Service Canada

Sectoral Outlook

2007-2009

Gaspésie-Îles-de-la-Madeleine

CLICK servicecanada.ca

CALL 1 800 O-Canada / 1 800 622-6232
ATS 1 800 925-9105

VISIT Service Canada Centres

Sectoral Outlook

2007-2009

Gaspésie-Îles-de-la-Madeleine

Service Canada

Canada

Author
Sylvain Labbé, économiste
Service Canada
Région Gaspésie-Îles-de-la-Madeleine
Telephone: (418) 368-3331 • 1-877-844-3331
E-mail: sylvain.labbe@servicecanada.gc.ca

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
Modified picture, Pierre François Beaudry, © Le Québec en images, CCDMD
Modified picture, Martin Caron, © Le Québec en images, CCDMD

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.: SG2-1/8-2007E-PDF
ISBN: 978-0-662-45578-3

Table of Contents

List of Tables

Canada

Summary

The population of Gaspésie–Îles-de-la-Madeleine totalled 96,900 in 2001, down 8% from 1996 (compared with a 1.4% increase in Quebec). All regional county municipalities, or MRCs, saw declines, with losses ranging from 11% in La Côte-de-Gaspé to 4% in Avignon. The region's problems include a low birthrate, net out-migration, and a fragile economy. Immigration to the region is almost non-existent and will do nothing to stem the population decline. ISQ (Institut de la statistique du Québec) projections call for a further 8% reduction between 2001 and 2011 (as against a 5% increase in Quebec). This decline is proportionally the largest ever forecast by ISQ.

Economic outlook

The Gaspésie–Îles-de-la-Madeleine region has been in a fragile economic situation for may years. Competition from emerging economies, a stronger Canadian dollar, the rising cost of petroleum products, a lack of skilled labour and an aging population will continue to pose significant challenges for the region. Gaspésie–Îles-de-la-Madeleine has some catching up to do if it wants its share of employment. With just under 1.4% of Quebec's working-age population, the region has less than 1% of the province's jobs. For the last few years, the working-age population seems to have been stabilizing, but the average age is on the rise. Moreover, after rising for some time, the labour force is now recording significant losses. Since 2003, a banner year for job creation, the region's employment levels have stagnated.

The regional economic outlook is leaning toward a slight improvement in employment, although growth will be weaker here than in Quebec as a whole. Employment growth for 2007–2009 should average 0.4% a year (1% for Quebec). This may seem low, but it could be enough to push the unemployment rate below 18%, given the aging labour force.

The construction of wind farms and the activities of manufacturing companies or subcontractors related to those farms should generate considerable economic activity in the region and support job creation. Indirectly, the various wind power sites are expected to stimulate growth in the construction industry and, to a lesser extent, retail trade and accommodation and food services. Tourism development in the region will continue to be a priority and should result in modest employment gains. The focus will be on recreational and adventure tourism in particular. As in the province as a whole, there will be a rise in the number of jobs in health care and social assistance, although employment growth will nevertheless be limited by the region's demographic context and recruiting problems.

Sectoral outlook

In spite of the relative weight of the service sector in the region's economy (79%), it is still based on primary industries. Foremost among these are marine and forest resource development, which generate processing activities that employ as many people again.

Primary sector

The primary sector accounts for approximately 8% of the region's total labour force, with most of the activity concentrated in the forestry and fishing sub-sectors. Because of competition from emerging nations, an unfavourable exchange rate and the rising cost of petroleum products, the outlook for the fishing industry is grim. Added to these difficulties are marketing problems and weak competitiveness owing to the industry's high reliance on labour.

The mining sub-sector has practically vanished. There has been a rebirth of the oil and gas sector, but development remains slow, and it could be quite some time yet before there is any significant job creation.

The forestry industry has entered what will likely be a long restructuring phase. There is little consensus in the region as to what should be done, and the economic and structural problems of this industry will continue through 2007 and possibly into 2008. As overall employment in the primary sector shrinks, only agriculture is likely experience employment gains, albeit marginal ones, between now and

2008. Sea farming may make a small contribution to this growth. It should be noted that Natural resource-based industries are seasonal, and employment in them fluctuates widely, depending on the time of year.

Secondary sector

Manufacturing plays a minor role, accounting for less than 8% of employment in the region, and is concentrated in the forest and marine resource-based sub-sectors. These sub sectors will experience negative growth and, since they form a relatively large part of the manufacturing sector, will drag down the outlook for the entire sector. Once again, the difficulties facing businesses in the region can be attributed to competition from emerging countries, a strong Canadian dollar and rising energy costs. However, thanks to investment in the manufacturing of wind generators required to provide 1,000 MW of wind power, some sectors will fare a little better. Employment in construction is expected to climb by 0.4% annually. Civil engineering and road-building activities, especially those tied to the construction of wind farms and Hydro Québec's 1,000-MW call for tenders, are expected to boost the number of hours worked.

Tertiary sector

Growth in the service sector will be roughly half of what it will be in the rest of the province between now and 2009. The shrinking population will hamper employment in industries most affected by consumer spending and in public and parapublic services. Health care and social services will perform well, but not as well as in the province as a whole. Producer services, supported by the emerging wind energy industry, will record the strongest performances. Planned development in the tourism industry will also support job creation.

