

Sectoral Outlook

2009-2011



Laurentides



Service
Canada

Sectoral Outlook 2009-2011 - Laurentides

Author

Benoit Leduc, economist
Service Canada
Laurentides Region
Telephone: 1-450-430-2800 x 235
E-Mail: benoit.leduc@servicecanada.gc.ca

Translation to English

Translation Bureau
Public Works and Government Services Canada
Quebec Region

Layout

Muriel Deslauriers

Pictures

Modified picture, Denis Chabot, © Le Québec en images, CCDMD
Modified picture, Gilles M. Deschênes, © Le Québec en images, CCDMD
Modified picture, Martin Caron, © Le Québec en images, CCDMD

October 2009

Cette publication est aussi disponible en français.

The views expressed in this paper are those of the author and do not necessarily reflect those of Service Canada or the Government of Canada.

Cat. No.: SG2-1/8-2008E-PDF
ISBN 978-1-100-11785-0
© Her Majesty the Queen in Right of Canada, 2009



Table of Contents

Summary.....	4
Introduction	5
Notes on methodology	6
Part 1: Overview	8
Description of the area	8
Economic environment	8
Labour market indicators	9
Part 2: Sectoral outlook.....	11
Overview	11
Primary sector.....	11
Manufacturing sector	13
Consumer-related manufacturing	14
Resource-related manufacturing	15
Investment-related manufacturing	16
Construction industry	16
Services sector	17
Consumer services.....	17
Production services	18
Public and parapublic services	19

List of Tables

Tableau 1	
Main Labour Market Indicators – 2006-2008.....	10
Tableau 2	
Breakdown of Employment for Selected Industry Groups.....	11
Tableau 3	
Breakdown and Employment Outlook in the Primary Sector.....	12
Tableau 4	
Breakdown and Employment Outlook in the Manufacturing Sector	14
Tableau 5	
Breakdown and Employment Outlook in Consumer Services	17
Tableau 6	
Breakdown and Employment Outlook in Production Services	19
Tableau 7	
Breakdown and Employment Outlook in Public and Parapublic Services	20



Summary

The population of the Laurentides region was 511,280 in 2006, up 10.8% from 2001 (compared with 4.3% for Quebec). In fact, the Laurentides region recorded one of the highest rates of population growth in Quebec. The population in all Regional County Municipalities (MRCs) grew, particularly in Mirabel and Les Pays-d'en-Haut. The Institut de la statistique du Québec (ISQ) is predicting that the population of the Laurentides region should grow by 11.6% between 2006 and 2011 (compared with 6.9% for Quebec). This growth will be the second highest, Lanaudière's being the highest. Most of the region's population growth is the result of net sub-provincial in-migration, which has been among the highest in the province for a number of years now.

The working-age population has been growing at a constant rate, as have the labour force and employment. **During the 2009-2011 period, employment growth will slow considerably as a result of economic conditions, which will hinder labour market performance in the first half of the period.** The annual average will be 0.7% (0.3% for Quebec). As employment growth keeps pace with the working-age population, the unemployment rate should remain relatively low compared with the province as a whole. The economies of the Laurentides, Montreal Island and surrounding regions are interdependent. Although the local economy has grown significantly during the last decade, close to half of the population south of St. Jérôme commutes every day to Montreal and Laval to work.

The region's industrial structure fairly resembles that of Quebec while the service sector employs just over three out of every four Laurentides residents. The Laurentides region stands out somewhat because of its relatively large construction industry, which employs nearly 8% of the workforce. For its part, the manufacturing sector is proportionally less significant in the Laurentian labour market, accounting for 12.5% of employment compared with 14.5% in Quebec.

In the Laurentides region, the primary sector employs nearly 5,000 workers, which is quite marginal. Over half of jobs in this sector are in agriculture, which is geographically concentrated in the south of the region. The forest industry (e.g. logging and sawmills) employs 26% of primary sector workers. This industry, which plays a major role in the economy of the northernmost MRCs, is grappling with supply, competitiveness and profitability issues. Overall, employment in the primary sector should experience a slight drop over the next three years. The forest industry should continue with its restructuring in 2009 and early 2010 owing to the continued strong Canadian dollar, a lower number of housing starts, limited American demand and adjustment to the new forest management plan.

The economic situation has been very favourable to the construction industry in Laurentides during the last three years but should be slightly less so in the near future. Construction employment growth has been fuelled by booming commercial and institutional construction and by strong demand in the residential sector created by the burgeoning population. Also, workers in this sector have access to a larger market, that of Greater Montreal. As in Quebec as a whole, employment growth will slow slightly, but will remain positive, by 2010. Significant investment in the commercial, tourism and civil engineering sectors will partly offset the expected slow down in the residential sector, especially toward the end of the forecast period. The main impact should be felt in the number of hours worked rather than the volume of jobs across the construction industry.

The region's manufacturing sector has diversified a great deal over the years. Today, it accounts for more than 12% of regional employment. As in Quebec as a whole, we anticipate a small decline in employment by 2010. This contraction should occur at an average annual rate of -0.3% during this period (-1% for Quebec). The sub-sectors that have the best prospects are transportation equipment, specifically aeronautics, metal product manufacturing, machinery manufacturing, food and beverage manufacturing, and finally, electrical equipment, appliance and component manufacturing. On the other side of the spectrum, traditional manufacturing industries such as clothing, leather, textiles, wood products, furniture and paper should be hardest hit by declining employment during the forecast period.

