

Sectoral

Outlook

2006-2008

Abitibi-Témiscamingue



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Summary

This sectoral outlook describes the environment in which the Abitibi-Témiscamingue and Quebec labour markets operate. Since the start of the millennium, the labour market has been buffeted by a number of significant upsets, changes and challenges. The aging and imminent retirement of the baby-boom generation is sending ripples through the entire labour market. As time goes by, skilled labour shortages are growing more acute in many areas of activity.

From 2003 to 2005, while economic activity in Quebec as a whole was on the rise, employment in the Abitibi-Témiscamingue region dropped by 0.4%. During this period, the labour force fell by an annual average of 0.9%, whereas the size of the population not in the labour force increased by 1.7%, resulting in a decline in overall activity on the Abitibi-Témiscamingue labour market. On the positive side, however, both the number of unemployed and the unemployment rate fell during this period.

The labour market situation in Abitibi-Témiscamingue is still heavily dependent on the basic natural resource sectors in the region, ie, the mining, forestry and agricultural industries. In 2005, the primary, manufacturing and construction sectors accounted for 28.1% of employment in the Abitibi-Témiscamingue region, compared with 24.2% province wide. However, the proportion of jobs in the service sector in the region (72.0%) was comparable to that in Quebec (75.9%), an indication that the region's economy has not escaped the trend toward tertiarization.

From 2006 to 2008, employment is expected to drop by 0.5% in the Abitibi-Témiscamingue region, which is consistent with the weak growth forecast in the labour force. On the other hand, given the region's aging population and the resulting retirements, the size of the population not in the labour force is expected to increase, which could limit employment growth to such an extent that, by the end of the forecast period, the unemployment rate in the Abitibi-Témiscamingue region could remain below 10%.

During the forecast period, the number of jobs in the primary sector in Abitibi-Témiscamingue is expected to drop by 1.2%, primarily as a result of the rationalization of timber supply. This primary sector decline is a very long-term trend.

A decline in employment of 4.3% is forecast in the Abitibi-Témiscamingue manufacturing sector, compared with positive growth of 0.9% province wide. One only has to consider the outlook for the primary wood processing (-5.4%) and pulp and paper (-7.2%) sectors to understand this decrease. Dramatic downsizing is expected in the wake of market expansion, growing Asian competition, the strength of the Canadian dollar and protectionist measures in the industry.

The forecast for the Abitibi-Témiscamingue construction industry is more positive. Annual employment growth of 2.3% is projected in the region, whereas in Quebec the number of construction jobs is expected to drop by 0.1%. This more promising growth outlook is due to major projects in the James Bay and Abitibi-Témiscamingue regions. In 2006-2008, employment in the service sector in the Abitibi-Témiscamingue region should remain relatively stable. Growth will be nil in consumer services (0.0%) and almost non-existent in government services (0.2%); production services are expected to post a slight decline (-0.2%).

Introduction

Each year, Service Canada develops 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.

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 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 (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 Quebec'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

Population decline is a result, in part, of negative net migration, but also of the fact that the total fertility rate is 1.63 children per woman

This sectoral outlook presents an analysis of the Abitibi-Témiscamingue region labour market. The area analysed covers the Abitibi-Témiscamingue administrative region and includes the city of Rouyn-Noranda and the Abitibi, Abitibi-Ouest, Témiscamingue and Vallée-de-l'Or regional county municipalities (MRCs). Although there are clearly major structural problems in the forestry industry, the Abitibi-Témiscamingue region, which is one of Quebec's six resource regions, will benefit from its proximity to Ontario, as well as from major projects at James Bay in the Nord-du-Québec region and the recovery of the mining industry in the Nord-du-Québec and Abitibi-Témiscamingue regions.

According to the Institut de la statistique du Québec, 145,097 people lived in the region in 2005. The region's population has dropped by 0.7% a year over the past 10 years, a result, in part, of negative net migration, but also of the fact that the total fertility rate is 1.63 children per woman, which is below the replacement rate of 2.1.

