

Sectoral

Outlook

2006-2008

Mauricie



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Summary

The area's population totalled 255,000 in 2001, down 2.3% from 1996 (1.4% increase in Québec). All regional county municipalities, or MRCs, saw declines, except for the des Chenaux MRC, which posted a very slight increase. The Institut de la statistique du Québec (ISQ) projections call for a further 2% decrease between 2001 and 2011, as against a 5% increase in Québec, which accentuates the region's population decline.

The manufacturing industry's presence is stronger in the Mauricie region than in the rest of Québec. From 2003 to 2005, the sector accounted for 20.0% of all jobs in the region, compared with 17.0% in the province as a whole. The industries are unevenly scattered over the area. The service sector is primarily located in the Trois-Rivières and Shawinigan areas, complete with big-box retailing and educational and health services. The Maskinongé and des Chenaux MRCs are characterized by a large agriculture sector, and the La Tuque area and Mékinac MRC, by a large forestry sector.

The Mauricie region's economy took many people by surprise in 2005 with a strong labour market performance. After gaining ground in 2002 and 2003 and levelling off in 2004, the Mauricie region is bouncing back, registering one of the highest employment growth rates among the economic regions of Québec. However, employment is moving in opposite directions, depending on the industry sector.

Employment in the primary sector is expected to decline between now and 2008, especially because of the tremendous uncertainty in the forestry sector.

Employment in manufacturing is expected to keep pace with the Québec average between now and 2008. However, the outlook is somewhat uncertain because of the vulnerability of many high-employment sectors. Paper manufacturing is experiencing some turmoil in that investments are needed to spruce up aging plants, and timber supplies are tied to legal and political decisions. Wood product manufacturing is in limbo because of numerous concerns: the softwood lumber dispute, the new Forest Act, and predicted closures and mergers; and furniture manufacturing continues to adjust to these new realities.

The region's construction industry prospered, with a record number of construction start-ups and major investments in infrastructure. However, for 2006 to 2008, employment in this sector is expected to edge down temporarily by an average of 0.3% annually. The completion of many construction projects will bring down the level of employment toward the end of the period under review.

With projected average annual growth of only 0.6% until 2008, the service sector is hard hit by the population decline, compared with the province. Employment in educational services could take a downturn, but in the health sector, it is expected to continue to grow, albeit at a modest pace.

Introduction

Each year, Service Canada develops medium-term employment forecasts both by industry and by occupation for Québec 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 Québec and its various regions.

Contrary to what we did in recent years, we are presenting the results of our analyses in two different, yet complementary, documents. This document deals with sectoral outlooks, whereas the second, to be published at a later date, will provide occupational outlooks.

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. 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

Estimated Employment Levels

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 Québec 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 (2003–2004–2005) 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 2006 to 2008. They were developed in winter 2005–2006 in co-operation with Service Canada economists working in all of Québec's regions and with the help of the Canadian Occupational Projection System (COPS), without which we would not have had access to the many 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

Ressource-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 Industry

- 23 Construction Industry

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

The region is located on the north shore of the St Lawrence River, between two large economic hubs: Québec City and Montreal. More than 69.0% of the population is concentrated in the two large merged cities of Trois Rivières and Shawinigan. The Trois-Rivières CMA is the largest urban agglomeration in the area, with 137,507 inhabitants, or close to 50% of the region's population. This does not include the city of Bécancour, which had 11,051 inhabitants in 2001. Two Aboriginal reserves are also located in the area, namely, Obedjiwan, with a population of 1,666, and Weymontachi, with a population of 1,042.

Economic Environment

The Trois-Rivières CMA is the largest urban agglomeration in the area, with 137,507 inhabitants, or close to 50% of the region's population

The Mauricie is bouncing back, registering one of the highest employment growth rates

The Mauricie region's economy took many people by surprise in 2005 with a strong labour market performance. After gaining ground in 2002 and 2003 and levelling off in 2004, the Mauricie is bouncing back, registering one of the highest employment growth rates among the economic regions of Québec. However, employment is moving in opposite directions, depending on the industry sector.

The past year was marked by a major hike in oil prices because of the natural disasters in the United States and the geopolitical context in the Middle East. Also, the Canadian dollar continued to gain momentum throughout 2005 against the American dollar. Last year, the Canadian dollar was worth US\$0.83, on average, compared with US\$0.77 in 2004. Some forecasters are calling for an even stronger Canadian dollar in 2006. The strength of the Canadian dollar is having an impact on the Mauricie region's export firms, given that almost all export trade¹ is with the United States. Furniture manufacturing and pulp and paper mills, which are major industries in the Mauricie region, are losing their competitive edge with every fluctuation in the value of the Canadian dollar.

In a push to contain Canada's economic growth in 2005, the Bank of Canada began to increase the overnight interest rate in mid-year. Following three consecutive increases, the overnight rate went from 2.5% to 3.25% from July to December 2005, enabling the Bank of Canada to keep inflation in the target range of 1.0% to 3.0% throughout the year, except in September 2005. According to Bank of Canada forecasts, the overnight rate is expected to continue to climb in the first half of 2006, then to hold steady in the second half.

¹ According to the Institut de la statistique du Québec (ISQ), nearly 99.0% of Mauricie exports went to the United States in 2002.

