

in manufacturing production, especially in motor vehicle and auto parts production, a continued appreciation of the Canadian dollar and increased foreign competition. Services production outperformed goods production and employment gains in the various service industries more than compensated for job losses in manufacturing. As a consequence, the unemployment rate fell to 6.3 per cent. In addition, strong labour income and low interest rates helped raise personal expenditure by 4.0 per cent.

Growth of the Quebec economy decelerated to 1.7 per cent in 2006, after posting 2.2 per cent growth in 2005. This reflected a slowdown (0.1 per cent) in goods production which lagged behind services production. Within the manufacturing sector, primary metals, including aluminium production, aerospace production and pharmaceutical production were standout performers. As in Ontario, job losses in manufacturing were more than offset by job gains in services. As a result, unemployment fell to 8.0 per cent.

New-Brunswick's economy grew by 2.6 per cent in 2006, compared to the weak 0.3 per cent growth in 2005. Construction rebounded in 2006 with two mega-projects - a liquefied natural gas terminal in St. John and the refurbishment of a nuclear plant. Also, manufacturing grew at a faster pace of 3.6 per cent, lagging behind only Alberta. In addition, New Brunswick employment growth was the best among the provinces east of Ontario, which helped push the unemployment rate to a 31-year low of 8.8 per cent.

Economic growth in Nova Scotia decelerated to 1.1 per cent in 2006 as domestic spending remained steady but exports declined sharply (3.8 per cent). Also, manufacturing continued to struggle as elsewhere in the country.

Prince Edward Island grew 2.0 per cent in 2006, the same as in 2005. A rebound in agriculture, construction and business services underpinned this performance.

Output in Newfoundland and Labrador advanced 2.8 per cent in 2006, on the back of mining

industry. This reflected a full year of production at the Voisey's Bay mine. In turn, increased mining production boosted exports which expanded by 4.7 per cent, after a decline in 2005. Also support activities for mining and gas extraction were up strongly.

Employment

In 2006, employment creation in Canada remained solid, boosted by torrid growth in the number employed in Alberta (4.8 per cent) and British Columbia (3.1 per cent). For the country as a whole, employment grew 1.9 per cent with 314.6 thousand net new jobs created, more than in each of the two preceding years. Once again, the bulk of the increase consisted of full time jobs (2.3 per cent) with part-time jobs accounting for just 0.4 per cent.

The services-producing sector accounted for most of the gain in 2006, with an increase of 2.7 per cent (331,100) compared to a 0.4 per cent decline (16,500) for the goods sector. Within the goods-producing sector, manufacturing saw employment fall by 4.1 per cent (89,700). The decline in manufacturing employment was experienced in most provinces, but was especially strong in Quebec and Ontario. Production of non-durables was hardest hit among manufacturing sectors with employment contracting by 7.8 per cent (69,500). Mining and oil and gas extraction saw a stellar year with employment rising by 14.2 per cent (29,900). Forestry and logging with support activities experienced the sharpest decline of all industries, down 9.4 per cent (6,500). The strength in construction employment observed over the past few years continued in 2006 with an increase of 4.9 per cent (50,200). Added employment in the industry coincided again with more non-residential structures. Within the services-producing sector, real state and leasing had the strongest employment growth in 2006, up 6.6 per cent (18,600). Management of companies and administrative and other support services witnessed a strong year growing by 5.4 per cent (35,600). And finance and insurance experienced another robust performance with an increase of 4.8 per cent (34,100).