Economic Environment

Economic growth in Quebec in 2005 was disappointing. GDP (gross domestic product), the most comprehensive indicator of economic activity, was up approximately 2% in 2005, compared with 2.3% in 2004. This modest economic growth can be attributed to difficulties in the manufacturing sector, which made for a somewhat anaemic labour market. Nevertheless, a year-over-year total of 35,700 new jobs were created in 2005, a rise in employment of less than 1%. Job losses in the forestry industry were offset by gains in the construction industry and in the trade and service sectors.

Although the manufacturing sector had a hard time adjusting to a dollar worth over 85 cents US and growing competition from Asian countries, a lot of effort was put into modernization, as witnessed by the significant rise in capital expenditures. Because of the high Canadian dollar, much of the equipment imported from the US costs less, which is an incentive for companies that have to meet set profit margins. The recent boost in exports was largely due to the strength of the US economy, where 85% of our foreign shipments are consigned, and to the abatement of the temporary disruptions that have been clouding the foreign trade picture in recent years. These factors also have an impact on the economy of the Abitibi-Témiscamingue region, which relies heavily on exports.

In 2006, US household spending, which was a key factor in the growth of recent years, is expected to contribute to a lesser extent to the rise in Quebec's GDP. However, Asian markets could gradually pick up the slack. Also in 2006, the impact of investments aimed at modernizing manufacturing processes could start to be felt; moreover, productivity gains had already been posted in 2005. The lack of inflation, relatively low interest rates and stable oil prices may help prop up domestic demand among Canadian and Quebec households. The economy of the Abitibi-Témiscamingue region is expected to benefit from the relatively positive global economic situation. However, the region will be particularly hard hit by structural problems facing the forestry industry.

Labour Market Indicators

In Quebec as a whole, reflecting the growth in economic activity, employment in 2005 rose by only 1% year over year, compared with 1.4% growth in 2004. Looking back to 2002, which was an exceptional year with employment growth of 3.7%, this year's results may seem somewhat lacklustre in comparison. In addition, data for 2005 point to a weakening of the labour market, in that the labour force grew by only 0.7%, while the population not in the labour force increased by 2.0%. The employment rate also fell slightly, from 60.2% in 2004 to 60.1% in 2005.

Table 1
Main Labour Market Indicators - 2003-2005
 Abitibi-Témiscamingue Region

	2003	2004	2005	2003-2005
Population 15+ ('000)	114,9	114,9	115,1	114,9
Labour force ('000)	72,4	73,7	71,1	72,4
Employed ('000)	65,1	65,8	64,6	65,2
Unemployed ('000)	7,3	7,9	6,6	7,3
Unemployment rate (%)	10,1%	10,7%	9,3%	10,0%
Participation rate (%)	63,0%	64,1%	61,8%	63,0%
Employment rate (%)	56,7%	57,3%	56,1%	56,7%

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

After rising to 9.1% in 2003, the provincial unemployment rate dropped to 8.5% in 2004 and then to 8.3% in 2005, which was where it stood in 2000, the lowest it has been since at least the mid-seventies. This general downward trend in the unemployment rate in recent years is a result of sustained job creation, which has led to moderate labour market participation. The participation rate, which represents the labour force as a percentage of the population, has been slightly influenced by the fact that young people entering the labour market are fewer in number than older people leaving the labour market.

The 2003-2005 period resulted in a decline in overall activity on the Abitibi-Témiscamingue labour market

The downward trend in the unemployment rate observed over the past year reflects major changes in the structure of the labour market

In Quebec as a whole, average annual employment growth of 1.1% is forecast for 2006-2008, with a total of almost 170,000 new jobs expected over the next three years. Although this growth may seem impressive in comparison with that seen in recent years, it is more or less in line with the long-term growth trend observed since the mid-seventies.

This forecast is consistent with expected productivity gains. Heightened capital investment should help push the productivity growth rate above the long-term rate, which is about 1%.

From 2003 to 2005, unlike Quebec, the Abitibi-Témiscamingue region experienced negative employment growth (-0.4%). During this period, the labour force shrank by an annual average of 0.9%, whereas the size of the population not in the labour force increased by 1.7%, resulting in a decline in overall activity on the Abitibi-Témiscamingue labour market. On the positive side, however, the number of unemployed and the unemployment rate fell during this period.

