

ENVIRONMENTAL SCAN

QUÉBEC REGION



March 2013

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Acronyms

LMAD	Labour Market Analysis Division, Service Canada, Québec Region
EDC	Export Development Canada
SEPH	Survey of Employment, Payrolls, and Hours
LFS	Labour Force Survey
IMF	International Monetary Fund
ISQ	Institut de la statistique du Québec
OCDE	Organization for Economic Co-Operation and Development
GDP	Gross Domestic Product
CMA	Census Metropolitan Area
AAGR	Average Annual Growth Rate

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About the E-Scan

*Twice a year, the **Labour Market Analysis Division of Service Canada, Québec region**, analyzes business conditions in Québec to increase its knowledge of demographic, economic, and labour market issues that affect both the province and the economic areas that compose it. The analysis focuses on current conditions and short-term and medium-term trends.*

The main goal of this Economic/Environmental Scan (E-scan) document is to identify the elements that may impact Service Canada's activities in the Québec region. The analysis is an integral part of planning Service Canada's activities.

The E-scan document also helps Service Canada economists to determine sectoral and occupational outlooks. To that end, this analysis will also be of interest to people, companies, and groups that wish to become informed about the forecasting stream of the economy and labour market.

The information presented in this document was completed on February 21, 2013.

Key Points

- Globalization of production has promoted the globalization of economic troubles
- The Euro Zone may emerge from the recession in 2013, but it is more likely to do so in 2014
- Emerging economies will record high growth rates in the coming years, but this growth will be slower than previously experienced
- The United States will stabilize at a moderate growth rate, insofar as they avoid the full application of automatic expense reduction measures
- Canadian growth depends on the American dynamic and the end of the European crisis
- Québec's growth potential depends on an improvement in external trade
- However, over the coming years, demographics will increasingly slow Québec's growth as the labour markets will be affected by decreasing numbers of new arrivals – the dynamic of the active population (the population aged 15 years and older) will become negative around 2015-2016 and the dynamic of the population aged 20-64 years will become negative around 2018-2019

Introduction

Every year, the Labour Market Analysis Division (LMAD), Service Canada, Québec Region, creates medium-term employment forecasts by industry. The result is published as studies that aim to provide an overview of recent developments and labour market outlooks for all of Québec and for each of its economic regions. The current document will summarize the economic environment that prevailed at the time the preliminary scenario was completed and will offer you a forward-looking view by industry and an overview of labour market outlooks in the regions of Québec.

Section 1: General Overview / Economic Context

The World

Globalization of production has promoted the globalization of economic troubles

In certain contexts, it might be said that uncertainty is the new normal, imposed by the state of the global economy. Often, it is investors' fears that feed uncertainty, particularly in the stock markets. This creates a ripple effect that affects corporate and consumer confidence. So the global outlooks are revised downward. According to the *International Monetary Fund* (IMF) and the *Organization for Economic Co-Operation and Development* (OECD), the situation of the global economy should improve after 2013; outlooks become more positive starting in 2014-2015, but growth will remain weak due to sovereign debt and austerity in expense reduction programs.

According to the *World Trade Organization* (WTO, October 2012), developing economies represented 37% of the value of world trade in 2011, an increase of eight percentage points since 2005. Unsurprisingly, the average annual growth of external trade with this part of the world was 14% during the period 2005-2011 and, more precisely, was 29% in 2010 and 22% in 2011. Over the same period, developed economies saw their share of world trade drop from 67% to 58%. Their annual growth over the period of 2005-2011 was 7%, which is not so bad by itself, but represents half of the growth of emerging economies.

Europe accounts for a third of world trade, but only a third of it is done outside the continent. This is not an isolated case, but it is the most extreme. In North America, most exports originating in Canada, the United States, or Mexico find a buyer in North America. The same percentage is observed in Asia.

The United States accounts for 8% of world exports and 13% of world imports – their share has only declined by a few percentage points between 2005 and 2011, supported by higher growth than in Europe. For its part, Canada holds a small place on the global market with 3% of exchanges.

Europe

The Euro Zone may emerge from the recession in 2013, but it is more likely to do so in 2014

IMF Managing Director Christine Lagarde recently indicated that structural adjustments should be a marathon and not a sprint and that rebalancing a budget using the austerity method would not lead to an efficient financial recovery, much less an efficient economic one. Many economies moved from budgets that include significant economic support measures, during the recession, to expense control measures that have knocked down the labour markets. Even if the European mutual support mechanisms work, they have not been enough to reassure markets.

Before the difficulties related to managing sovereign debt appeared, the majority of European countries have regained the level of world trade they enjoyed before the recession, excepting several very significant exceptions: France, the United Kingdom, and Italy were and remain below the levels attained before 2008-2009 – this is also true of Portugal and Ireland. Several years will need to pass before the pressure is relieved. Estimates say that economic growth and employment will be affected until 2020. In this context, the labour markets are struggling to advance, as they offer few opportunities to job seekers.

In spite of the current difficult period, some Eastern European countries have succeeded. This is particularly true of Hungary and Poland, where external trade, extremely focused on Euro Zone countries, has exploded since the beginning of the 2000s, particularly since they joined the European Union. These countries not only sell manufactured products to the rest of Europe, but also provide a highly prized work force.

Emerging economies

They will record high growth rates in the coming years, but this growth will be slower by a third or even a half compared to what they previously experienced

Emerging economies account for half of the world's GDP, according to the OECD, and this proportion is growing constantly. In 2011, the OECD estimated that 80% of world trade growth came from these countries. The base of this growth is related to the explosion and rapid development of the middle class, to massive investments in public and private infrastructure, to the development of the internal market and to increased production capacity to meet the growth of world demand and internal demand.

To counter the decrease in business on external markets (recession, European debt crisis, slow growth in the United States, etc.), several countries have implemented mitigation measures. To do this, they must have much recourse to credit to stimulate household consumption and offset the costs of important infrastructure work.

Brazil and China are possibly the economies that have been the most affected by the slowdown in global growth, while manufacturing activities intended for export edged down in 2011-2012. On the other hand, China has some room to manoeuvre and a greater ability to withstand shocks and should resume a better growth rate over the coming years.

The United States

Stabilization at a moderate growth rate, insofar as it avoids the fiscal cliff

The moderate growth since the end of 2010 continues. Several indicators have progressed and bear witness to the improved dynamic over the past three years. The unemployment rate has also decreased slowly, but this does not necessarily reflect an improvement in the situation because such a drop can sometime occur as discouraged workers stop looking for employment and drop out of the active population. When discouraged workers and those experiencing involuntary part-time employment are included, the American unemployment rate nearly doubles. In addition, long-term unemployment remains a difficulty inherent to the weak growth of the American economy, as about 40% of unemployed workers have been unemployed for 27 weeks or longer.

Yet employment in the private sector has been growing constantly for two years. However, these gains have been offset by layoffs within the public services of states and cities which needed to balance their budgets. According to data from the *Employment, Hours, and Earnings Survey* (equivalent to Statistics Canada's *Survey of Employment, Payrolls, and Hours*), at the end of 2012, a little more than 60% of lost jobs had been regained. At this pace, two more years would be required to regain the workforce from before the recession.

In terms of the GDP, perspectives on economic growth have fluctuated considerably during 2012. A certain amount of optimism remains in spite of everything: there is a consensus regarding the acceleration in growth over the year, such that 2014 seems to be shaping up as better days ahead.

On a more positive note, the gradual increase in the number of construction starts over the last two years is a positive sign for Québec, particularly regarding the export of wood products. Construction starts are now equivalent to 70% of the growth in the number of households in the United States. At the same time, the inventory of available houses has dropped considerably in certain areas and prices (values) continue to rise.

Contrarily, the absence of consensus on the subject of debt management has led to the implementation of automatic expense control measuring in various sectors of the federal government. The impact will be low at first, but, as more time passes, growth will be increasingly impacted. While waiting for the file to be resolved, companies and consumers may delay investments and purchases. If the mechanism is activated in its entirety, it may curtail American GDP growth, which would take part of the Canadian and Québec economies with it.

