

Industrial structure

» Québec's industrial structure is increasingly service-oriented, an area where added value is minimal.
 » Québec's proportionate share of high-tech exports and imports is diminishing.

Productivity

» Productivity in Québec has fallen by nearly 3 percentage points over the past year, thus widening the gap between it and the country as a whole.
 » Investments in machinery and equipment, which are essential to enhancing productivity, are proportionally lower in Québec than they are on a Canada-wide basis.

Labour

» In five out of the past six years, Canada as a whole outperformed Québec in terms of job creation.
 » The gap in employment rates between Québec and Canada as a whole has widened once again to 2.7%.

Energy potential

» Québec's energy exports grew from 9.5 TWh in 2004 to a record 17.5 TWh in 2008, or nearly 85% during this four-year period.
 » Over the past decade, the most improved sector in terms of energy performance has been the industrial sector.

Entrepreneurship

» In three years, the number of business bankruptcies recorded in Québec rose 26%, reaching 2,157 in 2008.

Public finance

» The percentage of government expenditures compared to economic activity in Québec rose sharply between 2005 and 2008, from 24.6% to 26.5%.
 » The burden of the debt on the Québec economy is growing slowly but surely.

Innovation

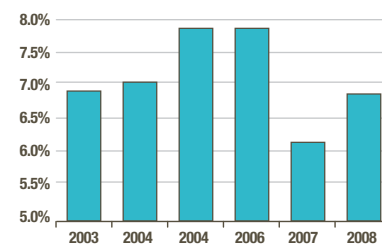
» Québec is investing proportionally more in R&D than Canada as a whole, the United States or OECD countries on average.
 » In 2007, 97 patents were registered in Québec per million inhabitants, compared to 182 per million in G7 nations and 270 in the United States.

Trade partners

» Ontario's economic problems led to a significant drop in the real growth of the interprovincial trade of goods and services in 2008.
 » The proportion of Québec exports shipped to the United States decreased from 82.4% in 2000 to 68.0% in 2008.

Productivity gap

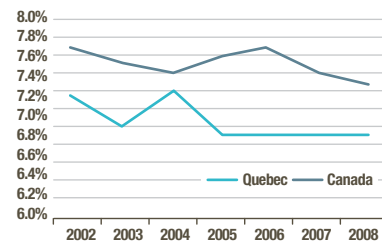
(Real GDP/hours worked—% gap between Québec and Canada as a whole)



Source: Statistics Canada

Investments in machinery and equipment

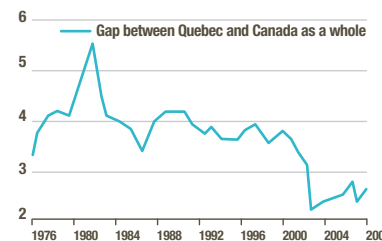
(Gross capital formation in machinery and equipment, % of GDP)



Source: Statistics Canada

Employment rate gap

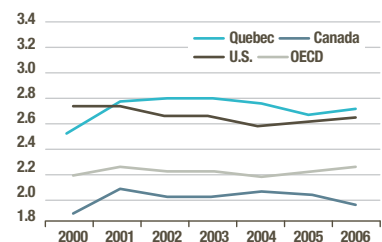
(Employment rate for workers 15 years and older, gap in percentage points)



Source: ISQ

Total R&D expenditures

(% GDP)



Source: ISQ

L'EXCLUSIF

FCCQ Member Newsletter - Indicators 2009

FCCQ INDICATORS FOR 2009

ECONOMIC ALERT FOR QUÉBEC

Low productivity: Sign of a dwindling economy

This was the FCCQ's take on the Québec economy at the end of 2008, as the largest financial and economic crisis in history got under way. Although the year-end figures for 2009 are not yet available, it is quite possible that the situation has not improved since.

It is understandable that our economy would slow down during a worldwide crisis, but nothing justifies our drop in productivity or the growing productivity gap between Québec and the country as a whole.

A shaky recovery

Considering the extent of the financial crisis in 2008, Québec businesses naturally focused on weathering the economic storm and adopting a defensive attitude. What it is important to realize from this pre-recession snapshot is that, once the meltdown has begun to subside, Québec will not be in a position of strength to kick-start its economy. Except for the energy sector, productivity and wealth creation are not going to be part of the picture. The outlook is therefore alarming.

The experts all agree: wealth is created by increasing productivity in businesses, government agencies and crown corporations. As things stand now, however, neither the private nor the public sector is poised to make this happen. But, if we don't drive productivity, we will be condemned to falling further and further behind the economic curve.

It isn't too late, but we have to act. Now!

Businesses and governments cannot continue to turn a blind eye to the warning lights that are flashing all around us in this economic environment.

In times when qualified workers are scarce, we must concentrate our efforts on factors that help boost productivity, such as:

- investments in machinery and equipment
- investments in R&D and technology transfer
- workforce training, especially in high-demand sectors
- investments in technological infrastructure

If there is one message in this economic alert that we want to stress above all others, it is that we need to stop stretching our already overextended resources and work together—private and public sector alike—in order to win the productivity battle. We have the power to address the situation and even to turn it around to our favour. All we have to do is commit to it.



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L'Exclusif is available at all times on the Federation's website at www.fccq.ca in the Publications section.

With its wide network of 158 chambers of commerce, the FCCQ represents more than 40,000 businesses and 100,000 business people involved in all sectors of the economy throughout Québec. The FCCQ strongly supports its members' interests in matters of public policy, thus promoting an innovative and competitive business environment.