The area has to deal with a shrinking population

The Mauricie's economic conditions aside, the area has to deal with a shrinking population. The latest Statistics Canada Census showed that the region's population declined by 2.3% between 1996 and 2001, as against a 1.4% increase in Québec. According to census data, this was the first time the region's population had ever dropped. In addition, the region's share has ebbed since 1981, falling from 3.9% to 3.5% as of the 2001 Census. The Shawinigan and La Tuque areas are the hardest hit by this phenomenon. The low birth rate, compared with Québec's, combined with the migration of young adults to pursue post-secondary education or find work, for instance, have been impediments to population growth in the Mauricie region.

However, the latest ISQ data indicate a reversal in this trend in the last three years. Although long-term forecasts indicate a 6.4% drop in the population from 2001 to 2026, there was a slight growth spurt from 2003 to 2005. This cannot be accounted for by natural increase (deaths vs births), because since 2001, the death rate has been higher than the birth rate. In Québec, three regions currently have a negative rate of natural increase (Bas-Saint-Laurent, Gaspésie-Îles-de-la-Madeleine and the Mauricie). On top of having the lowest birth rate in the province, the region also has the greatest proportion of people 65 and over of all of Québec's economic regions. The reversal in this trend can instead be explained by positive net migration to the Mauricie region during that period for all cohorts, except for 20-to-29-year-olds, who are still posting a negative net migration.

Labour Market Indicators

From 2000 to 2002, the region saw a decline in the working-age population, ie, people aged 15 and over. The situation seems to have been improving since 2003, with growth being posted in the last three years. On average, there were 215,300 people aged 15 and over in 2005, a 2.3% increase over the previous year. This situation can be explained by the reversal in the demographic trend mentioned in the previous section. The robustness of the labour market over the last few years may have motivated people to move back to the region or to migrate to the Mauricie for other reasons. However, in the long term, population aging will lower the numbers of the working-age population. According to the latest census, the population 45 and over expanded by 13.0% from 1996 to 2001, and the 0-to-24-year-old cohort shrank by almost 10.0% in the same period.

Following a decline in 2004, the region's labour force expanded in 2005, with 2,700 more people entering the labour market than in the previous year. In 2005 overall, 129,000 people were employed or looking for work. It should be noted that, in 2003, the region's labour force, which numbered 129,400 people, reached its highest peak since 1987, the year we started recording these data.

In that context, the participation rate gained 1.0 percentage point and posted an annual average rate of 59.9% in 2005. The following table shows the various labour market indicators in the region and in Québec.

Table 1
Main Labour Market Indicators - 2003-2005
 Mauricie Region

	2003	2004	2005	2003-2005
Population 15+ ('000)	213.1	214.1	215.3	214.2
Labour force ('000)	129.4	126.1	129.0	128.2
Employed ('000)	115.9	112.4	116.2	114.8
Unemployed ('000)	13.5	13.7	12.7	13.3
Unemployment rate (%)	10.4%	10.9%	9.8%	10.4%
Participation rate (%)	60.7%	58.9%	59.9%	59.8%
Employment rate (%)	54.4%	52.5%	54.0%	53.6%

Source: Statistics Canada, Labour Force Survey
 Compilations by Service Canada

The number of employed increased by 3,800 people in the region in 2005 from the previous year, representing a 3.4% increase. By the same token, 2005 had the largest number of employed in the region since 1987. On average, for the period under review, 116,200 people were employed, including 92,400 working full time and 23,800 working part time. Full-time employment increased by 3.9% and part-time employment followed suit, increasing by 1.7%.

The major growth in employment in 2005 seems to have taken many people by surprise in the region. This favourable outcome is mainly attributable to a first-rate performance by the service sector. The past year has been difficult for manufacturing in the region, as it has in the province. In the construction industry, a good performance in the civil engineering and highways sector, with a 42.0%² increase in the number of hours worked (from January to September 2005), compared with the same period the previous year, has limited the damage caused by a 5.0% drop in construction start-ups in the same period.

² Commission de la construction du Québec, Direction de la recherche et organisation, 3rd Quarter 2005, Mauricie-Bois Francs.

We are forecasting 0.6% average annual employment growth for 2006 to 2008; the increase in the last five years was 1.0%

The number of unemployed shrank by 1,000 people in 2005, falling from 13,700 to 12,700, in the Mauricie region. The unemployment rate fell 1.0 percentage point to an average of 9.9% in 2005.

We are forecasting 0.6% average annual employment growth for 2006 to 2008. This is lower than the projected 1.1% annual employment gain in the province as a whole for the same period. By comparison, in the last five years, regional employment grew by an average of 1.0% annually. About 700 new jobs are expected to be created annually for the period under review. In addition, there will be replacements resulting from retirements, which will add significantly to the number of new job opportunities.

Part 2: Sectoral Outlook

Overview

The industries are unevenly scattered over the area

The manufacturing industry's presence is stronger in the Mauricie region than in Québec as a whole. According to the following table, the sector accounted for 20.0% of all jobs in the region, compared with 17.0% in the province as a whole. The industries are unevenly scattered over the area. The service sector is primarily located in the Trois-Rivières and Shawinigan areas, complete with big-box retailing and educational and health services. The Maskinongé and des Chénoux MRCs are characterized by a large agriculture sector, and the La Tuque area and Mékinac MRC, by a large forestry sector. The following table shows job distribution by industry group in the Mauricie region.

