

BUSINESS

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Privacy watchdog wants answers from Bell

MONTREAL ♦ The federal privacy commission is looking for answers from Bell Canada about how the personal data of nearly 3.5 million customers ended up in the wrong hands.

Bell said earlier this week it had recovered the stolen data allegedly found in the home of a 30-year-old Montreal man.

Privacy commission spokesman Colin McKay said yesterday that the company will be asked to explain itself. McKay said Bell is not obliged to report anything, but the commission has put forth the idea of some sort of mandatory breach notification.

Bell customers in Quebec and Ontario were notified only on Tuesday following the arrest of the suspect who will appear in court at a later date. The stolen data included names, addresses and telephone numbers and a list of services the client subscribed to. Bell says no financial or security information was stolen.

— The Canadian Press

Liquidation World reports lower earnings

BRANTFORD, Ont. ♦ Liquidation World Inc. has reported holiday-quarter earnings of \$112,000, down from \$1.8 million a year earlier, as it wound down its American presence.

Revenue was \$52.8 million in the 13 weeks ended Jan. 6, down 9.2 per cent from \$58.2 million in the year-ago quarter, Liquidation World said yesterday.

Profit from continuing operations in the first quarter of the 1,600-worker company's financial year decreased to \$1.2 million from \$2.5 million.

Liquidation World completed the wind-down of its U.S. retail operations during the quarter, closing 15 American stores and booking a \$1-million loss on discontinued operations.

Same-store sales and overall sales performance underperformed the first quarter of last year, said CEO Jonathan Hill.

— The Canadian Press

Ontario chamber calls for economic relief

TORONTO ♦ The Ontario Chamber of Commerce is calling on the provincial government to make an economic stimulus package the cornerstone of its 2008 budget.

The group's president and CEO, Len Crispino, says businesses are feeling beaten by the economic storm that Ontario has been experiencing. He says they are in urgent need of short-term relief, particularly in the manufacturing sector.

In a survey of its members, 16 per cent of respondents anticipate a stronger economy in 2008, while 47 per cent expect it will be weaker.

In a meeting with Finance Minister Dwight Duncan, the chamber asked the province to eliminate the small business surtax and reduce corporate taxes. They would also like to see Canadian content levels established for publicly tendered transportation infrastructure projects.

— The Canadian Press

▼ DOLLAR 99.98 US -0.32	▲ EURO 1.4642 Cdn +1.13	▼ TSX 13,208.03 -74.27	▲ TSX VE 2,573.01 +11.70	▼ TSX 60 771.75 -5.51	▼ DOW 12,376.98 -175.26	▼ S&P 500 1,348.86 -18.35	▼ Nasdaq 2,332.54 -41.39	▲ GOLD \$907.40 US +\$0.90 US	▲ OIL (West Tx.) \$95.57 US +\$2.20 US
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Full stock listings on Go 10



CATHIE COWARD, THE HAMILTON SPECTATOR

Mattress manufacturer Phil Kriszenfeld says chemicals used in some cheap bed imports are banned in Canada.

Cheap mattresses may be health hazards

BY STEVE ARNOLD

Canadians who sleep on cheap imported mattresses from China are spending their nights in bed with toxic chemicals banned in Canada.

Phil Kriszenfeld, whose family has been making mattresses in the Hamilton area since 1967, wants people to think about that health threat the next time they head out to buy a new mattress.

"We want them to buy things that are made in Canada, in safe Canadian factories," the president of Royal Mattress said. "If this is to be solved, it has to start with consumers demanding a little more knowledge."

On the heels of consumer disasters involving lead-tainted toys and poisonous pet food from China, Kriszenfeld is sounding an alarm about imported mattresses containing man-made fire retardant chemicals called PBDEs (polybrominated diphenyl ethers).

The chemicals, branded as toxic by Canada's health and environment departments in 2006, are no longer manufactured or used here, but are found in imported products and parts used to make electronics, furniture, carpets, curtains, mattresses and other goods.

Studies have shown the chemicals don't break down after leach-

ing into the environment, and build up in the breast milk of women, as well as the blood and tissue of sea animals. Although studies have found no evidence current levels of PBDEs in the environment harm human health, concern has been raised about the rapid increase in exposure to them.

One Vancouver study, for example, found a 15-fold increase in the amount of PBDEs in breast milk over 10 years.

Information provided by the health and environment ministries shows the departments have concluded PBDEs are harmful to the environment. An action plan for which "the ultimate environmental objective ... is virtual elimination" of the chemicals is being developed.

For Kriszenfeld, that can't happen quickly enough because Canadian manufacturers are being forced to use more expensive materials to fireproof their mattresses.

"Foam is chemical, and if it's coming from places where it's not managed properly then things can get produced that are dangerous," he said. "Too many things are coming to Canada from countries that are less concerned with these issues and more concerned about output."

"Traditionally government waits

until an industry has been devastated before it steps in," he added.

Kriszenfeld said a source of concern is the foam used in mattresses. If the chemicals used in making it aren't given time to dissipate, consumers can be exposed to doses on top of what they're already getting from the environment.

When foam is immediately wrapped in plastic and stuffed into a container for shipment to Canada, dissipation doesn't happen.

Dr. Kapil Khatter, pollution policy adviser to Toronto-based lobby group Environmental Defence, agrees concern over PBDEs has been growing as exposure to them has ballooned in recent years.

