

The FORD(Q) Economic Update

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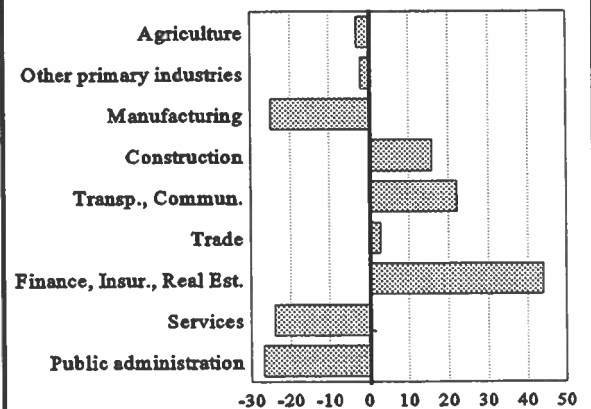
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Overall decline in employment levels

- Employment in Canada fell by 44,000 between October and November, wiping out over half of the job gains of the three preceding months. Ontario (+15,000) and Nova Scotia (+1,000) were the only provinces reporting increased employment in November. The weakest performer in Canada was Quebec, which reported a decrease of 23,000, followed by British Columbia with a drop of 12,000. When compared with November 1994, Quebec's various industrial sectors posted gains of only 2,000 jobs. Finance, insurance and real estate industries were by far the most productive sectors with close to 45,000 new jobs created. However, public administration (-27,000), manufacturing industries (-25,000) and services (-24,000) reported sharp decreases in employment.

Quebec Employment by Sector

Year-over-year change in 1 000s (November '94-November '95)



Source: Statistics Canada, LFS



Federal Office of
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Canada

The FORD-Q ECONOMIC UPDATE is a monthly publication whose purpose is to inform readers about the most recent economic developments affecting Quebec and its regions.

The information in this monthly report is taken from dailies and weeklies, magazines and other publications on the Quebec economy. Most of the statistical data come from Statistics Canada.

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Increased Unemployment in the West

- Seasonally adjusted data indicate that Canada's unemployment rate remained steady in November at 9.4%. In Quebec, the rate dropped for the fourth time in five months and reached 11.0%, half a percentage point below last year's level. Since a year ago, seven of Canada's ten provinces have reported lower numbers of unemployed and falling unemployment rates. Three provinces in the West were the exceptions. 16 of Canada's 25 major metropolitan areas have seen their unemployment rates move downward since November 1994. One of these metropolitan areas was Montreal (from 13.8% to 10.9%). Labour market participation, however, decreased in 18 of these 25 urban areas.



Canadian economy performing well

- Canada's real GDP grew by 0.5% in the third quarter of 1995 after faltering slightly in the second quarter. Cost-factored GDP grew by 0.2% in September, an increase similar to those of the two previous months. (Statistics Canada Daily, Nov 30, 1995)

CPI remains stable

- Inflation in October was stable across the country for the fourth month in a row. Compared with a year ago, however, consumers paid 2.4% more for goods and services in October. (Statistics Canada Daily, Nov 22, 1995)

Record-level trade surplus

- Increased exports combined with a drop in imports helped Canada post a record-level \$2.9-billion trade surplus in September. Retail sales were sluggish in September while wholesale trade posted a sizeable increase for the second month in a row. (Statistics Canada Daily, Nov 21, 1995)

Growth improves Canada's finances

- According to a Government of Canada financial report, 4.6% economic growth in 1994 helped reduce the federal deficit for the 1994-1995 fiscal year to \$37.5 billion. The deficit was \$4.5 billion, or more than 10% less than that of the previous year's budget. (The Public Sector, Nov 13, 1995)

Unemployment Insurance reform

- The Unemployment Insurance Program, which has become the Employment Insurance Program, will have its funding cut by \$1.6 billion. The cuts have been made possible primarily through stricter eligibility criteria and reductions in benefits. During the first three quarters of 1995, over \$10.7 billion was paid out in unemployment insurance benefits in Canada. This figure was approximately 15% lower than for the same period a year ago. It was also the lowest amount paid out since 1990.
(La Presse, Dec 1, 1995)
(Statistics Canada Daily, Nov 29, 1995)

Bankruptcies on the rise

- In September, the number of bankruptcies in Canada rose to more than 6,600 and over a third of them occurred in Quebec. The total number of bankruptcies across Canada since the beginning of 1995 was approximately 60,000, a 14% increase when compared with the same period in 1994. Bankruptcies were on the rise in all provinces except Prince Edward Island.
(Bankruptcy Statistics, September 1995)

