

2023



CANADIAN FOOD AND BEVERAGE MANUFACTURING

Industry Growth and Outlook

December 2023

Food Processing Skills Canada®

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Food Processing Skills Canada

FPSC is your labour, skills and workforce development non-profit organization. Our job is to provide leadership in professionalizing the food and beverage manufacturing industry so that the most important resource — people — are the best in the world. Conducting labour market information and analysis is central to the workforce and skills strategies developed by FPSC. For businesses and industry stakeholders, this up to date and detailed research ensures successful decision-making for new programs and resources.



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The opinions and interpretations in this publication are those of the author and do not necessarily reflect those of the Government of Canada.

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Methodology

- 🍁 Custom demand and supply modelling.
- 🍁 Industry output, employment and hiring requirements based on data sources including input-output data, real industrial GDP data by province, quantity and value export data, product consumption and product price data, and provincial population estimates.
- 🍁 Macroeconomic forecast data sourced from the Centre for Spatial Economics (C4SE), IMF, OECD and the UN.
- 🍁 Occupational replacement data sourced from the C4SE.
- 🍁 Employment demand projections based on employment and average hours worked data and real GDP data.
- 🍁 Replacement demand model based on data that includes retirements and death by occupation data.

Introduction

Labour market information is essential to Canadian food and beverage manufacturers in making informed business and workforce decisions. The research conducted by **Food Processing Skills Canada (FPSC)** provides an important health check on the present situation for the industry and what is expected in the future. The research also guides solutions that support people and businesses.

Recently, FPSC completed a study of current and future employment, hiring requirements, and labour market conditions for the industry. The research also looked specifically at market conditions and labour market challenges for dairy product manufacturing, seafood product preparation and packaging, meat product manufacturing, and bakeries and tortilla manufacturing. The information presented is meant to better inform government, employers and industry stakeholders about the degree and nature of labour market challenges faced by Canada's Food Processing industry.



Our research results provide a health check on the present situation for the industry and what is expected in the future.

Industry at a Glance

The food and beverage processing industry generated over \$153.6 billion in sales annually as of 2022, with Meat product manufacturing generating more sales than any other subsector. As of 2021, there were approximately 13,150 food and beverage processing establishments in Canada, with the majority of establishments are concentrated in Ontario, Quebec or British Columbia.

The food and beverage processing industry is a significant contributor to the Canadian labour market, employing approximately 300,000 workers in 2022, with most food processing establishments employing less than 100 people.



The majority of establishments are concentrated in Ontario, Quebec or British Columbia.

Source: Statistics Canada, Prism Economics and Analysis



Sector Snapshots

Labour market information is essential to Canadian food and beverage manufacturers in making informed business and workforce research.





NAICS 3112

Profile Summary

Export Value, 2022:

\$13.1B

Establishments, 2022:

189

GDP (in 2021):

4.7B

Sales 2022:

\$20.5B

Employment, 2022:

7,163



NAICS 3111

Profile Summary

Export Value, 2022:

\$1.7B

Establishments, 2022:

431

GDP (in 2021):

1.6B

Sales 2022:

\$11.9B

Employment, 2022:

10,737



NAICS 3114

Profile Summary

Export Value, 2022:

\$5.4B

Establishments, 2022:

369

GDP (in 2021):

2.3B

Sales 2022:

\$9.7B

Employment, 2022:

20,361



NAICS 3123

Profile Summary

Cannabis Imports, 2022:

\$0.84M

Establishments, 2022:

152

GDP (in 2021):

8.5B

Sales 2022:

\$1B

Employment, 2022:

5,184



NAICS 3119

Profile Summary

Export Value, 2022:

\$4.3B

Establishments, 2022:

1,671

GDP (in 2021):

4.5B

Sales 2022:

\$16.5B

Employment, 2022:

37,684



NAICS 3113

Profile Summary

Export Value, 2022:

\$4.1B

Establishments, 2022:

325

GDP (in 2021):

1.7B

Sales 2022:

\$5.3B

Employment, 2022:

10,755

Key Findings

In 2022, Canada's food and beverage manufacturing industry was made up of approximately **13,150** establishments contributing \$35B to Canada's GDP and directly employing nearly **300,000** people. In the same year, the value of Canadian food and beverage exports was estimated at \$54.3B accounting for **7%** of Canada's total exports.

Between 2023 and 2030, the Canadian food and beverage manufacturing industry is estimated to need to hire and retain over **92,500** additional people. The average annual hiring requirement of approximately **11,500** new people per year is driven primarily by the need to replace an estimated **66,800** retirements and age-related exits

while considering projected industry growth and labour productivity gains. Additionally, the industry's current **50,000** vacancies that remain unfilled means the total hiring requirement increases to **142,000** new people or almost **50%** of the current workforce

Beverage manufacturing is projected to lead industry growth, with employment increasing **16%** between 2023 and 2030. Bakeries and tortilla manufacturing is also projected to see notable employment growth by 2030 from increased consumption over the decade. Dairy and meat processing, segments which have seen a decline in consumption, are projected to see more modest growth over the same period.



In total, the Canadian food and beverage manufacturing industry will need 142,000 new people between 2023 and 2030 or almost 50% of the current workforce.



Market Trends

The Food and Beverage Processing industry was not immune to the impacts of the pandemic. The industry was inundated with supply disruptions, rising input costs, heightened demand and tight labour market conditions. Despite these challenges, the industry fared relatively well through the pandemic and looking ahead, the outlook is strong despite concerns about rising input costs from inflation and workforce availability.