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Québec Regions in 2008

Nord-du-Québec

2nd place for economic growth
15th place for job growth

There has been renewed momentum in the local mining industry in recent years, as the price of metals has risen. This has also led to additional capital expenditures in order to locate and develop new deposits as well as upgrade and reopen certain existing mines

Abitibi-Témiscamingue

6th place for economic growth
4th place for job growth

Despite the fact that the price of certain staple commodities fell dramatically at the end of the year, economic activity in Abitibi-Témiscamingue held firm, posting 2.4% GDP growth in 2008.

Lanaudière

8th place for economic growth
8th place for job growth

Investments in construction in the Lanaudière area remained high in 2008 and have grown steadily over the past decade.

Laurentides

3rd place for economic growth
14th place for job growth

The northern part of the Laurentides region was dealt a major blow by cutbacks in the forestry industry. This in part explains the disappointing employment rates and net loss of 2,500 jobs in 2008.

Outaouais

1st place for economic growth
1st place for job growth

The region's performance in terms of the labour market has been excellent, with 11,900 jobs created in 2008. This represents an increase of 6.3%, well above the provincial average of 0.78%. As a result, the unemployment rate in the area dropped to 5.4%.

Montréal

10th place for economic growth
7th place for job growth

The Montreal economy has been sluggish in recent years, and 2008 was no exception. Nominal GDP growth in the area was 1.8% last year, lagging slightly behind the Québec-wide average of 1.9%.

Mauricie

12th place for economic growth
11th place for job growth

For the fifth time in six years, economic growth in the Mauricie area fell behind the Québec-wide figure in 2008. Businesses specializing in the manufacture of wood products, furniture, apparel, textiles and pulp and paper have been particularly hard hit in recent years.

Laval

6th place for economic growth
9th place for job growth

Beyond Laval's commercial diversity, its expanding population is one of the main factors driving the area's sustained growth, which in turn has stimulated the housing sector.

Montréal

9th place for economic growth
6th place for job growth

Increased migration and the exodus of Montrealers to suburban communities, where real estate is more affordable, have fuelled demographic and economic growth in the Montréal region in recent years.

Saguenay-Lac-Saint-Jean

14th place for economic growth
16th place for job growth

In 2006, 93.7% of the region's exports were shipped to the United States, and the forestry industry was a major economic force. It is therefore not surprising that, with the economic downturn in the U.S., the high Canadian dollar and the stalemate in the softwood lumber dispute, GDP growth in this region was under the provincial average in 2008.

Capitale-Nationale

5th place for economic growth
5th place for job growth

The job market continued to pick up momentum in the Capitale-Nationale area, with the creation of 4,400 jobs in 2008. Unemployment eased from 4.9% to 4.6%, the lowest rate in Québec.

Bas-Saint-Laurent

11th place for economic growth
3rd place for job growth

The various economic hardships that have struck the Bas-Saint-Laurent area may turn out to be beneficial in the long run, as they compel local businesses and industries to develop new niches that combine innovative technologies with natural resources.

Chaudière-Appalaches

15th place for economic growth
10th place for job growth

Economic growth in the Chaudière-Appalaches region was down considerably in 2008, coming in at 0.8% compared to 6.0% the year before.

Centre-du-Québec

16th place for economic growth
13th place for job growth

Global economic challenges, particularly those in the U.S., put a stranglehold on the economy of the Centre-du-Québec region. Production for the entire region grew by only 0.7%, which falls far under the provincial average.

Estrie

12th place for economic growth
12th place for job growth

Since 2004, the Estrie region has been growing at a slower pace than Québec as a whole, and the trend was upheld in 2008, with economic growth at 1.3%, compared to 1.9% for the province.

Côte-Nord

17th place for economic growth
15th place for job growth

Major construction projects have been less and less common in recent years. That, plus the poor performance of the forestry industry, has had negative repercussions on the job market in the Côte-Nord region.

Gaspésie-Îles-de-la-Madeleine

3rd place for economic growth
2nd place for job growth

The outlook is positive for certain specialized niches in the area, especially the development of wind power. Moreover, the fishing industry is exploring various marine and aquaculture biotechnologies, and the tourism industry is playing an important role in stimulating the economy.

A challenging context for Québec's regions

Economic growth in most of the regions throughout the province was solid in 2007. In 2008, despite the harsher economic conditions, they succeeded in maintaining positive growth, although to a much lesser extent.

It is not surprising to note that growth was particularly slow in economies traditionally dominated by manufacturing sectors, i.e., the Centre-du-Québec, Chaudière-Appalaches, Côte-Nord, Mauricie and Saguenay-Lac-Saint-Jean regions.

The employment market in the regions has remained fairly resilient throughout the financial crisis. The only regions to experience net job losses in 2008 were Côte-Nord, Centre-du-Québec, Mauricie, Saguenay-Lac-Saint-Jean and Laurentides.

Among the top performers in terms of employment creation was the Outaouais region, with 11,900 more jobs in 2008, propelled by an outstanding 6.9% growth in the economy, compared to the Québec-wide result of 1.9%.

In Montreal, which accounts for 35% of economic activity in Québec, there were still signs of sluggishness in 2008. GDP growth on the Island of Montreal was 1.8%, which stimulated the creation of 6,200 jobs. Unemployment remained high, however, at 8.7% for the year.