Increase in the value of building permits

- In October 1995, the value of residential building permits in Canada rose for the third time in four months. This monthly increase of close to 9% halted a year-long downward trend. (Statistics Canada Daily, Dec 4, 1995)

SME assistance fund

- **FORD-Q**, on behalf of the federal government, has invested \$5 million dollars to set up a business assistance fund with capital reserves of \$25 million. The **Business Development Bank of Canada (BDBC)** will issue loans of up to \$500,000 for high technology and product innovation projects.
(CKVL, Nov 27, 1995)
(Newsworld, Nov 27, 1995)
(The Record, Nov 28, 1995)

Privatization of the Port of Montreal

- The federal government will withdraw from its involvement in managing the **Port of Montreal** and seven other Canadian ports including **Quebec City**. The ports will become non-profit private corporations and must be financially self-sufficient. Dozens of other lesser ports will also be transferred to other interests. These changes are being carried out as part of the National Marine Policy.
(La Presse, Dec 15, 1995)
(Le Devoir, Dec 15, 1995)

Quebec deficit under \$4 billion

- An unexpected \$304-million increase in federal payments will allow Quebec to post a deficit below \$4 billion. The larger payments will partly offset a \$435-million revenue shortfall caused by the depressed state of the economy.
(Le Devoir, Dec 8, 1995)
(Le Soleil, Dec 8, 1995)

Layoffs for half of the employees

- **Radio Québec** will soon lay off half of its 600 employees in order to reposition itself as a purveyor of cultural and educational services. According to recent appropriations voted by the National Assembly, the public television broadcasting corporation's budget this year will be \$55.1 million, compared with \$70.4 million a year ago.
(Le Journal de Montréal, Oct 28, 1995)

House-cleaning at Peerless

- In an effort to resolve its financial problems, ***Peerless Carpet Corporation*** has launched a major restructuring plan. The company will close its floor covering division and at the same time eliminate 225 jobs across Canada. 146 of the jobs lost will be in Quebec, where most of the company's factories are located.

(Le Devoir, Nov 22, 1995)

New projects under the Infrastructure Program

- The federal and provincial governments will each invest \$12 million in 112 new projects under the **Canada-Quebec Infrastructure Works Program**. The projects will generate \$41.6 million in investment and 520 employment years. Since the program began, more than 2,100 projects in Quebec have been approved and they have stimulated some \$1.9 billion in investment.

(Constructo, Dec 5, 1995)

REGIONAL REVIEW

GREATER MONTREAL

MONTREAL ISLAND

Drop in employment

- When compared with October, employment on Montreal Island in November dropped by 14,000. When calculated on a yearly basis, employment dropped by 50,000. Despite this dismal performance, the unemployment rate at 12.2% was lower than what it had been a year earlier.

CP leaving Montreal

- **CP Rail** will move its head offices from Montreal to Calgary. By eliminating over 1,450 jobs across North America and a quarter of its administrative positions, the company will save \$100 million.
(Le Soleil, Nov 21, 1995)

Interior work at Jarry Stadium

- Electrical, plumbing and ventilation work will be done at **Jarry Stadium** to convert the building into the **National Tennis Centre**. An estimated \$11 million in renovations are expected to begin sometime soon.
(Constructo, Nov 21, 1995)

Cégep du Vieux Montréal renovations

- Partitioning work in classrooms will be part of the work involved in the **Cégep du Vieux Montréal** renovation project. The estimated \$10-million project is expected to begin in early 1996 and be carried out over a two-year period.
(Constructo, Nov 24, 1995)

Bridge, tunnel and expressway repairs

- Repairs to the **Louis Hippolyte Lafontaine** tunnel and bridge will include repairs to the road surface and the surveillance and drainage systems. Work at an estimated cost of \$25 million should begin in summer 1996.
(Constructo, Nov 24, 1995)

Hoffman-La Roche invests in R&D

- The pharmaceutical company **Hoffman-La Roche** has announced it will invest \$20 million in research and development in Quebec. The five-year project will be carried out in Quebec universities and hospitals.
(Le Soleil, Nov 24, 1995)

Investments in biopharmaceuticals

- The move by an American company, ***Seragen Biopharmaceuticals***, to a site near the ***Institut de recherches en biotechnologie*** [biotechnology research institute], will generate \$30 million in investment, of which \$15 million will go to construction of a new plant. Between 70 and 75 jobs could be created over a two-year period. (La Presse, Dec 5, 1995)
- The French company ***Galderma***, a subsidiary of ***L'Oréal*** and ***Nestlé***, will also set up operations in Montreal. The company will invest some \$40 million and create 150 jobs in the metropolitan area. (Le Soleil, Dec 7, 1995)

Over \$100 million for a research centre

- CAE Electronics Ltd and Bombardier Inc have invested \$108 million in a shared research and training centre, which will create 200 specialized jobs. The centre will be able to accommodate up to 2,700 airline pilots and employees per year. (La Presse, Dec 8, 1995)

LAVAL

Spectacular drop in its unemployment rate

- Owing to a drop of 1,000 in its employment level between October and November, Laval reported an employment gain of only 7,000, compared with the same period a year ago. The unemployment rate, however, tumbled almost a full percentage point in one month and has fallen three percentage points in the past year.

