, which is affecting car buyers and the whole industry, is causing this current emergency," said Stanford.

"The problem is that this crisis is so bad, some of the companies could go under, and in that case you won't get a recovery, you'll experience a permanent loss."

The Detroit Three North American auto manufacturers — GM, Ford and Chrysler — have been struggling to survive amid slumping demand and a general economic slowdown.

► **Auto** continued on page C2



**Brian E. Vickers**  
LIFE INSURANCE ADVISOR

### "THE BLUE CHIP TIP"

#### Manulife's IncomePlus – Upcoming Information Meetings

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