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Sectoral Outlook

2007-2009

Abitibi-Témiscamingue

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Sectoral Outlook

2007-2009

Abitibi-Témiscamingue

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Translation to English
Translation Bureau
Public Works and Government Services Canada
Québec Region

With the Collaboration of
Corporate Communications and Services Branch
Service Canada
Québec Region

Graphic Design
Josée Gaudreault, graphic artist

Pictures
Modified picture, Denis Chabot, © Le Québec en images, CCDMD
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March 2007

This publication is also available at the following Internet address: www150.hrdc-drhc.gc.ca/asp/ww-mt/Accueil.asp

Cette publication est aussi disponible en français.

Cat. No. : SG2-1/2-2007E-PDF
ISBN : 978-0-662-45572-1

Table of Contents

Summary 4
Introduction 6
Notes on Methodology 7

Part 1: Overview 9
Description of the Area 9
Economic Environment 9
Labour Market Indicators 10

Part 2: Sectoral Outlook 13
Overview 13
Industrial Structure 13
Outlook 13
Primary Sector 15
Manufacturing Sector 17
Consumer-Related Manufacturing 19
Resource-Related Manufacturing 19
Investment-Related Manufacturing 20
Construction Industry 20
Service Sector 21
Consumer Services 21
Production Services 23
Public and Parapublic Services 25

List of Tables

1 Main Labour Market Indicators - 2003-2005 11
2 Breakdown of Employment for Selected Industry Groups 13
3 Breakdown and Employment Outlook in the Primary Sector 15
4 Breakdown and Employment Outlook in the Manufacturing Sector 18
5 Breakdown and Employment Outlook in Consumer Services . . . 22
6 Breakdown and Employment Outlook in Production Services . . . 24
7 Breakdown and Employment Outlook in Public and Parapublic Services 26

Summary

The following is a brief overview of the demographic, economic and sectoral outlooks for the 2007–2009 period in the Abitibi–Témiscamingue region.

Demographic outlook

In 2006, the total population of the Abitibi–Témiscamingue region stood at 144,835. This represents a decrease of 0.56% annually since 2001. According to Institut de la statistique du Québec (ISQ) forecasts, the region's population is expected to decline by 12.9% between 2001 and 2026, whereas the population of Quebec is expected to increase by 9.3%. The drop in the population can be explained by negative net migration of -374 in 2005–2006 and by the fact that the total fertility rate in 2005 was 1.672 children per woman, which is below the replacement rate of 2.1.

Economic outlook

From 2007 to 2009, the Abitibi–Témiscamingue labour market is expected to remain relatively stable with growth of 0.1%. Despite the decline in the population, the outlook is positive in certain sectors, including mining; construction; utilities; primary metal manufacturing; professional services; information, culture and recreation; accommodation and food services; and health care. Moreover, some sectors, such as the forestry industry (including logging, wood products and paper manufacturing), will experience periods of decline. In the service sector, employment declines are expected in the wholesale trade, finance and insurance and federal and provincial public administration sectors.

The economy of the Abitibi–Témiscamingue region is, in every respect, moving toward tertiarization. In other words, its development depends more and more on the service sector. Over 72% of all the jobs on the labour market involve tertiary sector activities, ie, commerce or the provision of services. In terms of employment, the key sectors of economic activity remain government services (education, health care and public administration), which account for 27.5% of all jobs; consumer services (24.4%); and production services (20.2%). The primary sector is holding its ground at 14.1% of all jobs, which puts the region in first place among the resource regions of Quebec. The manufacturing sector, which does not appear to be very diversified and seems to revolve primarily around the primary processing of resources (food and beverages, wood products, mining), accounts for 9.8% of jobs, whereas the construction sector, which accounts for 4.1% of employment, benefits from large-scale hydroelectric projects in the James Bay region.

Sectoral outlook

Primary sector

Employment in the Abitibi–Témiscamingue primary sector can be broken down as follows: 900 jobs in agriculture, 2,600 in forestry and logging and 5,800 jobs in the mining industry (exploration and mining operations). The sectoral outlooks for the 2007–2009 period are diametrically opposed: the agricultural sector should remain more or less unchanged, with annual growth set at 0%; employment is expected to decline in the forestry industry (-3.9%), while the mining industry should continue to post job growth (+3.7%). As a result, given the relative weight of the mining sector in the Abitibi–Témiscamingue region, overall growth of 1.1% is forecast in the primary sector.

Manufacturing sector

The manufacturing sector accounts for 9.8% of jobs in the region, compared with 16.4% in Quebec. Wood product (3.8%) and paper (2.6%) manufacturing constitute the basis of manufacturing activities in the Abitibi–Témiscamingue region, accounting for over 65% of all manufacturing jobs. However, the manufacturing industry also includes numerous other sectors, each of which accounts for less than 1% of total employment: food and beverage manufacturing (0.8%); primary metal manufacturing (0.6%); printing (0.5%); fabricated metal product manufacturing (0.5%); machinery manufacturing (0.4%); and the five other sectors that, combined, account for 0.9% of employment. Given the problems facing the Canadian forestry industry, little growth is expected in these sectors over the 2007–2009 forecast period.