CENTRAL REGIONS

CHAUDIÈRE-APPALACHES

Third consecutive drop in employment

- The number of people with jobs decreased by 4,000 between October and November, the third monthly decrease in a row. Compared with last year, however, the region posted a gain of 5,000 jobs, and despite an increase in the unemployment rate to 6.9%, the region still has the lowest unemployment in Quebec.

\$4.3-million project in St Marie

- Plans to build a multi-purpose technical and vocational training centre in St Marie will include construction of a building at a site still to be decided. The project is still in the departmental approval stages and is expected to begin sometime in 1996. (Constructo, Nov 21, 1995)

Hospital expansion

- A \$16-million project to expand the *Centre hospitalier de Saint-Georges-de-Beauce* [St Georges de Beauce hospital] will involve renovations on several floors in various wings. The project is still awaiting departmental approval and is expected to begin sometime in 1996 or 1997. (Constructo, Nov 24, 1995)

Sewage treatment project

- The village of Scott in Nouvelle Beauce will be able to treat its sewage once a pumping station and sewage treatment plant are built on the west bank of the *Chaudière River*. The \$6-million project is expected to begin in summer 1996. (Constructo, Nov 29, 1995)

Layoffs at Manac Inc

- The semi-trailer manufacturer ***Manac Inc*** has laid off over a 100 employees, most of them at its plant in **St Georges**. A drop in orders was the reason for the temporary layoffs. (Le Soleil, Dec 13, 1995)

EASTERN TOWNSHIPS

Strong employment gains during the year

- Compared with October, Eastern Townships employment levels in November fell by 2,000. However, the region still reported a yearly increase of 12,000 jobs, one of the highest increases in Quebec. The unemployment rate moved up slightly to 10.3% in November, which was higher than the figure reached during the same period a year ago (9.0%).

Investment in East Angus

- Cascade Inc will invest \$15 million at its plant in **East Angus** to comply with environmental legislation. By refitting some of its equipment, the company will be able to reduce atmospheric emissions. Work is expected to begin sometime in 1996. (Constructo, Nov 17, 1995)

Research centre in Fleurimont

- Plans to build the ***Institut de Pharmacologie*** [pharmacology institute] will include construction of a two-storey building in **Fleurimont**. A pedestrian walkway will connect the building to the ***Centre hospitalier universitaire de Sherbrooke (CHUS)*** [Sherbrooke university hospital]. The project requiring an investment of close to \$13 million is expected to be launched sometime in 1996. \$8 million of the investment will be shared equally by the Government of Canada and the Quebec Government. (Constructo, Nov 24, 1995)
(La Tribune, Nov 29, 1995)

Construction at Université de Sherbrooke

- The Applied Sciences building at *Université de Sherbrooke* will be enlarged at a cost of \$8 million. Another building costing \$11 million might be built to house the Faculty of Administration offices. Work is expected to begin sometime in 1996. (Constructo, Nov 24, 1995)

Construction of a clinical research centre

- Plans to build the *Centre de recherche clinique du Centre universitaire de santé de l'Estrie* [clinical research centre of the Eastern Townships university health centre] in Sherbrooke will involve construction of a four-storey building. Work is expected to begin in June 1996 and the centre's opening is planned for summer 1997. (Constructo, Dec 6, 1995)

Widening of Highway 55

- Construction work on Highway 55 will involve the widening of an 11-kilometre stretch of road between Windsor and Bromptonville. Construction is scheduled to begin in summer 1996 and will be carried out over a three-year period. (Constructo, Dec 6, 1995)

Another Thona factory in Magog

- The fourth *Thona* factory in twelve years will open in Magog and create 60 jobs. Tooling of the new factory to produce insulated glass will cost \$6 million. Production should begin in April 1996. (La Tribune, Dec 13, 1995)

LANAUDIÈRE

Falling employment

- In November, there were slightly fewer people working in the labour market as well as an increase in the unemployment rate. At 10.3%, however, unemployment was still below the provincial average.