Canada

Conditional growth depends on the American dynamic and the end of the European crisis

The consolidation of forecasts of the various Canadian financial institutions indicates that the average expected growth of the GDP in Canada would be 1.8% in 2013 and 2.5% in 2014. Investments should contribute more to growth than to consumption. The Bank of Canada is more optimistic and expects the rhythm to increase over 2013 to reach an overall growth rate of 2.5%.

Over the next two years, employment growth in Canada will be moderate but slightly higher than that expected for Québec. Production and employment growth will be stronger in the Western provinces. Due to the current world context, the Canada's unemployment rate should remain stable around the 7.2% mark in 2013 before decreasing as business conditions improve.

While the Canadian dollar should remain near parity with the American dollar, *Export Development Canada* expects that export growth will continue except in Europe, where the situation does little to stimulate consumers and companies.

Québec

Québec's growth potential depends on an improvement in external trade

Household expenses continued to rise in 2012, but growth has been slower since the second half of 2011. Real GDP growth was 1.9% in 2011 and 2.5% in 2010, due to gains within private investments and exports. For 2012, estimated growth is at 1%, a reflection of the state of the global economy. Then, the consensus of the main Canadian financial institutions places growth at 1.4% in 2013 and 2.0% in 2014.

These perspectives remain below the growth that Québec experienced during the 2000s. This is not surprising if we consider that:

- household expenses continue to grow, but at a greatly slowed pace;
- private investments continue, but they do not have the same ripple effect when they are conducted piecemeal;
- the cleanup of public finances has curtailed the growth in several goods and services production industries;
- the growth of exports is slower than the previous decline.

The growth potential of the Québec economy rests on the improvement of the conditions of its external trade. And, as the vast majority of Québec exports are destined for the United States and Europe, the prospects for improvement depend on the dynamics of other economies.

Considering this context, we expect that Québec will see years of growth slower than seen over the past decade.

Exports

Despite a compacted business environment, Québec exports grew by 1.7% in 2012 (deseasonalized data, in constant 2007 dollars). Exports destined for the United States grew. This country now accounts for 68% of the value of exports from Québec, though this proportion was 85% in 2001. Québec exporters have greatly diversified their destinations over the past ten years.

Unsurprisingly, trade with Western Europe suffered with the debt crisis. However, Québec saw the value of its exports to Eastern Europe increase, even though it was also affected by the Euro Zone crisis. Russia and Poland were the most important players in this increase. And it is due to this increase that all of Europe was able to maintain its importance within Québec exports (13.5%). Trade with Asia is growing strongly and accounts for more than 9% of the value of Québec exports, with China in the lead with nearly half of this amount. China has quadrupled its weight within Québec exports since 2000.

In the Americas, the situation is very different. There has been a sharp decrease in trade with Central America (1% of exports) and a sharp increase with South America (2.0% of exports) – most of this has been in trade with Brazil and Chili.

According to the quarterly survey from EDC on businesses' level of trade confidence in November 2012, the demand from the United States remains vigorous, but global growth and the instability in Europe are worrisome. As for the EDC's forecasts on exports, they see a positive future for Québec due to the forestry sector, which should see gains due to the improvement in residential construction and also to the expected increase in consumer goods, both in the United States. But this growth will be constrained because of a slowdown in industrial goods.

Demographics

Immigration accounts for 60% of Québec's population growth. The *Institut de la statistique du Québec* (ISQ) expects that natural growth will become negative between now and 2029. From that point on, only a positive rate of migration could ensure population growth. It may seem very far away, and yet, the difficulties can already be seen. Balancing labour supply and demand is never easy, and the situation is at risk of becoming more complicated if there is a decrease in the available labour supply. Over the coming years, demographics will increasingly hold back Québec's growth potential. The labour markets will be affected by the increasing lack of new arrivals to make up for withdrawals due to retirement and the needs of the economy. By our estimate, the active population dynamic (population aged 15 years and older) will become negative around 2015-2016.

Instead, if we observe the dynamic of people aged 20 to 64 years, a group that is closest to the reality of the work force in Québec, we see that the negative dynamic can be pushed back by several years. The reversal of the dynamic will happen closer to 2018-2019, but this outlook is hardly more reassuring.

With low employment growth and the massive retirement of people who are active on the labour market, the unemployment rate should progressively lose several tenths of a percentage point every year. If nothing else happens to stop this, the unemployment rate should be below 6% in 2016. Over the same period, the LMAD scenario anticipates a slight decrease in the activity rate (from 64.9% in 2012 to 63.7% in 2016), while the employment rate will remain around 60% over the entire period.

Table 1: Employment by age groups in Québec

	1976	1981	1986	1991	1996	2001	2006	2011
15 to 19 years	9.4%	8.3%	6.3%	6.0%	5.0%	5.0%	5.3%	5.5%
20 to 24 years	16.6%	16.1%	14.2%	10.1%	9.4%	10.2%	9.4%	8.9%
25 to 54 years	63.5%	65.5%	70.6%	75.2%	77.0%	74.9%	71.8%	68.9%
55 to 64 years	9.0%	8.9%	8.0%	7.7%	7.6%	8.9%	11.9%	14.3%
65 years and older	1.4%	1.2%	1.0%	0.9%	1.0%	1.0%	1.6%	2.5%

Source: Statistics Canada Labour Force Survey

Employment in 2012

According to Statistics Canada's *Labour Force Survey* (LFS), employment growth in Québec in 2012 reached 0.8%. Since 1976, the beginning of the current series, Québec has never seen such a low rate of employment growth, except during recessions and periods of restructuring manufacturing activities. As well, all labour market indicators clearly show the impact generated by the global stagnation and the slowdown in household expense growth.

Activity, employment, and unemployment rates show no sign of improving compared to those in 2011. However, this situation was expected as Québec's growth potential always depends on the improvement in external business conditions, which should occur during 2013.

Table 2: Labour market indicators in Québec

Seasonally adjusted Data	2012	2011	2010	2010 to 2011		2011 to 2012	
				#	%	#	%
Population 15 + ('000)	6,637.4	6,575.8	6,507.2	68.6	1.1%	61.6	0.9%
Labour Force ('000)	4,320.3	4,285.8	4,253.6	32.2	0.8%	34.5	0.8%
Employment ('000)	3,984.4	3,953.6	3,915.1	38.5	1.0%	30.8	0.8%
Full-time ('000)	3,230.7	3,194.0	3,154.9	39.1	1.2%	36.7	1.1%
Part-time ('000)	753.7	759.6	760.2	-0.6	-0.1%	-5.9	-0.8%
Unemployment ('000)	335.9	332.3	338.5	-6.2	-1.8%	3.6	1.1%
Unemployment rate	7.8%	7.8%	8.0%	-0.2	-	0.0	-
Participation rate	65.1%	65.2%	65.4%	-0.2	-	-0.1	-
Employment rate	60.0%	60.1%	60.2%	-0.1	-	-0.1	-

Note: Totals may not add due to rounding.

Source: Statistics Canada Labour Force Survey

In Canada, the employment growth was 1.2% in 2012 and the unemployment rate was at 7.2%, down one tenth of a percentage point compared to 2011 and eight tenths of a percentage point over 2010. The highest rate of growth in employment rates was in the Western Canadian provinces and Newfoundland and Labrador. On the other hand, as in Québec, Ontario also saw slower employment growth in 2012, recording a growth of 0.8%, whereas the gain had been 1.8% in 2011. The Ontario unemployment rate sat at 7.8% in 2012.

Table 3: Employment by industry in Québec

Seasonally adjusted ('000)	2012	2011	2010	2010 to 2011		2011 to 2012	
				#	%	#	%
Total employment, all industries	3,985.0	3,955.1	3,917.7	37.4	1.0%	29.9	0.8%
Goods-producing sector	860.3	847.7	849.4	-1.7	-0.2%	12.6	1.5%
Services-producing sector	3,124.8	3,107.4	3,068.4	39	1.3%	17.4	0.6%

Note: Totals may add due to rounding.

Source: Statistics Canada Labour Force Survey

After recording losses in the period from 2009 to 2011, the goods-producing sector reversed the dynamic in 2012, adding 12,400 positions (1.5%). It is just the fourth year of workforce growth in the past twelve years. The manufacturing sector was affected by several restructuring processes related to the growth of the Canadian dollar in comparison to the American dollar and the increased globalization of production. The search for productivity gains and lower costs led to certain activities being regrouped or delocalized, while globalization of manufacturing and assembly chains promoted the growth of these activities outside of Québec and Canada.

