

Sectoral Outlook

2010-2012



Mauricie

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October 2010

Cette publication est aussi disponible en français.

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Summary

The Mauricie region had a population of nearly 259,000 in 2006, 1.4% more than in 2001 (compared with a provincial increase of 4.3%). The city of Trois-Rivières had 126,000 inhabitants, or nearly 49% of the region's population. Mauricie has an aging population, and the proportion of people over 65 is greater than in any other region of Quebec. The Institut de la statistique du Québec (ISQ) projects 5.5% population growth for Mauricie over the 2006-2031 period, compared with 15.8% for Quebec as a whole, which would further reduce the region's relative demographic weight. In the long term, population aging will lower the number of people of working age. By 2031, half of the region's population will be 51 or older.

Industries are spread unevenly across the area. The service sector is largely concentrated in Trois-Rivières and Shawinigan, where big-box retailing and administrative and health services are found. The agricultural industry is strong in the Maskinongé and Des Chênaux regional county municipalities, and the forest industry plays a major role in the La Tuque area and the Mékinac regional county municipality.

The key labour-market indicators, i.e. the participation rate and the employment rate, tend to be volatile. This is probably related to the fact that the Mauricie region's economy is more heavily manufacturing-based than that of Quebec as a whole. The manufacturing sector is expected to account for 17.0% of all jobs in the region, compared with a provincial average of 14.0%. Long dependent on traditional industries such as wood, paper and furniture, the region is making efforts to diversify its economy.

Primary-sector employment is expected to decline further between now and 2012. This long-term trend in both agriculture and forestry is due in large part to more modern equipment and mechanization, compounded by the pressure of globalization. The forest industry needs to adapt to the overall reduction of about 10% in the total allowable cut for the 2008–2013 period in the Mauricie region. Industry leaders like AbitibiBowater, Kruger and Smurfit-Stone have long been key players in the Mauricie economy. They are usually associated with the pulp and paper industry, but these large corporations are also involved in logging and had trouble weathering the economic crisis. They are still grappling with major financial difficulties.

While Mauricie has a more extensive manufacturing base than other regions, employment in the sector has been declining since

2005. The region's manufacturers export much of their output to the United States, where the recent economic crisis has left a deep imprint. In view of continuing high energy costs and the high Canadian dollar, a pullback was predictable. Under the current circumstances, the outlook for this sector is not bright. Some traditional sub-sectors (textiles, clothing, wood, paper, furniture, primary metal manufacturing) are facing difficult times, owing primarily to competition from emerging countries. Employment is expected to rebound slowly in some, but not all, manufacturing industries between now and 2012; no overall growth in employment is expected during the period. What this means is that the composition of employment in the sector is expected to change, especially since the region is looking to diversify its economy. New opportunities in aerospace and specialized machining component manufacturing, for example, are being developed, but it will a while before we see any results because of the problems the market is facing. The number of manufacturing jobs in Mauricie is not expected to grow between now and 2010, whereas employment in the province as a whole should increase slightly.

The region's construction industry has prospered in the past decade. The number of construction permits rose, and investment soared to a record \$418 million in 2007 and was still close to that level two years later. According to the Canada Mortgage and Housing Corporation (CMHC), the residential construction market will remain very active in the Trois-Rivières Census Metropolitan Area in 2010, but not in 2011. The Commission de la Construction du Québec (CCQ) forecasts 5% growth in the number of hours worked in the Mauricie-Bois-Francs region in 2010. With support from governments, a number of major infrastructure projects—primarily civil engineering and road projects—will be carried in Mauricie between now and 2012. In short, we expect employment to increase in 2010, level off in 2011 and then drop back to the 2009 level.

Development of the service sector is related to demographics and employment. Over the next 10 years, demographic growth should be slight in Mauricie, and employment is not expected to grow significantly. Population aging will continue, which will have an impact on the service sector, particularly in the health care field. In public and parapublic services, employment growth between now and 2012 will be mostly in health care. Education will be affected by declining enrolment and school boards will probably want to limit hiring in view of the economic situation. Weak demographic growth combined with very little growth in overall employment between now and 2012 does not augur well for consumer services.



Meanwhile, because of problems in the manufacturing sector and the slowdown in the construction industry, production services will also see weak employment growth.

Overall, we expect very little year-over-year growth in employment—only 0.4%—between 2010 and 2012 in Mauricie. This projection is lower than the forecast for Quebec as a whole, which is an annual increase of 1.0% during the period. By comparison, employment grew by an average of only 0.5% a year between 2007 and 2009.



Introduction

Each year, Service Canada issues medium-term employment forecasts both by industry and by occupation for Quebec as a whole and for each of its economic regions. The results of these analyses are published in the form of a series of studies intended to provide a comprehensive overview of recent labour market developments and outlooks in Quebec and its various regions.

We hope this series of documents will interest people who are seeking labour market guidance and those who help them, including parents, educational staff and employment assistance services workers. It should also interest businesses and employer associations that want to identify human resources management issues in their industries.

This document is made up of two sections. The first part provides a synopsis of the labour market in the region, including an overview of economic developments and key labour market indicators. The second part presents sectoral outlooks by industrial groups catalogued according to the North American Industry Classification System (NAICS).



Notes on methodology

Employment estimates

The employment estimates by industry are based on Statistics Canada's Labour Force Survey (LFS), as this tool is the only reliable source that follows employment developments in both Quebec and the regions. Since the employment level in some industries is very low in a number of economic regions, other sources of data—mainly of an administrative nature—have sometimes been used because LFS figures in these industries are unreliable. In addition, three-year (2007-2008-2009) averages are included in the statistical tables to provide a more reliable indication of employment levels.

The employment outlooks have been established for a three-year period, from 2009 to 2011. They were developed in winter 2009 in co-operation with Service Canada economists working in Quebec's regions. We also wish to thank the Canadian Occupational Projection System (COPS) team, without whom we would not have had access to many of the analysis and forecasting tools that were used to carry out this study.

Industrial groups

The industrial analysis presented in this study is based on an aggregation using the North American Industry Classification System (NAICS). Here, we provide a brief overview of the composition of each of these groups. Precise definitions of the industries are available in the NAICS published by Statistics Canada.

Primary sector

- 11 Agriculture, Forestry, Fishing and Hunting
- 21 Mining and Oil and Gas Extraction

Manufacturing sector

- 31-33 Manufacturing

When relevant, the following groups are also presented:

Consumer-related manufacturing

- 311 Food Manufacturing
- 312 Beverage and Tobacco Product Manufacturing
- 313 Textile Mills
- 314 Textile Product Mills
- 315 Clothing Manufacturing
- 316 Leather and Allied Product Manufacturing
- 323 Printing and Related Support Activities
- 337 Furniture and Related Product Manufacturing
- 339 Miscellaneous Manufacturing

Resource-related manufacturing

- 321 Wood Product Manufacturing
- 322 Paper Manufacturing
- 324 Petroleum and Coal Products Manufacturing
- 327 Non-Metallic Mineral Product Manufacturing
- 331 Primary Metal Manufacturing

Investment-related manufacturing

- 325 Chemical Manufacturing
- 326 Plastics and Rubber Products Manufacturing
- 332 Fabricated Metal Product Manufacturing
- 333 Machinery Manufacturing
- 334 Computer and Electronic Product Manufacturing
- 335 Electrical Equipment, Appliance and Component Manufacturing
- 336 Transportation Equipment Manufacturing

Construction

- 23 Construction

Consumer services

- 44-45 Retail Trade
- 51 Information and Cultural Industries



- 71 Arts, Entertainment and Recreation
- 72 Accommodation and Food Services
- 81 Other Services (except Public Administration)
- Production services
 - 22 Utilities
 - 41 Wholesale Trade
 - 48-49 Transportation and Warehousing
 - 52 Finance and Insurance
 - 53 Real Estate and Rental and Leasing
 - 54 Professional, Scientific and Technical Services
 - 55 Management of Companies and Enterprises
 - 56 Administrative and Support, Waste Management and Remediation Services
- Public and Parapublic Services
 - 61 Educational Services
 - 62 Health Care and Social Assistance
 - 91 Public Administration



Part 1 – Overview

Description of the area

This outlook covers the Mauricie economic region. The region is made up of the Les Chenaux, Maskinongé and Mékinac regional county municipalities, the equivalent areas in an around La Tuque and Shawinigan, the Francheville census division, and the Opitciwan, Wemotaci and Coucoucache native reserves. The region is on the north shore of the St. Lawrence River and its urbanized parts are located midway between two economic hubs: Quebec City and Montreal. Nearly 70% of the population is concentrated in two cities: Trois-Rivières and Shawinigan.

According to the 2006 Statistics Canada census, the region had 258,928 inhabitants, or 3.4% of Quebec's population. The Mauricie region's population rose 1.4% between 2001 and 2006, compared with a provincial increase of 4.3%. The size of the city of Trois-Rivières was further increased by municipal mergers. In the 2006 Census, it had 126,323 residents, nearly 49% of the region's population. The population is aging; in 2006, Mauricie had a larger proportion of seniors (18%) than any other region.

