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BUSINESS

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B3 Strictly Legal
B4 The Trading Day
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TSX▲
14,982.91 292.45

DOW▲
12,604.45 213.97

NASDAQ▲
2,549.94 46.80

DOLLAR▲
98.25¢ 0.05¢

OIL▲
\$127.79 \$5.49

GOLD▼
\$875.50 \$8.30

PRIME
4.75 APRIL 22

Hot energy prices spark federal hearings

OIL AND GAS INDUSTRIES TO BE GRILLED

Commons committee seeks causes for spike

SARAH SCHMIDT
CANWEST NEWS SERVICE

OTTAWA – Consumers tired of paying ever-escalating energy prices could get some answers with a move yesterday by parliamentarians to hold summer hearings that will see specu-

tors and executives of the oil and gas industries summoned to explain rising gas prices and home-heating costs.

Conservative and Liberal members of the Commons industry committee got behind the idea put forward by Peggy Nash of the New Democrats.

“Certainly the dramatic spiking in oil and gas prices is something that consumers are concerned about. Is this simply supply and demand, or are there loopholes in our system that are allowing some people to gouge consumers?” asked Nash, a Toronto MP.

Besides retailers and industry, the group also will hear from speculators and investors to determine whether they're to blame for artificially driving up energy prices, she said.

“We'll not only be looking at

the applicability of the Competition Act, but (also) at the role of speculators and investors in driving up commodity prices.”

The Bloc Québécois voted against the initiative, arguing instead that immediate action needs to be taken to amend the Competition Act.

The decision to launch the three-day hearings, to begin in August, came on the same day that gas prices in Canada hit \$1.50 in at least one city.

Dan McTeague, consumer affairs critic for the Liberals, in-

sisted investors and speculators participate in the hearings so they don't get mired in the question of “uniform lock-step” gas pricing at the retail level.

“The real question is what role do Canadian investors play in being able to work on the electronic exchanges, which are relatively unregulated, in order to facilitate the drive to prices that have no basis in market fundamentals, supply and demand?”

Conservative MP Colin Carrie, from Oshawa, Ont., said this focus on speculators is an impor-

tant, and unprecedented, development. “I don't think it's ever been looked at. Canadians from coast to coast are seriously concerned about the price of oil and gas,” Carrie said.

Nash, the NPD's industry critic, said solving the riddle of soaring energy prices is vital.

“The question is whether someone is actually taking unfair advantage of the public here, and whether there's something as legislators we should be doing to close the loophole,” Nash said.

Abitibi upbeat about future

CUTS PAYING OFF

Forestry giant sees end to gloomy period

ROBERT GIBBENS
SPECIAL TO THE GAZETTE

Forest products giant **Abitibi-Bowater Inc.** is steadily moving back toward profitability after several years of gloom and aggressive cost-cutting and mill closings, CEO David Paterson said yesterday.

The new AbitibiBowater is counting on higher prices for many products, including newsprint, more cost reductions, rising exports and a shift to higher-value paper products to speed the turnaround, Paterson told the firm's annual meeting in Montreal.

It was the first since the merger of **Abitibi-Consolidated Inc.** and U.S.-based **Bowater** was completed last October.

“The decisive actions we've taken are paying off and the top priorities remain debt reduction and tight cost control,” he said. “Much work remains to be done, but things are starting to unfold as we intended and we expect to continue the momentum.”

The first phase of the restructuring brought mill closings, especially in eastern Canada, heavy layoffs and a reduction of one million tonnes of paper capacity.

Please see ABITIBI, Page B3

SWEET DREAMS FOR NATURAL BEDDING



ALLEN MCINNIS THE GAZETTE

POWERED BY WORD OF MOUTH Nira Kolender of SmartSilk snuggles up with the firm's products, which are designed to be an effective barrier to allergens, including dust mites and pet dander. An appearance on the QVC home-shopping channel and word of mouth have given the firm's natural products a boost. **Story, Page B3**

Policy makers face strains as job market needs protection



PETER HADEKEL
en ville

“Globalization is also putting a greater premium on skilled labour.”

Rising oil and food prices, coupled with a global economic slowdown, are putting unprecedented strains on policy-makers, warns Angel Gurria, head of the Paris-based Organization for Economic Cooperation and Development.

The challenge is to make sure the job market doesn't take too big a hit from the current volatile economy, he said in an interview before his appearance next week at the Conférence de Montréal, an annual economic forum.

The four-day event, on the theme of Mastering Change,

gets underway Monday and is expected to draw delegates from around the world in government, business and international organizations.

Confirmed speakers include Chile's president Michelle Bachelet, former U.S. Secretary of State Henry Kissinger and former U.S. Federal Reserve chairman Paul Volcker.

Gurria, who served as minister of foreign affairs in Mexico and succeeded Canada's Donald Johnston as secretary-general of the 30-nation OECD, said job market gains are at risk in the

current downturn.

“We have never had such high employment and such low unemployment,” he noted.

“However there are all these downside risks. We have to be extremely attentive so that we can avoid some of the pitfalls and deal with this period of slowdown.”

“We thought it was going to dissipate in the second half of 2008. Now we think in the case of the U.S. it's going to continue for the whole of 2008.”

Please see HADEKEL, Page B2

Fill-ups cost a fortune as pump prices soar

Litre sloshes past \$1.50 in one city

DEREK ABMA
CANWEST NEWS SERVICE

OTTAWA – Once unthinkable, but in recent months seemingly inevitable, the cost of gasoline has reached \$1.50 a litre and higher in parts of Canada.

Website GasBuddy.com said the price of regular gasoline reached \$1.505 a litre at three different locations in Labrador City, N.L., yesterday.

That compared to an average price of \$1.335 across the country, according to the website that surveys fuel rates across Canada and the United States.

What higher prices mean to the Canadian economy or way of life remains to be seen.

Joseph Doucet, a professor at the University of Alberta specializing in energy and the environment, said changes are to be expected over time, though they won't be apparent instantly.

“In the long term, it will have an impact on choices that consumers and firms make in terms of equipment that they buy, transportation choices and so on,” he said.

“A lot of those long-term visions depend on the type of equipment that you have, your personal vehicle, where you live, how close you are to public transit, and that kind of stuff. And you don't change quickly in terms of those parameters,” he added.

Crude oil closed yesterday at \$127.79 U.S. a barrel in New York, almost double the level of a year ago.

Please see ENERGY, Page B2

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