Khatter noted the study of breast milk ought to sound a loud alarm.

"When something increases that rapidly there really isn't a safe level of exposure. Canada and the United States have taken strong positions against these kinds of flame retardants. They are the new PCB, but they're more persistent. They pollute the country they come from and then they end up here."

Royal Mattress ships mattresses to hotels, hospitals and nursing homes and makes beds for private labels in addition to its retail trade.

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Bernanke's forecast for sluggish growth sends markets lower

BY MALCOLM MORRISON

TORONTO ♦ Stock markets closed lower yesterday with investors opting to take profits after U.S. Federal Reserve Board chair Ben Bernanke delivered a discouraging litany of what's wrong with the U.S. economy.

In fact, he told the Senate banking committee that business prospects have worsened and predicted the economy will grow at a "sluggish" pace before recovering later in the year and that banks' mortgage investments could lose more value.

That took some of the shine from Wednesday's stock-market advances, which had followed a better-than-expected reading on U.S. retail sales. The Dow Jones industrials gave back almost all of Wednesday's 179-point run-up, losing 175.26 points to 12,376.98.

Toronto's S&P/TSX composite index closed down 74.27 points to 13,208.03, led by declines in financial stocks, after Wednesday's 195-point surge.

The energy sector delivered the only major support to the TSX, as oil and gas stocks moved slightly higher on another jump in oil prices and solid earnings.

The TSX Venture Exchange added 11.7 points to 2,573.01.

The Canadian dollar was down 0.32 of a cent to 99.98 cents US, recovering earlier losses after Statistics Canada reported that the merchandise trade surplus shrank to \$2.4 billion in December, its lowest

level in nine years, as exports declined and imports edged up.

Bernanke also signalled that the U.S. central bank is ready to keep lowering interest rates, which it has eased by 1.25 percentage points since the start of the year.

"We've seen the market recover somewhat, we've seen some economic news which is not looking as completely bad as everything seemed to be a month ago," said Gavin Graham, director of investments at Guardian Group of Funds.

"But what Bernanke did signal was, I think, their willingness to cut rates further, and that they will be very data-dependent."

Bernanke and Treasury Secretary Henry Paulson also said that the administration and the Fed are expected to downgrade their economic forecasts for this year.

The Nasdaq lost 41.39 points to 2,332.54 and the S&P 500 index was off 18.35 points to 1,348.86.

Economic gloom deepened as the U.S. National Association of Realtors said sales of existing homes fell in 45 states during the October-December quarter, and prices fell in more than half of the 150 cities surveyed, including 16 with double-digit percentage drops.

Bond insurers also helped sour the mood on markets.

On the TSX, declines narrowly beat advances 791 to 779 with 223 unchanged as 356.4 million shares traded worth \$6.3 billion.

The Canadian Press



DAVID KARP, THE ASSOCIATED PRESS

The Fed chair warned banks mortgage investments could lose more value.

Supply, demand keep Canada's oilpatch profits way up for now

CALGARY ♦ Canada's oilpatch is in for another gusher of a year with profits rising by 18 per cent to nearly \$23 billion, according to the Conference Board of Canada.

The oil extraction industry will again benefit from record-high oil prices this year, along with increased production from the oilsands, the independent research group said yesterday.

The board's report forecasts that crude oil production in Canada will grow by 9.2 per cent this year, and oil prices are likely to remain above \$80 a barrel US, keeping the most vibrant sector of Canada's economy riding high throughout 2008.

"Record crude oil prices have been spurred by the devaluation of the U.S. dollar, strong global demand growth and geopolitical tensions in key producing countries," the report says.

While production of conventional crude continues to decline, non-conventional sources, like the oilsands, will see a big rise.

Suncor Energy Inc., the world's No. 2 oilsands producer, has announced a \$20.6-billion expansion to its Voyageur site to add 200,000 barrels of oil to its daily output.

But the Conference Board warns of a correction in 2009 due to increasing industry costs and lower

returns as increased global production begins to eat into prices. Profits are expected to fall by 29 per cent next year, but will shoot up to a new high of \$23.7 billion by 2012.

"As the U.S. economy starts to recover next year, global demand for crude products will continue to expand. But additional supply coming online worldwide and expected increases from members of the Organization of the Petroleum Exporting Countries (OPEC) will serve to keep price acceleration to a minimum," the report said.

The board's report said production growth over the forecast period will average 5.8 per cent. Energy

companies are also expected to add more than 11,000 jobs over that time frame, particularly in already labour-strapped western Canada.

Many new projects, especially in the oilsands, have been hampered by increasing costs.

"The ever-increasing costs in the oilpatch have been no secret for the last few years, and the situation continues to worsen as companies scramble to acquire the necessary material and labour to complete their projects and extract the crude," the board's report said.

Material costs alone, which account for roughly 70 per cent of total costs, increased 16.5 per cent

last year. The problem will continue into next year, with total costs forecast to rise by 17.4 per cent this year. While the board predicts labour and capital costs to go down a bit, the cost of materials will rise by a "whopping" 22 per cent.

"The rest of the forecast should see some slowdown in the industry's cost appreciation, particularly in 2009 when oil prices are expected to fall.

"Over the medium term, costs will average 11 per cent annual increases as price appreciation resumes," the report said.

The Canadian Press