Table 2
Breakdown of Employment for Selected Industry Groups
Mauricie Region

	Average 2003-2005			2006-2008	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
All Industries	114.8	100.0%	100.0%	0.6%	1.1%
Primary	3.3	2.9%	2.6%	-0.8%	-0.6%
Manufacturing	23.0	20.0%	17.0%	0.9%	0.9%
Construction	6.6	5.7%	4.6%	-0.3%	-0.1%
Services	82.1	71.5%	75.9%	0.6%	1.3%
Consumer Services	32.4	28.2%	27.6%	0.8%	1.2%
Production Services	21.2	18.5%	24.0%	1.1%	1.7%
Public and Parapublic Services	28.6	24.9%	24.3%	-0.1%	0.8%

Source: Service Canada Québec Region
Historical estimates based on Statistics Canada's Labour Force Survey

Manufacturing posted the highest average annual growth at 0.9%

Employment levels in the primary and construction sectors will drop in the 2006-2008 period, both in the region and the province. In the Mauricie region, public and parapublic services will also experience declining employment levels in the coming years.

Manufacturing posted the highest average annual growth at 0.9%, followed by the service sector at 0.6% for the period under review. Changes in employment will vary by industry for various reasons. The next section provides a closer look at the development of the Mauricie region's main industries.

Primary Sector

The primary sector accounted for an average of 2.9% of all jobs between 2003 and 2005. Agriculture is the predominant industry, providing approximately 2,200 jobs in the region. The number of workers in this sector has been steadily declining for several years. This is largely attributable to the modernization of equipment and mechanization of agriculture and forestry operations.

Agriculture Industry

The agriculture industry is still the nucleus for economic development in certain parts of the region. There are about 1,200 farms engaged in 28 different types of production³; three quarters of the farms are in the Maskinongé and des Chenaux MRCs. The main output by order of importance are: milk, hogs and pigs, poultry and cattle. Various structural changes will continue to affect employment levels in this sector. Firstly, the consolidation of production units favours large-scale farms over the smaller, traditional farms and the replacement of manual labour with technology. Secondly, producers are faced with the increasingly difficult issue of farm succession. The amount of capital required to start or purchase a business in this industry is preventing young people from ensuring succession. Lastly, property assessments of production units, which are steadily rising, are putting producers in financial positions with which their revenues sometimes cannot cope.

Three quarters of the farms are in the Maskinongé and des Chenaux MRCs

The mad cow crisis in Canada made life difficult for beef producers, depriving them of substantial revenues in the last two years. The Rompré farm in St Anne de la Pérade became a victim of this crisis. The largest beef producer in Québec and eastern Canada, this farm was forced to declare bankruptcy in 2005. With an annual production of 12,000 head of cattle, the farm was responsible for almost 10.0% of the province's beef cattle. However, it is not inconceivable that this producer will resume operations in the coming year following the acquisition of Rompré's infrastructure by another producer in the same area.

According to our latest forecasts, the number of employed in this industry is expected to continue to slide from 2006 to 2008. However, the lifting of the moratorium on hog and pig production in Québec could result in the development of new facilities in the region, but the downward trend will definitely continue.

³ L'agriculture et la forêt privée en Mauricie, Fédération de l'UPA de la Mauricie.

Table 3
Breakdown and Employment Outlook in the Primary Sector
 Mauricie Region

	Average 2003-2005			2006-2008	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Whole Primary Sector	3.3	2.9%	2.6%	-0.8%	-0.6%
Agriculture	2.2	1.9%	1.5%	-1.1%	-0.5%
Forestry and Logging	0.9	0.8%	0.6%	0.0%	-2.4%

Source: Service Canada Québec Region
 Historical estimates based on Statistics Canada's Labour Force Survey

Logging

Logging industry does not seem to be out of the woods

The Conférence régionale des Élus (CRÉ) [regional conference of elected representatives] in the Mauricie region tabled an action plan in June 2005 to diversify and improve industry practices

The last few years have been difficult for the logging industry, especially because of the softwood lumber dispute with the United States. Canada's recent victories in international courts and the lowering of tariffs augur well for an imminent settlement of the Canada-US dispute. However, with the adoption of the new Forest Act and other legislative provisions on forestry issues following the 2005 Coulombe Report, the industry does not seem to be out of the woods. In the next three years it will have to adjust to the new rules and to a 20.0% reduction in allowable cut.

To mitigate the effects of this decision, the Conférence régionale des Élus (CRÉ) [regional conference of elected representatives] in the Mauricie region tabled an action plan in June 2005 to diversify and improve industry practices. The plan focusses on three important phases: timber management, harvesting and processing. In addition, the transfer of responsibility for the Forest Resources Development Program in 2004-2005 to the CRÉ will make it possible to prioritize activities based on the area's resources and needs.

For 2006 to 2008, the number of employed in this industry is expected to hold steady. Most of the layoffs have already taken place and the stepping up of timber management activities should, we think, compensate for the other forestry employment losses.