The Mauricie Service Canada Centre (SCC) covers the entire Mauricie economic region. The SCC has four satellite offices: Trois-Rivières, Louiseville, La Tuque and Shawinigan, where the main processing centre is located. Services are also provided at Notre-Dame-de-Montauban on an occasional basis.

Economic environment

With a few exceptions, economic growth in Mauricie has been less than growth in the province as a whole for several years. In the last decade, employment has been up and down.

Mauricie manufacturers export most of their output (almost 95% in 2006) to the United States, where the economic crisis has hit hard.

The region's economy has been going through a transformation, and the service sector has been the driving force for employment growth in Mauricie in recent years and indeed throughout the past decade.

In recent years, with some exceptions, economic growth in Mauricie has been below growth in the province as a whole. In the last decade, employment has been up and down. Employment peaked in 2007, before the economic downturn, and was almost unchanged in 2008. The Mauricie region's economy posted surprising results in 2005 with a strong labour market performance. However, employment in the manufacturing industry did not follow suit, and there has been no recovery in manufacturing since that time. In fact, the number of manufacturing jobs in Mauricie has never been as low as it was in 2009.

Mauricie manufacturers export most of their output to the United States (almost 95% in 2006), where the economic crisis has hit hard. The American crisis began in the fall of 2008, and it will be some time before the U.S., a major economic partner, recovers fully. The Canadian dollar also remains high, which is strongly affecting the profit margins of many manufacturing companies in Mauricie. In 2002, the loonie was worth less than US\$0.62; in May 2006, it was close to US\$0.89, and more recently it has been close to par. Although the loonie may lose some ground to the U.S. dollar, it could continue to climb in relation to other currencies. The competitiveness of industries such as furniture manufacturing, pulp and paper, and wood products, which are major industries in the Mauricie region, is affected by every change in the value of the Canadian dollar. Meanwhile, employment in some manufacturing industries is faring better.

The construction industry has posted a solid performance in terms of rising employment in recent years. Employment peaked in 2008 and remained almost unchanged in 2009. However, after significant government investment in recent years and after current investments in construction projects are completed, a gradual return to normal is expected to cancel out any employment growth between now and 2012. The region's economy has been going through a transformation and the service sector has been the driving force for employment growth in Mauricie in recent years and indeed throughout the past decade.



Because of its aging population, Mauricie will continue to be a region with one of the lowest labour force replacement ratios.

Beyond the current economic cycle, the Mauricie region is experiencing a decrease in its demographic weight. In the 2001 census, the region's population decreased for the first time. The 2006 census showed a 1.4% increase in the region's total population, but this compared with a 4.3% increase for Quebec as a whole. The region's proportion of Quebec's population has been declining since 1981, falling from 3.9% in 1981 to 3.5% in 2001 and 3.4% in the last census in 2006. In its most recent demographic profile,¹ the Institut de la statistique du Québec (ISQ) projected that the population of the Mauricie region would grow 5.5% between 2006 and 2031, compared with 15.8% for Quebec as a whole, which would reduce the region's demographic weight even more. In 2007, Mauricie was one of two regions of Quebec to record more deaths than births. The ISQ projects that by 2031, seniors will make up 33% of the region's population and half the population will be 51 or older. Because of its aging population, Mauricie will continue to be a region with one of the lowest labour force replacement ratios.

Labour market indicators

The working-age population age 15 and over in the Mauricie region decreased between 2000 and 2002 and then recovered slightly. In 2009, there were 219,000 people age 15 and over in the region. The average annual increase over the past three years has been 0.4%. The labour force has not grown by the same margin (0.2%). However, the labour market was quite strong during the period, with a small gain of 0.5% in employment.

Positive points include the fact that employment is holding firm at record levels, that the gains are due entirely to full-time jobs, and that the number of unemployed decreased.

Among the positives, employment is holding steady at a record level, all of the new jobs are full time and the number of unemployed has dropped. In 2009, the unemployment rate in Mauricie was slightly below 10%, which had not occurred since 2005. However, this percentage was offset by an increase in the number of persons not in the labour force (0.8%). As a general rule, over the last few decades, increases in real GDP have been closely related to increases in the size of the labour force. However, in Mauricie, we note that the labour force has not grown since 2004. For that reason, the restructuring of the region's economy and tough economic conditions continue to be a problem and have caused many Mauricie residents have given up looking for work. Otherwise, the number of unemployed would certainly be higher.

Table 1

Main Labour Market Indicators, 2007–2009				
Mauricie Region				
	2007	2008	2009	2007-2009
Population 15+ (000)	217.4	218.1	219.0	218.2
Labour force (000)	128.7	127.4	125.3	127.1
Employed (000)	116.8	116.7	113.2	115.6
Unemployed (000)	11.8	10.7	12.1	11.5
Unemployment rate (%)	9.2	8.4	9.7	9.1
Participation rate (%)	59.2	58.4	57.2	58.3
Employment rate (%)	53.7	53.5	51.7	53.0

Source: Statistics Canada, Labour Force Survey
Data compiled by Service Canada

¹ Institut de la statistique du Québec, *Perspectives démographiques du Québec et des régions*, 2006-2056, 2009 edition, 2009.



Buffeted by problems in the manufacturing sector, the regional economy is still struggling to get back on an even keel. Both the labour force participation rate and the employment rate are more than seven percentage points below provincial indicators.

We are forecasting very weak growth in employment of 0.4% in the Mauricie region from 2010 to 2012, which is below the 1.0% average annual increase projected for the province as a whole during the same period. By comparison, the average annual rate of employment growth in Mauricie over the last three years was 0.5%. What this means is that very little job creation is expected during the period in question. Most of those entering the labour market will be replacing workers who are leaving.

In addition to the economic problems it causes *per se*, the population's current age structure does not favour employment growth. The number of people over the age of 45 in Mauricie increased by nearly 14% between 2001 and 2006, while the number of youths age 0 to 24 dropped by more than 6% during the same period. Because the trend cannot be reversed in the near term, population aging will also seriously undermine the region's efforts to catch up.



Part 2: Sectoral outlook

Overview

The Mauricie region's economy is more heavily manufacturing-based than that of Quebec as a whole. According to the data, manufacturing accounts for 17.0% of all jobs in the region, compared with 14.0% provincially.

Industries are spread unevenly across the area. The service sector is largely concentrated in Trois-Rivières and Shawinigan, where big-box retailing and educational and health services are found. The agricultural industry is strong in the Maskinongé and Des Chenaux regional county municipalities, and the forest industry plays a major role in the La Tuque area and the Mékinac regional county municipality.

Table 2

Employment Breakdown and Outlook for Selected Industry Groups					
Mauricie Region					
	Average for 2007-2009			2010-2012	
	Level (000)	Share of Employment		Average Annual Growth	
	Region	Region	Quebec:	Region	Quebec:
All Industries	115 .6	100 .0%	100 .0%	0 .4%	1 .0%
Primary	3 .0	2 .6%	2 .4%	-0 .3%	0 .3%
Manufacturing	19 .7	17 .0%	14 .0%	0 .0%	0 .4%
Construction	7 .5	6 .5%	5 .4%	0 .0%	1 .3%
Services	85 .3	73 .8%	78 .2%	0 .6%	1 .1%
Consumer services	34 .4	29 .8%	27 .6%	0 .7%	1 .0%
Production services	21 .0	18 .2%	26 .0%	0 .5%	1 .6%
Public and parapublic services	29 .8	25 .8%	24 .7%	0 .5%	0 .8%

Source: Service Canada, Quebec Region

Historical estimates based on Statistics Canada's Labour Force Survey (see Notes on Methodology)

While the region has a more extensive manufacturing base than others, employment in the manufacturing sector has been following a downward trend since 2005.

While the region has a more extensive manufacturing base than others, employment in the manufacturing sector has been following a downward trend since 2005. Mauricie long relied on more traditional industries such as wood, paper and furniture manufacturing. These industries are cyclical, are facing more foreign competition than before and are feeling the effects of the difficulties in the U.S. market. Efforts have been made to diversify the region's economy; however, there is no growth forecast for the Mauricie manufacturing sector during the 2010–2012 period.

Employment in the construction industry should remain at the same level despite an expected slowdown in residential construction. Highway construction and public infrastructure projects supported by various levels of government are expected to maintain the level of activity in this industry. It is conceivable that sometime in 2011, activity in the industrial and commercial construction sub-sectors will pick up speed when economic conditions are more favourable.



In the primary sector, the Mauricie region differs from other regions of the province in terms of the importance of the forest industry.

In the primary sector, the strong presence of the forest industry sets the region apart from the province as a whole. The forest industry has been severely affected by deteriorating economic conditions in the United States, where the construction industry and the real estate market collapsed and are having difficulty recovering. Timber harvesting is increasingly costly and subject to more stringent restrictions intended to ensure the sustainability of the resource. As the pulp and paper and furniture industries have also been hard hit by the economic downturn, logging activity has slowed and no employment growth is expected between 2010 and 2012. In agriculture, U.S. demand has fallen substantially because of the financial crisis and world prices have also dropped.

