Service Canada



Sectoral Outlook

2007-2009

Bas-Saint-Laurent

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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
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Pictures
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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.

The contents of this document derive from analyses made by the author and do not necessarily reflect the views of the Government of Canada.

Cat. No.: SG2-1/3-2007E-PDF
ISBN: 978-0-662-45573-8

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Although the Bas-Saint-Laurent region's economy still depends on the extraction and processing of natural resources, the past few years have been marked by the development and diversification of its manufacturing sector. The recent implementation of plants producing wind generator parts has helped the manufacturing sector to expand, partially offsetting the slump in the lumber industry. The overall robustness of the economy has also been a boon for residential construction, whose three best years were from 2004 to 2006. The service sector experienced growth also, but at a much slower pace than in the province as a whole. Population decline and an aging population are factors that are likely to limit development of the service sector and change its make-up.

The regional labour market has been doing well since the beginning of the decade, particularly in the past three years. From 2000 to 2006, average annual employment growth was 2.2% and the employment rate gained five percentage points. The unemployment rate decreased dramatically over the past three years, remaining under the 10% mark. The smaller labour supply caused by population decline and aging could bring down the regional unemployment rate even further.

In spite of everything, the outlook for 2007–2009 is moderate, with a difficult 2007 setting the scene, particularly for manufacturers. Our forecast for average annual employment growth during this period is only 0.5%, which should translate into only 1,300 new jobs throughout the period. We are not expecting any employment growth in manufacturing, which will have to fight hard to preserve the gains it has made.

Sectoral outlook

In recent years, employment growth has taken place chiefly in the goods-producing sectors, with the service sector showing little progress. Accordingly, the percentage of jobs in the manufacturing sector rose from 11.9% to 15.1% over the past 10 years, while the percentage of jobs in the service sector dipped from 74.7% to 72.3%, going against the trend observed in Quebec. Although the primary sector is in decline, it is still very active, with 8.6% of total employment, compared with 2.6% in the province.

During the 2007–2009 period, a weak 0.5% increase in employment will be ensured chiefly by the service sector. After dominating job creation up to 2006, the goods-producing sectors will experience a slowdown. There will be job losses in the primary sector overall, but mainly in forestry and logging, where another reduction in allowable cut will go into effect in 2008. Manufacturing jobs will hold steady following significant gains over the past three years. There will be job losses in resource-related manufacturing (lumber, paper), while investment-related manufacturing will gain momentum, mostly in fabricated metal products, machinery and transportation equipment manufacturing.

The construction sector will be relatively dynamic with the ongoing installation of wind farms. However, residential and commercial construction should experience a slight downturn. The 2007–2009 period could mark the start of construction on the vast liquefied natural gas terminal project in Gros Cacouna.

The service sector is expected to grow by an average of 0.7% over the next three years, a notch above the growth of the overall economy. Production services will dominate employment gains with average annual growth of 1.1%. The professional, scientific and technical services subgroup will make the biggest contribution to this sector, thanks in part to developments in biotechnology and marine technology. A few jobs will also be created in utilities once the wind farms start operating. Employment in public and parapublic services will grow by 0.7%, mostly in health care and social assistance. Employment levels in educational services will fall off slightly owing to a drop in the school population, and we are expecting a downturn in the number of workers in public administration as governments try to balance their budgets. Finally, consumer services will experience the weakest employment growth in the service sector because employment growth in these services is closely linked to demographic changes. The highest relative upsurge will be in the information, cultural and recreation industries, while retail trade will provide the largest number of jobs, given its size.

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
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- 51 Information and Cultural Industries
- 71 Arts, Entertainment and Recreation
- 72 Accommodation and Food Services
- 81 Other Services (except Public Administration)

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

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

Part 1: Overview

Description of the Area

This analysis of the economic and sectoral outlook deals with the Bas-Saint-Laurent region. This area, which corresponds to administrative region 01, is composed of the following regional county municipalities (MRCs): La Matapédia, Matane, La Mitis, Rimouski-Neigette, Les Basques, Rivière-du-Loup, Témiscouata and Kamouraska.

This region also corresponds to the area covered by the Bas-Saint-Laurent Service Canada Centre (SCC). Service Canada Centres are located in the municipalities of Causapscal, Matane, Rimouski, Rivière du Loup and La Pocatière.

The total population of the area was 200,630 in 2001, some 5,434 inhabitants fewer (-2.6%) than at the time of the 1996 census. The total population of the Bas-Saint-Laurent region has been declining since the 1981 census, at which time it numbered 211,052 inhabitants.

Economic Environment

> The Bas-Saint-Laurent region has attracted attention in the last few years because of the sustained improvement of its economy and labour market

Known for its beautiful landscapes, the Bas-Saint-Laurent region has attracted attention in the last few years because of the sustained improvement of its economy and labour market. Since the early 1990s, this region has posted the best employment growth of the resource regions,[1] maintaining a slightly slower pace than that of the provincial average.

In the past few years, the region has set itself apart through the development and diversification of its manufacturing sector. Growth occurred in fabricated metal product, machinery and transportation equipment manufacturing, which require a more skilled workforce than traditional sectors such as wood products, food processing and clothing manufacturing. The recent building of wind generator parts plants has enabled the regional manufacturing sector to continue expanding. Despite the softwood lumber crisis, the region has been able to limit the damage in this industry by the presence of numerous enterprises working in the secondary and tertiary processing of wood products.