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

Description of the area

The Gaspésie–Îles-de-la-Madeleine economic region encompasses an immense peninsula of 20,400 square kilometres that juts into the Gulf of St Lawrence at the south-eastern tip of Quebec, along with the Magdalen Islands, located 200 km offshore. The peninsula coincides with the boundaries of the following five regional county municipalities (MRCs): La Haute-Gaspésie, La Côte-de-Gaspé, Rocher-Percé, Bonaventure and Avignon. The Magdalen Islands form the Îles-de-la-Madeleine MRC.

According to the 2001 Census, the region's population is 96,925, down 7.8% from the previous Census (1996).

Economic environment

Since the early 1990s, the region's economy has experienced major structural changes that have resulted in significant job losses. The recession of 1991–1992 drastically reduced the size of the service sector, which has still not fully recovered despite the economic upswing that followed. A few years later, the fishing and marine product processing industries were hit hard by the moratorium on the groundfish fishery

The construction of wind farms and the activities of manufacturing businesses and subcontractors linked to these farms help inject life into the regional economy and support job creation

There were many shutdowns in the manufacturing industry in the late 1990s. Among the most significant were the closing of the Gaspesia plant in Chandler and the shutting down of the Gaspé Mines smelter in Murdochville. These closings have badly shaken the regional economy. More recently, the end of mining activities in Murdochville, a halt to the modernization of a glossy paper plant and the closing of the Smurfit-Stone paperboard mill have stuck a blow to employment in the region.

The Gaspésie–Îles-de-la-Madeleine labour market accounts for a mere 1% of employment in Quebec, while its working-age population accounts for 1.4% of the province's population. This reflects the weakness of the region's economy. All the labour market indicators reflect a less-than-enviable employment situation in the region.

The development of wind energy looks promising for the region. Construction of many wind farms, the presence in the area of a rotor blade plant and the development of wind-related activities in other companies have stimulated the labour market.

For 2007–2009, the economic outlook for the wind industry and tourism and growth in health-related sectors will encourage the creation of a modest number of jobs. Some 400 new jobs are expected to be created by the end of 2009, reflecting an average annual growth rate of 0.4%. This rate, however, is still lower than the estimated rate for Quebec (1%).

Labour market indicators

In the last three years (2004–2006), overall performance was poorer than it was in the previous three-year period. From 2001 to 2003, the regional economy kept 33,900 people in work, while an average of 33,300 worked during the three-year period that just ended. The unemployment rate fell by nearly one percentage point. However, this decrease was the result of a dip in the persons in the labour force, rather than an increase in the number of employed. Consequently, the participation rate fell by approximately two percentage points, and the employment rate dropped by around one percentage point.

Table 1
Main Labour Market Indicators - 2004-2006
Gaspésie–Îles-de-la-Madeleine Region

	2004	2005	2006	2004-2006
Population 15+ ('000)	79.7	80.4	80.7	80.3
Labour force ('000	41.2	40.7	40.9	40.9
Employed ('000)	33.1	33.4	33.4	33.3
Unemployed ('000)	8.0	7.3	7.5	7.6
Unemployment rate (%)	19.6%	18.1%	18.6%	18.6%
Participation rate (%)	51.7%	50.6%	50.7%	51.0%
Employment rate (%)	41.6%	41.6%	41.4%	41.5%

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

Because of the region's demographics, the working-age population has been declining since 1994. According to the latest Statistics Canada estimates, the decline seems to have reversed, with a gain of 1,000 persons between 2004 and 2006. However, a breakdown of these estimates by age group indicates that the growth in labour force was limited to individuals aged 55 and over. If persons aged 15–54 are excluded, there was a decrease in employment of approximately 3,000 persons. Thus, this pool of working-age persons is actually shrinking.

Since 2004, the working-age population has been growing, but only workers aged 55 and over have benefited from this growth. The number of persons aged 15 to 54 has fallen by 6%

It is also worth noting that the 2001 Census showed a decrease of 8,250 persons between 1996 and 2001. The population 15 years and over numbered 4,425 fewer individuals. Data from the 2006 Census will likely confirm continued negative population growth. There are many reasons for this decline.

The under-15 age group, which has been shrinking at an accelerating rate because of the low birthrate in recent years, will not increase the size of the region's working-age population. Between 1996 and 2001, Statistics Canada registered a decline of 3,790 individuals in the 0-to-14-year-old group. Since 1986, the region's total fertility rates have been below the Quebec average.

The very negative net migration figures in the last few years have significantly contributed to the regional population decline. Between the last two censuses, some 12,600 residents moved out of the region to another part of the province, and only 5,000 came back. Canada's other provinces took in a net total of about 850 people from the region. Nevertheless, the latest data show that interregional migration figures seem to be improving. The last two net migration figures showed minimal losses, compared with net migrations in the late 1990s, when the region lost more than 1,500 individuals.

It must be stressed that a massive departure of young adults (15 to 24 years), usually for the purpose of postsecondary studies, is the demographic phenomenon that explains recent net population losses and the magnitude of past losses.

According to the most recent data on migration, the region retained and attracted individuals in all age groups, except young adults (15–24 years)

The structure of the working-age population changed significantly between 1994 and 2004, mostly because the baby-boomers were getting older. The 45-years-and-over age group now makes up the majority of the labour force. The 45-to-64-year-old age group grew by 14 percentage points and, together with the 65-and-over age group, accounts for nearly 60% of the working-age population. The low birthrate and successive negative net-migrations are aggravating the aging of the regional age structure.