Manufacturing Sector

The manufacturing sector has the brightest prospects of all the major sectors, with an expected average annual gain of 0.9% from 2006 to 2008, which is about the same as for the province. Some of the subsectors are struggling because of the strength of the Canadian dollar, the hike in oil prices and competition from developing countries. This section provides a few more details about the region's main manufacturing industries.

The region has succeeded in diversifying its economy and becoming less dependent on the traditional sectors, having relied on them for a long time. The start-up of companies in the aerospace industry, rubber product manufacturing and fabricated metal product manufacturing has enabled the region to diversify considerably and thereby stabilize the local economy. Manufacturing accounts for 23,000 workers, or 20.0% of total employment, compared with 17.0% for the province as a whole. The following table shows the results for the Mauricie region's largest industry sectors in terms of employment.

Table 4
Breakdown and Employment Outlook in the Manufacturing Sector
Mauricie Region

	Average 2003-2005			2006-2008	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Whole Manufacturing Sector	23.0	20.0%	17.0%	0.9%	0.9%
Consumer-Related Manufacturing	7.3	6.4%	6.7%	0.7%	0.4%
Food, Beverages and Tobacco	1.8	1.6%	2.2%	1.6%	1.9%
Furniture and Related Products	2.5	2.1%	1.0%	-0.8%	-0.2%
Resource-Related Manufacturing	11.6	10.1%	4.0%	-0.2%	-0.3%
Wood Product Manufacturing	4.0	3.5%	1.6%	-0.9%	-1.1%
Paper Manufacturing	4.2	3.7%	1.0%	-0.9%	-1.2%
Primary Metal Manufacturing	2.5	2.2%	0.9%	0.4%	0.9%
Investment-Related Manufacturing	4.1	3.5%	6.3%	3.8%	2.1%

Source: Service Canada Québec Region
Historical estimates based on Statistics Canada's Labour Force Survey

Food Manufacturing

Food manufacturing employs just over 1,800 people in the region. In the last few years, the industry has been developing to meet new consumer trends. Local delicacies have become popular in recent years, spurring many new manufacturers to open businesses, more often cottage industries than mass-production establishments, to meet the demand for new consumer products. Other products, such as microbrewery beer (Les bières de la Nouvelle-France and Le trou du diable) are slowly being developed and are gaining reputations outside the region.

For 2006 to 2008, the average annual growth rate is expected to be 1.6%, which is slightly lower than in Québec (1.9%). According to MAPAQ, the Mauricie's status as a resource region provides a key economic lever for the development of food processing and, by the same token, stimulates job creation in the area.

Furniture Manufacturing

Furniture manufacturing is one of the top-ranking industries in the Maskinongé MRC

Until recently, furniture manufacturing has had some prosperous years thanks to favourable economic conditions and low exchange rates. This industry has grown in the region, employing some 2,500 workers from 2003 to 2005. Furniture manufacturing was one of the top-ranking industries in the Maskinongé MRC. From 1990 to 2000, employment in this industry skyrocketed from 16.3% to 41.2% in the area,⁴ thanks to major players such as Canadel (850 employees) and Bermex (200 employees). In addition, some 60 SMEs form part of this industrial cluster in the MRC.

Shipments of Québec-made furniture are signs of an average annual growth rate of 15.0% from 1995 to 1999 in current dollars, which is much higher than in the manufacturing sector as a whole, and the United States received 98% of exports. However, the situation changed a short while ago. The quick rise of the Canadian dollar and an increasingly stronger presence of Asian companies in the North American market have turned the tables. Québec is in a similar situation, with a substantial increase in imports and market share changing hands. In 2000, 30% of imports came from the United States, plunging to 13.0% in 2004. In that same period, imports from China shot up from \$50 million to almost \$200 million, accounting for about 35.0% of all furniture imports, totalling over \$565 million in Québec, in 2004.⁵

⁴ Le secteur industriel du meuble dans la MRC de Maskinongé: Un bref historique, Jocelyn Morneau, PhD Études québécoises.

⁵ Institut de la statistique du Québec, Commerce international des marchandises du Québec, Data from the 3rd quarter 2005.

Québec's furniture industry wants to promote innovation by supporting a research chair at the Institut de recherche sur les PME at the University of Québec in Trois Rivières (UQTR)

The furniture industry is facing a hardwood shortage

Wood Product Manufacturing

To mitigate current economic conditions, Québec's furniture industry wants to promote innovation by supporting a research chair at the Institut de recherche sur les PME at the University of Québec in Trois Rivières (UQTR). The chair receives \$1.2 million in funding over five years from the Québec Furniture Manufacturers' Association and some 20 firms in the industry. The chair's mission is to develop, transfer and implement knowledge, practices, competencies and leading-edge technology in the furniture industry. According to the industry's main stakeholders, regional businesses will have to raise quality standards and offer a wider range of products rather than compete on a cost basis. Diversification, innovation and product customization will be the solution for producers.

On top of these problems, the furniture industry is facing a hardwood shortage; it is forced to import, thereby reducing its competitiveness. According to industry stakeholders, we should be procuring supplies for products that generate the greatest added value, such as furniture, compared with other manufacturing products.

According to our latest projections for 2006–2008, the annual employment rate in the furniture industry will fall by an average of 0.8% in the region, compared with a 0.2% drop in the province.