[1] These are the Gaspésie–Îles-de-la-Madeleine, Bas-Saint-Laurent, Abitibi-Témiscamingue, Saguenay–Lac-Saint-Jean, Côte-Nord and Nord-du-Québec regions.

The service industry also experienced growth, although at a much slower pace than in Quebec as a whole. The region has numerous educational establishments and health care centres. It also benefits from its geographic location along the St Lawrence River, having developed a marine-based economy that is unique in Quebec. The telecommunications sector continues to play a major role because of the presence of the Télus Québec head office. In the coming years, the launch of wind farms should generate significant investments and create many jobs in the construction industry. Lastly, cultural and sports activities, as well as tourism have been very dynamic over the past few years, thus contributing to employment growth.

The Bas-Saint-Laurent region benefits from its geographic location along the St Lawrence River, having developed a marine-based economy that is unique in Quebec

Although it is losing speed, the primary sector continues to be much more significant than in the province as a whole. Despite everything, the peat industry has shown remarkable progress, not only in extraction operations, but also in the development of peat-based bio-industries. The situation is quite the opposite for the forest industry, which is expected to experience further losses in the next three years.

Two opposing forces have been at work in the Bas-Saint-Laurent economy: fast and sustained expansion along the shores of the St Lawrence from La Pocatière to Matane, and complete stagnation and devitalization of the economic fabric in the inland rural areas. With current and upcoming projects (such as the liquefied natural gas terminal project at Gros Cacouna), it seems that this divergence in economic development will continue.

Moreover, most economic observers are forecasting an economic slowdown in Quebec as a whole in 2007. This short-term pessimistic scenario is based on several factors, including moderate US economic growth, which will affect Quebec manufacturing; a Canadian dollar that will remain high relative to the US dollar (albeit lower than it was in 2005 and 2006); and stronger international competition. Forecasters believe that global and American economic growth will stay on track in 2008 and probably continue in 2009, thus revitalizing Quebec's manufacturing shipments. The Bank of Canada expects about 2% inflation, on average, in the coming years. Naturally, the region's exporters will have to deal with this less favourable environment, at least in 2007. Population decline and aging are other factors that could curtail the regional economy's robust expansion of the past 15 years. There is good news, however: the population decline could restrict the labour supply and bring down the unemployment rate.

Labour market indicators

Following a decline in 2005, the regional labour market picked up in 2006, posting its second best performance since 1987

Following a decline in 2005, the regional labour market picked up in 2006, posting its second best performance, after that of 2004, since 1987.[2] The labour force grew by 2.2%, compared with the previous year, numbering a total of 101,000 participants. The increase in labour market participation pushed the participation rate up 1.2 percentage points to 60.4%. The regional participation rate hit a record high of 62.3% in 2004. In Quebec as a whole, the participation rate dropped slightly in the 2004–2006 period, from 65.8% to 65.5%. Although the participation rate has gained ground over the past few years in the region, it is still markedly lower than that of the province, particularly in the 15-to-24-year-old group and older workers (55 and over).

Table 1
Main Labour Market Indicators - 2004-2006
Bas-Saint-Laurent Region

	2004	2005	2006	2004-2006
Population 15+ ('000)	166.3	166.8	167.1	166.7
Labour force ('000	103.6	98.8	101.0	101.1
Employed ('000)	93.8	90.4	91.9	92.0
Unemployed ('000)	9.7	8.4	9.1	9.1
Unemployment rate	9.4%	8.5%	9.0%	9.0%
Participation rate	62.3%	59.2%	60.4%	60.7%
Employment rate	56.4%	54.2%	55.0%	55.2%

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

The region's employment began to rise again in 2006, following losses in 2005. Some 1,500 jobs were created in 2006, compared with the previous year (+1.7%), for a total of 91,900 jobs, the second highest number after the 2004 total. In Quebec as a whole, 48,000 new jobs were created in 2006, for a 1.3% increase. This was the 10th year in a row that the province posted employment growth. In the Bas-Saint-Laurent region, employment has been up and down, posting both negative and positive growth over the past 10 years. The employment rate was 55% in 2006, for a 0.8 percentage point increase. This is the second highest level in the past 20 years, after the 56.4% high of 2004. In the province, the employment rate remained relatively stable over the past three years (60.2%).

[2] 1987 is the first year that Labour Force Survey data was published for the Bas-Saint-Laurent region.

In 2006, the region's unemployment rate was under 10% for the third year in a row

Over the next three years, we expect moderate employment growth at an annual rate of 0.5%

The number of unemployed jumped from 8,400 in 2005 to 9,100 in 2006, because the number of new entrants looking for work was greater than the number of jobs created. This nudged up the unemployment rate to 9%. This was the third year in a row in which the unemployment rate was under 10%, which had never happened before 2004. In Quebec as a whole, the unemployment rate fell for the third consecutive year, posting 8% in 2006.

Over the next three years, ie, from 2007 to 2009, we expect moderate employment growth at an annual rate of 0.5%. This pace of growth will translate into the creation of some 1,300 new jobs over the period, while in the past 10 years, an average of 1,000 new jobs were created annually in the region. In Quebec as a whole, the expected average annual employment growth rate is 1% between now and 2009, or 39,000 new jobs annually. Over the past 10 years, the province has maintained a pace of 64,000 new jobs annually. Despite the more moderate increase in employment, the regional unemployment rate should continue to fall because of labour supply constraints.