Growth in the Abitibi–Témiscamingue construction industry over the past few years has been remarkable. The construction sector, all trades and occupations combined, employed an average of almost 2,700 people (4.1% of all jobs in the region) as a result of the James Bay Eastmain-1 project, as well as other major Hydro-Québec projects, including Rapide 2 and Rapide 7 in Cadillac and Rapide-des-Quinze in Notre-Dame-du-Nord. Even the residential sector seems to be making a comeback as a result of the current housing shortage in Val-d'Or and Rouyn–Noranda.

Service sector

The service sector, the predominant source of jobs in Abitibi-Témiscamingue, posted an average of 47,400 jobs for the 2004–2006 period. Within the service sector, public and parapublic services accounted for the most jobs (18,100). Of these, 4,800 were in educational services; 9,900 in health care; 500 in federal administration; 1,900 in provincial administration; and 1,100 in municipal administration. Clearly, the potential for job growth is highest in the health sector, whereas short-term job losses are expected in the federal and provincial administration sectors. Consumer services are also well represented in the regional economy, accounting for 24.4% of the workforce. The largest proportion of these jobs were in the retail trade sector (8,700 jobs), followed by accommodation and food services (3,600 jobs), other personal services (2,200 jobs) and information, culture and recreation (1,500 jobs).

Finally, production services accounted for only 20.2% of employment in Abitibi–Témiscamingue. Jobs in this sector were broken down as follows: 3,300 in transportation and warehousing; 2,700 in wholesale trade; 2,400 in professional, scientific and technical services; 2,100 in finance, insurance and real estate; 2,000 in the management of companies and administrative support; and 900 in utilities. Growth is expected in certain sectors, such as utilities, professional services and the management of companies, whereas job losses are forecast in other sectors, including wholesale trade, finance and insurance, and transportation and warehousing.

Over the coming years, employment in the service sector is expected to remain more or less the same. Average annual growth for the 2007–2009 period is set at 0.1%. This slight increase will be driven by annual growth of 0.2% forecast for consumer and government services. Employment in production services is expected to remain unchanged.

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.

This document deals with sectoral outlooks. A second document, 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 (2004-2005-2006) 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 2007 to 2009. They were developed in winter 2006–2007 in co-operation with Service Canada economists working in 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

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

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

Construction
- 23 Construction

Consumer services
- 44-45 Retail Trade
- 51 Information and Cultural Industries
- 71 Arts, Entertainment and Recreation
- 72 Accommodation and Food Services
- 81 Other Services (except Public Administration)

Production services
- 22 Utilities
- 41 Wholesale Trade
- 48-49 Transportation and Warehousing
- 52 Finance and Insurance
- 53 Real Estate and Rental and Leasing
- 54 Professional, Scientific and Technical Services
- 55 Management of Companies and Enterprises
- 56 Administrative and Support, Waste Management and Remediation Services

Public and Parapublic Services
- 61 Educational Services
- 62 Health Care and Social Assistance
- 91 Public Administration

Part 1: Overview

Population and area

The drop in the population can be explained by negative net migration and by the fact that the total fertility rate is below the replacement rate of 2.1

Located in the northwestern part of Quebec, the Abitibi-Témiscamingue region is bounded on the north by the Nord-du-Québec region, the south by the Outaouais region, the west by the Ontario border and the east by the Saguenay–Lac-Saint-Jean region. The Abitibi-Témiscamingue region covers 57,669 km2 and abounds in lakes, rivers and green spaces, many of which, although suitable for recreational and tourism activities, are as yet untapped, and hence present significant recreational tourism potential. The Abitibi–Témiscamingue economic region includes four regional county municipalities (MRCs): Abitibi, Abitibi-Ouest, Témiscamingue and La Vallée-de-l'Or, as well as the new city of Rouyn–Noranda, formed from the merger of a dozen or so municipalities located in the former Rouyn–Noranda MRC.

In 2006, according to the Institut de la statistique du Québec (ISQ), the total population of the Abitibi Témiscamingue region stood at 144,835, which represents a decrease of 0.56% annually over the past five years. The drop in the population can be explained by negative net migration of -374 in 2005–2006 and by the fact that the total fertility rate in 2005 was 1.672 children per woman, which is below the replacement rate of 2.1.