This dynamic does not mean the disappearance of manufacturing activities in Québec. The industries that used a large workforce have been most affected. Other industries are expected to grow over the coming years, particularly those that fill specific niches and rely on knowledge and skills.

In the services-producing sector, employment growth nearly stopped in 2012. Employment growth finally appeared and, in total, over 18,000 jobs (0.6%) were added in this sector in 2012. The most significant gains came from the Information, culture and recreation, Teaching services, and Health care and social assistance sectors.

This slowdown in the dynamic in 2012 means that the services sector, the most insignificant sector in the Québec industrial structure at 78% of workers, was only the source of 57% of gains.

Section 2: Provincial and Local Labour Market Conditions

Québec sectoral outlooks for 2013-2015

Employment growth in Québec is influenced by slow growth in the United States, economic difficulties in Europe, and slower growth in emerging economies

The initial scenario from the Labour Market Analysis Division (LMAD) follows the forecasted growth of Québec's GDP fairly closely and is close to forecasts from the main Canadian financial institutions. The main elements at the heart of this forecast are:

United States: Growth continues. They have avoided fully applying automatic budget control measures, residential construction continues to progress, consumer expenses have increased with the improvement in the number of households.

Europe: The shock from austerity measures is fading. The strongest economies will experience very slow growth during 2014.

Emerging economies: At the heart of the diversification of external trade from Québec, emerging economies will regain more dynamic growth while avoiding the traps of debt and inflation.

These elements will contribute to the slow growth of world trade and Québec will benefit. On the other hand, due to demographics, the active population of Québec may reach zero growth in 2016 before experiencing a slow degrowth. This will reduce employment and economic growth.

The decrease will be very weak at the beginning of the period, but the gap will widen over the years, so that Québec will experience increasing difficulties meeting needs related to the replacement of the labour force and to the economic growth. This is why, over the medium term, the average annual growth rate (AAGR) of employment will decrease.

Table 4: Prospects for employment growth in Québec

	2013f	2014f	2015f	AAGR 2013-2015	AAGR 2013-2017
LMAD Scenario, January 24, 2013	0.9%	1.0%	0.9%	0.9%	0.8%
Consolidated financial institutions	1.2%	1.1%	0.9%		

Table 5: Projection for the labour market indicators in Québec

	2012	2013f	2014f	2015f	2016f
Participation rate	65.1%	64.9%	64.6%	64.3%	63.7%
Employment rate	60.0%	59.9%	60.0%	60.1%	60.1%
Unemployment rate	7.8%	7.7%	7.2%	6.5%	5.7%

LMAD Scenario, November 20, 2012

Primary sector

Agriculture: crop production, livestock production, and aquaculture

OUTLOOK 2013-2015

The outlook remains negative

- The number of agricultural operations has been continually decreasing for many years
- Mechanization, difficulties finding replacement workers, the high costs of purchasing and operation, all mean that agricultural employment is decreasing as well.
- The sharp increase in the price of fodder, grains and meal caused by the drought in the United States in the summer of 2012 will further reduce stock farmers' profits
- The high value of the Canadian dollar negatively affects export markets

Forestry and forestry operations

OUTLOOK 2013-2015

The improvement in the US residential construction industry is a positive sign for exporters, but is it sufficient to counter the effects of numerous mills, papermaking machines, and printing houses closures that are ongoing in Québec?

- Decrease in the demand for some types of papers: the forestry industry is a tributary of market conditions in pulp and paper manufacturing, which, itself, is based in part on the dynamics in printing
- Periodic changes to forestry management plans that determine cutting rights and the quantity of wood that can be sold at auctions should also be taken into consideration
- The recovery of the residential construction sector persists in the United States and continues to positively influence sales in the sector.

Hunting, fishing and trapping

OUTLOOK 2013-2015

The weak decline continues and the trend will not reverse unless there is an improvement in prices and quotas

- The fishing segment has the greatest commercial value within the group and permits are being repurchased to reduce the number of fishermen and increase catches per vessel
- The number of catches is fixed by law (quotas) according to species and zone
- Landing prices are low and far from the prices paid by the consumer

Mining, quarrying, and oil and gas extraction

OUTLOOK 2013-2015

Growth continues in spite of a recent slowdown in demand

- After taking off post-recession, the global appetite for raw materials has been drowned out by the economic troubles in Europe, which had repercussions around the world
- Prices have progressed since the recession, but they recently fell back along with demand – in spite of everything, these prices remain higher than they were during the recession
- At \$4.82 billion, mining investment hit a peak in 2012 in Québec and marked a ninth year of continual growth. The outlook remains excellent in 2013 even if the expected investments are lower, at \$4.1 billion.

Construction industry

OUTLOOK 2013-2015

The outlook remains good, but the growth rate will decrease over the coming years because the participation level is very high and cannot be sustained at the same pace

- The nearly uninterrupted growth in hours worked since the mid-1990s should slow because of the expected fallback in the residential sector and a degree of cooling in the non-residential segment, particularly in the mining development, industrial construction, and infrastructure areas
- The non-residential segment (industrial, institutional and commercial civil engineering and road networks) represents 80% of the hours worked in Québec and depends on private and governmental investments, which are expected to increase weakly in 2013

Manufacturing sector

Large investments in machinery and equipment over the past two years have helped maintain and even increase production without requiring the same staffing levels. There has been job growth since early 2012, but losses at the end of the year brought work force levels to where they were in Autumn 2010. This sector has not reached the end of its suffering, as the growth of deliveries slowed in 2011-2012, profit margins have decreased sharply, and the export market depends on an improvement in the global economy.

Consumer-related manufacturing

Food, beverage, and tobacco product manufacturing

OUTLOOK 2013-2015

Growth continues

- The industry is less affected by economic cycles and variations in the export markets than other manufacturing industries. The level of activity depends on the state of the domestic market (employment and unemployment, for example), the revenue available to households, and population growth
- The increase in prices may lead to reduced spending and this is usually true for some luxury products; however, consumers hesitate less before buying specific products that are, for example, organic, ethical, local, etc.

Textile and textile product factories

OUTLOOK 2013-2015

Decrease continues

- Mass production of textile products or common consumption items has faced strong competition from countries where labour costs are lower
- The decrease of employment in fabric and knit manufacturing is closely tied to the decrease in the clothing manufacturing industry
- Restructuring and delocalization of production capacity have led to a drop of 73% in employment in this industry in Québec since 1998, a loss of more than 21,000 positions

Clothing, leather goods, and related product manufacturing

OUTLOOK 2013-2015

Decrease continues

- Québec deliveries on the domestic market have dropped sharply over 10 years; more than 90% of needs are now filled through imports
- Restructuring and delocalization of production capacity have led to a drop of 75% in employment in this industry in Québec since 1998, a loss of more than 56,000 positions

Printing and related support activities**OUTLOOK 2013-2015**

Decrease continues, printing no longer has an edge

- Television, Internet, and mobile applications are competing strongly with paper
- The large daily papers are increasing their digital content, users are directed to electronic couponing sites, and telephone directories are have been set aside by telecommunications
- Print material remains the choice of older readers, but more and more of them are using the Internet – electronics are no longer exclusive to youth
- The convergence of information platforms toward electronic broadcasting is a bad sign for employment

Furniture and related product manufacturing**OUTLOOK 2013-2015**

The dynamic will change from a very slight decrease to a very slight growth

- Competition with companies with low labour costs has led to a drop in the share of the domestic market held by producers from here and has been felt strongly in Québec's main export market, the United States
- With the explosion in the condo market in Québec and the improved situation of US households, part of this dynamic should promote the end of job losses and maybe even lead to some gains

Various manufacturing activities**OUTLOOK 2013-2015**

Growth continues, but at a very slow rate

- This industry includes a diverse range of activities, each of which develops in a distinct market according to various economic conditions

Resource-related product manufacturing**Wood product manufacturing****OUTLOOK 2013-2015**

Growth continues due to softwood lumber: sawmill production is increasing, deliveries are higher, and exports to the US are rising