Part 2: Sectoral outlook

Overview

Industrial structure

Manufacturing has gained 3,000 jobs since the early 2000s, and currently accounts for 15.1% of regional employment, as against 16.4% for the province

The Bas-Saint-Laurent region numbered an average of about 92,000 employed for the 2004–2006 period, 66,500 (72.3%) of whom were in the service sector, a smaller proportion than in Quebec as a whole (76.3%). Consumer services had the most jobs, with 29.6% of total employment. Public and parapublic services account for just over 26% of regional employment. These two groups account for a greater concentration of jobs than in the province as a whole. However, production services represented only 16.6% of all regional jobs, a much lower percentage than in Quebec as a whole (24.5%), which explains the four percentage point spread with the province for all services combined.

The goods production industry, which includes the primary sector, manufacturing and construction, had almost 26,000 jobs, on average, from 2004 to 2006, accounting for 27.8% of total employment. Quebec's share was smaller at 23.7%. This discrepancy is mostly attributable to the primary sector, which employs 8.6% of the region's workers, compared with only 2.6% in Quebec as a whole. The manufacturing sector expanded at an exceptional rate, having gained 3,000 jobs since the early 2000s and currently accounting for 15.1% of regional employment, as against 16.4% for the province. The construction industry has been quite dynamic over the past three years, maintaining an average employment level of 3,800 jobs, for 4.1% of total employment. This proportion is nevertheless smaller than it is in Quebec as a whole (4.7%).

Outlook

About 1,000 new jobs have been created annually in the Bas-Saint-Laurent region in the past 10 years

The past 10 years have been relatively favourable for the Bas-Saint-Laurent region in terms of job creation. The average annual employment growth rate was 1.2%, which translates into the creation of about 1,000 jobs a year. However, this pace of growth was slower than the province's for the same period, when it posted annual gains of 1.9%.

According to most forecasters, 2007 will be a particularly difficult year in economic terms. Quebec's economy is lagging and this is bound to affect the region. However, there should be some improvement in 2008. For these reasons, we anticipate an average annual employment growth rate of 0.5% for the 2007–2009 period, which is below the average of the past 10 years. Quebec will also experience a slowdown in job creation because the expected annual growth rate of 1% between now and 2009 is about half of the rate recorded over the past 10 years. All in all, the region's anticipated employment growth rate will be satisfactory, given the weak growth, if not stability, of the working-age population, so the employment rate will continue to edge up.

The anticipated employment growth rate of 0.5% between now and 2009 may be viewed as satisfactory, given the weak growth in the working-age population

Table 2

Breakdown of Employment for Selected Industry Groups

Bas-Saint-Laurent Region

	Average 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
All Industries	92.0	100.0%	100.0%	0.5%	1.0%
Primary	7.9	8.6%	2.6%	-1.4%	-0.3%
Manufacturing	13.9	15.1%	16.4%	0.0%	0.6%
Construction	3.8	4.1%	4.7%	1.5%	-0.6%
Services	66.5	72.3%	76.3%	0.7%	1.3%
Consumer Services	27.2	29.6%	27.4%	0.5%	1.1%
Production Services	15.3	16.6%	24.5%	1.1%	1.9%
Public and Parapublic Services	24.0	26.1%	24.4%	0.7%	0.8%

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

The outlook for the next three years is bleaker for the goods-producing sector, while most employment growth will come from the service sector

Owing to persistently unfavourable factors, the outlook for the next three years is bleaker in the goods-producing sectors. These factors include a decrease in allowable cut, the high Canadian dollar, fierce competition on the part of countries with low labour costs, and, for some industries, difficulties replacing the aging workforce. We are therefore predicting employment losses of about 1.4% annually in the primary sector, chiefly in the logging industry; this decrease will be higher than that in Quebec as a whole (-0.3%). The exceptional growth of the manufacturing sector over the past 10 years will cease temporarily. Our forecasts show that employment will stagnate to some extent between now and 2009, and that growth in Quebec will be limited to 0.6%, below the average for all industries combined (+1%). Construction will be the only industry in the goods-producing sector to post employment growth (+1.5%), according to projections by the Commission de la construction du Québec (CCQ), which is predicting a strong increase in the number of hours worked in the region.

The jobs created in the next three years will be largely in the service sector. Our scenario indicates an average growth rate of 0.7%, approximately half the rate forecast for the province (+1.3%), with production services posting the highest growth (+1.1%). The employment growth rate of public and parapublic services will be on a par with Quebec's (+0.7%) over the next three years, almost exclusively in health care and social services. Finally, employment growth in consumer services (+0.5%) will be very similar to that seen in the labour market as a whole, but will remain below the rate for the province (+1.1%).

Primary sector

Anticipated job losses in the primary sector will be attributable to both a downward trend in agriculture-related employment and problems in the logging industry

The primary sector accounts for some 7,900 jobs in the Bas-Saint-Laurent region; this represents 8.6% of all regional employment, a markedly higher percentage than in Quebec as a whole (2.6%). In the early 2000s, employment in the primary sector rose, increasing its relative weight to over 10%. Since 2003, employment has been falling, bringing the percentage down to 8.6% of total employment. The employment share in the primary sector is only slightly lower than in the six resource regions viewed as a whole (9%). The recent job losses in the primary sector are attributable to both a downward trend in agriculture-related employment and problems in the logging industry. The employment decline is expected to continue during the forecast period: we are predicting an annual workforce reduction of 1.4% in the primary sector during the 2007–2009 period, mainly in the logging industry. This downturn is similar to the one anticipated in the resource regions viewed as a whole (-1.2%).