After falling to 10.1% in 2003, the unemployment rate in the Abitibi-Témiscamingue region inched up to 10.7% in 2004, and then fell back to 9.2% in 2005, the same rate as in 1987. During the entire 1990s, the regional unemployment rate never fell below 11%. The downward trend in the unemployment rate observed over the past year reflects major changes in the structure of the labour market. Historically, employment growth has been in line with labour force growth, generally accompanied by a decline in the population not in the labour force. In the situation as it stands now, however, labour force growth will trail behind job creation. At the same time, over the next few decades, the population not in the labour force will increase because the labour force and the population in general are aging. These changes are expected to result in a decline in the number of unemployed and the unemployment rate, and could lead to a shortage of qualified workers.

Of all the Quebec resource regions, only Côte-Nord/Nord-du-Québec, Abitibi-Témiscamingue and Bas-Saint-Laurent posted employment rates higher than 55% during the past three years. The employment rate in the resource regions is still far below the provincial employment rate of 60%.

Part 2: Sectoral Outlook

Overview

Industrial Base

The labour market situation in Abitibi-Témiscamingue is still dependent on the mining, forestry and agricultural industries

The labour market situation in Abitibi-Témiscamingue is still heavily dependent on the basic natural resource sectors in the region, ie, the mining, forestry and agricultural industries. In 2005, the primary, manufacturing and construction sectors accounted for 28.1% of employment in the Abitibi-Témiscamingue region, compared with 24.2% province wide. However, the proportion of jobs in the service sector in the region (72.0%) was comparable to that in Quebec (75.9%), an indication that the region's economy has not escaped the trend toward tertiarization.

Table 2

Breakdown of Employment for Selected Industry Groups Abitibi-Témiscamingue Region

	Average 2003-2005			2006-2008	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
All Industries	65,2	100,0%	100,0%	-0,5%	1,1%
Primary	9,2	14,1%	2,6%	-1,2%	-0,6%
Manufacturing	6,6	10,2%	17,0%	-4,3%	0,9%
Construction	2,5	3,8%	4,6%	2,3%	-0,1%
Services	46,9	72,0%	75,9%	0,0%	1,3%
Consumer Services	16,3	25,1%	27,6%	0,2%	1,2%
Production Services	12,9	19,8%	24,0%	-0,2%	1,7%
Public and Parapublic Services	17,7	27,1%	24,3%	0,0%	0,8%

Source: Service Canada Quebec Region

Historical estimates based on Statistics Canada's Labour Force Survey

Significant differences were observed in average employment levels for the past three years in the three main groups of service sector activities¹ (the three-year period was used so as to avoid cyclic fluctuations). With 17,700 jobs, public and parapublic services was the largest service sector group, accounting for over 27.1% of total employment in the Abitibi-Témiscamingue region, compared with 24.3% in Quebec. The consumer services group was not far behind, with 16,300 jobs or 25.1% of overall employment (27.6% province wide).

¹ The three groups are: consumer services (retail trade; information, culture and recreation; accommodation and food services; and, other services); production services (utilities; transportation and warehousing; wholesale trade; finance, insurance, real estate and rental; professional, scientific and technical services; and, management of companies and administrative support); and public and parapublic services (educational services; health care and social assistance; and, public administration).

Outlook

Employment is expected to drop by 0.5%

Industries that make up the primary sector and the primary natural resource processing sector play a major role and often constitute the only source of employment in some ten or so municipalities in the region

A total of 12,900 people worked in production services in the region. This represents 19.8% of all jobs, 4.2 percentage points lower than in Quebec. The large gap between the two rates can be explained by the fact that specialized services tend to be concentrated in other regions of Quebec.

From 2006 to 2008, employment is expected to drop by 0.5% in the Abitibi-Témiscamingue region, which is consistent with the weak growth forecast in the labour force. On the other hand, given the region's aging population and the resulting retirements, the size of the population not in the labour force is expected to increase, which could limit employment growth to such an extent that, by the end of the forecast period, the unemployment rate in the Abitibi-Témiscamingue region could remain below 10% because of a shortage of skilled workers.