There are some 85,000 jobs in the tertiary sector, or nearly 74% of the total number of jobs in Mauricie. In Quebec as a whole, the tertiary sector accounts for an even larger share of employment: nearly eight out of 10 jobs or just over 78%. In the past decade, the tertiary sector, along with construction, has been responsible for maintaining a positive average annual employment growth rate in the Mauricie region. However, over the next three years, employment growth in the service sector is expected to taper off to an average rate of 0.6%. Health and social service needs remain significant and should generate healthy employment growth between 2010 and 2012. The projected population aging in Mauricie should promote employment growth in this sub-sector for some time to come.

Primary sector

The primary sector accounts for just over 2.5% of jobs in the region. Agriculture is the predominant industry in the sector, providing employment for approximately 2,000 people in Mauricie. The number of people working in the sector has been in decline for the past decade, in recent years and over the long term. Equipment modernization and task mechanization, along with the pressures of globalization, largely account for this trend.

The agriculture industry is still the main driver of economic development in some parts of the region.

The agriculture industry is still the main driving force for economic development in some parts of the region. There are about 1,000 farms and 1,600 active farmers engaged in 28 different types of production. They generate annual sales of \$230 million. Three quarters of the farms are in the Maskinongé and Des Chenaux regional county municipalities. The Maskinongé regional county municipality accounted for nearly 50% of reported farm income in Mauricie in 2007. The main outputs, in order of importance, are cash crops, milk, cattle, hogs, maple syrup and poultry.

Various structural changes will continue to affect employment levels in agriculture. First, with the consolidation of production units, smaller traditional farms are being displaced by large-scale farms on which manual labour is increasingly replaced by technology. Second, recruitment of the next generation of farmers is a growing problem. The amount of capital required to start or purchase a farm is standing in the way of the next generation taking over. As well, property assessments of farms are rising steadily. To make things easier, Mauricie dairy farmers have agreed to set a ceiling price for the milk quota in order to foster succession. Other sectors, including poultry production, are reportedly considering the same approach. Leasing land instead of owning it could be another option for farmers.

The Mauricie—Centre-du-Québec region ranks fourth in Quebec in annual hog production. Mauricie accounts for less than half of the total number of hog producers but a third of hog production. In the hog industry, 2005 saw falling prices and an increase in postweaning wasting syndrome. In 2006, there was a crisis at Olymel and an even more severe crisis at the Vallée-Jonction slaughterhouse in Beauce. Since then, three slaughterhouses have shut down and producers are selling at a loss. Pork, unlike eggs, milk and poultry, is not subject to supply management. Worldwide overproduction problems have worsened, and Quebec exports over 50% of its pork production. To address the situation, the federal government has introduced a program aimed at reducing Canadian pork production by 10%. Despite that measure, the number of hogs in Quebec increased slightly last year. The industry is plagued by structural problems, and significant further changes are needed to really revitalize it. The sector has been in crisis for four years, and producers are carrying very high debt loads. Quebec is the only province that has a support program for hog producers. 2009 was nevertheless a negative year, in part because of concerns related to



influenza A (H1N1) that led some countries, including Russia and China, to shut their doors to imports

The mad cow crisis has finally abated, and at the end of 2007, the U.S. border reopened for cattle older than 30 months, including cull cows. However, new regulations require producers and slaughterhouses to eliminate all specified risk material (SRM). This stipulation, coupled with the strong Canadian dollar, is making local producers less competitive. There are many dairy producers in the Mauricie region. The largest cattle slaughterhouse still operating in Eastern Canada is located in nearby Saint-Cyrille-de-Wendover, in the Centre-du-Québec region. Its owner, the Fédération des producteurs bovins du Québec, has been struggling to make operations profitable since the slaughterhouse was acquired in 2006. The market has been stronger since early 2010, however, and the slaughterhouse has produced a plan to modernize its infrastructures under the federal government's Slaughter Improvement Program.

Weather conditions in 2006 were responsible for the worst harvest season in 25 years, generating increased working hours and higher production costs in an industry that was already on the edge. While the weather was generally more favourable in 2007, there were periods of excessive rain mixed with drought. Conditions have been no better since. For example, in Mauricie in 2009, frequent rain coupled with cool temperatures and a lack of sunshine made for longer growing times. Increasingly, highly variable weather conditions seem to be the norm.

All in all, farmers will continue to have a tough row to hoe. In general terms, their financial margin is shrinking while production costs are skyrocketing. In its 2008-2009 review, the Financière agricole du Québec reported that many types of farm had to contend with a relatively difficult economic environment during the year attributable to such things as the high cost of inputs and slumping market prices. In addition to a number of structural problems in agriculture, farmers are still facing an unfavourable economic cycle. Among other things, farmers are concerned about the new agricultural provisions in the Agreement on Internal Trade (AIT), which came into effect in October 2009. According to our forecasts, although the number of people employed in agriculture has never been as low as it has been this decade in the Mauricie region, the number of people employed is expected to continue to slide during the 2009-2011 period. The expected 0.7% average annual decline would be less than the historical decline of more than 4%.

The Mauricie region boasts extensive forest cover consisting of deciduous, mixed and coniferous forests.

The Mauricie region boasts extensive forest cover consisting of deciduous, mixed and coniferous forests. Proportionally, few regions have such diverse forest. The past few years have been very hard for the logging industry, mainly because of the softwood lumber dispute with the United States.² On top of that, the economic slump in the U.S., where construction and the real estate market have collapsed, had a significant adverse affect on logging in Mauricie. In the wake of the Coulombe Report, a series of measures pertaining to forestry issues were introduced. More will follow as the forest management system is overhauled, such as replacement of Timber Supply and Forest Management Agreements (TSFMAs) by another resource allocation model. Already, the allowable cut for the 2008-2013 period has been reduced by nearly 10%.

Companies in the region are working together more and more, but industry leaders like AbitibiBowater, Kruger and Smurfit-Stone are still facing major difficulties.

In 2005, the Conférence Régionale des Élus (CRÉ) in the Mauricie region tabled an action plan to diversify and improve industry practices. The plan comprised three important phases: timber management, harvesting and processing. Since then, following an independent audit conducted in 2010, 15 forest companies have been certified by the Forest Stewardship Council (FSC) for their management practices in two forest management units in Mauricie. This is the first FSC certification of public forest in Quebec, where several companies operate in collaboration. Companies in the region are working together more and more, but industry leaders like AbitibiBowater, Kruger and Smurfit-Stone are still facing major difficulties. However, most analysts agree that there should be more obvious signs of recovery in 2012. According to our forecasts, the number of people

² Under the settlement of the dispute, producers have to pay a substantial surtax on their exports. On the other hand, the higher lumber prices rise, the faster the surtax is paid and the more the payable countervailing duties will decrease. Beyond a certain threshold, access to the American market could be expanded.



employed in the industry is therefore not expected to decrease significantly between 2010 and 2012. Still, the industry is certainly going to continue its efforts to rationalize operations and increase productivity. These changes are necessary because of the value of the Canadian dollar and high supply costs..

Table 3

Employment Breakdown and Outlook in the Primary Sector					
Mauricie Region					
	Average 2006-2008			2009-2011	
	Level (000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Primary sector	3.3	2.8%	2.6%	-1.8%	-0.7%
Agriculture	2.1	1.8%	1.7%	-0.9%	-0.5%
Forestry and logging	0.9	0.8%	0.4%	-4.4%	-4.8%
Fishing, hunting and trapping	n.s.	n.s.	0.1%	n.s.	0.0%
Mining	n.s.	n.s.	0.5%	n.s.	1.6%

Source: Service Canada, Quebec Region
Historical estimates based on Statistics Canada's Labour Force Survey (see Notes on methodology)
n.s.: not significant

Manufacturing sector

The region is dependent on more traditional industries (wood, paper, furniture, apparel, and primary metal manufacturing), but more effort is now being made to diversify the economy.

Current conditions do not augur well for the manufacturing sector in the Mauricie region, as in Quebec as a whole. In Mauricie, no job growth is expected from 2010 to 2012. Some industries are facing hard times due to, among other factors, the strong Canadian dollar, energy costs, the economic crisis in the U.S. and competition from emerging countries.

The region is dependent on more traditional industries (wood, paper, furniture, apparel, and primary metal manufacturing), but more effort is now being made to diversify the economy. For example, there have been business start-ups in aerospace and specialized machining component manufacturing. The changes in the region's employment structure have become more significant in recent years and have also become more evident due to the recent economic crisis. Manufacturing employs just under 20,000 workers in the Mauricie region, accounting for 17.0% of total employment, compared with 14.0% for the province as a whole.

Consumer-related manufacturing

The consumer-related manufacturing industry employs 6,200 people, or 5.4% of the region's labour force, roughly the same proportion as in the province as a whole. We anticipate a very slight decrease in employment from 2010 to 2012, at a rate similar to rate for Quebec overall. We project that only two industries in this sub-sector will post positive employment figures between now and 2012.

Food manufacturing employs around 2,500 people in the region, or 2.2% of the labour force. Industry growth in the region has been quite strong over the past decade (close to 6.5%); the rate of growth has risen sharply in the past few years. The Quebec Department of Agriculture, Fisheries and Food (MAPAQ) has regional support programs for the agri-food industry and that Mauricie's resource region is an important economic development tool for food processing.



