

Sector Profile

Manufacturing

Atlantic Region

2023

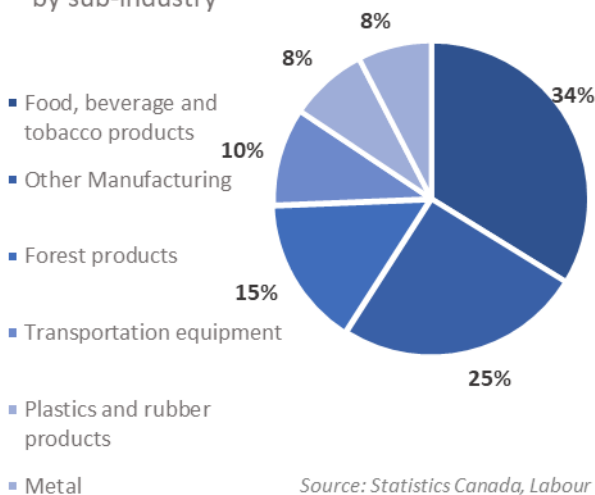


HIGHLIGHTS

- The manufacturing industry is composed of businesses that transform or render materials into new products. Its largest sub-industries are food and beverage products, forest products, and transportation equipment.
- The workforce is male dominated and skews towards an older demographic. It is composed mainly of workers in full-time and permanent positions. Only a small share of jobs require university education.
- Employment has recovered from the pandemic despite challenges such as labour shortages, supply-chain issues, and higher input costs. New Temporary Foreign Worker programs could help ease labour pressures facing employers in the industry
- By 2025, the industry is expected to grow by 0.4% with PEI forecasted to experience the faster growth out of all Atlantic Provinces.

ABOUT THE INDUSTRY

Employment Share by sub-industry



Source: Statistics Canada, Labour Force Survey 2022

Composition and Importance of the Sector

The manufacturing industry is composed of businesses that transform or render materials into new products. It is broad, including products that may be durable or non-durable, finished or intermediate, and includes diverse categories of goods such as foods, textiles, chemicals, metal products, and electronics.

The manufacturing sector comprised 7.4 billion (6.8%) of Atlantic Canada's economic output in 2022. The sector contains over 3,900 employers and 81,000 workers. The largest subsector in the industry is food and beverage products, making up 34% of its employment. A large proportion of those employed in this subsector are working for seafood processing companies. The next largest subsector is forest products (15%) followed by transportation equipment manufacturing (10%).



Geographic Distribution of Employment

The largest number of workers are located in Nova Scotia, where there are 34,700 employees. The sector makes up 7.2% of the province's employment and 6.9% of its economic output. The next largest number of employees are found in New Brunswick, with 27,700 workers. Manufacturing represents 7.4% of New Brunswick's employment and 9.4% of its GDP. Newfoundland and Labrador's manufacturing sector employs 10,100 workers. The industry has lesser importance in the province than the rest of Atlantic Canada, as it only makes up 4.3% of employment. Compared with other Atlantic provinces, Prince Edward Island has the largest share of its workforce employed in the manufacturing industry, at 10.1%. The sector contributes to 10.7% of the province's economic output.

	Employed 2022	Industry Share (%)
Atlantic Canada	81,000	6.9%
Newfoundland and Labrador	10,100	4.3%
Prince Edward Island	8,500	10.1%
Nova Scotia	34,700	7.2%
New Brunswick	27,700	7.4%

Source: Statistics Canada, Labour Force Survey

WORKFORCE

Workforce Characteristics

The manufacturing work environment in Atlantic Canada is male-dominated, with employment in 2022 being comprised by 72.7% male. In comparison, the distribution across all industries is 49.3% female and 50.7% male. As well, the industry has a slightly older workforce than other industries, with 28.5% of its workforce aged 55 years and older compared to 24.0% in all industries.

A large portion of workers in the sector are employed full-time and occupy permanent positions. In 2022, temporary employees constituted only 10.5% of jobs and only a small share of workers (3.6%) were self-employed. Only a small share of jobs require university education. In 2022, almost half of the sector's held a postsecondary certificate or diploma (42.9%) as their highest credential, 28.8% of the workers had a high school diploma, and 10.8% had no certificates.

Main Occupations

The largest occupation is manufacturing managers, which makes up 4.4% of the industry. Manufacturing managers plan, organize, direct, control and evaluate the operations of a manufacturing production department.

Food and beverage process control and machine operators is the second most popular job in the industry and this group makes up 4.3% of employment.