During the forecast period, the number of jobs in the primary sector in Abitibi-Témiscamingue is expected to drop by 1.2%, primarily as a result of the rationalization of timber supply; in Quebec, a modest decline of 0.6% is forecast. In the Abitibi-Témiscamingue region, this primary sector decline is a very long-term trend. This should not obscure the fact that the industries that make up the primary sector and the primary natural resource processing sector play a major role and often constitute the only source of employment in some ten or so municipalities in the region.

A decline in employment of 4.3% is forecast in the Abitibi-Témiscamingue manufacturing sector, compared with positive growth of 0.9% province wide. To understand this decrease, one only has to consider the outlook in the primary wood processing (-5.4%) and pulp and paper (7.2%) sectors. Proportionately, job losses in these two sectors are expected to be higher in the Abitibi-Témiscamingue region than in Quebec overall. It must be remembered that the manufacturing sector in Quebec is more diversified than it is in the region. Dramatic downsizing is expected in the wake of market expansion, growing Asian competition and the strength of the Canadian dollar, as well as protectionist measures in the lumber sector, which have severely hurt the Canadian and Quebec forestry industries.

The forecast for the Abitibi-Témiscamingue construction industry is more positive. Annual employment growth of 2.3% is projected in the region, whereas in Quebec the number of jobs is expected to drop by 0.1%. This more promising growth outlook is due to major projects in the James Bay and Abitibi-Témiscamingue regions.

In 2006-2008, no growth is expected in the service sector in the Abitibi-Témiscamingue region (0.0%, compared with 1.3% in Quebec). Growth will be nil in consumer services (0.0%) and almost non-existent in government services (0.2%); production services are expected to post a slight decline (-0.2%). In Quebec, during the same period, employment in consumer, government and production services is projected to increase by 1.2%, 0.8% and 1.7% respectively.

Primary Sector

The primary sector accounts for 9,200 jobs in the Abitibi-Témiscamingue region, or 14.1% of total employment, compared with 2.6% in Quebec

The primary sector accounts for 9,200 jobs in the Abitibi-Témiscamingue region, or 14.1% of total employment, compared with 2.6% in Quebec. In terms of the proportion of jobs in the primary sector, Abitibi-Témiscamingue ranks first among the resource regions of Quebec. Employment in the primary sector is expected to decline more significantly in Abitibi-Témiscamingue (-1.2%) than in Quebec overall (-0.6%), primarily as a result of major losses in the forestry sector (-7.2%). These structural difficulties will be partially offset by the expected rise in the number of jobs (+5,200) and the employment rate (+0.7%) in the mining industry. This industry has an undeniable impact on the economy of the Abitibi-Témiscamingue region, and constitutes a whole production chain in itself, comprising exploration, mining, primary manufacturing, mining service businesses and research activities. Finally, with a projected growth rate of 0.0%, the agriculture sector should provide a certain degree of economic stability in the Abitibi-Témiscamingue region, and will also contribute to the land occupancy rate in the region.

Table 3

Breakdown and Employment Outlook in the Primary Sector Abitibi-Témiscamingue Region

	Average 2003-2005			2006-2008	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Whole Primary Sector	9,2	14,1%	2,6%	-1,2%	-0,6%
Agriculture	1,2	1,8%	1,5%	0,0%	-0,5%
Forestry and Logging	2,7	4,2%	0,6%	-7,2%	-2,4%
Mining	5,2	8,0%	0,4%	0,7%	0,7%

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

Since the end of 2003, gold prices have been on the rise, as have copper and zinc prices

Development in the mining industry has always been affected by fluctuating metal prices. When the price of gold exceeds the US\$500 mark, exploration spending resumes and operators make profits. Internationally, the fall of the US dollar on money markets has spurred a return to investment in gold bars as a hedge against inflation. Since the end of 2003, gold prices have been on the rise, as have copper and zinc prices. The recovery in this industry has been helped by US and Chinese demand for metals, which has even led to a shortage of copper and zinc on the world market.²

² For more information, refer to the document entitled "State of the Abitibi-Témiscamingue Mining Industry" prepared by the Labour Market Information Service, Abitibi-Témiscamingue HRCC, June 2005.