Table 4

Employment Breakdown and Outlook in the Manufacturing Sector					
Mauricie Region					
	Average for 2007-2009			2010-2012	
	Level (000)	Share of Employment		Average Annual Growth	
	Region	Region	Quebec:	Region	Quebec:
Manufacturing sector	19 .7	17 .0%	14 .0%	0 .0%	0 .4%
Consumer-related manufacturing	6 .2	5 .4%	5 .2%	-0 .1%	-0 .1%
Food, beverages and tobacco	2 .5	2 .2%	2 .0%	0 .9%	0 .9%
Textile mills and textile product mills	n/s	n/s	0 .3%	n/s	-1 .0%
Leather clothing and products	0 .9	0 .7%	0 .7%	-2 .9%	-2 .5%
Printing and related activities	n/s	n/s	0 .7%	n/s	-1 .6%
Furniture and related products	1 .7	1 .4%	0 .9%	0 .6%	0 .1%
Miscellaneous manufacturing	n.s.	n.s.	0 .6%	n.s.	0 .6%
Resource-related manufacturing	8 .5	7 .4%	3 .0%	-0 .6%	0 .1%
Wood product manufacturing	2 .4	2 .0%	1 .0%	0 .8%	0 .4%
Paper manufacturing	3 .0	2 .6%	0 .7%	-2 .0%	-1 .3%
Petroleum/coal products manufacturing	n.s.	n.s.	0 .1%	n.s.	-3 .0%
Non-metallic mineral product manufacturing	0 .7	0 .6%	0 .4%	0 .8%	1 .5%
Primary metal manufacturing	2 .4	2 .1%	0 .7%	-1 .1%	0 .8%
Investment-related manufacturing	5 .0	4 .3%	5 .8%	1 .0%	1 .0%
Chemical manufacturing	n.s.	n.s.	0 .8%	n.s.	0 .3%
Plastics and rubber products	n.s.	n.s.	0 .9%	n.s.	0 .4%
Fabricated metal product manufacturing	1 .6	1 .4%	1 .1%	1 .0%	1 .7%
Machinery manufacturing	0 .9	0 .8%	0 .6%	1 .6%	1 .0%
Computer and electronic products	n.s.	n.s.	0 .6%	n.s.	0 .7%
Electrical equipment, appliance and component manufacturing	n.s.	n.s.	0 .4%	n.s.	1 .1%
Transportation equipment manufacturing	1 .0	0 .8%	1 .4%	0 .5%	1 .1%

Source: Service Canada, Quebec Region
Historical estimates based on Statistics Canada's Labour Force Survey (see
Notes on Methodology)
n.s.: not significant

An organization called Table Agro-Alimentaire Mauricie was created to promote regional products, support niche products and foster the development of new agricultural production. Consumers in Mauricie now have access to a genuine local products market. Consumer habits are changing, and locally grown products are increasingly popular. There is a demand for new consumer products. These factors have attracted a number of new manufacturers, artisans more so than industrial producers. Companies such as Les Bières de la Nouvelle-France (which markets the first gluten-free beer distributed in North America), Brasserie artisanale Le Trou du Diable, Massibec, Les Sources St-Élie and Produits de nos Grands-Mères are growing and making a name for themselves outside the region. Some are making the jump to industrial-scale production. The state of the economy has been something of an impediment to that transition. When the economy slows, consumers tend to stop buying non-essentials, which hurts the niche products sector.

The proportion of small businesses (1 to 49 employees) in this industry in Quebec as a whole is 65%, but Mauricie stands out because the proportion in that region, by our estimates, is 85%. For the period from 2010 to 2012, we expect the average rate of year-over-year growth in the food manufacturing industry in Mauricie to be around 0.9%, the same as in Quebec as a whole.

Furniture manufacturing prospered for many years due to the favourable economic cycle and low currency exchange rates. At its lowest point in 2002, the loonie was worth less than U.S.\$0.62. Its value has since increased substantially, and most experts believe it will remain in the U.S.\$0.85-\$1.00 range in the coming years. The industry grew considerably in the region at the turn of the last decade, but the recent economic crisis has had an impact on employment.

In the past three years, the furniture industry in Mauricie employed an average of 1,700 people, down almost 6% from the three preceding years. Furniture manufacturing is still a leading industry in the Maskinongé regional county municipality. Between 1990 and 2000, the regional county municipality's share of employment in that segment of manufacturing rose from 16% to more than 40%. Major players such as Canadel and BDM Furniture (Bermex and Dinex) have been established in Maskinongé for 15 years. According to our latest projections, some 50 companies, including a number of small businesses, are part of that industrial cluster in the regional county municipality; they account for approximately 35% of employers in Mauricie and employ close to 65% of the labour force. Finally, most of those companies, about 75%, produce household and institutional furniture. Because they are the biggest employers, they also account for more than 98% of workers.

The furniture industry is still facing tough times.

The furniture industry is still facing tough times. According to CMHC, while it is still very active in the Trois-Rivières Census Metropolitan Area in 2010, the residential construction market should see housing starts drop 40% in 2011, to the lowest level since 2003. Buffeted by an unprecedented real estate crisis in the United States, exports of consumer goods (furniture is a major component of that market) plummeted in 2007. The economic crisis in the U.S. is dragging on, the Canadian dollar is still high and China remains a formidable competitor. As well, the furniture industry in Mauricie is still faced with hardwood supply problems and is having to turn to imports, which makes it less competitive.

To address these problems, the industry and governments have created a research chair at the Institut de Recherche sur les PME at the University of Quebec in Trois-Rivières (UQTR). The chair's mission is to develop, transfer and implement knowledge, practices, skills and techniques in the furniture industry. According to key industry stakeholders, to be more competitive, the region's businesses will have to raise quality standards and offer a wider range of products that are more innovative and more customized rather than compete on price. Finally, the mandate of the Comité d'Adaptation de la Main-d'Oeuvre (CAMO) Meuble in the Maskinongé regional county municipality was extended by two years in 2009. Its committee's objectives include developing a diversification strategy and identifying new markets.

Our previous forecasts anticipated a downward trend. With current efforts and the gradual recovery of consumer spending in Canada, but especially in the United States, we look forward to average annual growth in employment in the Mauricie furniture industry of 0.6%

between now and 2012. That would be higher than projected growth for the province as a whole, which is virtually zero.

Employment in the other industries in the consumer-related manufacturing sector in Mauricie, that is, textiles, apparel, printing and other manufacturing, is minimal and is not analysed in this document.

Resource-related manufacturing

Resource-related manufacturing accounts for 8,500 jobs in the region, or 7.4% of regional employment, compared with 3.0% across Quebec, which is why Mauricie is considered to be a "resource region". We expect employment in this industry to decrease 0.6% between 2010 and 2012, whereas in the province as whole, very slight growth is projected. Given the importance of this sector in Mauricie, we do not expect any employment growth in the manufacturing industry overall.

Wood products manufacturing accounts for 2,400 jobs in Mauricie, or 2% of employment, compared with 1% in Quebec as a whole. The proportion may be down, but it is still significant. According to the Department of Natural Resources and Wildlife, Mauricie ranked fourth among the regions of Quebec in 2002 in terms of the number of direct jobs in the wood product industry, and 34% of those jobs came specifically from wood product manufacturing. However, since 2004, employment in this industry in Mauricie has been disastrous, with a negative growth rate of more than 11%.

Between 80% and 90% of Canada's lumber exports are shipped south of the border. In 2008, with lumber prices continuing to drop, wood product manufacturing posted losses totalling \$749 million in Quebec. According to the Bloomberg world forest products index, the industry has been declining since July 2007 (much earlier in Quebec) and bottomed out in September 2009. The latest forecasts from Export and Development Canada (EDC) suggest that exports of wood products, after dropping more than 24% in 2009, will increase considerably 2010 (28%) and 2011 (38%).³ The percentages are high, but they come in the wake of a major low. In February 2010, sales of new homes in the United States dropped to the lowest level they had been since 1963. Meanwhile, housing starts are up very slightly. There is still a large inventory of unsold houses, which means that the demand for lumber in the United States should grow a bit stronger in 2010 and pick up steam in 2011.

In that context, we expect employment in the wood products industry in Mauricie to gradually regain strength between 2010 and 2012, at an average rate of 0.8% annually, compared with only 0.4% for the province as a whole. Rationalization of the workforce and production facilities is not yet complete, but lumber prices are slowly rising. The lingering problems should abate as the market regains strength in 2011 and 2012.

Paper manufacturing, which provides 3,000 jobs, or 2.6% of regional employment, remains the largest employer in the manufacturing sector.

