

Sector Profile

Manufacturing

Atlantic Region

2024

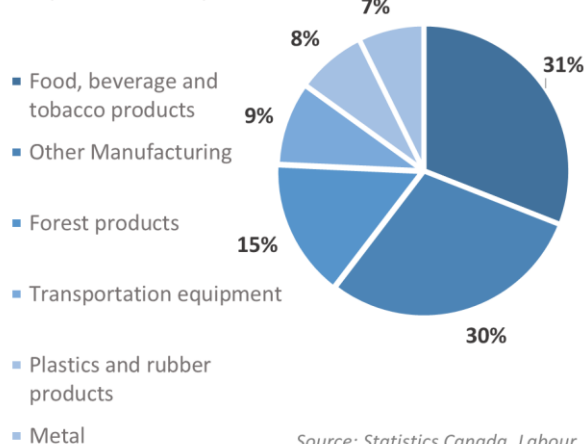


HIGHLIGHTS

- 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.
- Manufacturing shipments and exports decreased in all Atlantic provinces except for PEI. The sector struggles with labour shortages and heavily relies on Temporary Foreign Workers (TFW) to fill gaps.
- Over 2024-2026, the industry is expected to grow by 1.5% per year on average with PEI expected to incur the fastest growth among the Atlantic Provinces.

ABOUT THE INDUSTRY

Employment Share by sub-industry



Source: Statistics Canada, Labour Force Survey 2023

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 \$8.1 billion (7%) of Atlantic Canada's Gross Domestic Product (GDP) in 2023. In 2023, the sector contained over 3,900 employers and 81,500 workers. The largest subsector in the industry was food and beverage products, making up 31% of its employment. A large proportion of those employed in this subsector work for seafood processing companies. The next largest subsector was forest products (15%) followed by transportation equipment manufacturing (9%). The industry is hugely diverse across a number of small activities which were grouped together as "Other Employment" (30%).



Geographic Distribution of Employment

The largest number of workers are located in Nova Scotia, seeing an average 35,700 employees during 2023. The sector makes up 7.2% of the province’s employment and 7.0% of its economic output. The next largest number of employees are found in New Brunswick, with 27,700 workers. Manufacturing represented 7.3% of New Brunswick’s employment and 9.3% of its GDP. Newfoundland and Labrador’s manufacturing sector employed 9,500 workers in 2023, or 4.0% of provincial employment. Compared with other Atlantic provinces, Prince Edward Island has the largest share of its workforce employed in the manufacturing industry, at 9.1%. This can be attributed to employment in the food processing industry. The sector contributes to 12.3% of the province’s economic output.

	Employed 2023	Industry Share (%)
Atlantic Canada	81,500	6.7%
Newfoundland and Labrador	9,500	4.0%
Prince Edward Island	8,100	9.1%
Nova Scotia	35,700	7.2%
New Brunswick	28,200	7.3%

Source: Statistics Canada, Labour Force Survey

WORKFORCE

Workforce Characteristics

The manufacturing workforce in Atlantic Canada is male-dominated, with males representing 74% of employment in 2023. In comparison, when looking at all industries, males comprise roughly half of the workforce, at 50.7%. Moreover, the industry has a slightly older workforce than other industries, with 25.7% of its workforce aged 55 years and older compared to 23.4% in all industries.

A large portion of workers in the sector are employed full-time and occupy permanent positions. In 2023, temporary employees constituted only 9.9% of jobs and only a small share of workers (3.3%) were self-employed. Only a small share of jobs require university education. In 2023, almost half of the sector’s held a postsecondary certificate or diploma (40.4%) as their highest credential, 29.4% of the workers had a high school diploma, and 10.6% had no certificates.

Main Occupations

The largest occupation was manufacturing managers, which represented 4.1% of the industry. Manufacturing managers plan, organize, direct, control and evaluate the operations of a manufacturing production department. Construction millwrights and industrial mechanics was the second largest job in the industry and this group makes up 3.9 % of employment. It also experienced considerable growth, up 48% since 2013.

Jobs in fish and seafood processing tend to be low-wage, rural, and seasonal. Other manufacturing subsectors are not seasonal, such as shipbuilding, tire manufacturing and petroleum refining.

Top 5 largest occupations	Employed 2023	% Share of Industry
Manufacturing managers	3,350	4.1%
Construction millwrights and industrial mechanics	3,200	3.9%
Process control and machine operators, food and beverage processing	2,825	3.5%
Material handlers	2,725	3.3%
Welders and related machine operators	2,100	2.6%