In light of the structural problems in the forestry sector, the forecast for this industry in the Abitibi-Témiscamingue region remains pessimistic and a 7.2% decline in employment is expected for the 2006-2008 period

In 2004, renewed investment in mining benefited both the Abitibi-Témiscamingue and Nord-du-Québec regions, which recorded \$85 million and \$130 million in mining exploration and development spending respectively. Together, these two resource regions account for almost 95% of overall mining investment in Quebec. The major gold projects in 2006 include Aurizon Mines' Casa Béardi north of La Sarre; Agnico-Eagle's Lapa and Goldex projects in the Cadillac and Val d'Or camps, respectively; Corporation Minière Alexis's Aurbel property east of Val d'Or; Ressources Métanor's Lac Bachelor mine in Desmaraisville; and Mines d'Or Virginia's Éléonore property at the Opinaca reservoir in the James Bay region. Nickel and copper projects include Canadian Royalties' Mesamax and Mequillon deposits in the far north. Finally, Ashton Mining of Canada's Foxtrot diamond property and SOQUEM INC have been significantly developed.

With 1,200 jobs, or 1.8% of overall employment in the region in 2003-2005, the agriculture industry is considered an important pillar of the Abitibi-Témiscamingue economy. Although this industry is less affected by economic cycles than other sectors, local market growth is constrained by the region's declining population.³ Employment levels in the agriculture sector are expected to be maintained over the next few years, especially since fears about mad cow disease have been put to rest and the moratorium in the hog industry has been lifted, which could create conditions for growth in the regional agricultural industry. A rising demand for local specialties is expected to foster development in the bio-food industry.

In 2003-2005, logging in the Abitibi-Témiscamingue region accounted for an average of 2,700 jobs, or 4.2% of regional employment, compared with 0.6% of all jobs in Quebec.⁴ Forest harvesting and development is dependent on primary wood processing plants. There are numerous problems facing the forestry industry. In addition to the US/Canada softwood lumber dispute, these include a lack of supply and reduced cutting rights, the resulting industrial reconversion and the appreciation of the Canadian dollar vis-à-vis the US dollar. In light of the structural problems in the forestry sector, the forecast for this industry in the Abitibi-Témiscamingue region remains pessimistic and a 7.2% decline in employment is expected for the 2006-2008 period, compared with a drop of 2.4% province wide.

Manufacturing Sector

During the period from 2003 to 2005, an average of 6,600 people worked in the manufacturing sector, which accounted for 10.2% of all jobs in the Abitibi-Témiscamingue region, compared with 17.0% in Quebec. For the 2006-2008 forecast period, overall employment in manufacturing is expected to decline as a result of closures and layoffs in the wood product and paper manufacturing industries. The majority of manufacturing activities are in four main subsectors: biofood (food and beverages), wood/panelboard/pulp/paper/cardboard, primary metal manufacturing and metal product manufacturing.

³ For more information, refer to the document entitled "The Food Processing Industry in Abitibi-Témiscamingue" prepared by the Labour Market Information Service, Abitibi-Témiscamingue HRCC, September 2003.

⁴ For more information, refer to the document entitled "The Softwood Lumber industry in Abitibi-Témiscamingue" prepared by the Labour Market Information Service, Abitibi-Témiscamingue HRCC, July 2005.

Table 4

Breakdown and Employment Outlook in the Manufacturing Sector
Abitibi-Témiscamingue Region

	Average 2003-2005			2006-2008	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Whole Manufacturing Sector	6,6	10,2%	17,0%	-4,3%	0,9%
Consumer-Related Manufacturing	1,0	1,5%	6,7%	0,0%	0,4%
Food, Beverages and Tobacco	0,4	0,7%	2,2%	0,0%	1,9%
Resource-Related Manufacturing	4,9	7,5%	4,0%	-5,3%	-0,3%
Wood Product Manufacturing	2,9	4,5%	1,6%	-5,4%	-1,1%
Paper Manufacturing	1,3	1,9%	1,0%	-7,2%	-1,2%
Primary Metal Manufacturing	0,5	0,8%	0,9%	0,0%	0,9%
Investment-Related Manufacturing	0,7	1,1%	6,3%	0,0%	2,1%
Fabricated Metal Product Manufacturing	0,3	0,5%	1,1%	0,0%	2,2%

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

Consumer-Related Manufacturing

The number of jobs in the food and beverage manufacturing sector has remained relatively stable over the years: 383 in 1981, 460 in 1991 and an average of 400 in 2003-2005. Predominant trends such as a rising demand for local specialties, improved marketing of agricultural products and an increase in manufacturing activities should create growth in this sector in the longer term. For the 2006-2008 forecast period, employment is expected to remain unchanged (0.0%), compared with growth of 1.9% province wide.