Employment changes in the tertiary economy of the region are closely tied to demographics and purchasing power. More than 31% of the jobs in the sector are in consumer services. Population growth, though slowing, will remain strong in Laurentides and in the Montreal census metropolitan area. Moreover, year after year, this region enjoys continued growth in per capita personal disposable income. If this favourable situation continues, annual employment growth in the consumer services sector can be expected to average 1% annually by 2011, well above the 0.4% growth forecast for the province.

Production services will not lag behind. The number of construction projects involving engineering services will grow over the next three years owing to major investments by the various levels of government as part of the public infrastructure renewal. Also, the increased need for utilities, such as water treatment to keep pace with population and industrial growth, will bolster employment growth, especially in professional, scientific and technical services.

This overview of the industrial outlook indicates the thriving sectors where growth can be expected and which industries will have to scale back their operations or increase productivity, employing fewer people in the short term, in some cases, but achieving long-term gains.



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 (2006-2007-2008) 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 all of the Service Canada economists working in Quebec's regions. We also wish to thank the Canadian Occupational Projection System (COPS) team, without which 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, 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

According to the Institut de la statistique du Québec (ISQ), the Laurentides region will have one of the highest population growth rates in Quebec, along with neighbouring Lanaudière, over the next few years.

Because of its geographical location and characteristics, the Laurentides region has been able to develop an economy with a highly diverse industrial base. According to the Institut de la statistique du Québec (ISQ), the Laurentides region will have one of the highest population growth rates in Quebec, along with neighbouring Lanaudière, over the next few years. Its growing population will fuel the development of the region's important service industry. The economic region is divided into eight distinctive regional county municipalities (MRCs), which can be grouped into three subregions.

The southern Laurentides region is more urban, but also has a thriving agricultural industry thanks to the rich soils of the St. Lawrence Valley. It has a range of manufacturing firms and a booming trade industry. This part of the region has a large, experienced workforce and well-developed land and air transportation networks, and is near the vast, thriving Greater Montreal market. Industries such as transportation equipment manufacturing, including aerospace, and food processing, have expanded over the years with the arrival of big companies. The municipalities from the Mille-Îles River to St. Jérôme have one of the fastest growing populations in the region and in the province.

Development in the heart of the Laurentides region relies on the region's natural attractions. Industries tied to tourism have clustered in this area, with its many beautiful lakes and mountains. The major investment that has taken place around Mont Tremblant, despite everything has, of course, had a positive impact on local and regional employment. It should also be pointed out that the tourism clientele in this region, being on average somewhat wealthier, is generally less influenced by the rising dollar and energy costs.

The northernmost part of the area is chiefly rural. This community depends greatly on spinoff from its natural resources, particularly the forest and wood products industries. The population of this subregion is not growing as quickly as it is in the region as a whole. MRCs located in the southern part of the Laurentides economic region draw more inter-regional and sub-regional migrants.

Economic environment

The global economic context has changed significantly over the last few years. Structurally speaking, the recent changes in the share of world output and the new framework established under the World Trade Organization (WTO) concerning trade rules had an impact on Quebec markets. At the same time, our main economic partners, who have been greatly affected by the global recession, have significantly decreased their need for raw materials (petroleum, ore, wood, paper and semi-finished goods).

The latest forecasts are slightly less pessimistic about the direction of the Canadian economy. The slowdown observed in the first half of 2009 was directly linked to the weakening of the American economy. The trade balance is expected to remain negative and to continue to erode economic growth, as it has since 2003. However, this negative impact on Canada's economy should lessen in the second half of 2009 as the American economy gains strength.

Therefore, this scenario foresees a rebound in export growth starting in 2010. However, the value of the Canadian dollar in relation to the American dollar is important in this regard and could severely limit the chances of economic recovery.

The manufacturing sector in the Laurentides region will be affected by these economic conditions. It is true that the number of exporters of goods fell substantially in Laurentides between 2001 and 2006. However, the value of their activities increased considerably during 2001-2005 before unfortunately suffering a significant drop in 2006. While they accounted for 5.4% of the value of all Quebec exports in 2001, Laurentian exports rose to 8.3% in 2005. According to the latest ISQ forecasts, the figure was only 5.5% in 2006. The



change in regional exports is easier to understand when seen from a sectoral perspective. Approximately 80% of the value of exports in the Laurentides region comes from the transportation equipment, machinery, and computer and electronic products industries. The latest data available is from the year during which the General Motors plant in Boisbriand and some of its parts suppliers closed.

Consumer spending remains a dynamic factor of growth in Quebec. Despite a drop in the last quarter, spending has kept growing, reaching about the same level as in the previous three years (3.4%). Consumption accounts for 63% of GDP, making it a very important variable and, fortunately, the most stable. Owing to the situation, however, we expect slower growth in spending over the next two years.

The Laurentides region will continue, for its part, to be driven by consumer spending. In fact, according to the ISQ, the Laurentides region (\$25,648) was in seventh place for per capita disposable income in 2007, behind Montreal, Laval, Montérégie, Côte-Nord, Nord-du-Québec and Capitale-Nationale. Moreover, despite much stronger population growth than in the province, the Laurentides region has posted lower average annual growth of per capita disposable income than in the province (i.e. 3.6% between 2004 and 2008 versus 3.8% in Quebec).