- The industry is very sensitive to fluctuations in the dollar and its high value has contributed to a 67% drop in the value of Québec exports between 2004 and 2009
- The difficulties in the housing sector of the United States have caused considerable damage to the industry in Québec, particularly in the sawmill segment

Paper manufacturing**OUTLOOK 2013-2015**

Continued decrease: newsprint paper and the paper used for magazines and advertising flyers have been affected by a sharp drop in usage

- As with the printing industry, paper manufacturing has been greatly affected by competition with electronic media and declining readership for printed products in Canada, Québec, and the United States
- Pulp production has also scaled back due to a sharp drop in demand on external markets, a reflection of both reduced consumption and international competition with low-priced pulp

Oil and coal product manufacturing**OUTLOOK 2013-2015**

Stabilization of workforce over the forecasting period

- There are few players in Québec after the closure of five of six Montréal refineries
- Manufacture of asphalt products, asphalt roofing, and material injected with asphalt is now the dominant segment of the industry

Non-metallic mineral product manufacturing**OUTLOOK 2013-2015**

Growth continues due to multi-unit residential construction, industrial construction, and infrastructure projects

- The cement and concrete product manufacturing segment represents more than 50% of jobs and over 60% of deliveries

Primary metal processing**OUTLOOK 2013-2015**

Growth continues – although there could be a slowdown over the short term, it will all be regained over the medium or long term

- 90% of Canadian aluminum production is concentrated in Québec
- Aluminum accounts for 50% of jobs in primary processing in Québec
- Buyers are large companies, particularly companies in transportation material manufacturing (planes, automobiles, trucks), packaging and construction

Investment-related manufacturing***Chemical manufacturing*****OUTLOOK 2013-2015**

Decrease will continue – multinationals concentrate their operations in large and more integrated factories, leading to closures in Québec

- The small size of Québec facilities – 80% have fewer than 50 employees – prevents the industry from benefiting from economies of scale
- Part of pharmaceutical development is now carried out by subsidizing universities and research micro-enterprises – this has been the end of several laboratories and production units belonging to large companies in Québec

Plastic and rubber products manufacturing**OUTLOOK 2013-2015**

Growth continues, but the dynamic may be lower than in recent years if development of wind turbines slows

- The industry is dominated by plastic product manufacture with 80% of employment, facilities, and deliveries, most of which is in the construction and packaging products segments, even though the relaunch of rubber parts for the automotive industry contributed to this recent positive result

Metal products manufacturing**OUTLOOK 2013-2015**

Growth continues – although the government of Québec will put off some infrastructure work, there

are still many projects on track

- The industry stands out for custom rather than mass manufacturing
- The construction industry and government investments contributed to growth, but demand has dried up in recent years because of ongoing difficulties within certain industries in the manufacturing sector

Equipment manufacturing

OUTLOOK 2013-2015

Growth continues due to companies that are looking for productivity gains

- The industry is very sensitive to global conditions and the value of the Canadian dollar on the markets: 80% of production is exported, half of which is toward the United States
- Sales depend on the capacity and willingness of other companies to invest in equipment and tools

Computer and electronic product manufacturing

OUTLOOK 2013-2015

The very weak growth continues, but for how long? The future of this industry in Québec is questionable in the context of production globalization and the buyer's constant quest for the lowest cost

- The industry is strongly dependent on exports, which are based on the demand for consumer products and on business investments
- In spite of a diversification of destinations toward Mexico, Europe and Asia, the United States remains the main destination of Québec exports

Equipment, appliance, and electrical part manufacturing

OUTLOOK 2013-2015

The closure of two major electrical appliance manufacturing companies in the Montréal area in 2014 will lead the industry into decline

- Imports count for 80% of the apparent Canadian market but, until recently, Québec industry has weathered international competition
- The domestic market is made up of two different groups of buyers: the general public seeks products for domestic work, while companies and governments seek products for industrial use

Transportation equipment manufacturing

OUTLOOK 2013-2015

The increase continues because of the growth found in every segment

- The aerospace segment dominates the industry with nearly six out of ten jobs and two thirds of the value of deliveries

Consumer services

Retail trade

OUTLOOK 2013-2015

Growth follows the increase of household income and consumer spending, even though spending is more restrained than in the past

- Some segments (automotive, furniture, household appliances, high-end products) are very sensitive to economic conditions and to the level of discretionary household spending
- Despite the growth of available personal income, residents of Québec must also face increased prices and costs (taxes, contributions, use of services, etc.)
- Credit card and other personal loans are on the rise in Québec – this is the most dangerous kind of debt because it is the hardest for households to control

Information, culture, arts, entertainment and recreation industry

OUTLOOK 2013-2015

Despite events that seem to run against the grain, growth continues

- Financing for the culture, art, recreation and sport segments is largely dependent on governments (grants) and households (discretionary spending)
- For ten years, the strong employment growth in arts, shows, and recreation has supported the group's growth: investments in infrastructure development and loss leaders were successful and led to increased traffic
- PUBLISHING: Development of the Internet stream: Negative impact on printing and papermaking industry, but a positive impact for site developers and people who integrate content
- FILMS: Record year for film production, but in the theatre operation segment, the decline experienced over many years continues
- RADIO/BROADCASTING: The Canadian Broadcasting Corporation will have to find savings; on the radio side, revenues are increasing for the FM band and decreasing for the AM band
- TELECOMMUNICATIONS: Québec's residents still pay more for cellphone services with the smart phone fad
- CULTURE: No end to grants, but no growth expected

Accommodation and food services

OUTLOOK 2013-2015

Congresses, business meetings, and trade shows were productive in 2012, and 2013 looks to be even better; moreover, the fad for restaurants shows no signs of fading: outlook of sustained growth, despite the decreased number of European tourists

- Food services include over 80% of the workforce in this industry

Other services (except public administration)

OUTLOOK 2013-2015

Growth continues in all services segments

- This industry is made up of repair and maintenance services, personnel services (hair salons, funeral parlours, dry cleaning, etc.) and organizations (professional associations, unions, religious groups, etc.)

Production services

Public services

OUTLOOK 2013-2015

Decrease, to take into account the loss of positions at *Hydro-Québec*

- Growth relies on the demographic dynamics and the search for more "green" energy solutions; however, *Hydro-Québec* needs to contribute to reducing the deficit of the government of Québec over the coming years – this will be achieved by shedding 2,000 positions, among other measures

Wholesale trade

OUTLOOK 2013-2015

Growth continues in parallel with the increase in retail trade and the level of international trade (imports and exports)

- Within the various sectoral issues and economic conditions, various segments of wholesalers/distributors will experience highs and lows in their turn
- 70% of jobs are tied to retail trade: Québec household spending thus has a significant impact on participation levels

Transportation and warehousing

OUTLOOK 2013-2015

As with wholesale and retail trade, growth will continue

- The sector is a tributary of wholesale and retail trade, and imports and exports
- AIR: The load factor is up for most transporters, and service and route development will result in new hirings
- RAIL: Hard to know if the restructuring at *Canadian Pacific*, which may lead to 30% of positions being cut, will affect Québec, where only 5% of the workforce is located; somewhere else, growth in revenue and shipments
- MARITIME: *Fisheries and Oceans Canada* notes a decrease in traffic to Montréal, but strong increases elsewhere in the province, including the main ports of Québec, Sept-Îles and Port-Cartier – conditions remain good with improved growth in China particularly and the diversification of Québec external trade, which should attenuate the negative impact of trade with Europe to some extent
- TRUCKING: Good prospects continue with the growth of intermodal transport and trade (internal and external) and the purchase of greener vehicles
- MAIL: *Canada Post* is focusing on developing package transportation, a segment that is growing in scope and offsets the drop in activities related to processing letters, and on savings related to simplifying management processes, and mail processing and delivery

Finance and insurance, real estate and rental services / leasing

OUTLOOK 2013-2015

Growth continues

- Profitability rests on interest rates, the use of credit by households and businesses, returns on investments, and a flourishing business environment
- The recession caused interest rates to plummet to a very low level and they have not changed much since then; the business environment has been (and still is) affected by investor caution, particularly due to the situation in Europe, which remains worrisome
- Uncertainty leads to investor inertia and stock performance has changed little over a long period; this failure to gain is still affecting some companies, particularly in the insurance field
- On the other hand, most financial institutions have found solutions to counter the drop in their revenues and profits have returned to the level that investors want, as both investments and hiring have returned more strongly than before
- Finally, for real estate services, participation level is high and the situation will not change over the coming years; this will affect the residential, commercial, and office space sectors