Jobs in the manufacturing sector, particularly within fish and seafood processing, are low-wage, rural, and seasonal. Other manufacturing subsectors are not seasonal, such as shipbuilding, tire manufacturing and petroleum refining.

Top 5 largest occupations	Employed 2022	% Share of Industry
Manufacturing managers	3,600	4.4%
Process control and machine operators, food and beverage processing	3,475	4.3%
Construction millwrights and industrial mechanics	2,925	3.6%
Fish and seafood plant workers	2,900	3.6%
Material handlers	2,525	3.1%

Source: ESDC/Service Canada



RECENT HISTORY

Atlantic Canada’s manufacturing sector has been negatively affected by decreased demand due to numerous world events such as the COVID-19 pandemic, the Russian-Ukraine war, and growing unease with China. The sector is also facing challenges related to the emerging opportunities associated with clean and more advanced technology. Meanwhile, local issues have made it difficult for the industry to recover from crisis. According to the Canadian Manufacturers and Exporters (CM&E), the sector struggles with labour and skills shortages, a relatively high tax burden, a sub-optimal regulatory environment, and the absence of a national advanced manufacturing strategy.

One of the industries struggling the most with an active labour shortage is seafood processing. Jobs in this sub-sector are generally seasonal, low-wage, and rural. The Atlantic Economic Council (AEC) reported that the number of job vacancies for two key seafood processing occupations in Nova Scotia and New Brunswick averaged over 1,700 in the first half of 2022, double what it was in 2017. They’ve also projected there will be 7,500 job vacancies by 2030.

Due to labour shortages, many industries are starting to rely on temporary foreign workers (TFW) to fill the gap. This is the case in seafood processing, which has had a boost from the new TFW immigration stream. AEC reported that as of 2022, 60% of TFW in Atlantic Canada were employed by the seafood processing industry. Other manufacturing subsectors, such as food and beverage processing, are also utilizing the TFW program to fill labour shortages.

Other companies, such as IMP Aerospace—with offices located in Nova Scotia—have different solutions to the labour shortages. The opening of an IMP academy has been announced, which will offer a tuition-free, four-year apprenticeship program for those aspiring to work as an Aircraft Maintenance Technician. Graduates from this academy will be offered full-time employment after completion.

Another important challenge Atlantic Canada’s manufacturing sector is facing relates to low digitization in the emergence of clean technology. While advanced and green technology is seen as an emerging opportunity in



the sector, the manufacturing sector in the region is struggling with low levels of investment for upgrades in equipment. CM&E reported that only 29 per cent of manufacturers in the region currently use advanced manufacturing technologies, compared to 40 per cent nation-wide. This has contributed to the Maritimes having the lowest productivity rates in Canada, and low productivity levels compared to other countries.

Michelin, a large employer in Nova Scotia, is making investments in advanced and green technologies. The tire manufacturer together with the federal government has decided to invest \$300 million dollars to modernize their Nova Scotia facilities. This includes technological innovation to manufacture tires for electric vehicles. The investment is expected to generate 3,600 jobs across Michelin’s facilities.



OUTLOOK

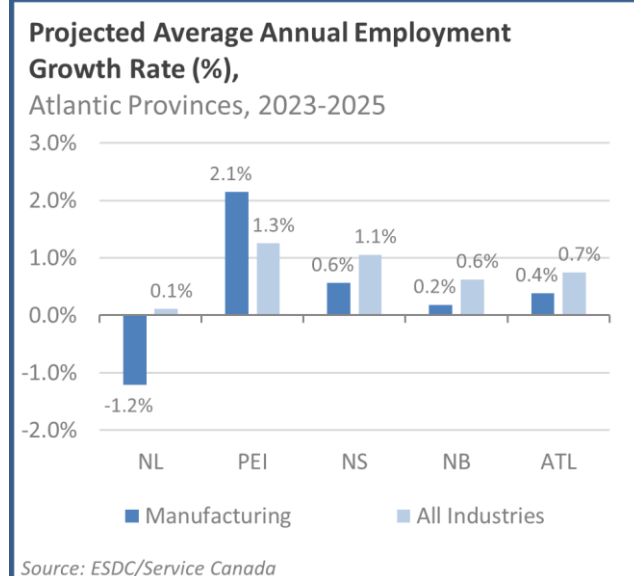
By 2025, the manufacturing industry in Atlantic Canada is projected to grow by 0.4% per year on average. This is a slower rate than all industries, which are projected to grow by an average of 0.7%. The Atlantic province with the highest forecasted manufacturing employment growth rate is Prince Edward Island, anticipating 2.1% average annual growth. Newfoundland and Labrador’s manufacturing industry, contrary to the other Atlantic Provinces, is projected to experience a 1.2% contraction in jobs.

