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**PROFILE**  
The Whistler area last hosted a major music festival in the late 1980s when entertainers such as Gordon Lightfoot, Bruce Cockburn and John Denver entertained 20,000 people at the Stein Valley Festival. Merritt has more recently emerged as B.C.'s premier music festival gateway. Its annual festivals started in the early 1990s and grow

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July 22-28, 2008 Business in Vancouver

# Vancouver-Hong Kong air travel options cut

Fuel costs raise air fare prices, reduce flight frequency for airlines servicing the Asian hub



Flight patterns: Hong Kong-based Cathay Pacific Airways Ltd. will cut four of its 21 weekly non-stop flights between Vancouver and Hong Kong; it also raised business class tickets between 3% and 15% on July 11

**GLEN KORSTROM**

**R**ecord high jet fuel prices are having a serious impact on Vancouver-Hong Kong air travel options. By October, 36% fewer flights will be offered on the route than were available in April.

Vancouver executives who travel the route frequently expect to have to book further ahead and to shell out more money for their cross-Pacific flights.

Trouble started in April when the plug was pulled on Vancouver-based **Oasis Hong Kong Airlines**, which offered daily non-stop Vancouver-Hong Kong flights. **Air Canada Inc.** (TSX: AC) announced July 4 that it would cut seven of its 14 weekly non-stop flights between Vancouver and Hong Kong starting October 26. Hong Kong's largest airline, **Cathay Pacific Airways Ltd.** (OTCBB:CPCAY), then announced July 11 that it would cut four of its 21 weekly Vancouver-Hong Kong flights starting September 16.

China's state-owned

**China Eastern Airlines Corp. Ltd.** has already reduced its Hong Kong-Vancouver service. It ran daily flights last summer, but this year has limited its schedule to irregular flights, usually three or four a week.

The result is that, as of October, the Vancouver-Hong Kong route will be served



Fairchild Group owner Thomas Fung: frequent flyer to Asia

with an average of about 27 flights per week. That compares with 42 weekly flights in April.

Cathay Pacific also hiked business class fares between 3% and 15% starting July 11.

Regular Cathay Pacific flyers like **EFG Wealth**

**Management Canada Ltd.** senior vice-president **Margaret Chow** will feel the pinch.

"When you look at an average \$7,000 or \$7,500 ticket in business class between Vancouver and Hong Kong [sometimes with other connections included], a 15% price rise is hefty," Chow said. "I went to Asia eight times last year. I have already been four times this year."

Chow is a director at the **Canada Hong Kong Business Association**. She usually travels to Hong Kong to visit her EFG supervisor and to do marketing in the rest of Asia.

Most Vancouver-based executives who fly frequently to Asia believe that they will still be able to secure desired flights because they book far in advance. They also believe that large airlines such as Cathay Pacific and **Japan Air Lines** are large enough to avoid Oasis Hong Kong Airlines' fate.

"I never flew Oasis," said **Toby Chu**, CEO of **CIBT Education Group Inc.**

(TSX-V: MBA), who flies to Asia once every six to eight weeks. "I wasn't sure they were going to last. On business travel, you can't take the chance. If you have a meeting, you've got to be there."

Both Chu and **Fairchild Group** owner **Thomas Fung** frequently travel on Japan

**"When you look at an average \$7,000 or \$7,500 ticket in business class between Vancouver and Hong Kong, a 15% price rise is hefty"**

- Margaret Chow, senior vice-president, EFG Wealth Management Canada Ltd.

Airlines partly because the eight-hour flight to Tokyo offers them a short break before a final flight of a few hours to Hong Kong.

Fung owns dozens of businesses, including the

**Boundary Bay Airport** flying school, **Sealand Air**, which he founded in February and is expanding. His keen business nose tells him that it's a good time to buy small aircraft for Sealand Air, because so many owners are trying to get rid of their newer, gas guzzling planes.

Still, he laughed at the idea that he would follow in the footsteps of now-defunct **Harmony Airways** founder **David Ho** and Oasis Hong Kong founders **Raymond Lee** and **Priscilla Lee** by starting a discount airline.

"The problem with a small airline like Oasis and Harmony is, other than the fuel cost, that the competitors can offer multi-destination routings or itineraries for the clients," Fung said. "The reason I never went on Oasis was that even though my first stop might have been Hong Kong, I would go to Japan, Thailand or Vietnam and they did not have connecting flights. Other airlines - Cathay, JAL - do." ■ gkorstrom@biv.com