Professional, scientific, and technical services**OUTLOOK 2013-2015**

As activity levels are already very high in this group of services, growth will continue, but at a reduced rate compared to the past

- Computer system architecture, engineering, prospecting, and design and development accounts for 50% of employment in the services group
- Growth is largely stimulated by infrastructure work, company investments, energy development, the demand for computer services, the video game industry, and cinema

Management of businesses and companies and Administrative services, support services, waste management services, and sanitation services**OUTLOOK 2013-2015**

This group includes a diverse range of activities where everyone develops in a distinct market and according to different market conditions – growth will continue

- The dynamic for business and corporate management services is modeled on growth in the management of financial assets for businesses and companies, and on portfolio management
- Administrative services and support services are made up of establishment whose main activity is providing support for daily operations to other organizations; these activities are very diverse and include, among others, staff management, preparing documents, recovering debt, organizing travel, security and surveillance services, and building cleaning; the search for organizational efficiency led to these services being awarded to companies that specialize in the field
- Demographics and growth in the number of households, as well as the level of financial resources attributed to this position by municipalities, influences the level of activity in waste and sanitation management services

Government and semi-public services**Educational services****OUTLOOK 2013-2015**

Demographic growth in the province stimulates the demand for services

- It is estimated that primary level enrollments will grow until at least 2020 because of the increased birth rate in Québec since 2005, while those in secondary school will start growing again in 2016
- At the CEGEP level, it will not be until 2020 that student enrollments will begin to grow again; at the university level, continued decrease is expected over the next ten years
- The drop in student enrollments will not automatically lead to a reduction in the number of teachers, as the department is investing in the fight against school dropout, reducing class size, student assistance, the promotion of vocational training, and is studying a project of progressive enrollment in kindergarten for four-year-olds living in disadvantaged environments
- If the budgetary context had been different, growth might have been higher

Health care and social assistance**OUTLOOK 2013-2015**

Growth continues in all segments

- Needs are high in all regions of Québec, but the ability of organizations to face the demand depends on labour availability and the budgets available, both at the human resources level and

when talking about operating health and social assistance infrastructure

- HEALTH: Investments continue, although the recent announcement of flatlining expenses may signal a downturn in the rate of growth
 - SOCIAL: 15,000 new places will be added between 2014 and 2016 in the educational daycare network (early childhood education networks and subsidized daycares)
-

Public administrations

OUTLOOK 2013-2015

Decrease continues: governments want to re-establish a balanced budget as quickly as possible and to reduce the impact of debt on public finances, and this involves a tight management on human and financial resources

- However, the necessity of serving a growing population leads to certain inevitable expenses – population decrease in certain part of Québec is even more difficult to manage
 - Many people expect that economic growth will be lower in 2013, which would mean that government revenues will be lower than expected – another obstacle in the deficit and debt repayment fight
 - FEDERAL: The deadline to balance the budget remains the same
 - PROVINCIAL: The timeline for reaching zero remains the same
 - MUNICIPALITIES: Budget tightening may also lead to layoffs or, at best, a hiring freeze and job loss through attrition
-

The Labour Market in Québec Regions

Resource-related regions

Abitibi-Témiscamingue

In terms of demographics, from 2006 to 2012, the region has seen ongoing growth. Economic activities, influenced by mining booms and the construction sector, have undoubtedly provided positive support to this development. It is generally recognized that the economy influences demographics. Indeed, the main labour market indicators translate into this positive development. For several years, the LFS has shown an adult population that is constantly increasing. After achieving a peak in 2011 of 60.8%, the employment rate dropped to 59.3% in 2012. For several years, the regional economy and its labour market have shown growth, although the slowdowns in the American and European economies have affected it. Abitibi-Témiscamingue is a resource region and therefore remains strongly focused on exports, which is undermined by a high exchange rate and subdued global demand. From 2011 to 2012, the unemployment rate has seen a decrease, passing from 7.6% to 6.4%, while the number of unemployed people also decreased from 5,900 to 4,800 during this period.

In Abitibi-Témiscamingue, full-time employment has seen positive growth over the last few years, reaching a historic height of 58,800 jobs in 2011 and 2012, while part-time jobs decreased from 12,700 to 11,100 jobs. The business sectors that generated the greatest number of jobs were mining, construction, professional services, and the health and social services sectors. Other sectors saw more stable employment growth, particularly the trade and educational sectors. The sectors that struggled the most were found in the forestry, transportation, and public services sectors, as well as in federal and provincial public administrations.

At a time where the labour market needs more workers and where the unemployment rate is at its lowest, the inactive population is rejoining the labour market in Abitibi-Témiscamingue, which is good news.

During this same period, the inactive populations of Québec and Canada are growing due to demographic aging.

By 2015, sectoral outlooks in Abitibi-Témiscamingue will show slight annual growth. The trends identified over the last five years will continue, that is, growth will continue with employment gains in the mining, metal products, equipment, construction, trade, health and social assistance, information, culture and recreation, accommodations and food services, professional, scientific, and technical services, other services, and municipal public administration sectors. Moreover, market conditions will improve for the continental market in the forestry industry (wood, panels, and pulp and paper), which could have an impact on the transportation and warehousing sector. Previous production levels will never return due to reduced supplies and more active international competition. Other business sectors would see losses in employment, including the agricultural, public services, food and beverages, finances, insurance, real estate and rental, educational services, and federal and provincial public administration sectors.

Bas-Saint-Laurent

The regional labour market suffered the repercussions of the global recession in 2009 and 2010. Since then, employment has begun to pick up, but employment levels from before the recession have still not been exceeded. In 2012, 93,900 people were employed in Bas-Saint-Laurent, or 3,800 more than in 2011. This level of employment is close to the peak of 94,000 in 2008. These are full-time workers who saw their number grow substantially with an increase of 5,300. For part-time work, there was a drop of 1,500 positions. In this context, the unemployment rate has remained practically stable at 8.1%. Employment increases have mainly come from the services sector and the construction industry.

As with many resource regions, the population of Bas-Saint-Laurent is on the decline and aging more rapidly than the population throughout Québec. The proportion of people aged 65 years or older will grow from 19.5% in 2011 to 35.5% in 2031, an increase of 16 percentage points for the region and 9.8 percentage points for Québec. There will also be fewer youth in the region. In 2011, the proportion of people aged 0-14 years was only 13.9% in Bas-Saint-Laurent compared with 15.6% in Québec. In 2031, these proportions will be 12.3% and 14.9% respectively. As for people aged 30-64 years, which are considered the main group within the labour force, their number will decrease by nearly a quarter by 2031. They will not represent more than 39% of the total population, compared to 43% in Québec. The region must therefore cope with a declining labour market, which will limit job growth.

By 2015, the labour market in Bas-Saint-Laurent will see a job growth rate slightly lower than that of Québec. The primary sector will see very slight growth due to the stabilization of conditions in the wood markets, which means that an improvement in the forestry sector can be expected. Similar market conditions will also create hope for slight growth in the extraction of peat.

The manufacturing sector will see similar growth to that in Québec. These are mainly investment-related industries that will provide good performance, such as metallic products, transportation equipment, and machines industries. However, it should be noted that paper manufacturing and printing will still decline. The services sector makes up more than three quarters of employment in Bas-Saint-Laurent and it will continue to grow. This growth will come primarily from three industries: corporate management and administrative support, professional, scientific, and technical services, and health care and social assistance. These industries will see growth more than twice as high as in the services sector as a whole.

Côte-Nord and Nord-du-Québec

The economic activities in Côte-Nord and the greater Nord-du-Québec region rely primarily on the large hydro-electric construction projects, both past and future, as well as on iron mineral deposits for Côte-Nord and on base and precious metals for Nord-du-Québec. It is worth mentioning that if the Northern Plan is put in place by the Québec government, the hydro-electric projects will mainly benefit the economy in Côte-Nord. In terms of labour market indicators, the employment rate reached a peak of 59.4% in 2010 and then dropped to 56.3% in 2012. Certainly, the slowdown in the American and European economies has affected the demand for metals in both resource regions. From 2011 to 2012,

the unemployment rate held steady at 7.8% in 2011 and 7.7% in 2012, while the number of unemployed people also decreased from 4,400 to 4,300 over the same period.

