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Campbell River Mirror

Report tries to put positive spin on struggling Island economy

By Grant Warkentin - Campbell River Mirror

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The economy is bad, but we all need to think positive, suggests a new report analyzing the state of Vancouver Island economics.

“The world economy has experienced an unprecedented period of growth and prosperity for most of the last 15 years, so perhaps it has been so long since economic news was this serious that the natural reaction is to over-react,” says the Regional Economic Analysis by consulting firm Vann Struth, prepared for the Vancouver Island Economic Alliance.

“Despite the financial crisis in the world economy that began in the fall of 2008, the ensuing recession will be temporary and will not fundamentally alter the long-run trends that are driving change in the regional economy.”

The report blames the media for having “an incentive to exaggerate every piece of bad news, often beyond all reason” and suggests the media is responsible for “consumer and business confidence being seriously shaken by the barrage of bad news.”

However, the report does admit Vancouver Island's traditional economy is shaken to the core.

Island communities which depend on forestry will no longer be able to rely on traditionally-high-paying jobs in the struggling sector, it says.

"There is a viable future in the coastal forest sector, but it will not provide significant employment dispersed in communities throughout the region," the report says.

"The forest sector of the future will be divided into fewer, larger and super-efficient mills producing commodity products with relatively few workers...and smaller, more entrepreneurial wood products manufacturers."

Neither will provide many jobs, it says.

The biggest problem, the report says, is that for years forestry companies have been financially incapable of re-investing and upgrading pulp, paper and sawmills on the coast. And if markets don't improve for forest products soon, they might never be able to re-invest.

"The biggest threat to this future is that conditions never sufficiently improve for the badly-needed investment in mills, which at their current rate of reinvestment will become totally obsolete in the foreseeable future," says the report.

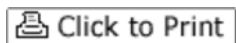
Jamie Vann Struth, a Vancouver consultant, prepared the report for the Vancouver Island Economic Alliance, an experimental "economic development partnership" funded by the provincial government's Ministry of Economic Development.

Vann Struth has done other studies for the alliance, which states one of its purposes is to "position Vancouver Island to be a serious contender for investment in B.C."

especially considering the “economic and social transition that is underway on Vancouver Island, from a mainly resource-based extraction economy to more of an information and service-based regional economy.”

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