In 2004–2006, there were 40,900 people in the region's labour force. This represents a significant loss of more than 1,000 persons compared with the average for the previous three-year period (2001–2003). The participation rate also fell, dropping nearly two percentage points to 51%. In Quebec as a whole, the participation rate has been rising since the end of the 1990s, surpassing the levels recorded in the late 1980s.

The drop in labour market participation is symptomatic of poor economic conditions. When people realize that the economy is not doing well, they may adopt behaviours leading them to drop out of the labour force. For instance, a worker who loses his job may decide to go back to school or to stop looking for employment after trying, unsuccessfully, to find a job, and students faced with poor job prospects may decide to stay in school instead of entering the labour market.

The aging of the regional population also stunts labour force growth. Participation rates are usually greater in the 25-to-54-year-old cohort than in the 55-to-64-year-old cohort (75%, compared with 37%). A drop in working-age population in the under-55 cohort therefore reduces the numbers in the labour force.

Only two people in five are employed in the region, while in Quebec as a whole, three in five are in the same situation

The number of employed fell compared with the previous period. This indicator showed a poorer performance for 2004–2006 when compared with the previous period (33,000 versus 33,900). In that same period, employment increased in Quebec. Approximately 27,500 persons (82%) held a full-time job in Gaspésie–Îles-de-la-Madeleine.

The employment rate indicates the number of persons aged 15 and over in the region holding jobs. Thus, a little more than two in five working-age individuals were employed. This represents a decrease of slightly more than one percentage point over the previous three-year period. This rate is much lower than the one recorded for Quebec as a whole, where employment rates were slightly above 60%.

This indicator varies greatly because of the seasonal nature of the region's economy. For instance, over the past few years, the employment rate has dipped to just under 40% at the slowest time of year and reached about 50% during the peak season.

Part 2: Sectoral outlook

Overview

Industrial structure

A brief look at the region's industrial structure shows that the service sector predominates. With a weight of about 80% of regional employment, service sector activities seem even more significant in the region than in the province. However, a deeper analysis indicates that this is more because of the very seasonal nature of the economy. During the peak economic period, when economic activity reaches its maximum, the relative weight of the service sector is similar to that of Quebec. It should be noted that, in the last Statistics Canada Census in May 2001, the primary and manufacturing sectors each accounted for 1,500 more jobs than the numbers posted in Table 2. Their relative shares were 12% and 11%, respectively (compared with 14.3% and 7.9% in 2004–2006).

Table 2
Breakdown of Employment for Selected Industry Groups
Gaspésie–Îles-de-la-Madeleine Region

	Average 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
All Industries	33.3	100.0%	100.0%	0.4%	1.0%
Primary	2.9	8.7%	2.6%	-2.1%	-0.3%
Manufacturing	2.6	7.9%	16.4%	2.8%	0.6%
Construction	1.4	4.2%	4.7%	-1.7%	-0.6%
Services	26.3	78.9%	76.3%	0.5%	1.3%
Consumer Services	10.2	30.7%	27.4%	1.1%	1.1%
Production Services	5.7	17.2%	24.5%	-0.9%	1.9%
Public and Parapublic Services	10.3	31.0%	24.4%	0.8%	0.8%

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

Outlook

The primary sector accounts for about 9% of total employment in the region, or three times the percentage for Quebec. Its relative weight has, however, dropped by almost four percentage points since the early 1990s. Development of natural resources, particularly marine and forest resources, plays an important role and generates almost as many jobs again in processing activities.

With about 8% of employment, manufacturing is underrepresented in the region. Marine product preparation and packaging and wood product manufacturing account for nearly two thirds of the activity in this sector.

As elsewhere in Quebec, the service sector provides the greatest share of jobs in the region, most of which are in retail trade, educational services, accommodation and food services, health care and social assistance. Because of its relative share, the service sector largely determines the region's employment growth rate.

Primary sector

The primary sector accounts for about 9% of total employment in the region, or three times the percentage for Quebec. Two main sectors account for the majority of jobs: forestry and fishing

Nearly 80% of jobs in this sector are concentrated in the forestry and logging and fishing sectors. Crop and animal production account for a small part of the activity in the sector. The animal production sector includes activities related to aquaculture (finfish, shellfish, aquatic plants, etc). Mining accounts for only a tiny share of employment in the sector. In the early 1990s, mining employed an average of 1,300 workers, mostly because of the Murdochville copper mine. Now there are only about 200 people working in this sector.

Table 3
Breakdown and Employment Outlook in the Primary Sector
Gaspésie–Îles-de-la-Madeleine Region

	Average 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Whole Primary Sector	2.9	8.7%	2.6%	-2.1%	-0.3%
Agriculture	0.3	1.0%	1.6%	0.3%	-0.5%
Forestry and Logging	0.8	2.4%	0.5%	-1.7%	-2.7%
Fishing, Hunting and Trapping	1.6	4.8%	0.1%	0.0%	0.4%
Mining	0.2	0.5%	0.4%	0.0%	2.1%

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

Because of the highly seasonal nature of natural resource development activities, employment in this sector fluctuates widely depending on the time of year. At the July peak, it can account for nearly 15% of employment, while during the slowest time of year, it may account for barely more than 5%. Thus, the primary sector, according to the table above, accounts for an annual average of about 2,900 jobs; however, this does not represent the number of people who worked in this sector but, rather, an estimate of the number of annual jobs that the sector generated through its activities.