For Côte-Nord and the Nord-du-Québec, full-time employment has seen a sharp fluctuation performance over recent years, reaching a historic height of 46,200 jobs in 2010 before hitting 42,400 in 2012, while part-time employment decreased from 9,500 in 2011 to 8,800 in 2012. Jobs are created or lost according to the state of mega construction projects. The business sectors that generated the largest number of jobs are mainly the mining, construction, and professional services industries.

In this context, the future looks promising. For the Côte-Nord economy, the large hydro-electric and iron mining projects in development or expansion may attract a fly in-fly out labour force or a permanent labour force. During previous projects, between 40% and 60% of the labour force came from outside the region. The labour shortage will be a critical dimension in the completion of these large projects over the coming years.

By 2015, sectoral outlooks on Côte-Nord and Nord-du-Québec will show a slight annual growth. The trends of the past five years will continue, that is, growth will continue with employment gains in the mining, metallic product, equipment, construction, trade sector, health and social services, information, culture and recreation, accommodations and food, professional, scientific and social services, other services, and public municipal administration sectors. Moreover, there will be an improvement in the continental market in the forestry industry (wood and pulp and paper), which could have an influence on the transportation and warehousing sector. However, historical production levels will never return because of cuts to forest attributions. Other business sectors would see job losses, namely the public services, food and beverages, educational services, and federal and provincial public administrations sector.

Gaspésie—Les-Îles-de-la-Madeleine

Historically centred on natural resource exploitation, the region's economy remains fragile in spite of diversification efforts started several years ago. For several years, the economic situation is improving and new jobs have been being created. The labour market indicators have improved while still remaining the weakest in Québec. This improvement is partially due to wind turbines. The construction of wind turbine parks and park-related manufacturing and subcontracting activities generate important activities that support employment. The main infrastructure projects undertaken by the various levels of government have stimulated the construction industry. In addition, an increase in available income and positive migration among those aged 25-44 have brought new life to the economy of the region.

In spite of everything, in 2012, the regional labour market showed drops that wiped out all the gains accomplished in the previous year. The employed population lost 1,500 people to sit at 36,500. This level of employment is comparable to that of 2010. The losses have been concentrated almost entirely on full-time employment. So the labour market saw some difficult moments in 2012. At only 46.4%, the employment rate in the region is the weakest in the province and well below the provincial average of 60%. In this rather somber atmosphere, the activity rate has dropped considerably (-2.1 percentage points) to sit at 53.2%. Thus, 1,600 fewer people participated in the labour market. Due to the retirement of a part of the active population, the unemployment rate has not seen much of an impact and only increased by 0.4 percentage points to reach 12.9%.

The population of the region should vary little over the coming years, but its makeup will change considerably. In 2011, 20.5% of the population was 65 years of age or older (15.9% in Québec). This proportion will grow rapidly; in consequence, toward 2016, seniors will make up a quarter of the population and will be 38% of it in 2031. The proportion of youth aged 19 years and younger was 18% of the population in 2011, but will be no more than 15% in 2031. The aging of the population will be felt on the labour market and will lead to recruitment problems for employers.

For the coming years, job creation will be weaker than the average in recent years, as the effects of provisions that generated the dynamism of recent years will end: wind farm construction will slow down, to

end in 2015, and infrastructure work is also decreasing. The return of youth to the region was largely stimulated by the economic activity and a high replacement rate for retirees in the health, social services, and educational sectors. Forecasts for economic growth will be weaker over the coming years and retirements will slow, which will put a damper on the migration of youth workers to the region.

Saguenay–Lac-Saint-Jean

The economy of the region is being recovered. The end of large projects like the Peribonka IV hydroelectric dam, the forestry crisis with its round of closures, the drop in exports and a global economic slowdown shook the foundation of the regional economy over the past years. After seeing very slight job growth in 2011, and setting aside doubts on the strength of the economic recovery, 2012 wiped these gains out. Employment growth sides at 4.2%. While certain parts of the economic fabric are still experiencing difficulties, including activities related to forestry operations, the presence of large projects in the area and other regions (Côte-Nord) have allowed for some recovery. The construction industry and equipment suppliers to the manufacturing sector have been at the early stages of this important breakthrough.

Moreover, this improvement in the labour market has led to a strong participation rate in the labour market that translates into a resurgence of the active population. Consequently, the unemployment rate is unchanged and remains above the 8% mark, as it has been for the past two years.

The regional economy will perform well over the 2013-2015 period, with an annual growth of around 1%. The recovery in the wood processing sector, first transformation of metals sector, and mining sector will influence an upswing. Some sectors will also benefit, such as consumer services, while household income will increase. The health and social services industries are still leading the staff growth.

Capital regions

Outaouais

In 2012, the number of employed persons grew by 0.9% in Outaouais, which represents a slowdown compared to the 1.5% rate achieved in 2011 and the annual average rate of 1.8% seen since 2003. This situation reflects a significant 7.4% pull-back in the goods manufacturing sector, which diminished the 2.2% gain recorded by the services. Net employment gains were exclusively in the full-time category (+1.2%), while part-time work suffered a drop of 0.9%.

Despite this increase in the number of workers, the employment rate slipped to 63.2% (-0.5 percentage points) because of the greater increase in the working-age population (+1.5%). This result has nevertheless allowed the Outaouais to rank 3rd among Québec regions in this respect. Moreover, the 11.6% drop in the number of unemployed workers led to a drop in the unemployment rate, which lost 0.9 percentage points to sit at 6.5%.

Over the 2013-2015 period, many factors will influence the development of the regional labour market. Among these, is the series of measures announced by the federal government to rebalance the budget, which will lead to a reduction of the workforce in public administration. In spite of this uncertain context, the number of employed people could grow by 0.6% per year, which would lead to the addition of approximately 3,600 people to the workforce by the end of 2015.

Capitale-Nationale

While the labour market remains dynamic in the region, its performance in 2012 was a bit restrained and the future looks to be even more so. Annual employment growth was set at 1.6% in 2012 (0.8% in Québec) compared to 2.6% in 2011 and 2.5% in 2010. In addition, net employment gains were mostly made up of part-time positions. Labour market activity also grew slightly in 2012 (1.4%) compared to 2011 (3.5%). The number of unemployed workers dropped by several hundred (-400), which contributed to the decline in the unemployment rate. Despite a slowdown in 2012 in terms of job creation, the region's

situation has remained enviable. The main indicators show that it is among the three best regions of Québec in terms of activity rate (68.2%, 3rd), employment (64.3%, 1st), and unemployment (5.6%, 2nd).

Over the coming years, the growth in demographics and disposable income will continue to positively impact the regional labour market, but employment growth will be more modest. The slowdown in consumer and governmental expenditures will weaken the growth of services. Despite the increased value of build permits in the region, the construction industry should grow at a slower rate than it has in recent years. As for the manufacturing sector, several industries remain caught in structural difficulties and difficulties related to economic conditions that limit the growth of this business sector. Finally, attracting and retaining workers still remains the main concern of entrepreneurs and could represent an obstacle to company and employment growth.

By 2015 (one to three years), employment growth will be moderate and will mostly come from the services sector and, to a lesser degree, the construction sector, while the primary and manufacturing sectors will remain relatively stable. On the professional side, the development of the regional economy will promote professional jobs, while jobs that require little in the way of qualifications will suffer slight growth. Contrarily, this type of profession and professions related to management offer several openings because of the high replacement needs generated by the aging workforce. Labour market needs are mainly focused on the occupational categories of sales and services, business, finance and administration, health and social sciences, educational, public administration, and religion.

Manufacturing regions

Centre-du-Québec

The region is known for its agricultural suitability and a strong manufacturing niche. Agriculture makes up 7% of regional employment and totals more than 13% of agricultural employment in Québec. The manufacturing sector, considered as the economic driver of the region, has 25% of the regional work force. This is in sharp contrast to the rest of Québec, where it represents less than half of that number.