The food and beverage subsector will benefit from robust population growth, which has led to growth in domestic demand. However, the general pressure of inflation on households in Canada and trading partners may dampen demand for certain foods going forward. High input costs are an additional challenge that the industry will continue to face.

There has been a recovery of international demand for seafood. However, employment is expected to fall below the 2022 level, as workers leave the industry due to retirement and fish processors facing hiring challenges shift to automation to remain productive.

The forestry industry benefitted from high construction activity during the 2022-2023 period, as demand for lumber for residential construction was high. However, demand is expected to fall amid forecasted building slowdowns in the United States and Canada caused by higher interest rates and increasing debt.

Export values for wood products to the U.S. were down in 2022 compared to 2021, but higher than before the pandemic. The introduction of new tariffs present a risk to the forecast. Moreover, high shipping costs present a



potential challenge for industry activity.

Shipbuilding is one of the most significant components of the manufacturing industry and it is expected to have strong growth in the coming years. This outlook is supported by businesses moving toward automation to alleviate the challenges in finding skilled labour, however it assumes improvements to supply chain issues.

A boost in shipbuilding activity is expected in Newfoundland and Labrador due to the resumption of the West White Rose project, a \$3.2 billion dollar expansion of the offshore oilfield. In addition, Irving Shipbuilding, Atlantic Canada’s largest shipbuilding company based in Halifax, was looking to add 800 jobs in the 2022-2023 period.

Note: In preparing this document, the authors have taken care to provide clients with labour market information that is timely and accurate at the time of publication. Since labour market conditions are dynamic, some of the information presented here may have changed since this document was published. Users are encouraged to also refer to other sources for additional information on the local economy and labour market. Information contained in this document does not necessarily reflect official policies of Employment and Social Development Canada.

The analysis in this report was finalized as of **August, 2023**.

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APPENDIX

Real GDP (2022) and Employment (2022) for Atlantic Canada

	Manufacturing			All Industries		
	Number	Share of Total	AAGR*	Number	Share of Total	AAGR*
Real GDP (M\$)	\$7,441.9	100.0%	0.9%	\$109,227.1	100.0%	1.0%
Newfoundland and Labrador	\$815.7	11.0%	-0.8%	\$30,150.3	27.6%	0.1%
Prince Edward Island	\$701.7	9.4%	6.0%	\$6,542.6	6.0%	2.5%
Nova Scotia	\$2,780.4	37.4%	0.7%	\$40,011.5	36.6%	1.5%
New Brunswick	\$3,144.1	42.2%	0.8%	\$32,522.7	29.8%	1.1%
Employment (000s)	81.1	100.0%	0.1%	1175.2	100.0%	0.4%
Male	59.0	72.7%	0.0%	596.0	50.7%	0.4%
Female	22.1	27.3%	0.3%	579.2	49.3%	0.5%
15-24 years old	7.2	8.9%	0.2%	158.7	13.5%	0.4%
25-54 years old	50.9	62.7%	-1.3%	734.4	62.5%	-0.2%
55 years and older	23.1	28.4%	4.1%	282.1	24.0%	2.2%
Worked full-time	77.3	95.3%	0.2%	990.6	84.3%	0.6%
Worked part-time	3.8	4.7%	-1.3%	184.6	15.7%	-0.4%
Self-employed	2.9	3.6%	-1.3%	123.2	10.5%	-1.0%
Employees	78.2	96.4%	0.2%	1052.0	89.5%	0.6%
Permanent job	69.6	85.9%	1.1%	884.4	75.3%	1.0%
Temporary job	8.5	10.5%	-5.3%	167.6	14.3%	-1.4%
Less than high school	8.8	10.8%	-5.5%	95.5	8.1%	-3.9%
High school graduate	23.4	28.8%	-0.7%	275.3	23.4%	-0.5%
Postsecondary cert. or diploma	34.8	42.9%	1.4%	456.3	38.8%	0.3%
University degree	14.1	17.4%	4.0%	348.2	29.6%	3.3%
Newfoundland and Labrador	10.1	12.5%	-1.6%	232.5	19.8%	-0.3%
Prince Edward Island	8.5	10.5%	5.0%	84.3	7.2%	1.5%
Nova Scotia	34.7	42.8%	0.1%	484.9	41.3%	0.6%
New Brunswick	27.8	34.2%	-0.4%	373.5	31.8%	0.5%

Source: Statistics Canada, Labour Force Survey - Custom Table; Table 36-10-0402-01

*Average annual growth rate for last ten years of available data (GDP 2013-22 and Employment 2013-22)