According to ISQ forecasts, the region's population is expected to decline by 13% between 2001 and 2026, whereas the population of Quebec is set to increase by 9%. If this trend materializes (2000 edition, Scenario A), the population of the Abitibi–Témiscamingue region will fall to 129,841 by 2026. This scenario is a projection, and the actual situation may differ. In fact, the latest estimates from Statistics Canada are less pessimistic. However, there will definitely be a strong downward trend, barring radical changes in the birth rate or even net migration.

Economic environment

Economic growth in Quebec in 2006 was disappointing. GDP (gross domestic product), the most comprehensive indicator of economic activity, was up approximately 1.6% in 2005, compared with 2.2% in 2005. This modest economic growth can be attributed to difficulties in the manufacturing sector, which made for a somewhat anaemic labour market. Nevertheless, a total of 85,600 new jobs were created between 2004 and 2006 (48,100 in 2006 alone). Overall, even though these were not the best years for the manufacturing sector, it was the construction industry, retail trade and production services that were primarily responsible for job creation in Quebec.

Although the manufacturing sector had a hard time adjusting to a Canadian 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, this equipment, the majority of which is 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. Over the past three years, US real GDP grew by 3.9% (2004), 3.2% (2005) and 3.4% (2006), respectively. Growth of 2.5% is forecast for 2007.

In Canada, the rate of real GDP growth has been falling steadily since 2004 (3.3% in 2004, 2.9% in 2005 and 2.7% in 2006). The forecast for 2007 is 2.2%. The number of housing starts is also expected to be down in 2007. However, the falling inflation rate and the value of the Canadian dollar on the US market could help turn the Canadian economy around. These factors will definitely have an impact on the economy of the Abitibi–Témiscamingue region, which relies heavily on exports.

The economy of the Abitibi-Témiscamingue region is benefiting from the relatively positive global economic situation, with increased demand for mining products

A similar trend was seen in Quebec, where real GDP grew by 2.7% in 2004, 2.2% in 2005 and 1.6% in 2006. Growth of only 1.1% is forecast for 2007. In addition, job creation, the number of housing starts and automobile sales are all expected to decline. The unemployment rate could rise from 8.0% in 2006 to 8.2% 2007, or even higher if the economic situation worsens. In 2007, 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. The non-inflationary context (inflation below the 2% mark), the expected drop in interest rates and relatively stable oil prices may help prop up domestic demand in Canadian and Quebec households. The economy of the Abitibi-Témiscamingue region is benefiting from the relatively positive global economic situation, with increased demand for mining products (copper, zinc, gold and nickel). However, the impact of the difficult economic situation in the forestry industry will be greater in the regions than in the province as a whole.

Labour market indicators

Reflecting the growth in economic activity, employment in Quebec as a whole in 2006 rose by 3.7% year over year, compared with a decline of 1.8% in 2005. The overall results for 2006 were positive: the labour force grew by 3.8% and employment was up 3.7%. As a result, the employment rate in Abitibi–Témiscamingue rose from 56.1% in 2005 to 58.1% in 2006.

Table 1
Main Labour Market Indicators - 2004-2006
Abitibi-Témiscamingue Region

	2004	2005	2006	2004-2006
Population 15+ ('000)	114.9	115.1	115.4	115.1
Labour force ('000	73.7	71.1	73.8	72.9
Employed ('000)	65.8	64.6	67.0	65.8
Unemployed ('000)	7.9	6.6	6.8	7.1
Unemployment rate (%)	10.7%	9.3%	9.2%	9.7%
Participation rate (%)	64.1%	61.8%	64.0%	63.3%
Employment rate (%)	57.3%	56.1%	58.1%	57.2%

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

Over the past few years, the positive labour market situation has resulted in a downward trend in the unemployment rate, within a context of job creation

After rising to 10.7% in 2004, the unemployment rate dropped to 9.3% in 2005 and then to 9.2% in 2006, the lowest it has been since the mining boom in 1987–1988. Over the past few years, the positive labour market situation has resulted in a downward trend in the unemployment rate, within a context of job creation. The participation rate, which represents the labour force as a percentage of the population, inched up slightly, not only as a result of young people entering the labour market, but also because of an increase in the number of older people on the Abitibi–Témiscamingue labour market.

In Quebec as a whole, average annual employment growth of 1.0% is forecast for 2007–2009, with a total of almost 75,000 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.

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 9.3% in 2005, and 9.2% in 2006, the same rate as in 1987–1988. 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 workforce 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 rates in the resource regions are still far below the provincial employment rate of 60.2%, although the Abitibi–Témiscamingue region did post an employment rate of 58.1% in 2006.