Table 3
Breakdown and Employment Outlook in the Primary Sector
Bas-Saint-Laurent Region

	Average 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Whole Primary Sector	7.9	8.6%	2.6%	-1.4%	-0.3%
Agriculture	3.9	4.2%	1.6%	-0.8%	-0.5%
Forestry and Logging	2.7	2.9%	0.5%	-3.7%	-2.7%
Fishing, Hunting and Trapping	0.1	0.1%	0.1%	0.0%	0.4%
Mining	1.2	1.3%	0.4%	1.8%	2.1%

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

The agriculture industry employs around half of the workers in the primary sector. As in Quebec as a whole, the number of agriculture-related jobs has been falling dramatically, from an average of 4,600 in the 1990s to fewer than 4,000 in the 2004–2006 period. Employment losses incurred since 1990 were due chiefly to a decrease in the number of farms, especially dairy farms. However, their concentration has boosted productivity and production. The past few years have not been easy for farm producers, who have had to cope with mad cow disease, difficult market conditions and the fact that there is no new workforce in view. Major restructuring is expected in hog production, among other agriculture-related industries. On the positive side, a meat-processing plant will be established in the region in 2007, which is likely to help local producers. Nevertheless, the long-term trend of workforce reduction is expected to continue until 2009.

In contrast to the agriculture industry, employment in logging has enjoyed a strong growth spurt that began in the 1990s and has continued until recently. The logging industry has benefited from favourable conditions in the wood processing industry and from specific forest management agreements between the region and the Quebec government.

After enjoying these high-performance years, the industry must now deal with a very different environment, such that employment has been falling for three years. The industry has been faced with countervailing and antidumping duties on softwood lumber exports, which resulted in production halts and plant closings. Meanwhile, the Coulombe report recommendation to reduce allowable cut by 20% over the next three years has been applied. More recently, the Chief Forester announced further reductions as of 2008. Lastly, upstream activities, such as wood processing and pulp and paper, were hard hit by the rising Canadian dollar. These factors will continue to affect the forest industry in the medium term. Although it is difficult to measure the impact, we are forecasting that the employment rate will drop by 3.7% annually between now and 2009, which is a bigger downturn than in Quebec as a whole (-2.7%) because of the greater reduction in allowable cut in the region.

The workforce in forestry and logging could decrease by 3.7% annually between now and 2009

Although the mining industry is smaller than agriculture and logging, it has nonetheless enjoyed steady growth over the past decade. This growth was chiefly attributable to peat development and the slate mine in Saint Marc du Lac Long. The workforce more than doubled and the employment level is estimated at about 1,200 for the 2004–2006 period. We are forecasting continued growth in the medium term, which is similar to the expected scenario for this industry in the province.

Manufacturing sector

After posting strong growth over the past few years, employment in the manufacturing sector will remain stable at its current level for the 2007–2009 period

The manufacturing sector in the Bas-Saint-Laurent region has generally been very healthy over the past few years. Estimated employment (13,900 jobs) for the 2004–2006 period was about 3,000 jobs higher than in the early 2000s, in contrast with the situation for the province, which posted very poor results. It should be remembered that manufacturing accounted for 15.1% of regional employment in the 2004–2006 period, compared with 11.9% ten years ago. The region's manufacturing sector has not suffered as much as Quebec's because recent hardships in the province have affected certain areas of activity (textiles, clothing, printing, wood, chemical products and furniture) that are not greatly represented in the region, except for the softwood industry. However, over the next three years, we are expecting relative employment stability in the manufacturing sector, mostly because of cutbacks in resource-related manufacturing, which is expected to drop by 1.6%. However, we are predicting weak growth in consumer-related manufacturing (+0.4%), while the best performance will be posted by investment-related industries (fabricated metal products, machinery and transportation equipment), up 1.7%, despite the fact that this group accounts for only 25% of manufacturing jobs.

Table 4

Breakdown and Employment Outlook in the Manufacturing Sector

Bas-Saint-Laurent Region

	Average 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Whole Manufacturing Sector	13.9	15.1%	16.4%	0.0%	0.6%
Consumer-Related Manufacturing	4.7	5.1%	6.2%	0.4%	0.0%
Food, Beverages and Tobacco	2.6	2.8%	2.1%	0.9%	0.6%
Textile Mills and Textile Product Mills	0.3	0.3%	0.5%	-2.7%	-1.5%
Leather Clothing and Products	0.5	0.5%	1.0%	-2.0%	-2.0%
Printing and Related Activities	0.5	0.5%	0.9%	1.3%	0.6%
Furniture and Related Products	0.5	0.5%	1.0%	-1.3%	-0.4%
Miscellaneous Manufacturing	0.3	0.3%	0.7%	2.8%	1.6%
Resource-Related Manufacturing	5.7	6.2%	3.9%	-1.6%	-0.7%
Wood Product Manufacturing	3.6	3.9%	1.5%	-2.7%	-1.5%
Paper Manufacturing	0.9	1.0%	1.0%	-1.2%	-1.2%
Petroleum/Coal Prod. Manufacturing	0.0	0.0%	0.1%	-	1.6%
Non-Metallic Mineral Product Manufacturing	0.7	0.8%	0.5%	1.4%	0.4%
Primary Metal Manufacturing	0.6	0.7%	0.9%	0.0%	0.5%
Investment-Related Manufacturing	3.5	3.8%	6.3%	1.7%	1.8%
Chemical Products	0.1	0.1%	0.9%	0.0%	0.8%
Plastics and Rub. Prod.	0.2	0.2%	1.0%	5.3%	0.7%
Fabricated Metal Product Manufacturing	0.8	0.9%	1.1%	0.8%	2.1%
Machinery Manufact.	0.7	0.8%	0.8%	1.4%	2.1%
Computer and Electro. Product Manufacturing	0.1	0.1%	0.6%	0.0%	2.7%
Elect. Equip., Appliance and Compo. Manufact.	0.1	0.1%	0.4%	0.0%	1.1%
Transportation Equipment Manufact.	1.5	1.6%	1.4%	2.1%	2.7%