Resource-Based Manufacturing

The outlook for the wood and pulp and paper sector is not good

The outlook for the wood and pulp and paper sector is not good. On one hand, in the short term, the sawmill industry in the Abitibi-Témiscamingue region is facing a 20% drop in supply; on the other hand, the softwood lumber dispute has not yet been resolved. Since, in the medium term, there seems to be little hope of a settlement that would trigger a recovery in the sawmill industry, negative employment growth of -5.4% is projected for the 2006-2008 forecast period (-1.1% in Quebec). In addition, Asian competition and the strength of the Canadian dollar on international markets put the Canadian and Quebec pulp and paper industries at a disadvantage. Consequently, an average annual decline in employment of 7.2% is projected for 2006-2008 in the Abitibi-Témiscamingue region, whereas in Quebec, employment is forecast to decline by only 1.2%. The primary metal processing sector could benefit from strong demand in China and the US, which would lead to a certain degree of stability (0.0% growth).

Investment-Related Manufacturing

There are very few investment-related manufacturing activities in the Abitibi-Témiscamingue region.

Construction Industry

The outlook for the construction industry in 2006-2008 is fairly optimistic. Average annual employment growth of 2.3% is forecast

The construction industry generates approximately 2,500 jobs and accounts for 3.8% of overall employment in the Abitibi-Témiscamingue region, a lesser proportion than in Quebec (4.6%). According to data from the Commission de la construction du Québec (CCQ), 2005 was a good year for construction in both the Abitibi-Témiscamingue and the Nord-du-Québec regions because of the James Bay (Eastmain 1) project. Since 2001, the number of workers living in the region has risen by 8% annually and the number of hours worked has increased by 15% a year. This data coincides with data from Statistic Canada's Labour Force Survey, which reported employment growth for the 2003-2005 period. In 2004, the most substantial gains in the region were in the institutional and commercial (41% of hours worked) and civil engineering and roads (30%) sectors. Little change was seen in the industrial sector (23%). The residential sector (6%) accounts for only a very small proportion of activity in the region. In terms of employment, 2004 was the best year in a decade.

The outlook for the construction industry in 2006-2008 is fairly optimistic. Average annual employment growth of 2.3% is forecast, whereas in Quebec the number of jobs is expected to decline slightly (-0.1%). This growth is primarily a result of the continuation of work at James Bay (Eastmain 1), the start of the Eastmain 1A project, and the completion of work at the Rapide 2 and Rapide 7 sites in Cadillac and the Rapides-des-Quinze site in Notre-Dame-du-Nord.

Service Sector

Over the past three years, the Abitibi-Témiscamingue service sector generated an average of almost 47,000 jobs and accounted for 72% of total employment. Of these jobs, 17,700 were in public and parapublic services, 16,300 in consumer services and 12,900 in production services. The outlook for the 2006-2008 appears relatively stable, with annual employment growth of 0.0% forecast for the service sector as a whole. This situation can be explained by the fact that the region's population is expected to decline slightly over the coming years.

Consumer Services

Annual employment growth should be virtually nil (0.2%) in consumer services between 2006 and 2008. The rate is much lower than that projected province wide (1.2%). The consumer services group, which comprise four main subsectors, employs 16,300 people in the region and accounts for one quarter of all jobs. In Quebec, this proportion is slightly higher (27.6%).