The Laurentides region should experience stronger employment growth than the province overall from 2009 to 2011.

The combination of the economic activity in the Laurentides region and exceptional population growth gave the construction industry a strong boost in the past few years. However, the drop in residential construction in Quebec will slow the industry down in the medium term. The decline in housing starts will be more pronounced than the decline in residential construction, the difference being partly attributed to spending on renovations and higher construction costs. As with Quebec, the residential sector should see fewer new housing starts in 2009 and 2010. However, this should not lead to a decline in employment in the construction industry, where labour is difficult to find. In the worst-case scenario, the number of hours worked will be reduced. Despite some delays and postponements, important institutional and industrial construction projects are slated for the next three years. Also, road infrastructure renewal projects announced by the provincial government should fully offset the slowdown in the residential sector.

In this economic environment, the Laurentides region should experience stronger employment growth than the province overall from 2009 to 2011. After the substantial downturn of recent years, the region is well positioned for economic growth because of its expanding tertiary sector, dynamic construction industry and stable manufacturing sector.

Labour market indicators

The key labour market indicators suggest that market forces have not had the same impact on the Laurentides region as on the rest of the province. While Quebec has had weak but stable employment growth over the last four years, the region's pool of workers shrank in 2005 and 2006, jumped in 2007 and then fell for the third time in four years in 2008.

It should be noted that the Laurentides region experienced tremendous annual employment growth of nearly 4% in the previous 10 years (between 1994 and 2004), far beyond its population growth. In 2007, while employment in Quebec increased by 2.3%, the employed population in Laurentides increased by 9%. This phenomenal growth in Laurentides boosted the employment rate by nearly four percentage points, reaching 63.8% in 2007. This is the second highest percentage recorded in more than 20 years. The record is 64.7% in 2004.



Table 1

Main Labour Market Indicators – 2006-2008				
Laurentides Region				
	2006	2007	2008	2006-2008
Population 15+ ('000)	416.0	425.4	435.3	425.6
Labour force ('000)	270.5	291.7	290.0	284.1
Employed ('000)	249.2	271.5	269.0	263.2
Unemployed ('000)	21.3	20.2	21.1	20.9
Unemployment rate (%)	7.9%	6.9%	7.3%	7.3%
Participation rate (%)	65.0%	68.6%	66.6%	66.8%
Employment rate (%)	59.9%	63.8%	61.8%	61.9%

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

Along with employment, labour market participation in the Laurentides region has had its ups and downs in the past three years. In 2006, the level of activity was clearly declining; for the first time in 20 years, the region's participation rate fell below the province's. This drop of nearly 4.5 percentage points in two years was partly offset by a rise of 3.6 points in 2007. The participation level remained relatively stable in 2008, both in the region and in Quebec, dropping by only one and two tenths of a percentage point, respectively. These changes pushed up the unemployment rate, which was 7.3% in 2008. It is important to note that the unemployment rate in Laurentides has been getting closer to the provincial rate over the last three years, although it is still lower.

For the forecast period, we expect much lower employment growth in Laurentides than in the past, with an annual rate of less than 1%.

For the forecast period, we expect much lower employment growth in Laurentides than in the past, with an annual rate of less than 1%. The pace at which jobs are created should accelerate toward the end of the period in 2011, once it stops slowing in 2009.



Part 2: Sectoral outlook

Overview

In the Laurentides region, services account for a major proportion of all jobs (nearly 78%), similar to the situation elsewhere in the province. The consumer services sector is the largest with close to 31% of all jobs in the region. The retail trade industry, which employs the highest number of workers (average of 39,700 in the last three years), is included in this group.

The manufacturing sector accounts for just over 12% of jobs, whereas the primary sector accounts for only 5,000 jobs (1.9%). The construction industry is also important in the region. In fact, it accounts for more than 8% of jobs compared to only 5% in Quebec. Strong population growth in the region has been generating a high level of activity in this industry, which has experienced significant growth over the latest three-year period.

Table 2

Breakdown of Employment for Selected Industry Groups					
Laurentides Region					
	Average 2006-2008			2009-2011	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
All Industries	263.2	100.0%	100.0%	0.7%	0.3%
Primary	5.0	1.9%	2.6%	-1.2%	-0.7%
Manufacturing	32.8	12.5%	14.5%	-0.3%	-1.0%
Construction	20.8	7.9%	5.4%	0.8%	0.3%
Services	204.6	77.7%	77.7%	0.9%	0.5%
Consumer Services	81.9	31.1%	27.5%	1.0%	0.4%
Production Services	62.5	23.7%	25.7%	0.7%	0.4%
Public and Parapublic Services	60.2	22.9%	24.5%	1.0%	0.8%

Source: Service Canada, Quebec Region
Historical estimates based on Statistics Canada's Labour Force Survey (see Notes on methodology)

Apart from the manufacturing and primary sectors, the majority of the region's major industrial clusters should see more rapid growth than in Quebec as a whole during this period.

During the 2009-2011 forecast period, we expect average annual growth of 0.7% for all industries in the Laurentides region, which is slightly higher than that for Quebec (0.3%). In fact, apart from the manufacturing and primary sectors, the majority of the region's major industrial clusters should see more rapid growth than in Quebec as a whole during this period.