Source: Service Canada Quebec region

Historical estimates based on Statistics Canada's Labour Force Survey

Consumer-related manufacturing

Consumer-related manufacturing accounts for 4,700 jobs, representing 34% of total manufacturing employment, a lower share than in the province (38%). In the past few years, consumer-related manufacturing has posted vigorous growth, exceeding by far that of all industries combined. In the past 10 years, the average annual employment growth rate was 3.7%, which is the same as for the entire manufacturing sector. In that period, consumer-related manufacturing in the province was posting annual employment losses of 0.2%. We are expecting continued growth over the next three years, but at a more moderate pace (0.4% annually), while in Quebec as a whole, the number of jobs in this sector will not increase.

Unlike the trend in the province, consumer-related manufacturing jobs have gained ground over the past few years, a trend that is expected to continue, but at a more moderate pace

Most of the new jobs in this sector will come from the food processing industry, which alone accounts for 55% of consumer-related manufacturing jobs. While the pork processing industry seems to be in a crisis, plants in the Bas-Saint-Laurent region continue to hire staff. Such is the case with Aliments ASTA in St Alexandre de Kamouraska, which recently invested $15 million to modernize its equipment and plans to hire about 100 new workers. In addition, the Union des producteurs agricoles (UPA) in the Bas-Saint-Laurent region will be building a meat processing plant that will create about 50 new jobs.

The five other industries making up this group employ between 200 and 500 workers each. In total, these five industries proportionally account for far fewer jobs in this region than in Quebec as a whole, which explains their marginal contribution to the regional economy. Among them, three are shrinking: textiles and textile products, clothing and leather products, and the furniture industry. These activities face fierce competition from abroad. Furthermore, some plants are dealing with a scarcity of labour, so they cannot respond to contract offers. In contrast, employment levels are expected to inch up in the printing industry and the miscellaneous manufacturing industry between now and 2009.

Resource-related manufacturing

In the Bas-Saint-Laurent region, the resource-related manufacturing sector employs approximately 5,700 workers, accounting for 41% of the manufacturing jobs, making it the largest of the three sectors. In Quebec, this sector accounts for only 24% of manufacturing jobs, ranking last of the three groups. As is apparent from its name, the resource-related manufacturing sector is predominant in all the resource regions, where it accounts for nearly 62% of the manufacturing jobs. The relative weight of resource-related manufacturing is second-lowest in the Bas-Saint-Laurent region, after the Gaspésie–Îles-de-la-Madeleine region, demonstrating greater diversification in the manufacturing industries.

The outlook for resource-related manufacturing is gloomy because of problems in the softwood lumber industry and, to a lesser extent, in the pulp and paper industry

After posting consistent growth in the 1990s, employment in resource-related manufacturing has been fairly stable since the start of the decade, partly because of the recent softwood lumber problems. In the past year, many plants permanently closed their doors. However, unlike in other regions in Quebec, there were no pulp and paper plant closings and only a few people were laid off. Although they employ only 700 and 600 workers, respectively, the non-metallic mineral product manufacturing industry and the primary metal manufacturing industry generated many new jobs in the last 10 years, but growth has considerably slowed down since 2000.

The outlook for 2007–2009 is not very good for the entire resource-related manufacturing sector. We are forecasting annual losses of about 1.6%, chiefly in the wood processing industry (-2.7%) and, to a lesser extent, in the pulp and paper sector (-1.2%). Although there are no planned closings for the latter, production is being halted sporadically. The sawmill industry is still in a slump, and only developments in secondary wood processing will serve to curb job losses. To that end, new projects have been announced in the manufacturing of fireplace logs, the processing of aspen residue, wood window and door manufacturing and prefabricated wood building manufacturing. In addition, after announcing that it was shutting down its number one production line and laying off 200 workers, Uniboard Canada in Sayabec partially re-opened it because the market had become profitable again. Uniboard will also be spending $10 million over the next few years to upgrade its equipment.

Investment-related manufacturing

In the past 10 years, employment growth in investment-related manufacturing has been robust and steady; this is expected to continue in the 2007–2009 period, at a pace similar to that of Quebec as a whole

Investment-related manufacturing industries constitute the least important group in the manufacturing sector in terms of jobs, employing only 3,500 workers. However, this has of late been the most dynamic group, and should post the best results in the coming years. It accounts for 25% of the manufacturing jobs in Bas-Saint-Laurent, compared with 38% in Quebec as a whole. However, these industries occupy a more prominent place in Bas-Saint-Laurent than in the resource regions as a whole (16%). We should point out that fabricated metal products, machinery manufacturing and transportation equipment manufacturing account for no less than 86% of investment-related manufacturing jobs in the region.