LAURENTIANS

Yearly and monthly employment gains

- The Laurentians were the only region in Quebec to report increased employment on a year-over-year and month-over-month basis. However, a gain of 2,000 jobs between October and November was not enough to prevent a 0.6-percentage point increase in the unemployment rate during the same period.

Highway transport training centre

- A project to overhaul the highway transport training centre in Mirabel will involve the setting-up of teaching and vehicle maintenance workshops. Project plans also include improvements to the driver-practice range. The \$5-million project is expected to begin in January 1997.
(Constructo, Dec 6, 1995)

Renovation work at Mont Laurier reception centre

- Repairs to the *Centre d'accueil St Anne* [St Anne nursing home] in *Mont Laurier* will include structural renovations, reinforcement of the existing building and refurbishing. The \$7.5-million project is expected to begin sometime in 1997.
(Constructo, Dec 6, 1995)

Water purification project in Lachute

- The town of Lachute's water purification project will involve construction of a water treatment plant and the digging-up and relaying of the existing water-main system. The \$15-million project is expected to begin sometime in 1996 or 1997.
(Constructo, Dec 6, 1995)

Bridge construction in Grenville

- Construction of a new bridge over the Ottawa River will provide a link between Grenville, Quebec and Hawkesbury, Ontario. The \$45-million project is expected to begin in spring 1996 and be carried out over a 26-to-28-month period.
(Constructo, Dec 6, 1995)

MAURICIE/BOIS FRANCS

Employment continues to drop

- For the fourth consecutive month, there was a decrease in the number of people with jobs in the region. In November, the number dropped to 202,000, whereas in July, it was 224,000. The unemployment rate nonetheless moved downward in November to 9.6%.

Construction of a concert hall in Victoriaville

- Plans for a future 850-to-1,000-seat concert hall will involve construction of a building on land owned by the *Cégep de Victoriaville*. The work valued at between \$7.5 and \$10 million is expected to begin sometime in 1997. (Constructo, Nov 17, 1995)

Water purification project in Daveluyville

- A water purification project for the municipalities of **St Anne du Sault** and **Daveluyville** will involve construction of aerated ponds and related work. The \$6-million project is expected to begin in fall 1996. (Constructo, Nov 17, 1995)

Industry interpretation centre in Shawinigan

- Construction of a science centre highlighting industry in **Shawinigan** will begin in spring 1996. Three levels of government, namely federal, provincial and municipal, will provide funding for the \$9-million project. (Constructo, Nov 21, 1995)

\$US35 million invested in Bécancour

- Multinational corporations *Liquid Air* and *Elf Atochem* have announced plans to expand the *Chemprox Chemical* plant in **Bécancour**. \$US35 million in investment will allow the hydrogen peroxide manufacturing plant to increase yearly production by 143%. (Le Nouvelliste, Dec 5, 1995)

Temporary closing of Entreprises St-Ferdinand

- Toboggan manufacturer ***Entreprises St-Ferdinand***, located in the village of **Bernierville** (between **Plessisville** and **Thetford Mines**), will close temporarily and throw 100 employees out of work for a period of a few weeks. (Le Soleil, Dec 15, 1995)

MONTÉRÉGIE

Fall-off in employment

- A decrease of 6,000 jobs in November combined with increased unemployment boosted the unemployment rate in the Montérégie region. The rate stood at 9.0% in November 1995, down a percentage point from the same month a year earlier.

OUTAOUAIS

Lower unemployment rate

- In November, the number of employed people in the Outaouais region decreased by 3,000. This was the third month in a row that the region did not report an increase in employment. The unemployment rate also dropped from 10.1% in October to 9.7% in November.

Museum of Nature spreading its wings to Aylmer

- The ***Canadian Museum of Nature*** in **Ottawa** will move some of its services to **Aylmer** in a few months' time. Exhibitions and visitor services will remain in **Ottawa**, while the rest of the museum's services will move to **Aylmer**. The \$33-million project is already under way.

(Constructo, Nov 21, 1995)

QUEBEC CITY

More positive year-end results

- Between October and November and for the first time in 1995, a moderate decrease in the number of jobs pulled the Quebec City area down to the employment level it had a year ago. The unemployment rate increased slightly to exactly 10.0%.