On average, wood product manufacturing employed 4,000 workers over the past three years. The Mauricie region ranks sixth out of Québec's administrative regions, with just over 6.0% of softwood lumber production.⁶ The region has 55 sawmills, 15 of which measure more than 10,000 cubic metres, two veneer and plywood mills and one particle board mill.⁷

A drop in production and downsizing are expected in the years ahead. The 20.0% reduction in allowable cut, the slowdown in residential construction and problems in paper manufacturing are all contributing factors to our pessimistic outlook for this industry.

Our projections for 2006–2008 indicate a 0.9% average annual employment decline for the region, compared with a 1.1% drop for the province. The United States are still imposing countervailing and antidumping duties on Canadian wood, despite Canada's successes before various trade tribunals. A proposed settlement of the dispute could be beneficial for companies, which would recover the countervailing duties paid over the last few years.

⁶ Conseil de l'industrie forestière du Québec, Statistics for 2004.

⁷ Conseil de l'industrie forestière du Québec, Portrait forestier de la Mauricie.

Paper Manufacturing

The Mauricie region ranked first out of all Québec's regions, with nearly 15.0% of Québec's paper shipments

Many analysts are forecasting paper mill closures in Québec in the coming years

Paper manufacturing, which provides 4,200 jobs, or 3.7% of regional employment, is the largest industry in the manufacturing sector. In 2003, the Mauricie region ranked first out of all Québec's regions, with nearly 15.0%⁸ of Québec's paper shipments and six pulp, paper and paperboard mills. Following the inauguration of the new Kruger Wayagamack mill in Trois Rivières, the region benefited from another \$15 million investment in 2005 for the construction of a bleach plant in Shawinigan's Belgo mill. Production costs seem to be a concern for all the mills. Manufacturers are doing everything they can to reduce production costs in order to remain competitive. Construction of the new Centre intégré des pâtes et papier (CIPP) in Trois Rivières is a solution, providing mills in the region and those scattered across Québec with its valuable expertise. The transfer of the research and development division of the Groupe GL & V from the United States to the CIPP and the research centre's partnerships with the UQTR and the Trois Rivières CEGEP will provide companies with the latest technology and highly skilled labour.

Many analysts are forecasting paper mill closures in Québec in the coming years. Demand for newsprint is no longer what it was, given changing consumer trends and the increasing popularity of electronic information. Almost all newspapers provide Internet news services and e-books will soon be a reality. In the Mauricie region, the dispute between Kruger logging and the Innu of Betsiamites could lead to 300 short-term job losses at the new Wayagamack mill in Trois Rivières if logging is halted on Île René Levasseur on the North Shore. The wood from this area is the mill's only woodchip source, and a negative decision for Kruger in this dispute would compromise its development.

For 2006–2008, we are projecting a 0.9% drop in average annual employment in this subsector. Since the pulp and paper industry has an aging workforce, retirements will provide a few job opportunities. Unfortunately, given the current situation, not all departing workers will be replaced, largely on account of efforts to reduce production costs and the drop in demand for newsprint.

⁸ Institut de la statistique du Québec, Statistiques principales de l'activité manufacturière par sous-secteur du SCIAN, Mauricie, 2003.

Primary Metal Manufacturing

The outlook for metal manufacturing in the region looks uncertain

The outlook for metal manufacturing in the region looks uncertain. Alcan has yet to outline a replacement plan for its Shawinigan plant, which employs almost 500 workers. The plant uses Soderberg potrooms, components of a manufacturing process that will have to be eliminated by 2015 because of new environmental standards. The multinational company has already closed its Arvida plant, but has not made a decision concerning the Shawinigan and Beauharnois plants. The Shawinigan plant is unique in that it produces complex alloys and is thus not likely to close in the short term. In late 2004, the president of Alcan Primary Metal announced that there would be no further expansion of the company in Québec because production costs were lower in other countries.

In early 2006, Corus (aluminum sheet manufacturer) announced that it was halting its \$40 million modernization project. The company, which has been trying to sell its aluminum division since 2002, is delaying modernization plans because of economic conditions. This delay could put the Trois Rivières plant's facilities at risk.

For 2006–2008, we are projecting a slight increase of 0.4% in average annual employment, as against a 0.9% increase in the province. This limited growth can be attributed to small and medium-size secondary metal manufacturers, which produce metals such as aluminum and magnesium. Metal manufacturing employed, on average, about 2,500 workers from 2003 to 2005.

Investment-Related Manufacturing

Employment in plastics and rubber products manufacturing will double in the Mauricie region

Investment-related manufacturing accounts for just over 4,100 workers in the region, or 3.5% of total employment. We expect these manufacturing industries to post the highest growth in the Mauricie region in the next three years. Transportation equipment manufacturing will continue to gain ground, thanks to two companies that have established operations on the premises of the Trois Rivières Airport. After OMF went out of business in 2004, the board bounced back with Symphony Aircraft Industries (SAI). The firm, which manufactures two-seater aircraft, currently employs 75 people. Once the new production line has been developed, the workforce is expected to number over 100 by March 2006 and about 150 by the end of 2006. The same phenomenon is expected to occur with Premier Aviation, which does maintenance work and paint jobs for large aircraft such as 737s. Having signed a three-year contract with WestJet, the company plans to build a new hangar and a third production line for aircraft maintenance. The company currently employs some 100 workers and expects to continue growing over the next year. This activity sector, which is closely linked to business cycles, is expected to benefit from favourable global economic conditions in the years ahead. It should be noted that this new niche is still under development in the region and is therefore apt to be affected by the slightest fluctuations in the economy.