In the past 10 years, employment growth in investment-related manufacturing has been robust and steady, at the annual rate of about 6%, which is the highest rate of all industry sectors. During that period, employment rose gradually from under 2,000 to 3,500 jobs, mostly in fabricated metal products, machinery manufacturing, transportation equipment manufacturing and, more recently, plastic product manufacturing, with the opening of wind generator parts plants.

Despite the fact that this activity sector is very sensitive to economic cycles, we expect it to continue to grow in the medium term, particularly because of the wind energy sector (wind towers and generator parts), machinery manufacturing (Premier Tech's research and development projects) and transportation equipment manufacturing (Bombardier's two mega contracts). Between now and 2009, we are forecasting an average annual employment growth rate of 1.7%, a much more moderate rate than in the past few years, but well above those of the other two manufacturing sectors and of all industry sectors combined. This scenario is similar to projected growth in the province (1.8%).

Construction industry

The construction industry posted a solid performance in the 2004–2006 period, the best in the past 10 years

Despite a minor slowdown in residential and commercial construction, the number of hours worked in the region will increase thanks to wind farm construction and roadwork

The construction industry employs around 3,800 people in the Bas-Saint-Laurent region, accounting for 4.1% of total employment, which is a smaller share than in the province (4.7%) Following a slump in the late 1990s, employment in the construction industry picked up, with estimated levels from 2004–2006 being slightly higher than in 1997. The last three years were very good in the construction industry. According to Statistics Canada's report on the value of building permits, the number of housing starts from 2004 to 2006 was up 49% compared with the 2001–2003 period, while the value of the residential sector exceeded $300 million, a 72% increase. The total value of all construction sectors combined was almost $600 million over the past three years, representing a 61% increase over the previous three-year period.

The outlook for the next three years is favourable. According to projections by the Commission de la construction du Québec (CCQ), the total number of hours worked in the region (including Gaspésie–Îles-de-la-Madeleine) is expected to increase by 15% in 2007. This increase will be attributable to the wind sector, with the construction of numerous wind farms and the work required to transmit the energy to Hydro-Québec's transmission lines. In addition, we can foresee the launch of construction work on the Énergie Cacouna liquefied natural gas terminal in 2008, which could involve over $600 million in investments. Robust employment growth is expected in engineering and road construction between now and 2009, increasing the number of jobs and hours worked in the construction industry. Having had a few good years, residential and commercial building construction can expect to slow down a little. Lastly, institutional and government construction will lag behind in the absence of major projects. The outlook for 2007–2009 is favourable, with an average annual employment growth rate of 1.5%, while the rate is expected to drop in the province (-0.6%).

Service sector

La création d'emplois d'ici les trois prochaines années proviendra principalement des services. Notre scénario indique une croissance moyenne de 0,7 %, soit environ la moitié de la hausse prévue au Québec (+1,3 %). Ce sont les services à la production qui devraient connaître la croissance la plus élevée (+1,1 %). Pour leur part, les services gouvernementaux et parapublics suivront une cadence similaire au Québec avec une croissance de l'emploi de 0,7 % au cours des trois prochaines années venant presque exclusivement des services de santé et assistance sociale. Enfin, la croissance de l'emploi projetée dans les services à la consommation (+0,5 %) sera à peu de choses près semblable à l'ensemble du marché du travail, mais demeurera inférieure à celle du Québec (+1,1 %).

Consumer services

Annual employment growth in consumer services should increase at the same rate as in the economy as a whole, namely, 0.5%

Consumer services employ over 27,000 people in Bas-Saint-Laurent. This sector accounts for 29.6% of the region's total employment, making it the most important industrial group. This share is slightly higher than in Quebec (27.4%). In the past 10 years, employment levels in consumer services have increased at an average annual rate of 0.9%, which is lower than that of the province (1.5%). As the name implies, consumer services are largely dependent upon local consumption, which means that the sector's growth is directly related to population and income growth. As we previously indicated, the region's population is declining and its income growth is weaker. For these reasons, we forecast weak annual employment growth of only 0.5% for this group between now and 2009, compared with 1.1% for Quebec as a whole.

Table 5
Breakdown and Employment Outlook in Consumer Services
Bas-Saint-Laurent Region

	Average 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Consumer Services	27.2	29.6%	27.4%	0.5%	1.1%
Retail Trade	12.1	13.2%	12.8%	0.5%	1.2%
Information, Culture and Recreation	4.1	4.5%	4.4%	0.8%	1.1%
Accommodation and Food Services	5.8	6.3%	5.7%	0.4%	1.0%
Other Services	5.2	5.7%	4.4%	0.6%	1.0%

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

Future growth in retail trade will be influenced by factors such as online shopping, rising incomes and demographic changes

The main sub-group in consumer services is retail trade, which employs just over 12,000 workers, accounting for 44 % of all jobs in consumer services. Following a downward trend in the mid 1990s after the recession of 1992–1993, employment in retail trade picked up in the 2000s, and peaked in 2004–2006 with over 12,000 employed. A generally healthy economy has enabled this industry sub-group to flourish thanks to the opening of superstores in the region's main towns. Employment growth over the past 10 years (1.6%) was nevertheless below that of the province (2.2%). However, the recent arrival of superstores has intensified the competition to the extent that less profitable businesses may have to close, which will limit future employment growth. A case in point is Loblaw, which closed two stores: one in Rimouski (Maxi) and one in Matane (Provigo) in January 2007. Other factors, such as online shopping, rising incomes and demographic changes, will also influence industry trends. For these reasons, we are predicting that the average annual employment growth rate will drop down to 0.5% in the 2007–2009 period, which is similar to the trend for all the industries, as a whole.