Since the early 1990s, the primary sector has been in constant decline in terms of employment. Until recently, there had been some employment growth in forestry and logging, but employment in these sectors has been falling since 2004. Agriculture, fishing and mining all experienced a decline in employment, which was heavy in the case of agriculture and mining.

Crop and animal production (not including aquaculture) account for about 85% of jobs in the regional agricultural sector. According to Quebec Department of Agriculture, Fisheries and Food (MAPAQ) data, farming is mainly concentrated in three sub-sectors: horticulture (chiefly market gardening and vegetable crops), with 30% of jobs; beef cattle, with 25%; and dairy cattle, with 15%. Family workers hold nearly two thirds of the jobs. There are more than 300 small farms where extensive agriculture is practiced in the Gaspé and Magdalen Islands.

Growth forecasts for 2007–2009 for crop production are somewhat positive because of the growth potential of organic farming, traditional regional products and aquaculture. Inexpensive farmland of good agricultural and environmental quality is available in the region. The establishment of new small family farms and the expansion of existing farms will create new jobs in the sector.

Growth forecasts for 2007–2009 for crop production are somewhat positive because of the growth potential of organic farming, traditional regional products and aquaculture

Aquaculture activities employ about 15% of agricultural workers. This industry is still in its infancy, and the quantities produced do not generate many jobs yet. In Quebec and in the region, mussel farming is the largest sub-sector, and it experienced strong growth because of enhanced production techniques. Production increased by 25 to 30% a year and is expected to continue to expand. Most of the production in the Gaspé is sold on the domestic market, while that of the Magdalen Islands is sold to producers in Prince Edward Island, the largest producer of mussels of all the provinces.

Quebec and Gaspésie-Îles-de-la-Madeleine are small players in the mussel market. However, there has been a sharp increase in demand in Canada and the United States, the main export market, and access to new production sites in Prince Edward Island is limited, so this could benefit producers in the region. Commercialization (processing and marketing) will be the mussel industry's main challenge in the coming years.

Commercial fishing employs nearly 4% of workers at the height of the season and provides as many jobs again in fish and shellfish processing plants (see the section on consumer manufacturing). Activities are seasonal and the season is shorter because of the decline in groundfish stocks in the early 1990s. These fish have been replaced by valuable shellfish (crab, lobster and shrimp), consequently increasing fishing revenues and reducing the number of workers required, given the shorter fishing seasons.

In 2004–2006, the region's commercial fisheries accounted for approximately 70% of the total landed volume and 75% of the total landed value of Quebec's entire fishing industry.[1] Shrimp, the main species landed in the Gaspé (38% of volume landed), generates about 16% of the landed value. Shrimp is not fished in the Magdalen Islands. Crab, the number two species in terms of landed volume (about 25%), was once the leading species in terms of value but is no longer. Although crab was the species with the highest landed value in the early 2000s, it is now tied with lobster, as a result of significant price drops in export markets. Lobster now accounts for 37% of landed value but less than 8% of landed volume, while groundfish generate only 6% of landed value and about 10% of landed volume.

Recently, the fishing sector has been going through a difficult period, owing to stiffer competition in international markets, an unfavourable exchange rate, a sharp increase in operating costs due in part to the rise of petroleum product prices, and high world supply accentuated by the sharp increase in farmed species. Last year was a particularly difficult one for the snow crab and shrimp fisheries, following the collapse of landing prices. The prices paid for certain species fell nearly 40%. Now that the upward phase of the natural cycle for crab has come to an end, crab quotas in the most important fishing zone in the region have been set lower and lower in the last two years. Most of the crab and shrimp harvested are for export markets, the United States being the leading destination.

[1] For Fisheries and Oceans Canada, the marine sector in the Gaspé includes the municipalities between Le Bic and Les Méchins in the Bas–Saint Laurent economic region. For the purposes of this analysis, data referring solely to the portion of the area located in the Gaspésie–Îles-de-la-Madeleine administrative region were estimated. The Gaspésie–Îles-de-la-Madeleine administrative region covers approximately 85% of maritime Gaspésie.

The effects of globalization and the rise in the Canadian dollar and petroleum prices continue to have an impact on the primary sector.
It could be quite some time before any proposed measures for assisting the forestry and fishing industries are implemented

Despite abundant stocks, the shrimp fishery did not have good seasons between 2003 and 2006. Landing prices remained low, resulting in razor-thin profit margins for shrimp fishing businesses. The sharp increase in oil prices further weakened profitability. The shrimp industry is dealing with low market prices resulting from oversupply and stiff competition. The unfavourable exchange rate of the Canadian dollar against the US greenback also hurts the prices paid to fishers. This could have encouraged a trend toward increased exports to Europe, but the northern shrimp is subject to progressive customs tariffs that limit competitive advantages that could result from more favourable exchanges rates against the euro.