The following sections will show the distribution of this growth in jobs. The large service sector once again appears as the region's growth engine. The manufacturing industry is expected to experience a decline in employment after enjoying a long period of growth, but it will be weaker than in the province. The problems are the strength of the American economy and the duration of its slowdown and impact on the global economy, which could alter the expected trend.

Primary sector

The primary sector accounts for 2% of all jobs in the Laurentides region, or approximately 5,000 positions on average over the past three years. Agriculture, with a little more than half of all jobs (56%), is the largest employer in this sector. The forest industry is second with 26% of jobs. Mining, mainly in quarries and sand pits, accounts for the rest of the jobs in this sector.



Although the primary industries account for only a small portion of all jobs, they play a particularly important role in the economy of some MRCs. In fact, according to the Table de concertation agroalimentaire des Laurentides, 46 of the 78 local municipalities in the Laurentides region have declared agricultural areas. Antoine-Labelle, Mirabel and Argenteuil have the largest agricultural areas. The two riparian MRCs in the lower Laurentians, Thérèse-de Blainville and Deux-Montagnes, account for only 14% of the Laurentides agricultural area, but their gross revenue represents 30% of the total. Agricultural land use has changed considerably over the last 20 years. The number of farms fell by 30% from 2,181 in 1981 to 1,536 in 2001. Moreover, their average size increased by 20% from 70 to 84 hectares. In comparison, the Quebec average is 106 hectares, an increase of 34% for the same period.

Forests cover 83% of the Laurentides region (most of them in the northern part of the region); 74% are publicly owned according to the Quebec Department of Natural Resources, Wildlife and Parks. In this regard, the Antoine-Labelle MRC has a high proportion of jobs in the primary sector (logging and sylviculture). Wood product manufacturing, with timber largely supplied by the region, is also an important engine of this MRC's economy.

Table 3

Breakdown and Employment Outlook in the Primary Sector					
Laurentides Region					
	Average 2006-2008			2009-2011	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Whole Primary Sector	5.0	1.9%	2.6%	-0.7%	-0.7%
Agriculture	2.8	1.1%	1.7%	-0.5%	-0.5%
Forestry and Logging	1.3	0.5%	0.4%	-4.8%	-4.8%
Fishing, Hunting and Trapping	0.0	0.0%	0.1%	0.0%	0.0%
Mining	0.9	0.4%	0.5%	0.8%	1.6%

Source: Service Canada, Quebec Region

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

During the period from 2003 to 2006, the primary sector experienced a significant employment decline in Laurentides. This decrease was particularly significant in forestry and logging. Data from 2007 and 2008 show a rebound in employment. However, despite this positive period, the underlying trend points toward a drop in employment. A number of factors created the hardships in this industry. The US-Canada lumber dispute from 2002 to 2006 had a number of repercussions on Quebec and regional companies. At the same time, environmental groups were pressuring the industry about harvesting practices, leading to increased operating costs.

In response to the problem, the Quebec legislation, based on the Coulombe report, imposed new rules on forest lands and limited supplies of the resource for many companies. The price of the raw material also fell during this period, which further reduced companies' profit margins. In response to these events, the major employers proceeded to restructure, shut down mills, cut production, and make a number of investments to adjust to the new market conditions. The end of the trade dispute with the United States could stabilize and improve the sector's vitality.

For over a year, the American economy has been in a downturn, limiting US demand for imported lumber. The outlook, however, is for a recovery in demand among our neighbours to the south toward late 2009 or early 2010, which could prompt recovery in Laurentides in 2011 and 2012. This would allow some jobs that were lost in the last few years to be recovered, but not enough to record growth during this period. Moreover, the forest



industry in the region, as in Quebec, will have to weather more storms before it can recover. The significant drop in demand, for both wood and paper, leads to lower resource prices and revenues for companies. These companies have no other choice but to cut their production costs and shut down plants temporarily or permanently, which would increase job losses over the first two years of this forecast.

Agriculture is also in the picture when it comes to the quest for improved productivity. As for the whole province, the modernization and merger of companies have resulted in lower employment in the agricultural sector in Laurentides. The pressures of urbanization are being felt in the lower Laurentians: reduction of agricultural area, encroachments and more land leases are the main indicators.

Access to funding, without which a farm operation cannot be run or acquired, is increasingly difficult to secure given the large increase in the cost of farms and farm equipment in the past 15 years. This situation is creating tremendous hardship for farmers looking for someone to take over their businesses. This problem is even more significant seeing as the number of retirements in this area is expected to grow in the next few years.

We are therefore forecasting that employment will shrink by an average of less than 1% annually in the region's primary sector from 2009 to 2011. The forest industry should continue to restructure in 2009 and early 2010 because of the continued strong Canadian dollar, fewer housing starts and adjustment to the new forest management plan. However, we believe that the investments of recent years and the probable recovery of the global economy toward the end of the forecast period could lead to a moderate recovery in employment toward 2011. The agricultural sector is expected to continue its slow decline throughout the period because of owners' difficulty finding replacements and qualified workers.

The forest industry should continue to restructure in 2009 and early 2010 because of the continued strong Canadian dollar, fewer housing starts and adjustment to the new forest management plan.

