



**AN EVALUATION OF THE SOCIO-ECONOMIC CLIMATE
IN QUEBEC
A CONSULTATION UNDERTAKEN AMONGST THE
CORPORATE MEMBERSHIP OF THE CPQ (Summary)**

January 2007

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HIGHLIGHTS

- 1 - 29% of firms answered the questionnaire within the requested delay.
- 2 - The participating firms account for approximately 243,250 employees in Quebec.
- 3 - The evaluation of the current situation in Quebec is considered:

	(1/1/07)	(1/1/06)	(1/1/05)
a) <u>With regard to the general economic conditions:</u>			
Very good	7%	12.5%	14%
Good	70%	65.0%	63%
Average	20%	17.5%	20%
Poor	3%	2.5%	2%
Very poor	--	2.5%	--
b) <u>With regard to the economic conditions in your business sector:</u>			
Very good	20%	21.25%	22%
Good	42%	45.0%	43%
Average	25%	23.75%	27%
Poor	11%	8.75%	7%
Very poor	2%	1.25%	1%
c) <u>With regard to the industrial relations climate in Quebec:</u> (for the business concerned)			
Very good	4%	--	2%
Good	43%	25.0%	37%
Average	43%	48.75%	51%
Poor	10%	25.0%	9%
Very poor	--	1.25%	1%
d) <u>With regard to the political environment in Quebec:</u>			
Very good	4%	--	3%
Good	36%	21.25%	51%
Average	52%	50.0%	40%
Poor	8%	23.75%	6%
Very poor	--	5.0%	--

	(1/1/07)	(1/1/06)	(1/1/05)
e) <u>With regard to the political environment in Canada:</u>			
Very good	2%	--	1%
Good	40%	17.5%	47%
Average	50%	45.0%	48%
Poor	8%	33.75%	4%
Very poor	--	3.75%	--

4 - The following five factors were considered to be the most critical with regard to their negative influence on the current activity in Quebec:

1. Easily recruiting qualified personnel (182 points)
2. Productivity (173 points)
3. Exchange rate (161 points)
4. Labour cost (147 points)
5. Quality of personnel (138 points)

5 - The three priority concerns over the coming year for the federal and provincial governments should be:

a) Federal government:

- 1)Controlling public spending (195 points)
- 2)Debt reduction (132 points)
- 3)Reducing personal taxes (123 points)

b) Provincial government:

- 1)Controlling public spending (215 points)
- 2) Debt reduction (124 points)
- 3) Reducing personal taxes (114 points)

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YOUR ANALYSIS OF THE ECONOMIC CLIMATE IN QUEBEC

1. How do you assess, for your company,

	Very Good	Good	Average	Poor	Very poor
a) General economic conditions	7 7%	70 70%	20 20%	3 3%	-- --
b) Economic conditions specific to your business sector	20 20%	42 42%	25 25%	11 11%	2 2%
c) Industrial relations climate in Quebec	4 4%	44 44%	44 44%	7 7%	-- --
d) Political environment in Quebec	4 4%	36 36%	52 52%	8 8%	-- --
e) Political environment in Canada	2 2%	40 40%	50 50%	8 8%	-- --

**EVOLUTION IN PERCENTAGE OF THE OPINIONS ON GENERAL ECONOMIC CONDITIONS,
THE ECONOMIC CONDITIONS IN INDUSTRIAL SECTORS, THE INDUSTRIAL RELATIONS CLIMATE,
THE POLITICAL ENVIRONMENT IN QUEBEC AND IN CANADA**

since July 1999

	Evaluation in %	July 1999	January 2000	July 2000	January 2001	January 2002	January 2003	January 2004	January 2005	January 2006	January 2007
General economic conditions	very good	15%	28%	39%	30%	4%	14%	8	14%	12.5%	7%
	good	60%	59%	55%	59%	37%	57%	61%	63%	65.0%	70%
	average	23%	11%	4%	10%	37%	28%	29%	20%	17.5%	20%
	poor	2%	2%	2%	1%	18%	1%	2%	2%	2.5%	3%
	very poor	--	--	--	--	4%	--	--	--	2.5%	--
Economic conditions specific to your business sector	very good	10%	22%	29%	22%	9%	16%	11%	22%	21.25%	20%
	good	59%	55%	56%	53%	40%	47%	50%	43%	45.0%	42%
	average	21%	16%	13%	17%	29%	25%	22%	27%	23.75%	25%
	poor	8%	7%	2%	7%	15%	9%	15%	7%	8.75%	11%
	very poor	2%	--	--	1%	7%	3%	2%	1%	1.25%	2%
Industrial relations climate in Quebec	very good	2%	5%	12%	3%	6%	4%	--	2%	--	4%
	good	45%	55%	56%	52%	48%	47%	39%	37%	25.0%	44%
	average	40%	31%	26%	35%	41%	43%	50%	51%	48.75%	44%
	poor	11%	8%	6%	10%	4%	4%	9%	9%	25.0%	7%
	very poor	2%	1%	--	--	1%	2%	2%	1%	1.25%	--
Political environment in Quebec	very good	--	--	6%	3%	3%	5%	9%	3%	--	4%
	good	23%	23%	34%	37%	35%	27%	62%	51%	21.25%	36%
	average	49%	46%	47%	49%	44%	38%	23%	40%	50.0%	52%
	poor	25%	26%	11%	10%	16%	27%	5%	6%	23.75%	8%
	very poor	3%	5%	2%	1%	2%	3%	1%	--	5.0%	--
Political environment in Canada	very good	6%	4%	6%	6%	8%	1%	14%	1%	--	2%
	good	54%	47%	49%	56%	65%	38%	69%	47%	17.5%	40%
	average	37%	41%	36%	32%	25%	41%	15 %	48%	45.0%	50%
	poor	2%	7%	9%	6%	2%	15%	1%	4%	33.75%	8%
	very poor	1%	1%	--	--	--	5%	1%	--	3.75%	--

EVOLUTION OF THE MOST CRITICAL FACTORS FOR BUSINESSES' OPERATIONS AS FOR THEIR RANK
since July 1999

	7/1/99	1/1/00	7/1/00	1/1/01	1/1/02	1/1/03	1/1/04	1/1/05	1/1/06	1/1/07
1) Interest rates	2	8	1*	4	8	11	7	9	6	10
2) Exchange rate	6	5	6*	7	1	9	1	1	3	3
3) International competition	7	10	11	8	11	10	6	6	8*	9
4) Corporate income taxes	9	6	7*	9 *	6	5	11	7	9*	6
5) Personal taxes	3	1	4	2 *	3	6*	10	11	11	11*
6) Public services rate structure	12	12	13	13	12	14	14	16	14	13
7) Labour cost	10	7	9	5	4	4	4	5	4	4
8) Labour legislation	8	11	10	11	10	8	9	8	7	8
9) Recruiting easily qualified personnel	11	2	3	1	7	2	3	2	1	1
10) Quality of personnel	5	3	2*	3 *	2	1	5	4	5	5
11) Productivity	1	4	5	6	5	3	2	3	2	2
12) Overall policies of the Quebec Government	4	9	8	10 *	9	7*	8	10	10	7
13) Overall policies of the Federal Government	13	13	12	12	13	12	12	12	12	12*
14) International trade agreement	17	16	16*	15	14	13	13	13	17	15
15) Language policy	16	15	17*	17	17	17	17	17	16	17
16) Government policies in relation to the environment	14	14	14	14	15	15	15	14	15	14
17) Other	15	17	15	16	16	16	16	15	13	16

* *Ex aequo*