The outlook for 2007–2009 does not lean toward improved profitability in this sector in the short term. The industry's difficulties will continue, and it could take some time to implement proposed measures for curtailing the crisis, such as lowering production costs, improving marketing and commercialization, shifting efforts to secondary and tertiary processing and building on new environmental (eco-labelling) and health (omega-3) trends. High oil prices and a strong loony are to be expected for the time being. For these reasons, the outlook for the fishing sector calls for negative growth of about 1%.

Logging takes place almost everywhere on the Gaspé Peninsula, and about 20% of the forests are privately owned. This industry provides 2.5% of the jobs in the region, compared with 0.5% in Quebec. Despite several setbacks, the average employment rate has increased slightly since the late 1990s. There is no logging in the Magdalen Islands.

In 2000, following a series of natural disasters (budworm epidemic, forest fires, etc), the region was subject to an initial 20% reduction of allowable cut. However, temporary redistribution of the wood volume allocated to the Gaspésia Pulp and Paper Mill, which closed in 1999, partly made up for the reduction. In 2005, these volumes were permanently allocated, providing some stability in employment and supplies. Despite the US–Canada softwood lumber conflict and high customs tariffs, US demand for lumber, stimulated by rising construction starts, remained steady until the beginning of 2006, and activity remained high. Later in 2006, a drop in construction starts and the rising loony hurt demand. Furthermore, rising prices for petroleum products boosted costs for logging companies and sawmills.

The discovery of small oil deposits is raising hopes for employment in the oil and gas extraction sector. However, in the short term, it is difficult to see any employment growth

The forecast for 2007–2009 indicates a 1.7% decrease in employment. This dip is less than the one anticipated for Quebec as a whole (-2.7%). This difference can be explained in part by the reduction in allowable cut for 2008–2013, which will be smaller here than the province-wide average. Development of non-timber forest products (NTFPs), such as the Canadian yew, could offer potential growth in the years ahead. However, it is still too early to tell if this will generate major employment growth in related activities. The year 2007 should be the worst year in the outlook period. The lack of a strong regional consensus on the recommendations of the Genest Report on the future of the Gapsé forest industry, the wait for two paper mill revitalization projects (see the section on resource-related manufacturing), the financial difficulties of one of the leading logging companies and continued unfavourable market conditions will postpone any increases in employment.

The only mining in the region consists of salt extraction on the Magdalen Islands, where the Seleine mine employs about 180 workers. Junex is developing a natural gas deposit near Gaspé and, in partnership with Pétrolia and Gestem, may develop a light crude oil well in Gaspé. Several companies are now involved in prospecting and oil and gas exploration on the peninsula, and further exploration projects have been announced.

The discovery of small oil deposits near Gaspé, announcements of investments and the partnerships created seem promising and could boost employment slightly in the medium term. However, for 2007–2009, it is difficult to see any employment growth in this sector.

Manufacturing sector

The manufacturing sector accounted for 8% of regional employment, compared with 16.5% province-wide. The industry is concentrated mostly in the region's forest and marine resource-based sub-sectors. Fish and shellfish processing, and wood product and paper manufacturing employ more than 75% of manufacturing workers.

Table 4

Breakdown and Employment Outlook in the Manufacturing Sector

Gaspésie–Îles-de-la-Madeleine Region

	Average 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Whole Manufacturing Sector	2.6	7.9%	16.4%	2.8%	0.6%
Consumer-Related Manufacturing	1.4	4.1%	6.2%	1.9%	0.0%
Food, Beverages and Tobacco	1.1	3.2%	2.1%	-1.2%	0.6%
Printing and Related Activities	0.1	0.2%	0.9%	0.8%	0.6%
Miscellaneous Manufacturing	0.2	0.5%	0.7%	1.0%	1.6%
Resource-Related Manufacturing	1.0	3.1%	3.9%	-1.7%	-0.7%
Wood Product Manufacturing	0.7	2.1%	1.5%	-1.7%	-1.5%
Other Resource-Related Manufacturing	0.3	0.9%	2.4%	-	0.2%
Investment-Related Manufacturing	0.2	0.7%	6.3%	4.0%	1.8%
Plastics and Rubber Products	0.1	0.1%	1.0%	5.1%	0.7%
Transportation Equip. Manufacturing	0.1	0.3%	1.4%	1.3%	2.7%

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

Manufacturing accounts for only 8% of employment in the region, compared with more than double that percentage in Quebec, and is concentrated mainly in natural resource development

As it has throughout Quebec, manufacturing has declined in importance over the past two decades. At the beginning the 1990s, it accounted for over 12% of employment in the region. Efforts by manufacturing firms to increase productivity resulted in smaller workforces and occasionally in definitive closures.

For 2007–2009, this sector posted negative average annual growth, mostly because of difficulties in the wood products and marine products (food, beverages and tobacco) procession sectors. If we ignore these sectors, manufacturing should post a positive performance, mainly because of strong growth in investment-related manufacturing resulting from the production of components for the wind power generators to be established in the Bas-Saint-Laurent and Gaspésie–Îles-de-la-Madeleine regions.

Consumer-related manufacturing

> Seafood product preparation and packaging plants employ the majority of workers in consumer-related manufacturing

With 4% of employment, consumer-related manufacturing is underrepresented in the region, compared with Quebec as a whole (6.2%). According to estimates, some 1,400 people work in the various companies in this industry group, which once held a more important position in the region. Employment averaged about 2,300 jobs for the 1990-1992 period.