Source: ESDC/Service Canada



RECENT HISTORY

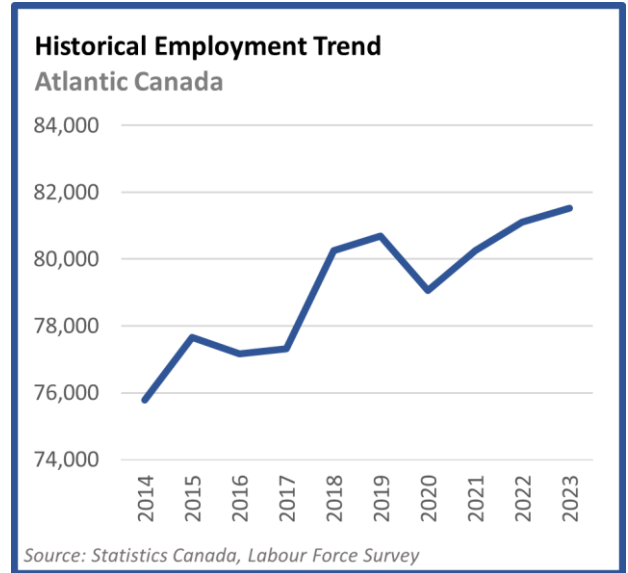
Employment in the manufacturing sector took a strong hit during the COVID-19 pandemic, but it has since rebounded and surpassed pre-pandemic levels.

Manufacturing shipments decreased in 6 out of 10 Canadian provinces in 2023. The decline in the value of manufacturing shipments can be attributed to lower prices for some commodities such as nickel, snow crab, and iron ore. The largest decrease (13.4%) was reported in Newfoundland and Labrador, where manufacturing shipments totalled \$3.3 billion in 2023. Prince Edward Island experienced the highest growth rate (12.3%), with a \$3.4 billion value of manufacturing shipments.

Atlantic Canada’s manufactured goods are sold locally and internationally. Exports of manufactured goods have been negatively affected by diminished foreign demand, elevated interest rates, lower commodity prices, and geopolitical tensions. Hence, the value of exports in 2023 declined in all Atlantic provinces but Prince Edward Island. Newfoundland and Labrador experienced the largest decrease (15.1%) in exports, and the value of exports totalled approximately \$2.5 billion dollars in 2023. Exports in Prince Edward Island grew by 17.4% in 2023 and totalled over \$2.3 billion; the first time exports have surpassed the \$2 billion mark.

It has been reported that the sector struggles with a relatively high tax burden, a sub-optimal regulatory environment, and the absence of a national advanced manufacturing strategy. Industry stakeholder consults revealed that inflation, borrowing costs and financial pressures presented additional difficulties. Moreover, industries face challenges related to labour and skills shortages. Positions that are hard to recruit include general laborers and skilled trade workers like mechanics, welders, and composite workers.

According to Statistics Canada’s job vacancy and wage survey data, there were 3,070 job vacancies in 2023. The job vacancy ratio decreased significantly to 3.7% in 2023 from 4.9% in 2022, but it’s still higher than the pre-pandemic average of 2.8%. While all industries are affected by recruitment challenges, the issue appears to be particularly acute in food and beverage processing. Jobs in this industry are generally seasonal, low-wage, and rural. In seafood processing only, the Atlantic Economic Council (AEC) reported that the number of job vacancies in Nova Scotia and New Brunswick averaged over 1,700 in the first half of 2022, double what it was in 2017.



Due to labour shortages, many industries are starting to rely on temporary foreign workers (TFW) to fill the gap. The AEC reported that as of 2022, 60% of TFW in Atlantic Canada were employed by the seafood processing industry. However, many industry associations express concern that changes to the TFW program will negatively affect their ability to recruit. The federal government announced that employers will have a reduction from 30% to 20% of their total workforce that can come in through the Temporary Foreign Worker Program under the low-wage stream; and that new Labour Market Impact Assessments will be valid for six months (a decrease from 12 months)¹.

Reduced lobster landings have been impacting lobster processors, leading some around the region to close permanently. Moreover, the decline in lobster stock is one of the contributors to the drop in new vessel construction demand, especially with commercial fishing vessels.

1. <https://www.canada.ca/en/employment-social-development/news/2024/03/government-of-canada-to-adjust-temporary-measures-under-the-temporary-foreign-worker-program-workforce-solutions-road-map.html>



OUTLOOK

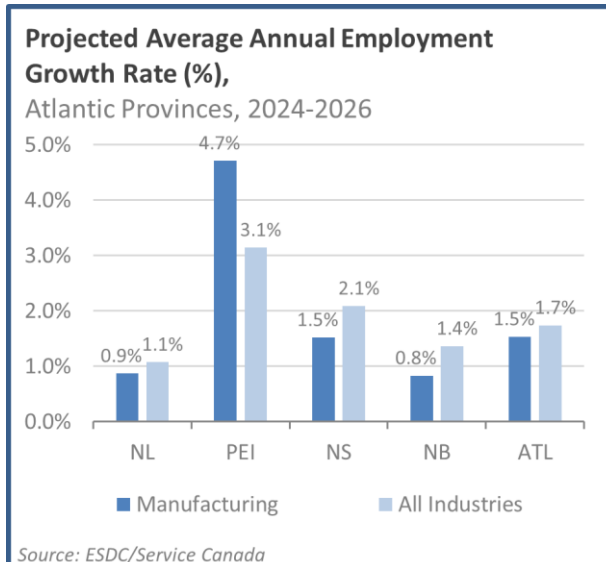
Based on analysis conducted by Service Canada, the manufacturing industry in Atlantic Canada is projected to grow by 1.5% per year on average over 2024 to 2026. This is a slightly slower rate than the average for all-industries, which is 1.7%. The Atlantic province with the highest forecasted manufacturing employment growth rate is Prince Edward Island, with anticipated growth of 4.7% per year. New Brunswick’s average annual employment growth rate for Manufacturing, at 0.8%, is predicted to be the slowest among the Atlantic provinces.