Regional tourism will face fierce competition, especially from the Québec region, which will be celebrating the 400th anniversary of Quebec City in 2008

The accommodation and food services industry is the second largest consumer services activity, employing 5,800 people and accounting for 6.3% of regional employment, compared with 5.7% in the province. Over the past 10 years, the average annual employment growth rate in accommodation and food services was 0.9%, which is slightly below that of Quebec as a whole (1.2%). Having enjoyed healthy, steady growth from the mid-1990s to 2003, the accommodation and food services industry slowed down over the past three years, which resulted in a slight drop in the employment level. The region will be facing fierce competition in tourism in the next three years, especially from the Québec region, which will be hosting the celebrations for the 400th anniversary of Quebec City in 2008. Between now and 2009, we are forecasting weak annual employment growth of 0.4%, which is well below the anticipated rate for the province (1%).

Of all the consumer services, the information, culture and recreation industries will have the highest employment growth rate between now and 2009

The information, cultural and recreation industries employ around 4,000 workers in the region, accounting for 4.5% of total employment, a share similar to that of the province. Annual employment growth in these industries has been about 1.1% over the past 10 years, with most of the gains occurring after the year 2000. The arts, entertainment and recreation industry enjoyed the largest employment gains with the development of recreational tourism infrastructure. The information and cultural sector, which accounts for about two thirds of the jobs in this sector, posted much more modest growth, particularly in the telecommunications industry, where employment made very little progress. Employment growth in this period was also well below the rate in Quebec as a whole (1.9%). Of all the consumer services, the information, culture and recreation industries will have the highest employment growth rate between now and 2009. We are forecasting an annual rate of 0.8%, slightly below that of the province (1.1%).

The other consumer services subgroup consists of a mixed bag of activities, including repair and maintenance services, personal and laundry services, organizations and private households. The number of employed in other consumer services for the 2004–2006 period was about 5,200 workers, slightly fewer than 10 years ago. The province experienced a similar change, with fewer jobs in this sector. The employment share of other consumer services in the region (5.7%), however, is greater than in the province (4.4%). Employment has fallen over the past few years in private households and in organizations, while repair and maintenance services posted employment growth. For 2007–2009, we are forecasting an annual employment growth rate of 0.6%, which is quite similar to the growth rate in all industry sectors and the consumer services sector.

Production services

Production services account for about 15,300 jobs in the Bas-Saint-Laurent region, employing nearly 16.6% of the total workforce, a share that is markedly lower than in the province (24.5%). Production services are considered to be the service sector's most dynamic activities, as much in terms of production as job quality. During the past 10 years, employment in production services showed moderate average growth of 0.6%, which is significantly lower than in Quebec as a whole (2.5%). It should be noted, however, that since the early 2000s, employment has grown at a more rapid annual rate of about 1.5%, driven by the transportation industry, management of enterprises and support services. Over the next three years, job creation in this industry group should be maintained at a quicker pace than in all the industry sectors combined, that is, 1.1% annually, but the rate will be lower than the rate forecast for Quebec as a whole (1.9%).

Production services, which are associated with the tertiary sector, accounted for only 16.6% of the regional workforce, compared with 24.5% in the province

Production services is comprised of six sub-groups. By order of importance, they are: transportation (33%), finance, insurance and real estate services (23%), professional, scientific and technical services (14%), wholesale trade (14%), management of companies and administrative support (13%) and utilities (3%).

The transportation industry employs just over 5,000 workers in the region, which corresponds to 5.5% of total employment. It is the only sub-group in this sector that has a greater employment share than in Quebec as a whole (4.6%). Over the past 10 years, the transportation industry has maintained steady growth, resulting in annual employment growth of about 3%. Since the manufacturing sector is expected to slow down over the next three years, we are forecasting a more moderate annual growth rate of 0.7% between now and 2009, which is quite similar to the rate forecast for Quebec as a whole (0.8%).

Table 6
Breakdown and Employment Outlook in Production Services
Bas-Saint-Laurent Region

	Average 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Production Services	15.3	16.6%	24.5%	1.1%	1.9%
Utilities	0.5	0.5%	0.8%	2.1%	1.3%
Wholesale Trade	2.1	2.3%	3.8%	0.5%	1.2%
Transportation and Warehousing	5.1	5.5%	4.6%	0.7%	0.8%
Finance, Insurance, Real Estate and Rental and Leasing	3.5	3.8%	5.6%	0.6%	0.5%
Prof., Scientific and Technical Services	2.1	2.3%	6.2%	2.7%	3.7%
Mgmt of Companies, Enterprises, Admin. and Support and Other	2.0	2.2%	3.5%	1.8%	3.3%

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

Over the next three years, employment growth is expected to maintain a faster pace in production services than in all industry sectors combined

In the Bas-Saint-Laurent region, there are around 3,500 jobs in finance and insurance services and in real estate and rental services, accounting for 3.8% of regional employment. Over the past 10 years, the employment levels in these industries remained stable, but took two different directions. There was a negative growth period from 1997 to 2003 because of streamlining and the concentration of some activities in the larger urban centres; then there was an economic upturn from 2004 to 2006, mainly because of the expansion of financial products offered in most branch offices, increased activity in client services and a generally healthy economy, which stimulated growth in real estate services. Over the next three years, we are forecasting annual growth of 0.6%, which is comparable to overall economic growth.