Tableau 5

Breakdown and Employment Outlook in Consumer Services Région de l'Abitibi-Témiscamingue

	Average 2003-2005			2006-2008	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Consumer Services	16,3	25,1%	27,6%	0,2%	1,2%
Retail Trade	8,5	13,0%	12,8%	-1,4%	0,9%
Information, Culture and Recreation	1,7	2,7%	4,5%	2,5%	1,7%
Accommodation and Food Services	3,4	5,2%	5,8%	1,7%	1,7%
Other Services	2,7	4,2%	4,5%	1,7%	1,3%

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

In the consumer services sector, 8,500 people work in retail trade, which accounts for 13.0% of regional employment. The accommodation and food services sector employs 3,400 people (5.2%); other services accounts for 2,700 jobs (4.2%); and information, culture and recreation provides employment for 1,700 people (2.7%). In comparison with jobs province wide, the widest spread is 1.8 percentage points in the information, culture and recreation sector, which accounts for 4.5% of total employment in Quebec. The spreads in the other consumer service sectors are all less than six tenths of a percentage point.

Over the past 15 years, the consumer services sector has posted annual average employment growth of 0.7%, which is comparable to growth in the Abitibi-Témiscamingue labour market as a whole (0.6%), albeit lower than in Quebec (2.0%). Since 2001, the rate of job growth has slackened as a result of a decline in the region's population and changes in its demographic structure, which have had an impact on consumer service trends.

In the retail trade sector, big box stores such as Wall-Mart, Loblaw's, Maxi and others are eating away at the market shares of smaller retailers. Negative annual growth of 1.4% is forecast for 2006-2008, compared with positive growth of 0.9% in Quebec. The food services sector has grown as a result of the rise in the number of women in the labour market. This, combined with initiatives in the tourism sector, has led to the creation of jobs in the accommodation and food services sector. The forecast looks bright for this sector, which is set to post annual growth of 1.7%, the same as in Quebec. There are promising developments in information, culture and recreation, including the implementation of a broadband network and the introduction of call centres, both public (911 emergency service and the Quebec Parental Insurance Plan) and private (Proximedia). According to the 2006-2008 forecast, annual growth in the information, culture and recreation sector could reach 2.5% in Abitibi-Témiscamingue, compared with 1.7% in Quebec. Finally, the outlook is good for the other services sector, which includes personal and laundry services, repair and maintenance and funeral services, with expected annual growth of 1.7% in the Abitibi-Témiscamingue region (1.3% in Quebec).

Production Services

Production services provide approximately 12,900 jobs in the Abitibi-Témiscamingue region and account for 19.8% of total employment, compared with 24.0% province wide. This sector includes utilities (1,100 jobs), wholesale trade (2,700), transportation and warehousing (3,200), finance, insurance and real estate (2,100), professional services (2,200) and management of companies (1,700). The widest gaps were observed in professional services (3.3% A-T vs 6.0% QC) and finance, insurance and real estate (3.2% A-T vs 5.4% QC). Mergers and affiliations with Quebec companies have resulted in the centralization of a number of specialized services in areas that are more urban in nature than the Abitibi-Témiscamingue region, giving rise to employment trends that are opposite to the general trend in Quebec. Utilities and wholesale trade remain more predominant in Abitibi-Témiscamingue, with 1.7% and 4.1% of jobs respectively, compared with 0.9% and 4.6% in Quebec.

Table 6
Breakdown and Employment Outlook in Production Services
Abitibi-Témiscamingue Region

	Average 2003-2005			2006-2008	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Production Services	12,9	19,8%	24,0%	-0,2%	1,7%
Utilities	1,1	1,7%	0,9%	1,9%	1,3%
Wholesale Trade	2,7	4,1%	3,8%	-1,4%	1,1%
Transportation and Warehousing	3,2	4,9%	4,6%	-1,4%	1,3%
Finance, Insur., R. Estate, Rental and Leasing	2,1	3,2%	5,4%	-3,0%	0,7%
Prof., Scientific and Technical Services	2,2	3,3%	6,0%	1,4%	2,9%
Mgmt of Cies, Enterpr., Admin., Supp. and Other	1,7	2,6%	3,3%	1,6%	2,8%

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

Employment in the production services sector is very diversified. Over the past 15 years, the number of production service jobs has risen by an average of 0.8% per year, which is similar to growth in the labour market as a whole, but significantly lower than in Quebec (2.1%). Furthermore, the job losses of recent years have been a result of productivity gains in the wholesale trade and finance, insurance and real estate sectors in particular. For 2006-2008, employment is expected to decline by 1.4% annually in the transportation and warehousing and wholesale trade sectors and 3.0% in finance, insurance and real estate. Labour market requirements point to a more positive growth forecast in utilities (+1.9%), management of companies and administrative support (+1.6%) and professional, scientific and technical services (+1.4%).