ENAP moving to new location

- Plans for moving the *École nationale d'administration publique* [national public administration school] to a new location involve construction of a new building on the St Roch property. The \$14.5-million project is expected to begin sometime in 1996 or 1997.
(Constructo, Nov 17, 1995)

.....near the Université du Québec and INRS

- The administrative offices of *Université du Québec* and the Culture and Society division of the *Institut national de la recherche scientifique (INRS)* [national scientific research institute] will also be moved to a building on the St Roch property. Construction of the building will cost approximately \$9 million with work expected to begin in 1998.
(Constructo, Nov 17, 1995)

\$30-million electricity project

- Harnessing of the water at a water purification plant could supply future electricity needs of the *Colbert* technology and industrial parks. A \$30-million project will allow water-generated heat at the purification plant to be salvaged and used to heat the parks. The project, previously developed in Scandinavian countries, could create 300 jobs during construction.
(Le Soleil, Dec 10, 1995)

Expansion of the Village des Sports

- Construction of two new wings at the *Village des Sports* [sports village] in Valcartier will mean five times as much floor space in the complex. The Expansion of the Village des Sports expansion will cost approximately \$9 million and work has already begun.

(Le Journal de Québec, Nov 30, 1995)

Water purification project in St Raymond

- The town of St Raymond's water purification project will involve construction of three aerated ponds and related work. The \$8-million project is expected to begin sometime in 1996. (Constructo, Nov 21, 1995)

RESOURCE REGIONS

ABITIBI-TÉMISCAMINGUE

Stable labour market trend

- Between October and November, Abitibi-Témiscamingue did not report any change in the number of persons employed or unemployed. The unemployment rate dropped by half a percentage point and exceeded last year's rate by almost two percentage points.

Rebound in gold mining

- *Société minière Écudor* and *McWatters Mines* have signed an \$11-million deal to resume gold mining at the *McWatters* mine. The mine, which has been closed for 50 years, could produce up to 20,000 ounces of gold per year. Mining is expected to continue for a ten-year period and the project could create between 60 and 100 jobs. (Le Soleil, Nov 24, 1995)

LOWER ST LAWRENCE

Decrease in number of workers

- The number of people in the region's labour force decreased by 3,000 between October and November. It was the region's third consecutive monthly decrease in employment. However, no upward movement in the unemployment rate was reported during the last eight monthly reporting periods.

Water purification projects in St Noël and St Pacôme

- A water purification project in St Noël in the Matapedia region will involve construction of a pumping station, aerated ponds and various municipal works. A similar project in the municipality of St Pacôme near La Pocatière will involve construction of aerated ponds and water mains. The two projects costing more than \$13 million are expected to begin sometime in 1996. (Constructo, Nov 17-29, 1995)

Restoration of Matane's Old Port

- Phase II of the *Old Port* of Matane restoration project will include construction of a mobile walkway and related work. Cost of the entire project is \$7 million and work is expected to begin in November 1995. (Constructo, Nov 17-29, 1995)

NORTH SHORE/NORTHERN QUEBEC

Sizeable yearly increase in employment

- Between October and November, the number of jobs dropped by 1,000, but the region reported 6,000 more jobs than in November 1994. The unemployment rate climbed 1.7 percentage points in November, the highest increase in all of Quebec's regions.

GASPÉ/MAGDALEN ISLANDS

Slight drop in employment level

- Between October and November 1995, the employment level moved downward slightly in Gaspé region. Despite this being the region's second monthly decrease in a row, there were still more people with jobs than the year before. The unemployment rate at 18.2% in November was still by far the highest in all of Quebec's regions.

\$25 million to protect the environment

- **Stone Consolidated Inc** of New Richmond will erect a 26-metre high building to house equipment for reducing atmospheric emissions. The work is required to meet new environmental standards, involves \$25-million in investment and is expected to begin in spring 1996.
(Constructo, Nov 17, 1995)

Closing of Norpro

- The **Norpro** plant in Havre Aubert in the Magdalen Islands has not been granted a crab-processing permit by the Department of Fisheries and Oceans. Consequently, the plant is expected to shut down in 1996 and lay off 260 employees.
(Le Journal de Québec, Nov 29, 1995)

SAGUENAY/LAC ST JEAN

A gain of 2,000 jobs in November

- Between October and November, the number of people working in the region decreased by 2,000 to 113,000. Nonetheless, there was still a net increase in employment, compared with the same period a year ago. The unemployment rate rose slightly in November to 14.3%.

Drinking water in Alma

- Construction of an \$11-million filtration plant in Alma could solve the town's drinking water problems. A call for tenders is expected in March 1996 and work should begin in May.
(Constructo, Nov 17, 1995)

Repairs to the Chutes à Caron dam

- **Alcan** will carry out repair work on its dam at Chute à Caron to reinforce it for a 35-year period. The project involving \$100 million in investment will be carried out over eight years.
(Constructo, Nov 29, 1995)