In Centre-du-Québec, the manufacturing sector is primarily identified with more traditional industrial segments of the economy such as textiles, clothing, and furniture. The manufacturing landscape has not escaped the economic crises, the increasing openness of markets, and competition from emerging countries, so that it has changed considerably over the past two decades. The non-traditional segments have given way to other segments that are less labour-intensive, such as equipment manufacturing and transportation materials. Over the past decade, this transformation has left employment neutral.

The services sector in Centre-du-Québec represents a smaller segment of employment than in the province as a whole, but is still six out of ten jobs. Employment growth in services has been negative in recent years, thus echoing the difficulties in the manufacturing sector.

The impact of the last recession has been felt and the region has experienced an average annual decrease of 2.3% between 2010 and 2012. During this period, the unemployment rate moved from 6.5% to 8.4%. Various signs point to a possible recovery by 2015. A slight increase in employment, 0.6%, is also expected within this time period, or slightly below the provincial average, which should be around 1%. After a fairly long shortage, the manufacturing sector should see a recovery under the influence of better business conditions in the United States. In construction, the level of activity should remain high. Such a scenario would allow the services sector to regain vitality.

In all, employment possibilities are high in multiple business sectors and for occupations that require different types of skills. In general, this will be the case for specialized and semi-specialized workers in the health, natural and applied sciences, transformation and manufacturing sectors. Clearly, jobs that do not require specific training or skills remain in demand, but often with less attractive conditions and for a large labour pool.

Chaudière-Appalaches

After a solid performance in 2010 and 2011, the labour market became more fragile in 2012. Employment drew back 2.8% following the loss of 6,200 positions, which primarily affected experienced (45 years of age and older) male (-8.4%) workers. The main branches of activity that showed a loss were agriculture, construction, trade, finance, insurance and rentals, professional, scientific, and technical services, and public administrations. Other branches of the primary sector, excluding agriculture (forestry, fishing, mines, and oil and gas extraction), manufacturing, educational, health care and social assistance, and other services saw increased employment. Within this somewhat sluggish labour market context, the regional unemployment rate dropped by three tenths of a point in 2012 to sit at 4.6% and remains one of the lowest of Québec regions due to a sharp drop in the participation rate (-9%).

Regarding sectoral outlooks, LAMD scenario shows moderate employment growth over the coming years. The primary sector will lose ground as the slow decline in agricultural employment continues – this employment represents 80% of the sector – in spite of a slight recovery expected in forestry operations. The abandonment of the project to restart the Lac d'amiante du Canada mine should also be mentioned. It was the last true mining deposit in the region and had more than 300 employees at the time of its closure in 2011.

In addition, the region relies on growth in manufacturing, which has been confirmed over the past two years. This progression primarily rests on the development of its niches of excellence (composite materials and plastics, wood in residences, and technical textiles) as well as on the dynamism of more value-added industries related to investments (metal products, machines, and transportation material) and food processing. In construction, it will be difficult to reach new peaks over the coming years with the expected slowdown in the residential sector and reduced financing of public infrastructure despite massive investments in the institutional and commercial sectors and the continuation of work in the wind turbine network.

In the services sector, a decreased rate of employment growth is expected after an average growth of 1.7% per year over the past ten years. All groups will record an increase, but production services will once again provide the greatest number of new jobs.

Regarding occupational trends, erosion (or replacement needs) will make up the majority of openings in the region, or more than 80%. The best occupational outlooks are found in the healthcare and natural and applied sciences categories, but there will be many positions to fill in the business, finance and administration, sales and services, social sciences, educational, and public administration categories. Generally, professional staff will have essentially good job prospects, as employers require an increasingly high level of qualification.

Estrie

Since the early 2000s, the industrial structure of the region has changed considerably. The manufacturing sector, which represented 27% of employment, now represents less than 20%. This proportion of employment is still larger than that for Québec (13%).

In 2011, manufacturing employment finally broke free of the downward trend that had oppressed it for several years. In 2012, this segment of the regional economy showed substantial growth in employment for a second consecutive year, suggesting that the segment is finally stabilizing. In spite of significant recorded job losses, goods production still plays a vital role in the regional economy. Estrie is currently turning more and more toward producing value-added goods and services, which explains the growth of employment in science and technology.

The impact of the last recession has not yet been erased. Total employment fell by nearly 8,000 jobs (-5.1%) in 2012. The primary sector, above all represented by agriculture, continues its downward trend. For their part, after having registered historically high levels, the construction and services sectors have shown a steep decline over the past year.

The United States' hesitation to resume its cruising speed, the strength of the Canadian dollar, and international competition continue to limit the value of exports to our south neighbours. At the same time, the development of European markets is heavily handicapped by the lingering economic crisis there.

A gradual improvement of economic indicators is expected, lightly emphasized at the end of the 2013-2015 forecasting period. In Estrie, most industrial sectors will participate in positive developments in employment, some more than others. The more traditional sectors will, however, continue to be affected by competition with emerging economies.

Mauricie

Nearly 70% of the population is concentrated around the cities of Trois-Rivières and Shawinigan. The presence of service industries there is much stronger. This makes the rural nature of the area a somewhat significant factor, while forests cover 85% of the geographic area of the territory. The forestry operations sector is concentrated in the regional county municipality (RCM) of Mékinac and the La Tuque area. No more than 1,000 direct jobs are associated with this industry, but several companies in the manufacturing sector depend on them.

In Mauricie, the manufacturing sector has long time been identified with more traditional industrial segments of the economy, such as wood, pulp and paper, first transformation of metals, and furniture. These industries still account for more than half of the GDP for the entire manufacturing sector. The whole sector has been very affected by changes in the economy. In 2002, 23% of jobs were in the manufacturing sector compared to less than 15% in 2012. Over the past three years, notable decreases have been seen in wood products, paper, and first transformation of metals. Other decreases of employment are anticipated in these last two industrial segments in Mauricie by 2015, such that the manufacturing landscape will change considerably. More traditional segments will give way to other, less labour intensive segments, such as the manufacturing of metallic products, machines, and transportation equipment. This change will not stop employment from continuing its downward trend in the manufacturing sector of Mauricie.

Employment in the services sector in Mauricie is somewhat lower than in the rest of the province, but still represents seven out of ten jobs. The employment growth in services has been positive in recent years, otherwise there would have been a decrease for regional employment as a whole.

The impact of the last recession is being felt. The region has experienced very weak employment growth between 2010 and 2012 and the unemployment rate is approaching 10%. Different signs indicate a possible recovery by 2015. Slight growth in employment is expected by then, around 0.5%, or slightly less than the provincial average of around 1%. The manufacturing sector will not be part of this growth, but the forestry industry will see a recovery under the influence of better economic conditions in the United States. In construction, the level of activity should remain high. The services sector is also expected to continue its growth, aided by the tourism industry.

Overall, job prospects will be positive in many business sectors and in occupations that require different types of skills. This will generally be the case for specialized and semi-specialized workers in the health, natural and applied sciences, social sciences, business, and finance sectors. Jobs that do not require training or particular skills remain in demand, but often with much less attractive conditions and for a large labour pool.

The Greater Montréal regions

Montréal census metropolitan area (CMA)

The CMA holds nearly half of all jobs in Québec and its economic development is largely due to the strong growth of peripheral suburbs which make it up.

The recovery of economy activity, which allowed the creation of 49,000 jobs in 2010, showed signs of slowing down in 2011, with an average loss of 1,700 jobs in the CMA. In spite of sluggish economic growth worldwide, the job market in the CMA resumed its growth in 2012.

Overall, 26,300 jobs were created in 2012 compared to 2011 (+1.3%), bringing the number of workers to nearly two million. During the same period, the entire province gained approximately 30,800 jobs (+0.8%). Due to the higher number of new job seekers on the labour market, which increased the participation rate to 66.4%, the swelling job numbers did not result in a lower unemployment rate for the CMA: this rate actually increased from 8.3% in 2011 to 8.5% in 2012. Among youth aged 15-24, the situation remains precarious. The majority of them hold part-time jobs and their unemployment rate hit 15.4% in 2012.