Manufacturing sector

The manufacturing sector in the Laurentides region remains quite diversified and accounts for slightly more than 12% of jobs, which is a little lower than in the rest of Quebec (14.5%). However, the sector is largely dependent on the contribution of six industries (transportation equipment manufacturing, food and beverage, wood product manufacturing, furniture, metal products and chemicals). In fact, more than six out of 10 manufacturing jobs stem from these industries.

The manufacturing sector in the Laurentides region experienced sustained growth from the mid-1990s to the beginning of the 2000s. After that, employment remained relatively stable before peaking in 2004. Since then, manufacturing employment has been on the decline. Over the last three years, this decrease in employment manifested itself mainly in the consumer-related and resource-related manufacturing industries.

Manufacturing companies in Laurentides are major exporters of goods, but the recession has meant that the U.S., their main client, has dramatically reduced its level of imports. This has led to an increase in inventories among exporters that had to slow their pace of production because of declining demand. This downturn period should, however, enable companies to reassess current methods of work and enjoy productivity gains by investing in technology and training of the workforce. Under the circumstances, low interest rates and the current strength of the Canadian dollar may be favourable for this type of investment. Thus, companies would be even better positioned to benefit from business and employment recovery along with the recovering American economy, which is expected toward the end of the forecast period.

Manufacturing companies in the Laurentides are major exporters of goods

Manufacturing sector employment in the region is expected to decline in the coming years, mirroring the provincial trend.

Manufacturing sector employment in the region is expected to decline in the coming years, mirroring the provincial trend. According to our forecasts, the manufacturing sector will employ nearly 300 fewer Laurentides residents in 2011 than in 2008. The 0.3% annual average decline will be much lower than the provincial rate of decrease. We will also examine in greater detail which manufacturing industries will be the most impacted by this situation and which will be less affected.



Table 4

Breakdown and Employment Outlook in the Manufacturing Sector					
Laurentides Region					
	Average 2006-2008			2009-2011	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Whole Manufacturing Sector	32.8	12.5%	14.5%	-0.3%	-1.0%
Consumer-Related Manufacturing	10.8	4.1%	5.4%	-0.9%	-1.2%
Food, Beverages and Tobacco	4.0	1.5%	2.0%	0.5%	0.3%
Textile Mills and Textile Product Mills	0.3	0.1%	0.4%	-3.7%	-3.5%
Leather Clothing and Products	0.8	0.3%	0.8%	-5.0%	-3.3%
Printing and Related Activities	1.9	0.7%	0.7%	-1.5%	-2.5%
Furniture and Related Products	2.5	1.0%	0.9%	-2.8%	-2.2%
Miscellaneous Manufacturing	1.3	0.5%	0.6%	0.7%	0.7%
Resource-Related Manufacturing	5.5	2.1%	3.2%	-1.2%	-1.7%
Wood Product Manufacturing	2.7	1.0%	1.2%	-1.9%	-2.2%
Paper Manufacturing	1.0	0.4%	0.8%	-1.5%	-4.1%
Petroleum/Coal Products Manufacturing	0.2	0.1%	0.1%	0.0%	-0.7%
Non-Metallic Mineral Product Manufacturing	0.9	0.3%	0.4%	0.2%	0.5%
Primary Metal Manufacturing	0.8	0.3%	0.8%	-0.8%	0.0%
Investment-Related Manufacturing	16.7	6.3%	5.9%	0.4%	-0.4%
Chemical Products	2.9	1.1%	0.8%	-2.0%	-1.0%
Plastics and Rubber Products	1.2	0.5%	0.9%	-0.7%	-2.1%
Fabricated Metal Product Manufacturing	2.7	1.0%	1.1%	0.8%	-0.5%
Machinery Manufacturing	1.7	0.6%	0.6%	0.7%	-0.4%
Computer and Electronic Product Manufacturing	1.5	0.6%	0.6%	-1.1%	-0.5%
Electrical Equipment, Appliance and Component Manufacturing	1.2	0.5%	0.4%	0.3%	-0.5%
Transportation Equipment Manufacturing	5.4	2.1%	1.4%	2.3%	0.9%

Source: Service Canada, Quebec Region
Historical estimates based on Statistics Canada's Labour Force Survey (see Notes on methodology)

Consumer-related manufacturing

The sub-sector should see a slight annual decrease of nearly 1%.

The consumer-related manufacturing sub-sector in the Laurentides region, with an average of 10,800 workers between 2006 and 2008, represents nearly a third of manufacturing employment in the region and 4% of total employment. Overall, the industrial cluster should see a slight annual decrease of nearly 1%, which will be less pronounced than in Quebec.

Consumer-related manufacturing includes food, beverage and tobacco manufacturing, furniture and printing and related products, which stand out because of their relative importance in the region's economy. With 4,000 workers in the region, food manufacturing is by far this sector's largest sub-sector in terms of jobs. This industry has been recognized by the region's socio-economic stakeholders as being a niche of excellence for economic



development. In recent years, companies in the region have encountered some difficulties that have resulted in closures and layoffs. Nevertheless, this industry is expected to grow by an average of 0.5% annually over the next three years. The efforts made by all private and public partners to support the development of this niche of excellence ensure conditions conducive to the growth of existing businesses and the establishment of new ones.