Food and beverage manufacturing employs nearly 75% of workers in consumer-related manufacturing, mostly in seafood product preparation and packaging plants. Employment in this group of industries fell in the most recent period. In the early 1990s, this sector alone employed over 2,000 people. After that period, employment fell steadily before stabilizing at around 1,500 in the late 1990s and then began falling again in 2001.

Most of these manufacturing firms are seasonal businesses that operate from the opening to the closing of the various fishing seasons. Plants that process only one species usually operate over a shorter period. Very few firms have succeeded in diversifying their production enough to operate year round. The replacement of groundfish fisheries, with their long season and value-adding processing activities, by shellfish fisheries, which have a shorter season and require less processing, has eroded the number of jobs in this sector.

These firms are doing battle with the robustness of the Canadian dollar and strong competition from Asian countries. According to Statistics Canada, the share of Asian countries in Quebec imports of fish, shellfish and other aquatic invertebrates jumped from about 30% to 50% in 10 years. In that period, annual imports from China and Vietnam grew by 15% and 41%, respectively. In South America, Chile, with an annual average growth of over 50%, increased its share from less than 1% to 16%.

> Quebec exports of aquatic species have gradually become concentrated in the US market, its share having risen from 40% to 70% in 10 years

Meanwhile, Quebec exports of aquatic species have gradually become concentrated in a single export market. Ten years ago, Quebec aquatic products primarily went to three markets: the United States (40%), Japan (30%) and Great Britain (10%). The American market now accounts for over 70% of Quebec exports of aquatic products. Japan, still the second-largest importer of Quebec's aquatic products, now imports a mere 6%, and Great Britain, about 1%. The concentration of exports in the American market is adding to the pressure exerted by the strong Canadian dollar on regional seafood processing operations.

Low market prices for marine products and the high exchange rate of the Canadian dollar have contributed to the reduction of business operations for these firms. These factors should have a particularly strong impact on shrimp processing plants, perhaps resulting in lay-offs. For 2007–2009, employment is expected to drop slightly. The development of secondary and tertiary processing activities or the processing of new species could slightly reduce the employment drop. This sector's difficulties are exacerbated by a weak domestic demand that can offer no substitute for shrinking foreign markets.

Resource-related manufacturing

> Now is the time for restructuring and modernizing and for producing goods with higher added value, but there are still many obstacles to overcome

Resource-related manufacturing employs a slightly smaller share of workers in the region than it does provincially. This sector grew in importance throughout the 1990s, recording higher employment gains than the other two manufacturing subsectors. At the end of the 1980s, it accounted for almost 1,300 jobs. Spurred on by wood product processing, employment levels reached an average of close to 1,600 jobs during the period from 2002 to 2004. As a result of restructuring in the pulp and paper sector, employment in the paper converting industry dropped in the late 1990s, leading to the closing of the Gaspésia mill, which was owned by Abitibi-Consolidated at the time. In 2005, faced with declining North American demand for cardboard, Smurfit-Stone permanently shut down the last pulp and paper mill in the region. Wood processing plants are the main employers, accounting for over 70% of jobs

Negative employment growth is predicted for the next three years, and the decrease will be sharper in the region than in Quebec as a whole. In the current context, the outlook for wood processing plants is unfavourable, and the number of employed is likely to fall.

The impact of the reduction in the annual allowable cut for the main softwood species, as recommended by the Coulombe Report and the Chief Forester's calculations, will limit plants' supply. Residential construction is expected to decline, both in the US and Canada, which will have an impact on demand for lumber. The currency exchange rate will also have a negative effect on employment growth.

Conditions are conducive to restructuring and modernizing and to producing goods with higher added value. The report of the working committee on the forest industry in the Gaspé (the Genest Report) is a starting point for this restructuring, but there are still many obstacles to overcome before the report is put into practice. On the one hand, there is no regional consensus on the report's recommendations; on the other, uncertainty surrounding two projects to reopen to closed paper mills (Gaspésia and Smurfit-Stone) is promoting inaction. Employment growth in this sector may therefore be put off past the current forecast period.

Investment-related manufacturing

Investment-related manufacturing still plays only a modest role in the regional economy. The distance from transportation networks is one of the reasons why there are so few firms in this sector. During the period from 2004 to 2006, investment-related manufacturing employed an average of approximately 300 people. The construction of wind farms in the Gaspésie and Bas-St-Laurent regions further to Hydro-Québec's first call for tenders to produce 1,000 MW of wind power has led to the creation of a company that makes wind turbine blades.

In 2007–2009, this sector will experience high growth, mainly because of the expansion of LM Glasfiber in 2007. However, job creation will be very localized. Other geographic locations in the region could record job growth in this industry group, but such growth should remain weak.

Construction industry

> In coming years, activities related to the construction of wind parks to meet the requirements of Hydro-Québec's call for tenders to produce 1,000 MW of wind power should lead to a slight rise in the number of hours worked

Since 2004, there has been considerable activity in the region's construction sector.[2] According to Quebec construction board (CCQ) data, the number of hours worked rose in 2004 and 2005 before levelling off in 2006. Civil engineering and highway construction projects, especially those linked to wind power stations and road and infrastructure work, are largely responsible for the strong performance.