Québec's wind energy development strategy is extending to the region

Employment in plastics and rubber products manufacturing will double in the Mauricie region with the upcoming construction of Dayco's automotive parts plant in Trois Rivières. In early 2006, the company moved into the industrial motel in the Hautes Forges industrial park and is planning to start production of rubber power steering hoses at the beginning of the second quarter of 2006. The \$31.5 million investment is expected to create 340 jobs in the next three years.

Québec's wind energy development strategy is extending to the region. Marmen, a wind tower manufacturer, continues to expand in the Mauricie and Bas-Saint-Laurent regions. The machining firm employs over 500 people in the region and is expected to grow with the development of wind energy in Québec. According to our latest projections for 2006–2008, investment-related manufacturing is expected to post average annual growth of 3.8% in the region, compared with 2.1% province-wide.

Construction Industry

This minor drop in employment can be explained by a projected decrease in start-up projects, beginning in 2006, and by the completion of several major projects

The construction industry employed an average of 6,600 workers in the region from 2003 to 2005, accounting for 5.7% of total employment. This was a good period for construction in the region. Private and public investments in major industrial projects have contributed to steady growth in this industry. Residential construction also profited from the favourable economy, mainly in the Trois-Rivières census metropolitan area (CMA). Although 2004 had been the best year since 1994 for construction starts, with 874 start-ups, 2005 topped this figure with 919. The Canada Mortgage and Housing Corporation (CMHC) is calling for a slight drop in the number of start-ups for 2006.

Without a doubt, the most significant event in 2005 was the start-up of construction projects for new hydro-electric power plants on the St Maurice River in Haute Mauricie. The Chute Allard and Rapide des Cœurs projects will require investments totalling \$700 million and will employ almost 500 workers when they reach their peak in 2006 and 2007. According to the Commission de la Construction du Québec, the number of hours worked in the Mauricie-Bois Francs area increased by 16% in 2005 (January to September), mostly in the industrial sector and civil engineering and highways sector.

Steady growth is expected in the region in the year ahead. According to our forecasts, however, employment will edge down by 0.3% from 2006 to 2008. This minor drop in employment can be explained by a projected decrease in start-up projects, beginning in 2006, and by the completion of several major projects, including the dams in the Haute Mauricie area, which should be in operation by spring 2008, the TransCanada Énergie thermal power plant in 2006 and the La Tuque hydro-electric power plant in 2008.

Consumer Services

Consumer services include the economic sectors that rely in large part on consumer spending. This sector accounted for 28.2% of all jobs in the region, which is slightly higher than in Québec (27.6%). Retail trade was the largest group, with 14% of all jobs, followed by accommodation and food services (6.0%), other services (5.2%) and information, culture and recreation (3.0%).

Table 5
Breakdown and Employment Outlook in Consumer Services
Mauricie Region

	Average 2003-2005			2006-2008	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Consumer Services	32.4	28.2%	27.6%	0.8%	1.2%
Retail Trade	16.1	14.0%	12.8%	0.8%	0.9%
Information, Culture and Recreation	3.4	3.0%	4.5%	0.9%	1.7%
Accommodation and Food Services	6.9	6.0%	5.8%	0.7%	1.7%
Other Services	6.0	5.2%	4.5%	0.6%	1.3%

Source: Service Canada Québec Region
Historical estimates based on Statistics Canada's Labour Force Survey

Retail Trade

The population decline projected for the region will put a damper on retail trade

In the 2003–2005 period, retail trade employed over 16,100 workers, on average. There were numerous investments in food stores and pharmacies throughout the area in 2005. Over the next few years, interest rates are expected to remain relatively low and stable, which should promote steady growth. The increase in disposable income resulting from the positive employment outlook and higher salaries will give this industry a boost in the region.

We are projecting average annual growth of 0.8% for 2006–2008, compared with 0.9% for Québec. The population decline projected for the region will put a damper on this industry group in the longer term.

Accommodation and Food Services

Major upcoming projects will stimulate job creation in the accommodation and food service industry

From 2003 to 2005, the accommodation and food services industry employed about 6,900 people, on average. The industry's performance is attributable in part to the distinctive style of some of its establishments. The Sacacomie Hotel, Le Florès Inn and Le Baluchon Inn (among others) now offer a wider range of services thanks to major investments. Downtown revitalization projects, such as the one in Trois Rivières, have generated many business opportunities in this industry. Major cultural events attract a large number of tourists year in and year out. The Mondial de la poésie, Festival du théâtre de rue, Grand Prix de Trois-Rivières, the Classique Internationale de canots and the Festival Western de Saint-Tite are all major traffic builders for the region in summer.

Major upcoming projects will stimulate job creation in this industry. The investment of \$35 million in real estate development in Lac Mékinac and construction of a new \$5 million hotel in Trois Rivières have boosted tourism supply and fostered regional development. From 2001 to 2004, there was an increase of almost 10.0% in the number of rooms in various establishments in the region.