The furniture industry in the Laurentides region has gone through some difficult times over the past few years. As businesses in the region are small or medium in size and work more in the institutional rather than the commercial field, they are less well positioned to cope with the strong currency and Asia's increasingly fierce competition. All this limits opportunities for growth. The decline in housing starts expected over the forecast period will lower the demand for furniture in the province. Already, the financial crisis in the U.S. and its impact on the housing market has considerably curbed demand, affecting furniture exports to south of the border. Consequently, we predict an average annual drop of 2.8% for the province while the region should be down only 2.2% during the same period.

The printing and related activities industry has remained relatively stable in the region over the last few years and has even experienced slight growth in the last three years, particularly owing to the opening of a major printing plant in Mirabel. However, the newspaper printing sector is facing increasing competition from new media such as the Internet, limiting its prospects for growth. Consequently, we foresee a slight drop in employment at a rate of 1.5% annually in the region while the province will experience a much more significant decline.

This sector also includes other industries such as textile, clothing and leather, all three of which have been in the throes of tougher global competition as a result of the phasing out of the Multifibre Arrangement. These industries have a smaller share of regional employment than the other industries and should be going through another difficult period because of new market conditions. We predict an average annual decline of nearly 3.7% in the textile industry and 5.0% in the clothing and leather industries by 2011.

Resource-related manufacturing

The resource-related manufacturing sub-sector in the Laurentides region, with an average of just over 5,500 workers between 2006 and 2008, represents nearly 17% of manufacturing employment in the region and 2% of all jobs. This sub-sector is mainly represented by the wood product manufacturing industry, with its average of 2,700 workers over the last three years. This industry is increasingly relying on secondary and tertiary wood product processing. In 2003, it had 75 sawmills, a particleboard plant, a wood turning plant and two hardwood veneer and plywood plants according to data from the Quebec Department of Natural Resources, Wildlife and Parks. However, with the new rules on resource supply, the profile of this industry has changed somewhat in the past few years. According to our forecasts, the restructuring of the past two years will continue. Efforts to increase productivity in this industry will lead to a slight average annual 1.9% decline between 2009 and 2011. In the longer term, these efforts, and a return in demand from the American market, could indicate a return to employment growth in the next decade. Meanwhile, consolidations and reductions of operating costs will continue into the forecast period.

In the longer term, these efforts, and a return in demand from the American market, could indicate a return to employment growth in the next decade

The paper industry accounts for slightly over 18% of employment in this sector. This industry has also been affected by the problems related to the cost of raw supplies. The outlook is not much better for the next few years. We forecast that efforts to consolidate and restructure this industry will result in declining employment until 2011. The Laurentides region nevertheless still enjoys the strong presence of companies that specialize in tissue paper. This niche, which includes products such as facial tissues, toilet paper and others, is less affected by the declining demand for newsprint. For this reason, the paper industry in the region will fare better than in the province.



Investment-related manufacturing

Despite a steady decline over the last four years, this industry still has an average of 5,400 workers in the region

Investment-related manufacturing is the biggest sub-sector, with nearly 16,700 workers on average during the 2006-2008 period, which represents 6.3% of all employees in the Laurentides region and half of all jobs in the region's manufacturing sector. Transportation equipment manufacturing plays a significant role in the Laurentides labour market. Despite a steady decline over the last four years, this industry still has an average of 5,400 workers in the region. The sector's relative share of jobs in the region is higher than that for Quebec as a whole. The presence in the region of a number of industry leaders, such as Bell Helicopter, Bombardier Aéronautique, L-3 Communications MAS, Nova Bus and Paccar, creates a high level of energy and attracts other companies to the region. Some recent developments have diminished the exceptionally strong employment growth in the aeronautics industry. However, a number of major projects creating several thousands of jobs across the region will enable the industry to still remain strong over the next three years.

Also included in the investment-related manufacturing sub-sector are other industries that should post excellent results in terms of employment growth. Thus, machinery and metal manufacturing should experience positive growth during the forecast period. Of course, companies in these industries are not limited to the Laurentides region. The proximity of Montreal Island makes it easy for many Laurentides residents to commute to work there.

On the other hand, some sub-sectors will have a more difficult time dealing with the economic slowdown and the declining demand for their products. Consequently, industries such as chemical, plastics and rubber products, computer and electronic products and electrical equipment, appliance and component manufacturing will see their numbers of workers at best stagnate, if not decline a little.

In conclusion, we expect the investment-related manufacturing sub-sector to grow at an average annual rate of 0.4% in the region during 2009-2011, which is significantly more positive than in the rest of Quebec (-0.4%).

Construction industry

In the Laurentides region, the construction industry accounts for 7.9% of jobs, more than in Quebec as a whole (5.4%). The situation was fuelled in part by the region's population growth in the past few years. In fact, population growth in most MRCs in the region strongly influenced residential construction, which has grown continuously in the last few years. The renovation sector, boosted by the increase in house values, has also benefited from sustained demand in the past few years. Moreover, major projects in tourism and resorts, particularly in the Laurentides and Pays-d'en-Haut MRCs, have also had a positive impact on employment in both commercial and institutional construction in recent years.