With an average of 1,400 jobs during the 2004–2006 period, the construction industry accounts for approximately 4% of regional employment, slightly less than the percentage for Quebec (4.6%). After a prolonged slump during the 1990s, modest employment growth was recorded during the recent period. In the coming years, the number of hours worked is forecast to rise slightly as a result of activities relating to the construction of wind farms to meet the requirements of Hydro-Québec's call for tenders for 1,000 MW. Institutional and commercial construction are set to maintain their pace.

[2] The statistics published by the CCQ are based on the Bas-Saint-Laurent–Gaspésie region.

Employment growth in the residential sector is harder to predict. Demand for housing is down as a result of the declining population. On the other hand, data published recently shows that the region's dwellings, both owned and rented, are aging and require major repair work. A low vacancy rate and the strong economic activity currently observed in the town of Gaspé could be signs of a modest residential boom.

Consequently, annual employment growth in the construction sector for 2006 2008 is expected to be 1.3%, which is higher than that forecast in the province as a whole, where employment is expected to remain more or less unchanged.

Services sector

Consumer services

With an average of 10,200 workers, consumer services is the region's second largest sector, accounting for about 31% of employment, compared with approximately 27% in Quebec. On the whole, consumer services will grow at a rate higher than the regional average but lower than the Quebec average.

Table 5
Breakdown and Employment Outlook in Consumer Services
Gaspésie–Îles-de-la-Madeleine Region

	Average 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Consumer Services	10.2	30.7%	27.4%	1.1%	1.1%
Retail Trade	5.3	15.9%	12.8%	0.6%	1.2%
Information, Culture and Recreation	0.9	2.6%	4.4%	0.7%	1.1%
Accommodation and Food Services	2.4	7.3%	5.7%	1.0%	1.0%
Other Services	1.6	4.9%	4.4%	0.9%	1.0%

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

Of the four major industries that fall under consumer services, retail trade is by far the largest, providing employment for 16% of local workers, as opposed to just under 13% in Quebec. After posting declines as a result of the recession in 1991 and the first moratorium on ground fishing imposed in 1993, the retail trade sector began to grow again in the late 1990s. Average annual growth (approximately 4%) is higher than growth in all sectors combined. Performance in the sector has been relatively good, considering that the region's population has been on the decline for over 10 years. This growth can be attributed to a rise in disposable household income and an increase in tourism-related activities.

The number of seasonal residents in the region has grown in the past few years. The latest statistics on migration show an increase in the number of people in the 54-years-and-over age group, which means that the region is experiencing a significant influx of generally affluent consumers.

Overall employment growth in retail trade is expected to be similar to that of the services sector as a whole, but below the rate for Quebec. Factors that influenced growth in the previous period will continue to do so during the forecast period. Furthermore, the presence of numerous construction workers from other parts of Quebec on wind-farm construction sites should boost consumer services.

Thanks to an increase in disposable income and a rise in economic activity related to tourism, retail trade continues to grow despite negative population growth

With 7.3% of all employed persons in the region, accommodation and food services rank second among sectors in consumer services. This sector's relative size as a proportion of the regional economy is much higher than in Quebec (5.7%).

The strong growth observed in accommodation and food services during the recent period may be related in part to the development of the tourism industry over the past few years, which has led to an increase in foreign tourists and efforts to extend the tourism season.

The forecast for 2007–2009 calls for a growth rate of approximately 1%. The sector should also benefit from the presence of major wind-farm construction sites. In addition, ongoing efforts to improve, develop and extend the region's tourism products should have a favourable impact on employment growth and the length of the employment season.

Information and cultural industries and recreation account for 2.6% of jobs in the region. In Quebec, the same sector employs 4.4%. In Gaspé–Îles-de-la-Madeleine, this sector is mostly related to tourism and is therefore highly seasonal. Publishing, broadcasting, telecommunications, Internet service provision and the film and video industries provide relatively few jobs in the region. Almost 90% of the jobs in this sector are in arts, entertainment and recreation.

Growth of approximately 0.7% is forecast for this sector for the next three years, fuelled by the development of recreational and tourism infrastructure to support the growth of the tourism industry. The strength of the Canadian dollar could be a growth-limiting factor.

Other consumer services (repair and maintenance, personal and laundry services, social organizations and private households) account for about 5% of jobs in the region, a slightly higher proportion than in Quebec (4.4%). Employment in this sector fell during the period from 2003 to 2005. Despite developments in the personal care and social advocacy sub-sectors, growth is limited in this sector because of the region's declining population. In addition, now that the Quebec government provides financial assistance for home help supplied by social economy enterprises (EESAD) and there is a subsidized daycare network, some jobs have shifted to the social assistance sector.

For 2007–2009, average annual growth of slightly less than 1% is forecast in this sector.

Producer services

Accounting for 17% of employment, producer services represent a significant share of the region's economy, albeit much lower than the provincial rate (24.4%). Average growth in this sector since the last recession in 1991 has been much higher than in most other sectors. The strongest growth was recorded in management of companies, administrative support, and professional, scientific and technical services. The transportation and warehousing sector also performed well, whereas losses were recorded in wholesale trade and public administration.