Part 2: Sectoral outlook

Overview

> The labour market situation in Abitibi–Témiscamingue is still heavily dependent on the basic natural resource sectors in the region, ie, mining, forestry and agricultural

The labour market situation in Abitibi–Témiscamingue is still heavily dependent on the basic natural resource sectors in the region, ie, mining, forestry and agricultural. During the 2004–2006 period, the primary, manufacturing and construction sectors accounted for 28% of employment in the Abitibi–Témiscamingue region, compared with 23.7% province wide. However, the proportion of jobs in the service sector in the region (72%) was comparable to that in Quebec (76%), 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 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
All Industries	341.3	100.0%	100.0%	0.9%	1.0%
Primary	4.8	1.4%	2.6%	-1.1%	-0.3%
Manufacturing	33.9	9.9%	16.4%	0.5%	0.6%
Construction	13.6	4.0%	4.7%	-0.6%	-0.6%
Services	289.1	84.7%	76.3%	1.0%	1.3%
Consumer Services	101.1	29.6%	27.4%	1.3%	1.1%
Production Services	81.2	23.8%	24.5%	1.7%	1.9%
Public and Parapublic Services	106.8	31.3%	24.4%	0.4%	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 activities (the three-year period was used so as to avoid cyclical fluctuations). With 18,100 jobs, public and parapublic services was the largest service sector group, accounting for over 27.5% of total employment in the Abitibi–Témiscamingue region, compared with 24.4% in Quebec. The consumer services group was not far behind, with 16,000 jobs or 24.4% of overall employment (27.4% province wide). A total of 13,300 people worked in production services in the region. This represents 20.2% of all jobs, 4.3 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.

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

For the 2007–2009 forecast period, the Abitibi–Témiscamingue service sector is expected to grow only very slightly (0.1%, compared with 1.3% in Quebec)

From 2007 to 2009, employment growth is expected to be almost non-existent in the Abitibi–Témiscamingue region (0.1%). This forecast is in line with the weak growth projected 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, employment in the primary sector in Abitibi–Témiscamingue is expected to increase by 1.1%, primarily as a result of growth in the mining industry; in Quebec, a modest decline of 0.3% is forecast. In the Abitibi–Témiscamingue region, this primary sector decline is a very long-term trend, and 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 2.9% is forecast in the Abitibi–Témiscamingue manufacturing sector, compared with growth of 0.6% province wide. To understand this decrease, one only has to consider the outlook in the primary wood processing (-4.8%) and pulp and paper (-8.4%) sectors. Proportionately, job losses in these two sectors are expected to be higher in the Abitibi–Témiscamingue region than in Quebec overall. As for the manufacturing sector, it must be remembered that it is more diversified in Quebec than in the region. Significant 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 3.6% is projected in the region, whereas in Quebec the number of jobs is expected to drop by 0.6%. This promising growth outlook is due to major projects in the James Bay and Abitibi–Témiscamingue regions.

For the 2007–2009 forecast period, the Abitibi–Témiscamingue service sector is expected to grow only very slightly (0.1%, compared with 1.3% in Quebec). Growth will be almost non-existent in consumer services (0.2%) and government services (0.2%); production services are expected to post 0% growth. In Quebec, during the same period, employment in consumer, government and production services is projected to increase by 1.1%, 0.8% and 1.9%, respectively.

Primary sector

The primary sector accounts for 9,300 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 in the Abitibi–Témiscamingue region is expected to increase by 1.1% (compared with a 0.3% decline province wide), primarily as a result of major losses in the forestry sector (-3.9%). These sectoral difficulties in the forestry industry will be offset by the number of jobs (5,800) and the expected rise in employment (+3.7%) 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, extraction, milling, 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.

The primary sector accounts for 9,300 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

Table 3
Breakdown and Employment Outlook in the Primary Sector
Abitibi-Témiscamingue Region

	Average 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Whole Primary Sector	4.8	1.4%	2.6%	-1.1%	-0.3%
Agriculture	2.9	0.9%	1.6%	-0.6%	-0.5%
Forestry and Logging	1.4	0.4%	0.5%	-2.3%	-2.7%
Fishing, Hunting and Trapping	0.0	0.0%	0.1%	0.0%	0.4%
Mining	0.4	0.1%	0.4%	-0.7%	2.1%

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

When the price of gold exceeds the US$650 mark, exploration spending resumes and operators make profits

Development in the mining industry has always been affected by fluctuating metal prices. When the price of gold exceeds the US$650 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[1] and has caused prices to rise substantially. The same applies to other metals, such as iron, aluminum and nickel.

In 2005, renewed investment in mining benefited both the Abitibi–Témiscamingue and Nord-du-Québec regions, which recorded $94 million and $111 million in mining exploration and development spending respectively. Together, these two resource regions account for almost 94% of overall mining investment in Quebec. The main gold projects in 2006 were Aurizon Mines' Casa Bérardi north of La Sarre; Agnico-Eagle's Lapa and Goldex projects in the Cadillac and Val d'Or camps, respectively; Wesdome Gold Mine's Kiena Mine in Dubuisson; Corporation Minière Alexis's Aurbel property east of Val d'Or (Herbin Lake deposit); Halo Resources' and Metanor Resources' Bachelor Lake mine in Desmaraisville; Virginia Mines' Eleonore property at the Opinaca reservoir in the James Bay region; Rocmec's Russian Kid; and Northern Star Mining's Midway near Val-d'Or. As concerns nickel and copper projects, the Canadian Royalties' Mesamax and Mequillon deposits in the far North have been deemed to have good development potential. Finally, Ashton Mining of Canada's and SOQUEM Inc's Foxtrot diamond-bearing property has been significantly developed. Other base metal projects include Xstrata's Perseverance project in Matagami, Breakwater's Langlois Mine near Lebel-sur-Quévillon and Globex near Rouyn–Noranda.