Public and Parapublic Services

Approximately 17,700 people work in public and parapublic services in the Abitibi-Témiscamingue region, which accounts for 27.1% of all jobs, compared with 24.3% in Quebec. Employment in this sector is broken down as follows, in order of importance: 4,900 jobs in ambulatory health care services and hospitals; 4,900 jobs in nursing homes and social assistance; 4,500 jobs in educational services; 1,900 jobs in provincial public administration; 1,000 jobs in municipal public administration; and, 600 jobs in federal government public administration. The proportion of jobs in educational services and health care in the Abitibi-Témiscamingue region is higher than in Quebec, whereas employment in public administration is generally lower in the region.

Table 7
Breakdown and Employment Outlook in Public and Parapublic Services
 Abitibi-Témiscamingue Region

	Average 2003-2005			2006-2008	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Gov. and Parapublic Services	17,7	27,1%	24,3%	0,0%	0,8%
Educational Services	4,5	6,9%	6,6%	-0,8%	-0,1%
Ambulatory Health Care and Hospitals	4,9	7,5%	6,3%	1,2%	1,4%
Other Health Care and Social Assistance	4,9	7,5%	5,6%	0,7%	2,1%
Federal Public Administration	0,6	0,9%	1,9%	-9,1%	-0,2%
Prov. and Territorial Public Administration	1,9	2,9%	2,2%	-1,8%	-0,6%
Local, Municipal, Regional and Other Public Admin.	1,0	1,5%	1,7%	0,0%	0,4%

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

Employment in educational services is expected to fall (-0.8%) because of declining enrolment

Over the past 15 years, long-term employment growth of 0.2% has been observed in the Abitibi-Témiscamingue public and parapublic services sector. This growth is similar to overall labour market growth (0.6%) and identical to growth province wide (0.2%). For the 2006-2008 forecast period, employment in public and parapublic services is expected to remain stable, with no employment growth projected (0.0%), which is close to the provincial growth forecast of 0.8%. Activity in this sector is influenced by broad government policies. Employment in educational services is expected to fall (-0.8%) because of declining enrolment. In the healthcare sector, however, provincial and federal government priorities should lead to job gains of 1.2% in ambulatory services and hospitals and 0.7% in nursing homes and social assistance. Downsizing by the provincial and federal governments will result in employment losses of 1.8% and 9.1% respectively. Municipal administration is expected to remain stable, with 0.0% growth projected.

Conclusion

The labour market situation in Abitibi-Témiscamingue is still heavily dependent on the basic natural resource sectors in the region, ie, the mining, forestry and agricultural industries, and will remain so for a long time. However, the proportion of jobs in the service sector will continue to grow in the Abitibi-Témiscamingue region, which will not escape the trend toward tertiarization.

From 2006 to 2008, employment in the Abitibi-Témiscamingue region is expected to decline by 0.5%, which is consistent with the weak growth forecast in the labour force. The region's aging population and the resulting retirements will swell the population not in the labour force and limit employment growth, and the unemployment rate is expected to remain low because of a shortage of qualified workers.

During the forecast period, the number of jobs in the primary sector in Abitibi-Témiscamingue is expected to drop, primarily as a result of the rationalization of timber supply. This primary sector decline is a very long-term trend in the Abitibi-Témiscamingue region. The industries that make up the primary sector and the primary natural resource processing sector play a major role and often constitute the only source of employment in some ten or so municipalities in the region.

A decline in employment is forecast in the Abitibi-Témiscamingue manufacturing sector. Job losses in the primary wood processing and pulp and paper sectors are expected to be much larger than in the equivalent sectors in Quebec. The forecast for the construction industry is more positive because of major projects in the James Bay and Abitibi-Témiscamingue regions.

The 2006-2008 employment outlook for the Abitibi-Témiscamingue region in all three service sector groups-consumer, production and government services-is relatively stable. Population decline will continue to have an impact on the vitality of the Abitibi-Témiscamingue labour market.