Paper manufacturing, which provides 3,000 jobs, or nearly 3% of regional employment, remains the largest employer in the manufacturing sector. By comparison, in Quebec as a whole, the industry accounts for only 0.7% of employment. In 2003, Mauricie was the top paper-producing region of Quebec, with nearly 15% of the province's paper shipments and six pulp, paper and paperboard mills. Even though employment was already down, more than 4,500 people were still employed in the industry. Since then, AbitibiBowater has permanently closed the Belgo mill in Shawinigan, leaving more than 500 workers unemployed. AbitibiBowater and Smurfit-Stone are still going through a financial restructuring, and Kruger recently announced that it was cutting 450 jobs indefinitely at its two mills in Trois-Rivières. Smurfit-Stone implemented a workforce rationalization plan in 2007 and laid off many workers.

³ *The Critical Zone*, Global Export Forecast, EDC Economic Services, Spring 2010.



Since the pulp and paper industry has an aging workforce, retirements will provide some job opportunities.

In North America, the demand for newsprint dropped 35% between 2007 and 2009. According to the Conference Board of Canada, paper companies reduced their costs by just over 15% in 2009, and between 2008 and the end of 2010, they are expected to have eliminated more than 20,000 jobs. None of the paper mills in Quebec is on the list of the 15 mills in North America with the lowest production costs. Many analysts still predict that there will be more mill closures in Quebec. This bleak outlook can be attributed to a combination of cyclical and structural factors. In a recently released report, PricewaterhouseCoopers stated, "the rationalization of capacity, general cost cutting and deleveraging of balance sheets have still to run their course." Challenges include production surpluses, the rising cost and limited availability of the raw material, surging energy prices, a high dollar, stiff competition and increasingly strict environmental standards. Moreover, the market is shrinking as newspaper circulation declines and retailers move from print catalogues to electronic formats. GDP at basic prices in paper manufacturing in the Mauricie region fell by an average of nearly 5% between 1998 and 2005 and by more than 8% in the last few years.

We expect employment in this industry to decrease approximately 2.0% a year on average during the 2010-2012 period, compared with 1.3% in Quebec as a whole. Since the pulp and paper industry has an aging workforce, retirements will provide some job opportunities. However, in the context described above, not all departing workers will be replaced. Efforts to reduce production costs and shrinking demand for paper largely account for the scenario up to 2012. To address these concerns, the Centre intégré en pâtes et papiers (CIPP) in Trois-Rivières can play a key role in training skilled labour and conducting pulp and paper research, both regionally and internationally. The CIPP's efforts to date have focused on developing new pulp and paper manufacturing processes and value-added products while reducing production costs. Graduate programs have been modified to include new fibre processing technologies (specialty, green and bioactive paper, biorefining, nanotechnologies, biocomposites, etc.).

The **primary metal manufacturing industry** is operating in a global market. China has become a major producer, which has boosted demand for the raw material, alumina. In addition, production costs in China are much lower than in other countries. For example, at the end of 2005, the price of aluminum was at a 16-year high, but 80% of aluminum smelters posted losses because of the cost of the raw material.⁴ The past few years have been tough for the industry. The largest global consumer of aluminum is the automotive industry, which has been hard hit by the recession. Against that backdrop, in 2007, Norsk Hydro, located in the Trois-Rivières Census Metropolitan Area, closed its primary magnesium plant, the biggest in the world. In 2008, Aleris, a manufacturer of thin aluminium strips for heat exchanger blades, closed its doors. The company had been operating in the Cap-de-la-Madeleine area since the 1940s and still had more than 500 employees in 2007.

Globally, the demand in industrialized countries is sluggish, while new aluminum smelters are coming on stream. At close to 4.6 million tonnes, the worldwide stock is still very high; for the past 20 years, it was around 900,000 tonnes. At the beginning of 2009, aluminum was going for \$1,550 a tonne. The price dropped to \$1,300 dollars in March, then rebounded and closed out the year at around \$2,200. EDC believes that automobile sales in emerging markets and the trend towards lighter, more economical vehicles are promising developments for aluminum producers. Automobile sales are still at record low levels in the United States, but EDC predicts that they will increase 10% in 2010 and by the same margin in 2011. Further, the price of aluminum is expected to level off and market demand to improve. However, EDC adds that capacity usage rates will remain far below their pre-recession levels.⁵

⁴ Bloomberg, La Presse, December 2, 2005.

⁵ *The Critical Zone*, Global Export Forecast, EDC Economic Services, Spring 2010.



The outlook for primary metal manufacturing in the region remains negative.

The RioTintoAlcan aluminum smelter in Shawinigan plant uses Söderberg potrooms, a manufacturing process that must be eliminated by 2015 because of new environmental standards.

The outlook for primary metal manufacturing in the region remains negative. The RioTintoAlcan aluminum smelter in Shawinigan, which employs close to 500 people, has to cease operations in its current form by 2015. The plant uses Söderberg potrooms, a manufacturing process that must be eliminated by 2015 because of new environmental standards. The Shawinigan smelter is atypical in that it produces complex alloys. Also in Shawinigan, the sale of its cable plant, which has 170 employees, was finally canceled. In 2009, the RioTintoAlcan aluminum group posted losses of \$578 million.

The primary metal manufacturing industry employs 2,400 people in the region. We forecast a 1.1% average annual decrease in employment over the 2010-2012 period, whereas no decrease is expected in the province as a whole. The future of the industry in the region remains bleak.

Investment-related manufacturing

Investment-related manufacturing employs 5,000 people in the region, accounting for 4.3% of regional employment, compared with 5.8% for Quebec overall. We expect average annual growth in employment in the industry in Mauricie to be 1% between 2010 and 2012. That rate of growth is the same as in Quebec as a whole but the complete opposite of the rate in consumer- and resource-related manufacturing. Development of the Micro Sciences technology park in Trois-Rivières is proceeding, and most of the first building is already occupied. This initiative should contribute to the growth of the entire sector.

While the economic environment has become more difficult, it still appears favourable for fabricated metal products manufacturing.

While the economic environment has become more difficult, it still appears favourable for **fabricated metal products manufacturing**. There are a number of SMEs in Mauricie, some of which have promising prospects. The region also has Marmen, a company heavily involved in the wind energy industry, which is booming in Quebec. Marmen is a good fit for the region because its clients include companies in the energy, metallurgy, aluminum, pulp and paper and aviation sectors. The company has been hiring on a regular basis and has approximately 800 employees in the region. Like primary metal manufacturing, this segment is connected to non-residential construction and transportation equipment manufacturing. It is also less export oriented. The region is depending on this industry to enhance its economic diversification. The Centre de technologies des alliages avancés (formerly the Centre intégré de fonderie et de métallurgie in Trois-Rivières) recently invested more than \$4 million to support its research activities. The centre provides expertise for the development of projects related to secondary and tertiary metal processing.

There will also be growth opportunities in the machinery manufacturing industry between now and 2012, but this industry is more dependent on export markets, particularly in the United States.

There will also be growth opportunities in the **machinery manufacturing industry** between now and 2012, but this industry is more dependent on export markets, particularly in the United States. EDC export forecasts for 2010 and 2011 are 7% and 8% respectively. Developed markets are suffering from the global economic crisis, and the industry is going to be increasingly dependent on emerging markets. Exports should increase in 2010 and 2011, but EDC still expects the rate to be lower than it was in 2008, that is, 7%. Given the state of the economy, many companies are still reluctant to invest in machinery and equipment. However, governments have identified industrial productivity as playing a key role in economic development in Canada and especially in Quebec. Investment support measures will help companies boost their productivity. The machinery sector in Mauricie should begin reaping benefits by 2012. GLV, for example, has reorganized its operations to concentrate more on its water treatment division, and some innovative companies, such as Bionest and Avant-garde Technologie, are developing.

In the current economic environment, consumers are foregoing some luxury items.

Transportation equipment manufacturing should see modest growth between 2010 and 2012 in Mauricie. The upgraded facilities at the Trois-Rivières regional airport have yet to generate a significant increase in business, for example at Premier Aviation, which provides maintenance and painting services for large aircraft. Semi-trailer manufacturer Manac is suffering from the decline in the forest industry. Doral, which specializes in the manufacture of pleasure boats, has had serious financial problems. In the current economic environment, consumers are foregoing some luxury items. Other companies associated with the aeronautics sector, such as Placeteco and Delastek Composite in



Shawinigan, could potentially benefit from the development of this industry segment, which remains cyclical.

Construction industry

Employment and the value of building permits have increased sharply in the region since the late 1990s, driven by relatively favourable economic conditions.

The construction industry accounts for approximately 7,500 workers in Mauricie, or 6.5% of total employment, compared with 5.4% for the province. Over the last 10 years, there was a sharp rise in employment because of relatively favourable economic conditions. i.e., an annual job growth rate of 4.5% between 1999 and 2009, compared with an average rate of 5.0% in Quebec.

According to Statistics Canada, the number of construction projects in the region has increased sharply since the late 1990s. The total value of building permits⁶ increased an average of 7.6% a year between 2000 and 2009. In 2007, the value of permits hit a record high of \$418.2 million before falling back about 1% in 2008. In 2009, the value of permits was \$417.5 million, just below the record set in 2007. As in past years, the residential sector was the growth leader in 2009, with an increase of 14% over 2008; housing accounted for more than 60% of the total value of permits in the region. Commercial construction, which accounted for 16.9% of permits, increased only 1.5% in 2009, whereas industrial construction, which accounted for only 7.3% of the value of building permits, decreased 46% after a record year in 2008. At almost 14% of the total value of permits, institutional and government investment was down 6% in 2009. Despite a slight drop in the past two years, the level of activity was very high in the Trois-Rivières Census Metropolitan Area, which accounted for more than two thirds of the value of construction projects in the region in 2009. The latest figures from Canada Mortgage and Housing Corporation (CMHC) show that 2010 started out strong with a surge in construction: the number of building permits was up more than 65% in the first quarter of 2010 compared with the same period a year earlier in all sectors except commercial construction.