The region saw employment in this industry grow over 67% between 2004 and 2008, compared with only 31% in Quebec. It should be noted that conditions in the region were very good over this period. The stability of already low interest rates, exceptional growth in house values, the province's stronger population growth, per capita disposable income above the provincial average and several commercial, tourism and institutional projects propelled employment levels to new heights in the region. It is also important to remember the hiring opportunities in the Greater Montreal region. Construction workers are often much more mobile than most workers and tend to go where the jobs are. The neighbouring regions were also prosperous during this period.

Even if some conditions remain favourable for the Laurentides region, the construction industry will not be able to maintain the same frenetic pace that it has enjoyed in the past.

Even if some conditions remain favourable for the Laurentides region, the construction industry will not be able to maintain the same frenetic pace that it has enjoyed recently. Residential housing starts will slow over the next three years. Major projects are already under way and should continue, but at a much slower pace. In fact, some of the projects announced were postponed or cancelled because of the difficulty in finding credit. This decline should not have too much of a negative impact on employment levels in the short term. However, the number of hours worked may be lower than in previous years.



In this context, for the period from 2009 to 2011, we expect the industry to go through a period during which it will have a growth rate of about only 0.8%. Quebec should experience a similar but slightly weaker trend owing to significant infrastructure investment and a number of projects in northern Quebec.

Services sector

Consumer services

The consumer services sector, with an average of 81,900 workers, provides the greatest number of jobs in the Laurentides region, representing over 31% of total jobs in the region.

Over the past three years, the number of workers has risen at an average annual rate of 4.4%, which is much faster than for Quebec as a whole (0.6%). Everything came together to push this sub-sector forward. Population growth, greater collective wealth and major investments in tourism services were all key factors promoting the growth of this sub-sector. These conditions should still be present during the forecast period but will be clouded by declining credit capacity.

Employment growth should continue, albeit at a lower annual average rate of 1% over the next three years.

In more difficult economic times, some industries could suffer because of slowed consumer spending. Moreover, the strong Canadian dollar could force some foreign tourists to change their travel plans. Nevertheless, employment growth should continue, albeit at a lower annual average rate of 1% over the next three years. This growth will remain higher than that for the province as a whole (0.4%).

Table 5

Breakdown and Employment Outlook in Consumer Services					
Laurentides Region					
	Average 2006-2008			2009-2011	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Consumer Services	81.9	31.1%	27.5%	1.0%	0.4%
Retail Trade	39.7	15.1%	12.6%	1.2%	0.5%
Information, Culture and Recreation	11.0	4.2%	4.4%	0.8%	-0.6%
Accommodation and Food Services	17.7	6.7%	6.1%	0.8%	0.6%
Other Services	13.6	5.2%	4.4%	1.0%	0.8%

Source: Service Canada, Quebec Region
Historical estimates based on Statistics Canada's Labour Force Survey (see Notes on methodology)

For a better understanding of changing patterns in this sector, we will look more closely at its main industries.

Almost half of all consumer services jobs are in the retail trade industry. This industry represents 15% of employment in the region, which is higher than for Quebec as a whole (12.6%). Retail trade has grown considerably in the recent past, with several big-box stores coming to the region. This trend will gradually abate in the food sector, but overall, the retail trade industry still has significant potential for growth in the region, and a few major projects announced should bring the average annual growth to 1.2% over the next three years. This growth will be higher than that for Quebec as a whole, where this industry will grow by approximately 0.5%.

The accommodation and food services industry is in second place in this sector, with an average of close to 18,000 employees between 2006 and 2008. The growth in the tourism offer, dominated by major investments in the Mont Tremblant area, has had a cascade effect, increasing the region's employment growth in this industry over the past three years.



The Laurentides region will continue to experience average annual growth similar to that of Quebec (0.6%) with 0.8% until 2011. Once again, major capital projects, particularly north of St. Jérôme and in Mirabel, have been factored into the forecast.

The information, culture and recreation industries, which employed more than 11,000 workers on average over the past three years, represent more than 4% of the region's total employment. Efforts to increase regional tourism services had a big part to play in this. The Laurentides population is aging, as is that of the rest of the province. Most of these people are in a much better financial situation than they were 10 or 15 years ago. They are in better health and better educated than their elders. This portion of the population is bound to grow and could also help boost the demand for entertainment, recreation and culture. The region still has a number of development projects in these industries, and despite some concerns about the number of American visitors who may not travel as much because of the new border crossing standards put in place in 2009 and the stronger Canadian dollar, we expect the number of jobs to increase at an average annual rate of 0.8% over the next three years. In Quebec, the outlook is grimmer, the negative tourism balance and slower population growth should lead to a decrease in employment of around 0.6% on average during the period.

Production services

Half of the industries in this sub-sector have a greater employment share in Laurentides than they do in Quebec.

The 62,500 or so jobs in the production services sub-sector represent close to 24% of jobs in the Laurentides region, slightly less than the corresponding proportion for the province as a whole. In fact, half of the industries in this sector have a greater employment share in Laurentides than they do in Quebec. This group includes wholesale trade (4.2% of total regional employment), transportation and warehousing (4.9%) and utilities (1%). However, the professional, scientific and technical services industry is the largest employer, with 5.4% of total regional employment.