In light of the structural problems in the forestry sector, the forecast for this industry in the Abitibi–Témiscamingue region remains pessimistic, and a decline in employment of 3.9% is expected for the 2007–2009 period

With 900 jobs, or 0.9% of overall employment in the region in 2004–2006, 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 nevertheless constrained by the region's declining population. Employment levels in the agriculture sector are expected to be maintained over the next few years. A rising demand for local specialties is expected to foster development in the bio-food industry.

[1] For more information, refer to the document entitled *State of the Abitibi–Témiscamingue Mining Industry* prepared by the Labour Market Information Service, Abitibi–Témiscamingue Service Canada Centre, September 2006.

In 2004–2006, logging in the Abitibi–Témiscamingue region accounted for an average of 2,600 jobs, or 4.0% of regional employment, compared with 0.5% of all jobs in Quebec.[2] Forest harvesting and development is dependent on primary wood processing plants. There are numerous problems facing the forestry industry. 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 decline in employment of 3.9% is expected for the 2007–2009 period, compared with a drop of 2.7% province wide.

Manufacturing sector

During the period from 2004 to 2006, an average of 6,400 people worked in the manufacturing sector, which accounted for 9.8% of all jobs in the Abitibi–Témiscamingue region, compared with 16.4% in Quebec. For the 2007–2009 forecast period, overall employment in manufacturing is expected to continue to decline as a result of 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.

[2] For more information, refer to the document entitled *The Softwood Lumber Industry in Abitibi–Témiscamingue* prepared by the Labour Market Information Service, Abitibi–Témiscamingue Service Canada Centre, October 2006.

Table 4
Breakdown and Employment Outlook in the Manufacturing Sector
Abitibi-Témiscamingue Region

	Average 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Whole Manufacturing Sector	33.9	9.9%	16.4%	0.5%	0.6%
Consumer-Related Manufacturing	13.3	3.9%	6.2%	0.5%	0.0%
Food, Beverages and Tobacco	4.8	1.4%	2.1%	1.0%	0.6%
Textile Mills and Textile Product Mills	0.4	0.1%	0.5%	-0.8%	-1.5%
Leather Clothing and Products	1.0	0.3%	1.0%	-1.4%	-2.0%
Printing and Related Activities	2.5	0.7%	0.9%	0.5%	0.6%
Furniture and Related Products	1.7	0.5%	1.0%	-0.4%	-0.4%
Miscellaneous Manufacturing	2.8	0.8%	0.7%	1.1%	1.6%
Resource-Related Manufacturing	9.4	2.8%	3.9%	-1.4%	-0.7%
Wood Product Manufacturing	2.5	0.7%	1.5%	-1.3%	-1.5%
Paper Manufacturing	2.9	0.8%	1.0%	-1.2%	-1.2%
Petroleum/Coal Products Manufacturing	0.3	0.1%	0.1%	0.0%	1.6%
Non-Metallic Mineral Product Manufacturing	2.6	0.8%	0.5%	-2.3%	0.4%
Primary Metal Manufacturing	1.2	0.3%	0.9%	0.0%	0.5%
Investment-Related Manufacturing	11.2	3.3%	6.3%	1.6%	1.8%
Chemical Products	1.1	0.3%	0.9%	1.9%	0.8%
Plastics and Rubber Prod.	1.3	0.4%	1.0%	2.3%	0.7%
Fabricated Metal Product Manufacturing	2.8	0.8%	1.1%	1.8%	2.1%
Machinery Manufacturing	1.9	0.5%	0.8%	1.6%	2.1%
Computer and Electronic Product Manufacturing	1.8	0.5%	0.6%	2.7%	2.7%
Electrical Equip., Appliance and Component Manufact.	1.0	0.3%	0.4%	0.0%	1.1%
Transportation Equip. Manufacturing	1.4	0.4%	1.4%	0.7%	2.7%

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

Consumer-related manufacturing

The consumer-related manufacturing sector generated 1,100 jobs, most of which were in food and beverage manufacturing and printing. These two major economic sectors accounted for a total of 800 consumer-related manufacturing jobs. No growth (0%) is forecast in this sector for the 2007–2009 period. The population decline in the Abitibi–Témiscamingue region is a factor in this forecast.