According to the latest CMHC forecasts,⁷ the residential construction market will be very active in the Trois-Rivières Census Metropolitan Area in 2010 because housing starts are up more than 38% after falling 10.5% in 2009. The market is expected to have its best performance in nine years in 2010. The boom will be followed by heavy losses in 2011 because of a projected drop in starts of more than 40% to the lowest level since 2003. The decline is mainly attributable to rising mortgage rates and a looser resale market. New construction will decrease starting in 2011, but the outlook is much brighter for home renovation.

The Commission de la construction du Québec (CCQ) projects that after the downturn that led to a 7% decrease in hours worked in the Mauricie-Bois-Francs region,⁸ activity will rebound in 2010 with an increase of 5% in hours worked.⁹

While there are not very many industrial products currently under way in the region, residential construction is still bustling, primarily because of a number of major projects like the green home development called Nouvelle Conscience des Forges and Place Belvédère, a seniors' residence being built in Trois-Rivières by Invescan Capital.

The engineering and roads sector will take over from the housing industry in 2010 as a result of improvements to public infrastructure being carried out as part of government economic stimulus initiatives.

The engineering and roads sector will take over from the housing industry in 2010. A number of public infrastructure construction, rehabilitation and upgrade projects announced in 2009 as part of government economic stimulus initiatives will take shape, such as the Trois-Rivières amphitheatre; "Cap sur 2020", a project to modernize the harbour in Trois-Rivières; restoration of Maison de la culture Francis-Brisson in Shawinigan; renovations to the research laboratories at the University of Quebec at Trois-Rivières (UQTR); and various projects to replace water and sewer lines (including a major project in Shawinigan) and develop community, cultural and recreational sites and facilities. The Quebec Department of Transport (MTQ) has announced plans to spend \$150 million in

⁶ Statistics Canada, *Building Permits*, Cat. No.: 64-001-X, March 2010.

⁷ CMHC, *Housing Market Outlook – Trois-Rivières CMA*, Spring 2010.

⁸ CCQ, *Nombre d'heures travaillées par les salariés selon la région de travail, 2000-2009*, April 2010.

⁹ CCQ, *Perspectives 2010 de l'industrie de la construction*, December 2009.



2010-2011 on 116 projects under the province's highway rehabilitation plan. The two biggest highway projects are a bypass in La Tuque and repairs to the Duplessis bridges (east and west) that span the St. Maurice River in Trois-Rivières. Once work is completed on the hydroelectric plants at Allard Falls and Rapides-des-Cœurs in Haute-Mauricie, Hydro-Québec plans to spend an estimated \$60 million in 2010 on various repairs at the La Tuque and La Tranche power stations, the Gouin and Rapide Blanc dams, La Gabelle and Shawinigan 2.

In the commercial sector, several projects are already under way, such as improvements to the "Trois-Rivières sur Saint-Laurent" site, and several more are on the drawing board, including the "Power Centre" commercial development near the Laviolette Bridge along Highway 55 in Trois-Rivières and the construction of commercial buildings in Carré Trudel in Shawinigan by ECL Developments, a division of Sobey's.

After dipping slightly in 2009, employment in the construction industry should increase in 2010, level off in 2011 and then drop back to the 2009 level in 2012. This rise and fall means that employment will be relatively stable over the 2010-2012 period. In spite of everything, activity and employment will remain high in Mauricie during the forecast period. In comparison, we project average growth in employment of 1.3% for the Quebec construction industry as a whole between now and 2012.

Service sector

Development in the service sector is related to demographics and employment. Over the next 10 years, demographic growth should be slight in Mauricie and employment is not expected to grow significantly.

Development in the service sector is related to demographics and employment. Over the next 10 years, demographic growth should be slight in Mauricie and employment is not expected to grow significantly. Population aging will continue, which will have an impact on the service sector, particularly in the health care field. Since we expect overall employment growth in the region to be almost nil in the near term, there will be less consumer spending, which will have an impact on a large portion of the service sector.

There are some 85,000 jobs in the tertiary sector, or nearly 74% of total employment in Mauricie. In Quebec as a whole, the tertiary sector accounts for an even larger share of employment with nearly eight out of 10 jobs (78%). During the decade just ended, the tertiary sector, along with construction, helped to maintain a positive average annual employment growth rate in the Mauricie region. However, over the next three years, employment growth in the service sector is expected to taper off to an average rate of 0.6%.

Consumer services

Consumer services is the biggest of the three service sector sub-sectors.

Consumer services employ more than 34,000 people in Mauricie, or 29.8% of employment in the region, compared with 27.6% in Quebec as a whole. Consumer services is the biggest of the three service sector sub-sectors. However, consumer services accounts for only 15% of the region's GDP, or half as much as production services (32%). Despite the downward trend in the last three years, employment in this sub-sector has grown by an average of 1.2% per year in the region since the early 2000s, slower than in the province overall (1.9%). Rising personal income fuelled by lower taxes and low interest rates accounts for most of the growth of employment in this industry group over the last nine years. Because the sub-sector is highly dependant on economic conditions and changes in employment and personal income, the employment level in consumer services is expected to increase starting in 2011, after remaining relatively unchanged in 2010. According to our forecast, employment will increase in this sub-sector by an average of 0.7% per year by 2012, compared with a 1.0% increase per year in Quebec overall.

Table 5

Employment Breakdown and Outlook in Consumer Services					
Mauricie Region					
	Average for 2007-2009			2010-2012	
	Number Level ('000)	Share of Employment		Average Annual Growth	
	Region	Region	Quebec:	Region	Quebec:
Consumer services	34.4	29.8%	27.6%	0.7%	1.0%
Retail trade	16.8	14.6%	12.4%	0.4%	0.9%
Information, culture and recreation	3.3	2.9%	4.5%	1.2%	1.0%
Accommodation and food services	8.7	7.5%	6.2%	1.1%	1.0%
Other services	5.6	4.9%	4.6%	0.3%	1.3%

Source: Service Canada, Quebec Region

Historical estimates based on Statistics Canada's Labour Force Survey (see Notes on Methodology)

Local merchants are getting fewer and fewer customers, and their sales and market share are getting smaller and smaller.

Retail trade accounts for almost half of all consumer services jobs. It employs approximately 17,000 people in the region, or 14.6% of total employment, compared with 12.4% in Quebec as a whole. Employment in this sector rose sharply between 1998 and 2007, with about 4,000 jobs added, which translates to average growth of 2.9% a year. That performance was the result of favourable economic conditions, a stable job market and a significant increase in personal income during the period. Since 2007, employment in retail trade has declined as the regional economy has weakened. The value of commercial construction plans as indicated by building permits reached a record high in 2006 but has decreased in the past three years, but held steady at a fairly high level. Slow population growth, a sluggish economic recovery that will have an impact on employment and income, and increased competition are factors that will push the number of jobs in retail trade higher in the medium term. However, if households were to focus more on getting a better handle on their financial situation, saving might edge ahead of spending. This would lead to slightly faster growth in income than consumer spending. Market globalization, corporate mergers and acquisitions, and big-box retailing are creating more and more competition in terms of price and customer service and overshadowing local merchants, who are getting fewer and fewer customers and are seeing their sales and market share get smaller and smaller.

Food is the biggest sub-sector of the retail trade industry. More than 80% of food stores in Quebec are owned by or affiliated with the three main food distribution chains: Metro/SuperC, Loblaws/Provigo and Sobeys/IGA. While it is constantly changing, the food sector is a mature industry and therefore does not grow much. Big-box stores and food sections in major discount stores like Wal-Mart have hurt nearby businesses. The automobile sales sub-sector is also a major component of the region's retail industry. After a tough year in 2009 that saw a number of dealerships go out of business, car sales are expected to rebound in 2010. Spending related to housing (building materials, home appliances, furniture and other home accessories) will remain relatively strong because of the improvement in the economy, the fairly high level of construction activity, the burgeoning real estate market and low interest rates. These factors should have a positive effect on the level of employment in that sector. Finally, major commercial projects are currently on the drawing board or already being built, including the "Power Centre" commercial development near the Laviolette Bridge along Highway 55 in Trois-Rivières and the commercial buildings being constructed in Carré Trudel in Shawinigan by ECL Developments, a division of Sobeys's.



In this context, we expect growth in employment in retail trade in the region to even out at around 0.4% by 2012, which is a far lower level than in Quebec as a whole (0.9%).