As with the province as a whole and all of Canada, the CMA cannot avoid the effects of softness in the world economy. Export companies remain greatly affected by global economic conditions – particularly conditions in the United States, the main economic partner, where recovery is very slow. Marked by a strong consolidation and delocalization movement tied, among other things, to international competition and the appreciation of the Canadian dollar, the number of companies and jobs in the manufacturing sector in the CMA has not stopped declining for ten years. Nonetheless, certain sub-sectors with more value added will benefit from good employment growth over the coming years (2013-2015), particularly in transportation equipment manufacturing. In addition, the various works in progress and announced in the region should also support the labour needs in construction over the next three years. Finally, the large services sector will continue to benefit from good prospects, particularly in the sub-sectors of professional, scientific, and technical services, health and social assistance, retail and bulk trade, and information, culture, and recreation.

As for labour needs, more than half will come from openings related to retirements, while a weaker proportion comes from the creation of new jobs. Note that nine out of ten new jobs will come from the services sector.

Lanaudière

Demographics play a determining role in the economy and labour market. Demographic growth in Lanaudière is higher than that in Québec and Canada. In its most recent demographic scenario, the ISQ predicted a 38% growth in the Lanaudière population between 2006 and 2031, compared to just 16% in Québec. Demographics remains an important issue, particularly in the RCM that are farther from large centres, such as Matawinie.

Also, in both Lanaudière and Québec, people nearing retirement age (55-64 years) are now more numerous than those joining the working age population (15-24 years). The aging of the population is thus a significant phenomenon that will have an important impact on the labour market and the region's ability to fill available jobs. The changes in the working age population may also slow employment growth and lead to difficulties in recruiting and retaining qualified workers in many sectors of the regional economy. Population aging is particularly fast in the regional county municipalities of the Montréal CMA (i.e. Les Moulins and L'Assomption).

For the first time since 2008, the Lanaudière labour market deteriorated in 2012 with a loss of 6,400 employed persons (-2.6%), thus wiping out the majority of gains recorded the previous year. Employment having continued to grow in Québec, the weight of the region declined, going from 6.2% of employment in the province in 2011 to 6.0% in 2012. As the number of unemployed workers remained stable in Lanaudière, it weakened the effect on unemployment in the region. This rose to 7.9% in 2012, compared to 7.7% in 2011. However, the inactive population increased strongly (+13,000 or +10.5%), which can be

attributed, in part, to the aging of the population and discouraged workers. The activity rate thus lost 2.7 percentage points in 2012 to reach 65.7%.

In 2012, the decline in employed Lanaudière workers was concentrated on full-time employment (-12,600, 6.1%), while part-time work saw a gain of 6,200 people (+15.0%). In addition, employment decreased more among women (-3,800, 3.3%) than among men (-2,500, 1.9%). The deterioration of employment showed up in the services sector with a loss of 12,600 employed workers (-6.8%) coming mainly from educational services (-6,500), accommodations and food services (-3,500), and health care and social assistance (-3,000). Similarly, the number of employed workers progressed in the goods production sector (+6,200), particularly in construction (+3,500), manufacturing (+1,900) and agriculture (+1,300).

The Lanaudière economy grew more rapidly than that of Québec in recent years. Lanaudière represented 3.6% of Québec production, on average, while the region was home to approximately 6% of employed workers. This gap can be explained, in part, by the fact that nearly 40% of Lanaudière residents work outside the region.

For the 2013-2015 period, it is predicted that employment growth in Lanaudière will be approximately one percent per year on average. The number of employed workers will mainly grow in the services sector, with nearly 90% of job creation in the area. Wholesale trade, professional, scientific, and technical services, as well as health care and social assistance will also grow faster than the services sector as a whole. Regarding the goods-producing sector, construction and manufacturing of wood products, metal products, and transportation material will see acceptable growth over the forecasting period. However, significant losses are expected in hardware, appliance, and electrical parts manufacturing resulting from the closure of the Electrolux factory in L'Assomption by 2014.

Laurentides

The robustness of the labour market in Laurentides stood out sharply in 2012. The indicators show us that, between 2009 and 2011, both the employed and unemployed population increased constantly due to the dynamic nature of the surrounding labour market and to strong demographic growth. This dynamism promoted an increase in the unemployment rate in 2011 due to a strong increase in the number of job seekers encouraged by various investments. Employed people and the active population both continued to grow in 2012, but the number of unemployed workers decreased for the first time since the last recession, by 14% in one year, which represents the largest drop in the unemployment rate in Québec between 2011 and 2012. It is also interesting to note that all age groups benefited from these favourable conditions. The main indicators show that the region is among the best in Québec in 2012. It is ranked second for its activity rate (68.3%) and for its employment rate (63.7%). However, in spite of the very strong decrease in unemployed workers, Laurentides is ranked 6th for its unemployment rate (6.8%).

The economic fabric of the region is fairly similar to that of the province. The expansion of the tertiary sector of the labour market remains very important. After a more difficult period, the secondary branch is slowly regaining ground while the primary sector now represents just 1% of the economy. In fact, the Laurentides region stands out from the province primarily in the makeup of industries in the secondary branch of its economy and more particularly in the construction industry.

Over the coming years, conditions favourable to economic development in the region will always be present, though more restrained. Demographic growth, which remains the second highest in Québec, will continue, but at a slower rate than in the past, promoting continued expansion of the tertiary sector in the region. The construction sector should continue a significant rate of growth. The projects announced for the coming three years are numerous, including residential, institutional, and infrastructure projects. The transportation equipment manufacturing industry, with the aeronautic industry at its head, remains one of the drivers of employment growth in the region. So for the Laurentides industries as a whole, the forecast is for an average annual growth rate of 1.5% for the 2013-2015 period, which will be higher than that for Québec.

Montréal

The population grew to 1,442,400 people in 2011, which ranks the region in second place in terms of population in Québec. According to the most recent projections from the Institut de la statistique du Québec (ISQ), the population of Montréal should grow by 15% from 2011 to 2031, an increase greater than that for Québec (11%).

The demographic advantage of Montréal is reflected in the market indicators and the region is second in Québec for number of people employed, just after the Montréal region. The development of employment depends both on companies located in Montréal and on the enormous metropolitan labour market. The structure of industries in which employed people work is diverse, which promotes regional labour market indicators.

In spite of its numerous assets, the region has not escaped from the unstable economic conditions. After an anemic growth in 2009 followed by a slightly more dynamic increase in 2012 and a slowdown in 2011, 2012 benefited from a net improvement in the labour force. Employment grew at a steady pace (3.4%), the employment rate improved, and the unemployment rate decreased to settle at 6.5%.

While slightly better than in Québec, the employment prospects in Montréal for 2013-2015 will be moderate. The global economic conditions remain uncertain and present numerous challenges to export companies. Consequently, the predicted job growth for the entire goods manufacturing sector will be weak, but some industries, such as transportation equipment and metallic products, should benefit from an increased dynamic in their labour supply. The activity in the construction industry will remain sustained and employment should grow at a pace comparable to industry as a whole. Meanwhile, employment in the services sector will grow at a good pace; however, the situation will be less favourable for public administrations.

Conclusion

Growth in Québec rests, in large degree, on the continued improvement of external trade. For that to happen, growth in the United States must continue with the recovery of residential construction and consumer expenditures and the increase in the number of households, while avoiding the full application of automatic budget control measures. While the shock of austerity measures has weakened, the best-placed European economies will experience very slow growth during 2014. Within these improvements, emerging economies, which are at the heart of Québec's diversification of external trade, will also regain more dynamic growth, while avoiding the trap of debt and inflation.

While globalization of production has also promoted the globalization of economic difficulties, the interrelation of these elements will contribute to the improvement of the global business climate and the slow growth of world trade, and Québec will reap benefit from it.

On the other hand, due to demography, the active population of Québec may reach zero growth by 2016 before experiencing a slight decrease. This will reduce the capacity for growth. The decrease will be very weak at the beginning of the period, but the gap will grow with the years such that Québec will have increasing difficulties to meet needs related to worker replacement and economic growth.

Note: *The authors have taken particular care to write this document on the basis of their research into labour market information that is exact and accurate at the time of publication. As the labour market is constantly changing, the data provided may have changed since this document was published. We encourage readers to consult other sources to obtain supplementary information on the local economy and labour market. The information presented in this document does not necessarily reflect official policies of Human Resources and Skills Development Canada.*

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