The manufacturing sector across the region is projected to make a recovery after the downturn in 2023. Exports are expected to increase for the whole region in upcoming years, as global conditions and foreign demand improve and commodity prices remain relatively stable.

Labour market research carried out by Food Processing Skills Canada found that the industry will need to hire and retain over 142,000 new people between 2023 and 2030 throughout the country to fill current vacancies and replace workers close to retirement. In seafood processing only, the Atlantic Economic Council (AEC) projected there will be 7,500 job vacancies by 2030. Labour shortages have restrained employment growth in the food and beverage industry, and employers have resorted to automation to fill the gap, further restricting employment growth in the future.

Robust construction activity in major projects and residential construction will increase the demand for fabricated metal and wood product manufacturing.

Activity in renewable fuels is projected experience some growth. Fuels Canada established that the top opportunity for the industry is green fuels such as hydrogen and



renewable diesel. This is corroborated by the federal government committing \$1.27 billion toward building new biofuel facilities through funding from the Canada Infrastructure Bank and a change to the Clean Fuels Fund.

In Newfoundland and Labrador, Braya Renewable Fuels is planning a second phase of its refinery conversion to produce renewable jet fuel. The refinery is also projected to produce 18,000 barrels of renewable diesel per day with its 200 full-time workers. Nova Scotia’s Everwind Fuels is planning to be the first Atlantic Canadian project to produce green hydrogen. Their \$3.4 billion investment in the first phase of its Point Tupper project is estimated to add \$1.3 billion to Nova Scotia’s Gross Domestic Product and create over 5,000 full-time equivalent jobs.

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, 2024.

Prepared by: Labour Market Analysis Directorate, Service Canada – Atlantic Region

For further information, you may contact us at: ATL-LMI-IMT-GD@servicecanada.gc.ca

© His Majesty the King in Right of Canada, as represented by the Minister of Employment and Social Development Canada, 2024



APPENDIX

Real GDP (2023) and Employment (2023) for Atlantic Canada						
	Manufacturing			All Industries		
	Number	Share of Total	AAGR*	Number	Share of Total	AAGR*
Real GDP (M\$)	\$8,089.3	100.0%	0.6%	\$114,774.4	100.0%	0.9%
Newfoundland and Labrador	\$918.5	11.4%	-4.2%	\$28,950.2	25.2%	-0.5%
Prince Edward Island	\$891.0	11.0%	4.9%	\$7,267.1	6.3%	2.5%
Nova Scotia	\$3,057.3	37.8%	1.3%	\$43,765.1	38.1%	1.5%
New Brunswick	\$3,222.5	39.8%	0.9%	\$34,792.0	30.3%	1.1%
Employment (000s)	81.5	100.0%	0.7%	1210.0	100.0%	0.8%
Male	60.3	74.0%	0.5%	613.0	50.7%	0.8%
Female	21.2	26.0%	1.3%	597.0	49.3%	0.8%
15-24 years old	6.7	8.3%	-0.3%	161.8	13.4%	0.8%
25-54 years old	53.8	66.0%	0.6%	765.4	63.3%	0.5%
55 years and older	21.0	25.7%	1.6%	282.7	23.4%	1.6%
Worked full-time	77.2	94.7%	0.6%	1015.6	83.9%	0.9%
Worked part-time	4.4	5.3%	3.8%	194.4	16.1%	0.2%
Self-employed	2.7	3.3%	-3.3%	124.5	10.3%	-0.7%
Employees	78.8	96.7%	0.9%	1085.4	89.7%	1.0%
Permanent job	70.7	86.7%	1.7%	923.3	76.3%	1.4%
Temporary job	8.1	9.9%	-4.2%	162.1	13.4%	-1.1%
Less than high school	8.6	10.6%	-2.3%	92.1	7.6%	-2.6%
High school graduate	24.0	29.4%	-0.3%	284.9	23.5%	-0.4%
Postsecondary cert. or diploma	33.0	40.4%	0.7%	465.0	38.4%	0.6%
University degree	16.0	19.6%	5.3%	367.9	30.4%	3.3%
Newfoundland and Labrador	9.5	11.6%	-1.9%	236.8	19.6%	-0.1%
Prince Edward Island	8.1	9.9%	3.8%	89.0	7.4%	2.0%
Nova Scotia	35.7	43.8%	1.9%	497.8	41.1%	1.1%
New Brunswick	28.2	34.6%	-0.3%	386.5	31.9%	0.8%

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 2014-23 and Employment 2014-23)