During the recent five-year period, the production services sub-sector experienced weak average annual employment growth of 1.4%. This upset occurred following the negative result of one of its industries, wholesale trade. The global economic slowdown and the hardships in the automotive industry led to major layoffs in this industry in 2008. In 2007, only a year before, the average annual growth rate over five years was +8.5% for this same industry.

For the next three years, we expect an average annual growth rate of 0.7%, double the forecast rate for Quebec. This growth will be achieved through increased activity in the professional, scientific and technical services sector, utilities and wholesale trade.

Let us take a closer look at these projections.

The professional, scientific and technical services industry is the largest in the group with an average of 14,100 workers between 2006 and 2008. This industry enjoyed very significant growth since the start of the 1990s. However, the growth stabilized around 0.5% annually over the last five years. Moreover, with the major investment that the various levels of government will inject to renew public infrastructure, we expect this growth to speed up to reach 1.3% annually by 2011. This industry will remain one of the strongest in the production services sector.

The wholesale trade industry also experienced very strong employment growth (17%) from 2002 to 2005. Driven by a growing manufacturing sector and record-high construction, wholesalers took advantage of the good economic climate in the region. The next three years are expected to be a little less prosperous for the industry. However, the outlook is better in the Laurentides region than in the province as a whole, but it will still be more tentative, with an expected average annual growth rate of 0.7% over the period.



Table 6

Breakdown and Employment Outlook in Production Services					
Laurentides Region					
	Average 2006-2008			2009-2011	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Production Services	62.5	23.7%	25.7%	0.7%	0.4%
Utilities	2.7	1.0%	0.8%	1.0%	1.2%
Wholesale Trade	11.0	4.2%	4.0%	0.7%	0.3%
Transportation and Warehousing	13.0	4.9%	4.6%	0.2%	-0.2%
Finance. Insurance. Real Estate and Rental and Leasing	12.5	4.7%	6.0%	0.5%	0.5%
Prof.. Scientific and Technical Services	14.1	5.4%	6.6%	1.3%	1.1%
Mgmt of Companies. Enterprises. Admin. and Support and Other	9.2	3.5%	3.7%	0.6%	-0.2%

Source: Service Canada, Quebec Region
Historical estimates based on Statistics Canada's Labour Force Survey (see Notes on methodology)

The transportation and warehousing industry accounts for more than 5% of regional jobs, employing an average of 13,000 workers over the past three years. After several years of struggle following the transfer of airport operations from Mirabel to Dorval, the industry rebounded in 2008. The significant slowdown of the manufacturing sector in Quebec toward the end of 2008, which continued in 2009, will effectively limit the growth of this industry. According to our forecasts for the manufacturing sector, the impact on the transportation industry should not be as significant as for the province as a whole. Employment should, after declining in 2009 and the first half of 2010, return to about the same level as in 2008 in Laurentides.

With just over 9,000 persons employed on average during the last three years, the management of companies and enterprises, administrative support and other support services industries should experience much more positive outcomes than in Quebec as a whole. Owing to the availability of land and a skilled workforce, the growing number of companies in the region promotes the vitality of this industry. It must be noted that employment grew at an average pace of 7.7% per year over five years in the region. We therefore expect, given the significant decline in economic activity, that the pace of growth will slow down significantly but will remain positive, contrary to the provincial forecast.

Public and parapublic services

Public and parapublic services account for nearly 23% of jobs in the region, slightly below the province (24.5%). The educational services, ambulatory health care services and hospitals, and nursing and residential care facilities and social assistance sub-sectors are by far the largest, with over 18% of jobs in the region, and represent 80% of the public and parapublic sub-sector. The other 20% is divided among the three levels of government, with 56% of those jobs at the municipal and regional levels.

During the latest five-year period, the average annual growth rate in public and parapublic services was 1.7%. This healthy performance was achieved through educational services and health and social assistance services.

Returning to balanced budgets will be on the political agenda in the coming years. Moreover, factors such as the slowing population growth, low fertility rate, aging population



and government priorities will exert various pressures on employment the different branches of public and parapublic services.

Table 7

Breakdown and Employment Outlook in Public and Parapublic Services					
Laurentides Region					
	Average 2006-2008			2009-2011	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Gov. and Parapublic Services	60.2	22.9 %	24.5 %	1.0 %	0.8 %
Educational Services	17.5	6.6 %	6.8 %	1.0 %	0.0 %
Ambulatory Health Care and Hospitals	15.7	6.0 %	6.4 %	1.1 %	1.4 %
Other Health Care and Social Assistance	14.5	5.5 %	5.6 %	1.5 %	1.8 %
Federal Public Administration	2.4	0.9 %	2.0 %	0.3 %	0.2 %
Prov. and Territorial Public Administration	3.1	1.2 %	1.9 %	-0.2 %	0.2 %
Local, Municipal, Regional and Other Public Administration	7.0	2.7 %	1.8 %	0.3 %	-0.2 %

Source: Service Canada, Quebec Region
Historical estimates based on Statistics Canada's Labour Force Survey (see Notes on methodology)

This forecast is substantiated by the fact that the governments will experience further budget pressures caused by massive investments in response to the recession that began in late 2008.

Therefore, we anticipate a lower average growth rate of 1.0% during the forecast period, which is still slightly above the expected rate in Quebec as a whole (0.8%). This forecast is substantiated by the fact that the governments will experience further budget pressures caused by massive investments in response to the recession that began in late 2008.