Table 6
Breakdown and Employment Outlook in Production Services
Gaspésie–Îles-de-la-Madeleine Region

	Average 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Production Services	5.7	17.2%	24.5%	-0.9%	1.9%
Utilities	0.4	1.2%	0.8%	0.8%	1.3%
Wholesale Trade	0.5	1.4%	3.8%	0.8%	1.2%
Transportation and Warehousing	1.9	5.6%	4.6%	0.6%	0.8%
Finance, Insurance, Real Estate and Rental and Leasing	1.3	3.8%	5.6%	0.2%	0.5%
Prof., Scientific and Technical Services	0.8	2.4%	6.2%	1.6%	3.7%
Mgmt of Companies, Enterprises, Admin. and Support and Other	0.9	2.8%	3.5%	1.5%	3.3%

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

Work and activities related to the construction of wind farms will stimulate employment growth in transportation and warehousing, utilities and professional, scientific and technical services

In 2007–2009, employment should grow at a rate twice that of all sectors combined. The transportation and warehousing sector will be stimulated by activities related to the transportation of wind power generator components. However, problems in the forest industry (wood harvesting and processing) will put a damper on the employment outlook. Public administration and professional, scientific and technical services will post significant growth because of work related to the construction of a number of wind farms (research, consulting, power lines, etc).

Public and parapublic services

Public and parapublic services account for approximately 31% of the region's jobs, compared with 24% for Quebec

Public and parapublic services employ some 10,300 people in the region. This sector accounts for approximately 31% of the region's jobs, and employs a substantially larger share of workers in the region than it does provincially, where it provides about 24% of all jobs. Health care and social assistance provide employment for close to two thirds of workers in the sector, whereas nearly 22% work in educational services and 20% in public administration.

During the most recent period, losses were posted in all sectors of this group, with the exception of health care. In some sectors, such as educational services and provincial public administration, the losses were substantial. The forecast growth rate for 2007–2009 will be approximately 0.5%, or about half the provincial average.

Table 7

Breakdown and Employment Outlook in Public and Parapublic Services

Gaspésie–Îles-de-la-Madeleine Region

	Average 2004-2006			2007-2009	
	Level ('000)	Share of employment		Average Annual Growth	
	Region	Region	Province	Region	Province
Gov. and Parapublic Serv.	10.3	31.0%	24.4%	0.8%	0.8%
Educational Services	2.2	6.5%	6.6%	-0.4%	-0.1%
Ambulatory Health Care and Hospitals	3.2	9.5%	6.4%	1.0%	1.3%
Other Health Care and Social Assistance	3.0	9.0%	5.6%	1.3%	2.0%
Federal Public Admin.	0.4	1.1%	1.9%	-0.4%	0.0%
Prov. and Territorial Public Administration	1.0	2.9%	2.1%	-0.6%	-0.4%
Local, Municipal, Regional and Other Public Admin.	0.7	2.0%	1.8%	0.5%	0.4%

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

Educational services accounted for approximately 2,200 workers in 2004–2006. About 6.5% of those employed were teachers, a similar proportion to that seen in the province as a whole.

The number of people working in the education sector has been falling since the early 1990s. Part of this decline can be attributed to a drop in school enrolment resulting from the region's shrinking population. In 1997, employment in education began to rise again; however, the number of jobs has been falling over the past few years. This growth was due to higher enrolment, the development of adult education, and the introduction of full-time kindergarten and a school daycare system.

Regionally, the determination of the Quebec government to increase educational levels through various activities (education initiative) has also helped maintain workforce numbers in this sector. Demographic factors will nevertheless limit growth in the coming years. Although losses are forecast for the 2006 2008 forecast period, the need to maintain the quality of service that all students receive, coupled with public pressure, will create restrictions that limit the school system's ability to adjust the size of the workforce in response to declining enrolment.

Government budget constraints and pledges to make new investments in education and health will limit job growth in public and parapublic services, except in health care and social assistance

During the first half of the '90s, this sector's workforce increased steadily. Growth was much stronger in nursing and social assistance than in ambulatory health care and hospitals. Budget cuts in the mid-nineties in the healthcare sector led to job losses (the elimination of certain positions, early retirements, etc) in hospitals, ambulatory health care and nursing and residential care facilities.

However, during the most recent period, employment growth was seen in health care and social assistance, mainly a result of jobs in the social assistance sector. The creation of social economy firms providing home help (EESADs), and a network of pre-school daycares (CPEs) spurred employment growth in two segments of the social assistance sector: services for the elderly and persons with disabilities, and child daycare services.

Employment growth of just over 1% is forecast for 2007–2009, which is nearly three times the rate expected for all sectors in the region, but lower than the rate for Quebec as a whole, as a result of the region's demographic context and its problems attracting workers.

Employment in public administration declined slightly beginning in the early 1990s. At the dawn of the new millennium, employment was boosted by provincial and, to a lesser extent, municipal public administration. However, since 2002, employment in the provincial public administration sub-sector has fallen dramatically. Because this sub-sector accounts for more than 50% of employment in the sector, this drop brought down the overall number of jobs in public administration, which fell by approximately 8%.

For 2007–2009, overall employment in public administration is expected to drop slightly

Growth in public administration over the next three years will be limited by government budget constraints and pledges to make new investments in health care and education. The reconfiguration of the Quebec government and public-private partnerships are also expected to have a short-term impact on the number of jobs in the public sector. Revenue transfers to municipalities and the fact that regional councils of elected officers (CRÉs) may be given an expanded role in regional development are signs that there may be employment increases in local, municipal and regional administration.