The **information, culture and recreation industry** employs some 3,300 people in the region, which represents 2.9% of total employment, compared with 4.5% for Quebec as a whole. Employment in the industry grew at a rate of around 3.6% annually between 2002 and 2009. Information and culture, which includes publishing, film and sound recording production and distribution, radio and television, telecommunications, and accommodation and information processing, posted a decrease in employment during the period, whereas the number of jobs in arts, entertainment and recreation increased because of the number and diversity of activities and events and recent investment in cultural and sports facilities in the region.

With its museums and interpretation centres, concert halls, festivals and major events, Mauricie is gradually making a name for itself as a cultural destination.

A study carried out by the firm ST marketing in 2009 for Culture Mauricie measured the role of communications, media and advertising, in particular electronic media, television and print media, as a driving force in the region.¹⁰ These sub-sectors of culture account for approximately 45% of the \$236.6 million spent on cultural activities in the region. The region is banking more and more on its historical, cultural and tourism assets. With its museums and interpretation centres, concert halls, festivals and major events, Mauricie is gradually making a name for itself as a cultural destination, particularly with the new paper industry history centre, Boréalis, in Trois-Rivières, and the Cité de l'Énergie in Shawinigan. Regional stakeholders also plan to continue consolidating and developing the supply of cultural tourism products designed to give visitors an interactive cultural experience. In radio and television broadcasting, the CBC opened a new facility, Maison de Radio-Canada, in Mauricie in March 2010 that houses radio, television and webcast production facilities and should lead to better coverage of regional events.

Sports and recreational facilities also host major events and concerts, as well as festivals of all kinds, some of which are well known far beyond the region's borders. Preparations for the Quebec Summer Games being held in Shawinigan in 2012, which are expected to inject some \$6 million into the economy, will require significant spending on upgrades to sports facilities. The "Trois-Rivières sur Saint-Laurent" project will produce substantial economic and tourism benefits and create hundreds of jobs in the next few years.

Finally in the telecommunications sub-sector, the Trois-Rivières firm Télécommunications Xittel spent \$5.5 million in 2010 to upgrade its facilities and strengthen its market position as a telecommunications services provider. Meanwhile, the not-for-profit corporation TGV Net Mauricie, whose primary mission is to provide broadband Internet access to residents of municipalities, continues to improve coverage in areas that have poor or no high-speed Internet service, such as the outskirts of villages, rural areas, lakefronts and wooded areas.

We project that employment in information, arts, culture and recreation will continue to grow between now and 2012 at an average annual rate of 1.2%, compared with 1% for Quebec as a whole.

Since 2000, employment in the accommodation and food services industry has been growing quickly.

Accommodation and food services employs 8,700 people in Mauricie, which represents 7.5% of total employment in the region, a slightly higher percentage than in Quebec as a whole (6.2%). Approximately 70% of jobs are in food services. Since 2000, employment in the accommodation and food services industry has been growing quickly at 3.3% a year far above the rate for Quebec as a whole (1.5%). The industry cooled off somewhat in 2007 and 2008, however, as it did in many regions of Quebec, but then rebounded slightly in 2009 as a result of celebrations marking the 375th anniversary of Trois-Rivières.

In the next few years, food services should grow as the regional economy recovers and personal income levels rise. Accommodation services should also grow because of efforts to improve and develop culture and tourism products and attractions. The increasingly wide array of tourism services in Mauricie includes numerous events and festivals, accommodations of every kind, health spas, adventure and outdoor sites, outfitters and

¹⁰ Culture Mauricie, *Les impacts économiques de la culture dans la région de la Mauricie – Portrait de la situation en Mauricie et à Trois-Rivières*, November 2009, p. 6.



recreational tourism infrastructures. Mauricie is home to 76 outfitters, the majority of them north of Shawinigan, and 11 controlled harvesting zones (ZEC). These operations inject close to \$22 million into the economy, putting Mauricie second only to Laurentides among the regions of Quebec. Outfitters do the bulk of their business in a short period of only three months.

The celebrations marking the 375th anniversary of Trois-Rivières in 2009 injected more than \$20 million into the economy, a quarter of it in direct benefits to the immediate area, as local suppliers and artists were used. In the next few years, stakeholders in the Mauricie and Lanaudière regions will invest \$2.3 million to implement a joint strategy for promoting themselves in foreign markets. The two regions will focus on the jointly promoting their unique products, including “year-round nature, adventure and outdoor” activities, “dining, health and well-being” tourism, snowmobiling and festivals. Accommodation and food services, which account for a quarter of the jobs in consumer services, should benefit from these projects and investments, as should the information, culture and recreation industry.

The general indication is that tourism, which generates between 4,000 and 5,000 jobs in the region, is growing throughout the Mauricie region. Tourism is now one of the main instruments of economic development in Mauricie not only because of its economic benefits, but also because it contributes significantly to diversification of the regional economy. We expect the level of employment to continue to grow slowly until 2012 at an average annual rate of 1.1%, slightly above the rate projected for Quebec as a whole (1%).

Finally, **other services**, which include repair and maintenance services, personal and laundry services, religious and community organizations, and private households, employ approximately 5,600 people in the region, or 4.9% of total employment. Employment in other services has been up and down since 2000 but historically has been relatively stable. The level of employment is therefore expected to increase very slightly in the next three years, on average 0.3% annually.

Production services

Production services account for a much smaller proportion of employment in the region than in Quebec as a whole.

Production services employ approximately 21,000 people in Mauricie, slightly more than 18% of total employment in the region, far less than the percentage for Quebec as a whole (26%). Production services posted strong employment growth during the first half of the previous decade because of jobs created in professional, scientific and technical services. However, in the last three years, there has been a decrease in employment because of the economic slowdown, which affected transportation and warehousing in particular. The next three years should be more favourable for this sub-sector. We expect to see an average annual rate of employment growth of 0.5%, although this is much lower than the projected rate for Quebec overall (1.6%). Job growth will occur in most industries in the sub-sector, but mainly in professional, scientific and technical services, as well as in administrative and support services, waste management and remediation services.

The economic recovery and the renewal of trade will benefit stimulate wholesale trade.

Wholesale trade employs 2,500 people, which represents 2.2% of total employment in the region, roughly half the proportion in Quebec as a whole (4.0%). The industry is primarily dependent on manufacturing, retail trade and foreign trade. Those sectors have had problems since 2007 and have been a factor in the decline in employment in wholesale trade; the number of jobs in the industry decreased 2.1% in the past three years. Restored consumer confidence, stability in manufacturing and the resumption of international trade to stimulate a stronger economy should benefit wholesale trade. For those reason, we expect to see slight growth in employment of 0.7% a year on average, compared with 1.5% in Quebec as a whole.

Transportation and warehousing employs 4,500 people, which represents 3.9% of total employment in the region, slightly less than in Quebec as a whole (4.6%). Trucking dominates the industry with 2,000 jobs, almost half the total number of jobs in the region. Transportation and warehousing was one of the industries hardest hit by the downturn in the economy. The drop in activity in trade and manufacturing caused the demand for transportation services to plummet. The fragile nature of the manufacturing sector and the

long time wholesale trade is expected to take to rebound do not bode well for sustained recovery in the trucking industry.

Table 6

Employment Breakdown and Outlook in Production Services					
Mauricie Region					
	Average for 2007-2009			2010-2012	
	Level (000)	Share of Employment		Average Annual Growth	
	Region	Region	Quebec:	Region	Quebec:
Production services	21.0	18.2%	26.0%	0.5%	1.6%
Utilities	2.1	1.8%	0.9%	0.2%	1.2%
Wholesale trade	2.5	2.2%	4.0%	0.7%	1.5%
Transportation and warehousing	4.5	3.9%	4.6%	0.6%	1.5%
Finance, insurance, real estate and rental and leasing	4.1	3.5%	5.9%	-0.3%	1.4%
Professional, scientific and technical services	3.9	3.4%	6.9%	1.1%	2.0%
Mgmt of companies, enterprises, admin. and support and other	4.0	3.5%	3.7%	0.7%	1.2%

Source: Service Canada, Quebec Region

Historical estimates based on Statistics Canada's Labour Force Survey (see Notes on Methodology)

In air transportation, the Trois-Rivières airport has not received the designation needed to accept international flights. However, air transportation support could simulate this segment of the industry. Premier Aviation is planning a \$15 million expansion of its service centre that would create 150 jobs. The closure of ExelTech Aérospatiale may open up the market a bit and pave the way for that project, even though ExelTech was not in direct competition with Premier Aviation.

The Port of Trois-Rivières continued operating in 2009 despite the recession. The port authority does not expect the level of activity to return to normal before the second half of 2010. Modernization of port facilities has started. The *Cap sur 2020* plan is designed to increase warehouse space, optimize intermodality and improve city-port interface. The plan calls for expenditures of \$146 million. Between 2010 and 2012, employment in the transportation and warehousing industry should increase slightly (0.6%). Employment in Quebec as a whole is expected to increase 1.5%.

Finance, insurance, real estate and rental and leasing employs 4,100 people, which represents approximately 3.5% of employment in the region, compared with 5.9% for Quebec as a whole. The regional industry is relatively insignificant, accounting for only 1.8% of the total number of jobs in the province.