Information, Culture and Recreation

In the past few years, the region has been putting a lot of effort into developing its unique character by launching new cultural products

There are also about 80 outfitters in the region, including close to 70 in Haute Mauricie. In the past few years, they have adapted their services to satisfy demand, and have expanded beyond their traditional hunting and fishing activities. The quality of accommodations has also greatly improved, making them suitable for the whole family.

Our projections indicate that the level of employment will increase by an average of 0.7% annually from 2006 to 2008. Growth will be less substantial than in the province as a whole (1.7%) because of the uncertainty surrounding certain projects and because of project completion dates in relation to the period covered by this document.

Information, cultural and recreation employed 3,400 people, on average, from 2003 to 2005. In the past few years, the region has been putting a lot of effort into developing its unique character by launching new cultural products. Success stories include La Cité de l'Énergie, which has three major attractions, including exhibitions from the National Gallery of Canada in the former Alcan plant in Shawinigan. A new exhibition has been featured every summer for the last three years. The history of the city of Trois Rivières is also being promoted through a wide range of historical attractions. The modernization of the old part of Trois Rivières and the presence of various exhibitions, including the one at the Québec Museum of Folk Culture site in the former Trois Rivières prison, are a testimony to the importance of history and culture. In addition, the Centre d'exposition sur l'industrie des pâtes et papier showcases the industrial past of the Mauricie region.

A few projects are expected to crop up here and there during the period under review, which should result in above-average employment growth throughout the region. The projected average annual growth rate is 0.9% for 2006 to 2008, which is not as high as that of the province (1.7%) for the same period. The significant gap can be explained by the concentration of certain industries, such as motion pictures, arts and telecommunications (media), in the large urban centres.

Production Services

Production services employed a little over 21,200 workers in the Mauricie region, accounting for 18.5% of employment, which is lower than the rate in Québec (24.0%). Growth seen in recent years is expected to continue in the region between 2006 and 2008 at an average annual rate of 1.1%. This is lower than the average annual rate for the province, which will stand at 1.7% during the same period.

Table 6
Breakdown and Employment Outlook in Production Services
 Mauricie Region

	Average 2003-2005			2006-2008	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Production Services	21.2	18.5%	24.0%	1.1%	1.7%
Utilities	2.2	1.9%	0.9%	1.2%	1.3%
Wholesale Trade	3.1	2.7%	3.8%	1.4%	1.1%
Transportation and Warehousing	4.4	3.9%	4.6%	2.0%	1.3%
Finance, Insur., Real Estate and Rental and Leasing	4.5	3.9%	5.4%	0.2%	0.7%
Prof., Scientific and Technical Services	3.8	3.3%	6.0%	1.1%	2.9%
Mgmt of Cies, Enterpr., Admin., Sup. and Other	3.1	2.7%	3.3%	0.9%	2.8%

Source: Service Canada - Région du Québec
 Estimations historiques basées sur l'Enquête sur la population active de Statistique Canada

Wholesale Trade

Wholesale trade employed 3,100 individuals in the Mauricie area, accounting for 2.7% of all jobs, which is lower than in Québec (3.8%). The region's robust economic performance in recent years and the vigour of the manufacturing industry have stimulated this sector. Employment is expected to grow by 1.4% annually from 2006 to 2008, outstripping the province's rate of 1.1%. The strong Canadian dollar will make it possible to buy more production equipment and machinery from the United States, which will further fuel this sector. The good performance of the construction industry at the start of the forecast period will definitely make it possible to meet the projections.

Financial Services

Financial services dominated the production services sector, with an average of 4,500 jobs for 2003–2005. The sector's share of employment (3.9%) was smaller than it was in Québec (5.4%) owing to the concentration of financial activities in large urban centres, such as Québec City and Montreal. Growth in recent years is attributable to the diversification of financial products and good economic conditions. There will be far fewer employment opportunities than in the past few years, with an expected average annual growth rate of 0.2%. The popularity of electronic financial services will slow down the growth rate in the coming years.

Transportation and Warehousing

Business was booming in the transportation and warehousing sector, thanks to major construction projects and growth in the manufacturing sector

The transportation and warehousing sector was the second largest production services industry, accounting for 4,400 workers or 3.9% of all jobs in Mauricie, compared with 4.6% in Québec. Favourable economic conditions in the past few years, major construction projects and growth in the manufacturing sector helped galvanize this sector. A \$10 million investment in the Trois Rivières Port has generated new contracts. Alouette established its distribution centre for the northeastern part of North America in Trois Rivières. About 5,000 tons of aluminum ingots from the Sept Îles plant go through this port every week. In addition, the Kruger Wayagamack plant has been receiving marine shipments of woodchips from North Shore sawmills since late 2005. The 2006–2008 outlook is brighter than it is for Québec, with 2.0% average annual employment growth in the region, compared with 1.3% in the province. Major construction projects in the region will stimulate this sector.

Professional, Scientific and Technical Services

Professional, scientific and technical services employed 3,800 people in the Mauricie region, accounting for 3.3% of total employment, compared with 6.0% in Québec. The vigorous employment growth of the past few years, stemming from favourable economic conditions, is expected to slow down a little, while remaining positive. For 2006–2008, we are forecasting average annual growth of 1.1%, compared with 2.9% in the province. The large corporations in this sector are mainly located in the Montreal and Québec City metropolitan areas, which explains in part the significant employment growth gap between the Mauricie region and the province. There could be an upsurge in employment growth, however, given increased spending on infrastructure and civil engineering projects in the region. Furthermore, this sector stands to benefit from the provincial government's plans for new public-private partnerships in project management and development in various business sectors.