Projected expansion in professional, scientific and technical services is largely based on the development of biotechnology and marine technology

Professional, scientific and technical services, the management of companies and administrative support services provide a little more than 4,000 jobs in the region, accounting for 4.5% of total employment, which is less than half the employment in these sub-groups in the province (9.7%). While employment fell in the last three years in professional, scientific and technical services, it increased in management of companies and support services. The employment level for the 2004–2006 period is slightly lower than it was 10 years ago because of the drop in employment in professional, scientific and technical services. Employment in management of enterprises and administrative services enjoyed an average gain of 1.7% in the same 10-year period, compared with 4.0% annual growth in Quebec as a whole.

We are predicting that, following a brief downturn, hiring will pick up in professional, scientific and technical services. We are basing this outlook on the continued development of biotechnology and marine technology, due mostly to the expansion of the Marine Biotechnology Research Centre in Rimouski. Our projection for annual employment growth between now and 2009 is 2.7% in this sector, and 1.8% in management of enterprises and administrative services. These rates will remain below those of the province, which are 3.7% and 3.3%, respectively.

Wholesale trade employs 2,100 workers in the Bas-Saint-Laurent region, accounting for 2.3% of total employment, compared with 3.8% in the province. Contrary to retail trade, employment in wholesale trade has dropped over the past 10 years, which is very surprising given the robust growth in the manufacturing sector in recent years. During that period, employment grew by over 3.0% annually in the province. Following a major slump, we believe that employment in wholesale trade will pick up steam at the modest pace of 0.5% a year between now and 2009.

Public and parapublic services

Public and parapublic services employ approximately 24,000 people in the Bas-Saint-Laurent region. This represents 26.1% of total employment—a share that is slightly higher than in the province (24.4.%). The distribution of employment within this group is as follows: healthcare and social assistance makes up 51% of employment, educational services make up 28%, and another 21% of jobs are in public administration.

The workforce in this industry group expanded at an average annual rate of 0.9% over the past 10 years, which is slightly lower than the rate for all the industry groups combined (1.2%). In the province, the workforce in the public and parapublic sector grew by over 2.0% annually in the same period. Recently, however, employment has gathered momentum. Compared with the year 2000, employment has expanded at an average annual rate of 1.5%. For this industry group, we are forecasting a 0.7% annual employment growth rate for the 2007–2009 period, which will be exclusively attributable to the health care and social assistance sector.

The employment increase in public and parapublic services will be exclusively attributable to the health care and social assistance sector

The workforce has been steadily decreasing over the past few years in educational services, which employs 6,800 people. In the last 10 years, the workforce in educational services shrank by 1.2% a year in the region, while it continued to expand in the province. This change in employment in educational services suggests that the school population has declined much more dramatically in the region than in the province. Since the school population is expected to shrink over the next few years, we project that employment will continue to edge down slowly between now and 2009 (-0.3%), which is in line with what is projected for Quebec as a whole (-0.1%).

Table 7
Breakdown and Employment Outlook in Public and Parapublic Services
Bas-Saint-Laurent Region

	Average 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Gov. and Parapublic Serv.	24.0	26.1%	24.4%	0.7%	0.8%
Educational Services	6.8	7.4%	6.6%	-0.3%	-0.1%
Ambulatory Health Care and Hospitals	5.9	6.4%	6.4%	1.8%	1.3%
Other Health Care and Social Assistance	6.4	7.0%	5.6%	1.9%	2.0%
Federal Public Administration	1.0	1.1%	1.9%	-0.8%	0.0%
Prov. and Territorial Public Administration	2.0	2.2%	2.1%	-1.1%	-0.4%
Local, Municipal, Regional and Other Public Admin.	1.9	2.1%	1.8%	0.0%	0.4%

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

Employment in educational services has been steadily declining over the past few years

With 12,300 workers, health care is the main group in public and parapublic services. It accounts for 13.4% of total employment, putting it in second place after manufacturing and just ahead of retail trade. Employment in health care has steadily expanded over the past 10 years, posting average annual growth of 1.2%. This pace, however, was much slower than in the province (3.2%). Since the regional population has declined in the past 10 years, while the provincial population has expanded, a link can be made between the increase in the health care workforce and demographics. Another key factor that is increasing the need for health care and social assistance is the aging population. In this respect, the population of the Bas-Saint-Laurent region is aging more rapidly than the provincial average, which should have a positive impact on employment. We are therefore projecting a 1.9% increase in employment in health care and social services over the next three years, with the province posting similar growth (1.6%).

Employment in the federal and provincial public administration is expected to drop over the next three years

Public administration employs a total of approximately 5,000 workers, with the federal government employing 20%, the provincial government 41% and local administration 39%. Public administration provides 5.5% of regional employment, a slightly smaller proportion than in the province (5.8%). Over the past 10 years, public administration has posted vigorous annual employment growth of 3.6%, but if we go as far back as the early 1990s, the average annual increase is only 0.5%. Recent employment gains primarily came from provincial and local administration, while the federal workforce declined somewhat. We cannot expect continued growth in employment levels in public administrations. The Quebec government has announced its intention to streamline its public service, reducing it by 20% in the next 10 years. Employment could fall in the federal government also, mostly because it is planning to restructure spending according to major national priorities, including health, education, defence, transfers to the provinces and the environment. Overall, the workforce in public administration could shrink by 0.6% annually between now and 2009.