The number of jobs in the food and beverage manufacturing sector has remained relatively stable over the years: 400 in 1981, 500 in 1991, 400 in 2001–2003 and 500 in 2004–2006. 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 over the long term. For the 2007–2009 forecast period, employment is expected to remain unchanged (0.0%), compared with growth of 0.6% province wide.

Resource-based manufacturing

The resource-based manufacturing sector, which accounts for 4,700 jobs or nearly 73% of all manufacturing jobs in the region, is the largest manufacturing sub-sector. The wood products and paper manufacturing industries form the basis of the Abitibi–Témiscamingue manufacturing structure. A decline in employment is a strong possibility, given the problems facing the Quebec forestry industry.

> 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 the 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 caused irreparable damage. As a result, negative employment growth of -4.8% is projected for the 2007–2009 forecast period (-1.5% 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. Officials in the paper sector blame their difficulties on the rise in the Canadian dollar, foreign competition and the increase in production and energy costs. No employment growth is forecast in the pulp and paper industry in the very short term. In the longer term, employment may even decline and there could be mill closures, especially if the Canadian dollar remains high in comparison with the US dollar. Job prospects will primarily arise as a result of the need to replace workers because, as in other sectors, the workforce in this sector is aging and will need to be replaced over the coming years. Consequently, an average annual decline in employment of 8.4% is projected for 2007–2009 in the Abitibi–Témiscamingue region, compared with a drop of 1.2% province wide.

The primary metal processing sector is expected to benefit from strong demand in China and the US; consequently, significant annual growth of 12% is projected for the 2007–2009 forecast period (the high percentage can be explained by the small number of jobs involved). The development of a number of deposits should ensure the supply of metals and foster job growth in this sector.

Investment-related manufacturing

There are very few investment-related manufacturing activities in the Abitibi–Témiscamingue region. On average, this sector only generates about 600 jobs, the majority of which are in metal product manufacturing (300 jobs) and machinery manufacturing (200 jobs). Investment-related activities highlight the gap between Quebec and the Abitibi–Témiscamingue region in terms of manufacturing sector development. In Abitibi–Témiscamingue, investment-related manufacturing accounts for 1% of all jobs, compared with 6.3% province wide. Employment in this sector is expected to remain stable over the 2007–2009 forecast period.

Construction

The construction industry has enjoyed healthy growth in recent years. Between 2004 and 2006, the construction sector, all trades and occupations combined, employed an average of 2,700 people—with a peak of 2,900 in 2005—and accounted for 4.1% of overall employment, which is lower than in Quebec (4.7%). It is estimated that close to 1,000 people work at the various James Bay sites. In addition, the recovery of the mining industry in the Abitibi–Témiscamingue and Nord-du-Québec regions could lead to an increase in the number of workers in the 2007–2009 period in both of these regions.

Furthermore, since 2005, there has been somewhat of a housing shortage in the Val-d'Or and Rouyn–Noranda residential sectors. Housing starts are expected to rise over the coming years and vacancy rates should remain very low.

The outlook for the construction industry in 2007–2009 is fairly optimistic. Average annual employment growth of 3.6% is forecast

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 three-year period from 2004 to 2006. 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 2007–2009 is fairly optimistic. Average annual employment growth of 3.6% is forecast, whereas in Quebec the number of jobs is expected to decline slightly (-0.6 %). This growth is primarily a result of the new developments at James Bay (the Eastmain-1A project, worth a total of $2.3 billion), prospects in the mining industry in the Abitibi–Témiscamingue (four projects totalling $735 million) and Nord-du-Québec (four projects totalling $764 million) regions, and the upswing in residential construction in Rouyn–Noranda and Val-d'Or.

Service sector

Over the past three years, the Abitibi–Témiscamingue service sector generated an average of almost 47,400 jobs and accounted for 72.1% of total employment. Of these jobs, 18,100 were in public and parapublic services, 16,000 in consumer services and 13,300 in production services. The outlook for 2007–2009 appears relatively stable, with annual employment growth of 0.1% forecast for the service sector as a whole, by reason of the fact that the region's population is expected to decline slightly over the coming years.

Consumer services

The outlook for 2007–2009 appears relatively stable, with annual employment growth of 0.1% forecast for the service sector as a whole

Consumer services, which are economic activities whose growth depends in large part on spending by individuals, account for just under one job in four in the Abitibi–Témiscamingue region, as they do elsewhere in Quebec. Given the slight decline forecast in the region's population, growth in this sector in the Abitibi–Témiscamingue region is expected to be limited.

For the 2007–2009 forecast period, annual employment growth of only 0.1% is projected in consumer services, which is significantly lower than the 1.2% growth forecast in Quebec.