Public and Parapublic Services

Public and parapublic services employed 28,600 people in the region, accounting for 24.9% of all jobs. We are forecasting a slight 0.1% drop in the average annual growth rate for 2006–2008, compared with a 0.8% gain in the province. Continued growth in the health sector will mitigate overall job losses in public and parapublic services.

Table 7
Breakdown and Employment Outlook in Public and Parapublic Services
 Mauricie Region

	Average 2003-2005			2006-2008	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Gov. and Parapublic Services	28.6	24.9 %	24.3 %	-0.1 %	0.8 %
Educational Services	7.9	6.9 %	6.6 %	-0.8 %	-0.1 %
Health Care and social assistance	15.2	13.2 %	11.9 %	0.7 %	1.7 %
Public Administration	5.5	4.8 %	5.8 %	-0.8 %	-0.1 %

Source: Service Canada Québec Region
 Historical estimates based on Statistics Canada's Labour Force Survey

Educational Services

The student population dropped by 2.0% annually, on average, and this trend is expected to continue over the next 10 years

Following a period of sizable job growth in the 1990s, educational services employed an average of 7,900 people from 2003 to 2005. The growth recorded in the past few years is not expected to last. The sector's workforce is expected to decrease by an average of 0.8% annually from 2006 to 2008. The student population has been declining in the region since 1996, which is a major reason for the negative growth rate. From 2000–2001 to 2004–2005 the student population dropped by 2.0% annually, on average, and this trend is expected to continue over the next 10 years. All employment opportunities will arise as a result of retirements, but unfortunately, not all workers will be replaced. According to a study conducted in the Mauricie region in 2005, nearly 300 teachers at all school levels will be eligible for retirement in the next three years. The outlook for the Mauricie region is the same as for Québec as a whole, but the negative growth is much more significant.

Health and Social Services

It should be noted that the Mauricie region has the greatest number of people 65 and over in the province

From 2003 to 2005, health and social services was the second largest sector in the region, employing 15,200 people, on average, right behind retail trade (16,100). Population aging is bolstering this industry. It should be noted that the Mauricie region has the greatest number of people 65 and over in the province. Our latest projections point to an average annual growth rate of 0.7% from 2006 to 2008. Although our projections seem conservative compared with those for the province, the growth rate could be higher in the coming years, depending on how governments respond to ever-increasing demand. However, the lack of skilled labour in the region will inhibit growth in this sector.

Public Administration

Public administration accounted for 5,500 workers in the region, or 4.8% of all jobs, which is a lower rate than in the province (5.8%). The number of employed decreased over the past few years in this sector, and it definitely looks as though this trend will continue in the coming years. For 2006–2008, our projections indicate a 0.8% annual reduction in employment, compared with a 0.1% reduction in Québec. Municipal mergers will help participating localities to reduce their labour costs in the medium term, thus limiting growth in this sector. In reviewing their programs and services, provincial and federal governments are not likely to increase the size of their workforces. The increase in Internet transactions between governments and the public will also reduce the number of hirings over the next few years. Opportunities will arise from the replacement of retired workers.

Conclusion

The Mauricie region's economy has been improving in the past few years, and this trend is expected to continue for 2006–2008. However, employment is moving in opposite directions, depending on the industry sector. Our projections could be affected by many economic factors. It is crucial to keep tabs on the Canadian dollar in the next projection period. The quick rise of the Canadian dollar against the US dollar is affecting the region's export manufacturers, and a continuation of this trend could further weaken certain companies.

Employment in the primary sector will decline between now and 2008, especially because of the tremendous uncertainty in the logging industry. The manufacturing industry's presence is felt more strongly in Mauricie than in Québec as a whole, and employment growth in that sector is expected to keep pace with the Québec average from 2006 to 2008. However, the outlook is somewhat uncertain because of the vulnerability of many high-employment sectors. Paper manufacturing is experiencing some turmoil in that investments are needed to spruce up aging plants, and timber supplies are tied to legal and political decisions. Wood product manufacturing is in limbo because of numerous concerns: the softwood lumber dispute, the new Forest Act, and predicted closures and mergers. Meanwhile, furniture manufacturing continues to adjust to the new reality.

The region's construction industry prospered, with a record number of construction start-ups and major investments in infrastructure. However, the completion of many major construction projects during the period under review will certainly have an impact on this industry.

The service sector is feeling the impact of the population decline of the past few years, and less growth is expected in the region than in the province between now and 2008. Employment is expected to fall in educational services, but it is expected to grow at a modest pace in the health sector.

A new debate about the Mauricie's status as a resource region has been making the front pages in early 2006. Tax benefits associated with the Québec government's economic development strategy for resource regions will be withdrawn this year and many regional stakeholders are lobbying to maintain them. Conversely, some people are questioning the appropriateness of pursuing measures that put other regions at a disadvantage. Many companies have been profiting from these tax credits because of their location. Shutting down this program could jeopardize the development of some companies and play havoc with our 2006–2008 projections.