Since the early 1990s, employment in this industry has changed, but in completely opposite directions in the region and Quebec as a whole. Employment decreased more than 20% in the region but increased 24% in the province. The recent trend is similar. The concentration of industry activities in major urban centres (Montreal and Quebec City) and the ongoing rationalization of financial institutions (Desjardins in particular) are probably factors in the decrease in employment. The industry restructuring is expected to be completed in a few years, which, coupled with the improvement in the economy and population aging, should benefit the sector, in particular personal and investment insurance products.



Real estate is expected to have a good year in 2010 in the Trois-Rivières Census Metropolitan Area. Financing is still readily available, which will stimulate new house construction. Canada Mortgage and Housing Corporation (CMHC) projects a slowdown in 2011, however. It also expects the resale market to cool off in the next few years. The number of transactions should drop in 2010 (-3.5%) and 2011 (-2.5%), but will still be at an all-time high. Considering all these factors, the significant decline in employment the finance, insurance, real estate and rental and leasing industry has experienced should end and employment should become relatively stable (-0.3%).

Professional, scientific and technical services employ 3,900 people, which represents 3.4% of total regional employment, compared with 6.9% province wide. The industry's contribution to growth in production services has been significant in the past several years. Growth has been especially strong since 2004; the number of jobs has increased at an annual rate of 2.5%, whereas employment overall was stagnant (0.4%). The industry was unable to get through the recession unscathed, however. Some sub-sectors were hit especially hard, such as management consulting and scientific and technical services. The outlook is brighter from now until 2012.

The region is relying more and more on the knowledge industry to develop its economy.

Regional leaders are banking on development of the knowledge industry as a way of turning the economy around. The aim is to foster cooperation between researchers at research centres and educational institutions and the private sector in order to facilitate technology and knowledge transfer. The priority sectors are industrial bioprocesses, environmental technologies, microelectronics, information technologies and telecommunications, as well as alternate energy sources. The opening of the first building at Parc Micro Sciences and the arrival of new technology companies are a step in that direction. The new centre for excellence in energy efficiency (C3E) in Shawinigan is in line with that approach. The centre is looking to implement more than 140 projects with a total estimated value of \$50 million over five years. A partnership has been struck with the University of Quebec at Trois-Rivières (UQTR) and the City of La Tuque to use forest biomass by developing a regional biorefinery, for example.

The many public infrastructure projects will generate demand for consulting engineering services, particularly from firms that specialize in highways. The "Trois-Rivières sur Saint-Laurent" project (\$55 million), construction of the Ultramar pipeline and the overhaul of the Gentilly nuclear plant will keep consulting engineering firms busy. Accounting firms, meanwhile, will benefit from the increased standards for reliability and quality of financial information. Specialized information technology firms will benefit from companies investing in technology as a way of increasing their productivity. Overall, employment in professional, scientific and technical services should increase 1.1% a year between now and 2012, one of the strongest growth rates in any regional industry.

Administrative and support services have experienced strong growth in recent years.

Employment in **administrative and support, waste management and remediation services** is estimated at 4,000 in Mauricie, or 3.5% of the total, similar to the proportion in Quebec as a whole (3.7%). The sector has experienced strong growth in recent years, and that trend should continue, because many sub-sectors will benefit from the resumption of corporate activity. However, the margin of growth will be much smaller. Business support and personnel services should benefit from the economic recovery and growth in the outsourcing of services. Construction of rental housing and, more specifically, seniors' residences will generate additional demand for building services. Finally, waste management and remediation services will grow. After a crisis, the price of recyclables goes up, which is good for companies' bottom line. Groupe RCM has purchased new equipment that will enable it to recycle plastic packaging and laminated containers. These new operations will make it necessary to add two shifts in 2010. Between 2010 and 2012, we expected to see average annual growth of 0.7%, more than in all industries combined (0.4%) but less than in Quebec as a whole (1.2%).

Public and parapublic services

Public and parapublic services account for a large proportion of regional employment. They provide work for almost 30,000 people in Mauricie, just over a quarter (25.8%) of the total number of people in the labour force and slightly lower than the proportion for Quebec as a



whole (24.7%). Overall, employment has grown by 1.3% per year for three years in this area of activity. Employment growth in health care and social assistance services more than compensated for the decrease in jobs in public administration (-3.5%). Over the next few years, the employment level is expected to increase slowly (at 0.5%), with jobs created primarily in health care and social assistance services. The downward trend in public administration jobs will continue and the employment level in educational services will fall very slightly.

Table 7

Employment Breakdown and Outlook in Public and Parapublic Services					
Mauricie Region					
	Average for 2007-2009			2010-2012	
	Level (000)	Share of Employment		Average Annual Growth	
	Region	Region	Quebec:	Region	Quebec:
Public and parapublic services	29.8	25.8%	24.7%	0.5%	0.8%
Educational services	7.5	6.5%	6.7%	-0.2%	0.3%
Ambulatory health care and hospitals	7.7	6.7%	6.5%	1.0%	1.4%
Other health care and social assistance	9.0	7.8%	5.6%	1.2%	1.8%
Federal public administration	1.8	1.5%	2.1%	0.4%	-0.4%
Provincial and territorial public administration	1.9	1.7%	1.9%	-1.9%	-0.4%
Local, municipal, regional and other public administration	1.9	1.6%	1.8%	0.6%	0.5%

Source: Service Canada, Quebec Region

Historical estimates based on Statistics Canada's Labour Force Survey (see Notes on Methodology)

Hiring teachers to reduce class sizes will offset the impact of the decrease in enrolment.

Educational services employ 7,500 people in the region, which represents 6.5% of total employment. Employment in this sector is largely determined by changes in enrolment. Overall, enrolment is expected to continue dropping in Mauricie for the next few years. The significant decrease in the high school population will completely offset the slight growth in preschool and primary enrolment. There are a number of factors, however, that will mitigate, at least in part, the impact of the decline in enrolment. The Government of Quebec has made it known that it wants to hire more primary and secondary teachers in order to reduce class sizes and lower the dropout rate. Efforts to keep students in school will also include better support for teachers, primarily through investment in student assistance and the establishment of complementary services. Cégep enrolment is expected to remain fairly steady until 2012, as is enrolment at UQTR. We project a very small decrease in employment (-0.2%) compared with Quebec as a whole (slight growth of 0.3%).

Since the early 2000s, employment in health care and social assistance has grown almost four times faster than the average for all industries.

Health care and social assistance accounts for 14.5% of the region's labour force, or almost 17,000 jobs. The proportion of positions in outpatient services and hospitals in Mauricie (46.4%) is much smaller than in Quebec as a whole (53.6%). Weak population growth and, more importantly, population aging are creating a growing need for health and social services, especially since the proportion of people 65 and older is higher in Mauricie than in any other region of Quebec. Since the early 2000s, employment in this industry in Mauricie has increased 3.0% a year, almost four times faster than the average for all industries (0.8%). To deal with the ever-increasing pressure on health services, the Trois-Rivières regional hospital (CHRT) has carried out several major projects to improve the



The three levels of government (federal, provincial and local) account for almost equal portions of the total number of public employees in the region.

delivery of care: a new teaching building,¹¹ positron emission tomography for the treatment of cancer and a clinical diagnosis unit. The government has also given the green light for phase 2 of the CHRTR's service redeployment plan, a \$47 million project to build a full regional hospital that provides state-of-the-art specialized care and a teaching facility for university students. To improve the quality of life for residents, several construction, expansion and renovation projects have been or are being carried out in extended care facilities. Finally, the recent baby boom urged the government to put in place a series of measures to strengthen early childhood education services. In Mauricie, these measures will lead to the creation of almost 300 additional subsidized places by 2011. Given the strong demand for health care and social assistance services, the region's budget and financial situation, and the availability of skilled workers, the level of employment in this industry should increase 1.1% in the next three years, which means 500 new jobs.

Public administration employs a total of 5,600 people in Mauricie, in more or less equal proportion among the three levels of government (federal, provincial and local). The number of jobs has been up and down since the early 2000s, but mostly down (-5% a year). The number of public employees is expected to continue dropping in the medium term. We project an average decrease in employment of 0.6% a year until 2012. That projection is made against a backdrop where the federal and provincial governments have made a commitment to cut spending and reduce the size of the public service. The governments want to rebalance their budgets as soon as possible after putting in place economic recovery plans and widening the gap between spending and revenue during the recession. Meanwhile, because they provide a level of service that is closer to the daily lives of residents, municipalities have seen their responsibilities increase over the years to the point where they now play a broader role in local services, community development, recreation and culture, and also have to create conditions that are conducive to local and regional economic development. In the next few years, municipal governments will increase their level of employment somewhat, despite budget pressures and the shortfall attributable to the decrease in the value of industrial facilities and tax revenue caused by the drop in production and plant closures. The current economic situation suggests that public administration will be going through a period of rationalization in the coming years.

¹¹ The University of Montreal campus in Mauricie offers a doctor of medicine program. This is the fourth centre in the province to provide this training; the others are Montreal, Quebec City and Sherbrooke. This is the first fully decentralized medicine program to be offered by a Canadian university. Ellis College is also going to provide training in health care.