Within the consumer services sector, retail trade accounts for 13.3% of regional employment. The accommodation and food services sector generates 5.4% of jobs; other services 3.3%; and information, culture and recreation 2.3%. In comparison with jobs province wide, the widest spread is 2.1 percentage points in the information, culture and recreation sector, which accounts for 4.4% of total employment in Quebec.

Over the past 16 years (1990 to 2006), the Abitibi–Témiscamingue consumer services sector has posted annual average employment growth of -0.2%. This negative growth is lower than overall labour market growth in the region (0.7%) and provincial growth in this sector (1.2%). Since 2000, the rate of job growth has levelled off in the Abitibi–Témiscamingue region 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.

Table 5
Breakdown and Employment Outlook in Consumer Services
Abitibi-Témiscamingue Region

	Average 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Consumer Services	101.1	29.6%	27.4%	1.3%	1.1%
Retail Trade	46.2	13.5%	12.8%	1.3%	1.2%
Information, Culture and Recreation	14.4	4.2%	4.4%	1.8%	1.1%
Accommodation and Food Services	24.8	7.3%	5.7%	1.2%	1.0%
Other Services	15.7	4.6%	4.4%	1.0%	1.0%

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

In terms of the number of jobs, retail trade is an important industry in the Abitibi–Témiscamingue region, employing 8,700 people in 2004–2006. This sector has grown rapidly over the past 20 years with the construction of shopping malls and the opening of superstores. These investments have boosted employment.

In the retail trade sector, big box stores are eating away at the market shares of smaller retailers

In the retail trade sector, big box stores are eating away at the market shares of smaller retailers. Negative annual growth of 0.7% is forecast for 2007–2009, which is significantly lower than the positive growth of 1.2% expected in Quebec.

In 2004–2006, an average of 1,500 people worked in the Abitibi–Témiscamingue information, culture and recreation sector. Over the years, the region has developed some outstanding tourist attractions and large-scale facilities such as La Cité de l'Or in Val-d'Or, Fort Témiscamingue in Ville-Marie, Le Paradis du Nord in La Sarre, Refuge Pageau in Amos and the Festival du Cinéma international in Rouyn–Noranda. 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, the Health Line and the Quebec Parental Insurance Plan) and private (Proximedia). According to the 2007–2009 forecast, annual growth in the information, culture and recreation sector could reach 1.9% in Abitibi–Témiscamingue, compared with 1.1% in Quebec.

The accommodation and food services industry has been thriving for a number of years. In 2004–2006, almost 3,600 people were employed in this sector. 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 job creation in the accommodation and food services sector. Almost 75% of the jobs in the industrial segment of accommodation and food services are in food services. The 2007–2009 forecast for this sector looks bright, with annual growth of 1.7%, which is slightly higher than in Quebec (1.0%).

Other services, which include personal and laundry services, repair and maintenance and funeral services, employed 2,200 people in the Abitibi–Témiscamingue region in 2004–2006. The outlook for employment in this sector is mixed, with projected annual growth of 0.0% in the Abitibi–Témiscamingue region and 1% province wide.

Production services

Production services provide approximately 13,300 jobs in the Abitibi–Témiscamingue region and account for 20.2% of total employment, compared with 24.5% province wide. This sector includes utilities (1.3% of all jobs), wholesale trade (4.1%), transportation and warehousing (5.0%), finance, insurance and real estate (3.2%), professional services (3.6%) and management of companies (3.0%). The widest gaps were observed in professional services (3.2% A–T vs 6.2% QC) and finance, insurance and real estate (3.2% A–T vs 5.6% QC). Mergers and affiliations with companies in other regions of Quebec 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.

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

	Average 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Production Services	81.2	23.8%	24.5%	1.7%	1.9%
Utilities	2.9	0.8%	0.8%	1.0%	1.3%
Wholesale Trade	9.8	2.9%	3.8%	1.5%	1.2%
Transportation and Warehousing	14.0	4.1%	4.6%	1.5%	0.8%
Finance, Insurance, Real Estate and Rental and Leasing	22.5	6.6%	5.6%	0.7%	0.5%
Prof., Scientific and Technical Services	19.7	5.8%	6.2%	2.8%	3.7%
Mgmt of Companies, Enterprises, Admin. and Support and Other	12.3	3.6%	3.5%	2.5%	3.3%

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

Employment in the production services sector is very diversified. Over the past 16 years (from 1990 to 2006), the number of production service jobs has risen by an average of 1.8% per year, which is higher than overall labour market growth, but lower than in Quebec as a whole (2.1%). For 2007–2009, annual employment growth of 0% is forecast in the production services sector.

In 2004–2006, utilities accounted for 900 jobs in the Abitibi–Témiscamingue region. In recent years, the construction and repair of dams and hydro-electric plants has generated a lot of jobs in this sector. For the 2007–2009 forecast period, average annual employment growth of 2.9% is projected in this sector.

Wholesale trade accounted for 2,700 jobs in the Abitibi–Témiscamingue region in 2004–2006. The wholesale trade sector has won back the jobs lost in recent years, primarily because it offers good business potential for suppliers of goods to enterprises. For 2007–2009, negative employment growth of 1.3% is forecast in this area of economic activity because of the high concentration of these types of services in other regions.

A total of 2,400 people were employed in professional, scientific and technical services in the Abitibi–Témiscamingue region in 2004–2006. Many jobs have been lost in this sector because of the high concentration of these types of services in other regions. However, further to the recovery in the mining industry and the many construction projects in the Abitibi–Témiscamingue and Nord-du-Québec regions, activity in this sector has experienced a considerable turnaround. For 2007–2009, average annual growth of 1.4% is forecast in professional, scientific and technical services, compared with 3.7% in Quebec.

The management of companies, administrative support and other support services sector employed 2,400 people in the Abitibi–Témiscamingue region in 2004–2006. Numerous jobs have been lost in this sector because of the high concentration of these types of services outside the region. However, further to the recovery in the mining industry and the many construction projects in the Abitibi–Témiscamingue and Nord-du-Québec regions, activity in this sector has experienced a considerable turnaround. For 2007–2009, average annual growth of 1.4% is forecast in these types of economic activities, compared with 3.7% in Quebec.

Public and parapublic services

Over the past 16 years, employment in the Abitibi–Témiscamingue public and parapublic services sector has been maintained, with long-term employment growth of 2.4%. This growth is higher than overall labour market growth (0.7%) and similar to growth province wide (1.4%). For the 2007–2009 forecast period, employment in public and parapublic services is expected to remain more or less unchanged, with only very slight employment growth (0.2%), which is close to the provincial growth forecast of 0.8%. Activity in this sector is influenced by broad government policies.

Table 7

Breakdown and Employment Outlook in Public and Parapublic Services

Abitibi-Témiscamingue Region

	Average 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Gov. and Parapublic Services	106.8	31.3%	24.4%	0.4%	0.8%
Educational Services	22.7	6.7%	6.6%	-0.3%	-0.1%
Ambulatory Health Care and Hospitals	26.2	7.7%	6.4%	1.4%	1.3%
Other Health Care and Social Assistance	18.5	5.4%	5.6%	1.2%	2.0%
Federal Public Administration	5.9	1.7%	1.9%	-0.1%	0.0%
Prov. and Territorial Public Administration	26.6	7.8%	2.1%	-0.5%	-0.4%
Local, Municipal, Regional and Other Public Administration	7.0	2.0%	1.8%	-0.3%	0.4%

Source: Service Canada Quebec region

Historical estimates based on Statistics Canada's Labour Force Survey

This major economic sector, which includes the activities of the education and health and social services networks and the wide range of federal, provincial and municipal government services, is the cornerstone of the quality of life and economy of the Abitibi–Témiscamingue region

On average, about 18,100 people in the Abitibi–Témiscamingue region worked in public and parapublic services in 2004–2006, accounting for 27.5% of the total workforce, compared with 24.4% in Quebec. This major economic sector, which includes the activities of the education and health and social services networks and the wide range of federal, provincial and municipal government services, is the cornerstone of the quality of life and economy of the Abitibi–Témiscamingue region. Among public services, it is the health care and education sectors that generate the most jobs.

In 2004–2006, some 4,800 people were employed in the educational services sector, representing 7.2% of all jobs. Employment in this sector is expected to be affected by the population decline, caused primarily by the drop in the birth rate and the exodus of young people. Nevertheless, in recent years, research activities at the UQAT and the Abitibi–Témiscamingue CEGEP have stimulated employment. The annual forecast for 2007–2009 predicts negative employment growth of 0.6% in educational services in the region, compared with negative growth of 0.1% province wide.

Health care and social assistance employs 9,900 people in the Abitibi–Témiscamingue region. Average annual growth of 1.3% is expected for the 2007–2009 forecast period in this sector overall.

Public administration remains a major employment sector, generating 3,500 jobs in 2004–2006. Of these jobs, 500 were in federal public administration, 1,900 in provincial public administration and 1,100 in municipal public administration. In Quebec, the public administration sector accounts for 5.8% of employment, compared with 5.3% in the Abitibi–Témiscamingue region.

Negative employment growth (-5.9 %) is forecast for 2007–2009 (this figure can be explained by the small number of jobs involved). A total of 1,900 people were employed in provincial public administration over the past year. The provincial sector is well established in the Abitibi–Témiscamingue region and accounts for 2.9% of all jobs. However, the Quebec government's review of the role of government may eventually have repercussions on employment. Negative growth is predicted for 2007–2009. Finally, local administration employed an average of 1,100 people or 1.7% of the total workforce. Zero job growth is forecast in this sector for 2007–2009.