Canadian consumer preferences have been evolving. According to a food consumer survey conducted by Deloitte (2021), consumption of processed foods has been on the decline, a trend that is anticipated to continue with the prevalence of increasingly health-conscious consumers. Additionally, households are cutting back spending due to inflationary pressure and are growing more selective about food spending. These shifts will have significant impacts on the consumption of meat and dairy products, which currently comprise the two largest segments of the market. Canadians are opting for red meat and processed meat alternatives, including plant-based protein options, organic meat, poultry and seafood. Consumers have also reported increased consumption or have indicated an inclination towards plant-based milk, which has ultimately slowed spending in the dairy sector.

Automation and emerging technology present an opportunity for Canadian food and beverage processing manufacturers. Adoption of the latest technology will be necessary for the industry to increase productivity and remain competitive in international markets over the coming decade.

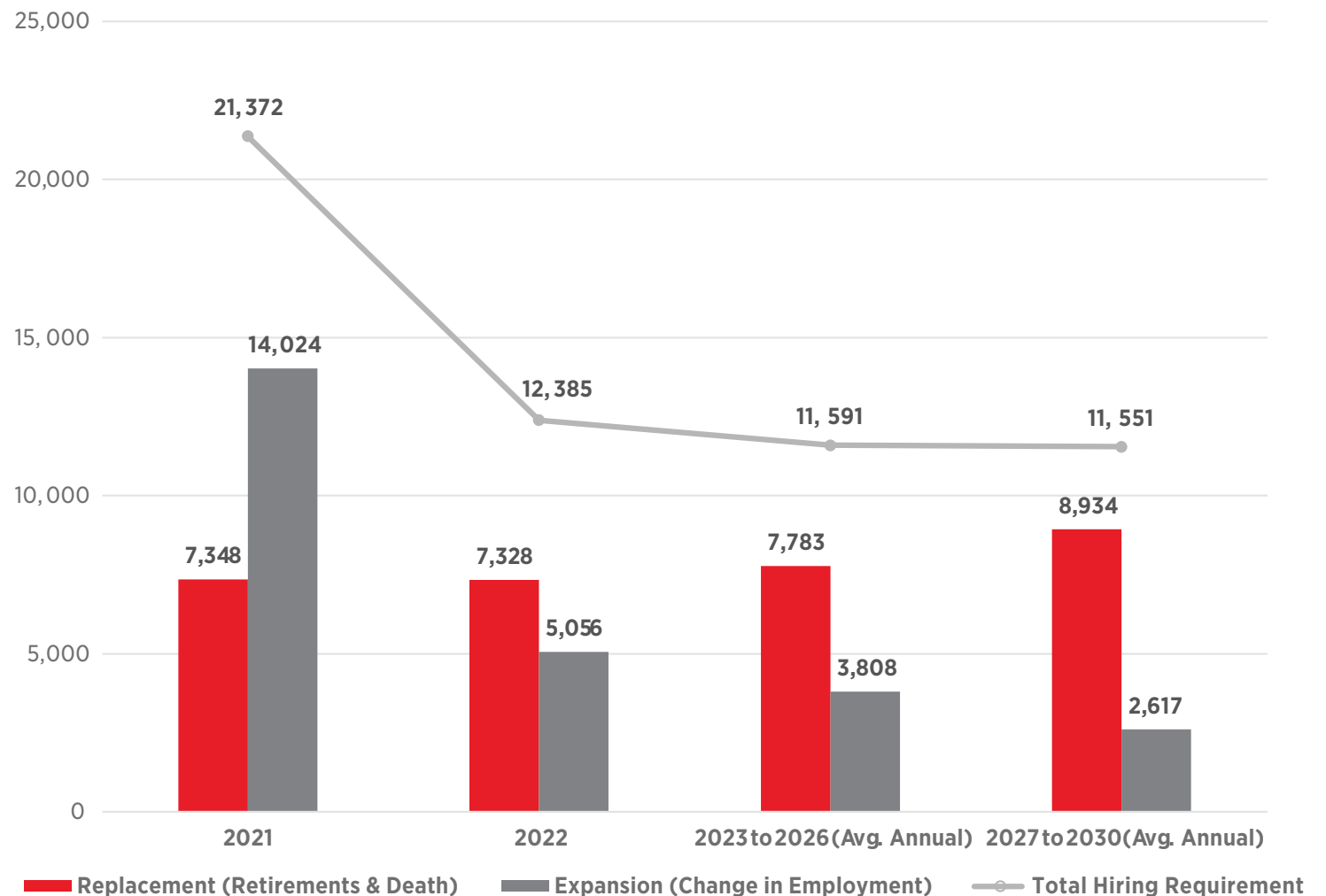


National Hiring Requirements: 2023 to 2030

Hiring requirements for the Canadian food and beverage manufacturing industry consider both industry growth and the need to replace workers who have retired or died. Replacement demand (retirements and deaths) will be the driving component for hiring over the 2023 to 2030 period with a total demand of **66,800** new workers to replace the industry's aging workforce. These demands are accelerated toward the end of the decade as the share of workers nearing retirement age increases.

Accounting for both industry growth and the aging workforce, it is estimated that the industry will need to hire **92,500** workers over the 2023 to 2030 period. This is equivalent to approximately **31%** of the 2022 workforce.

When including the current labour vacancies of **50,000** workers, the hiring demand rises to **142,000** new people by 2030 or approximately **50%** of today's workforce.



Source: Prism Economics and Analysis

Total Food and Beverage Processing Hiring Requirements: 2023 to 2030

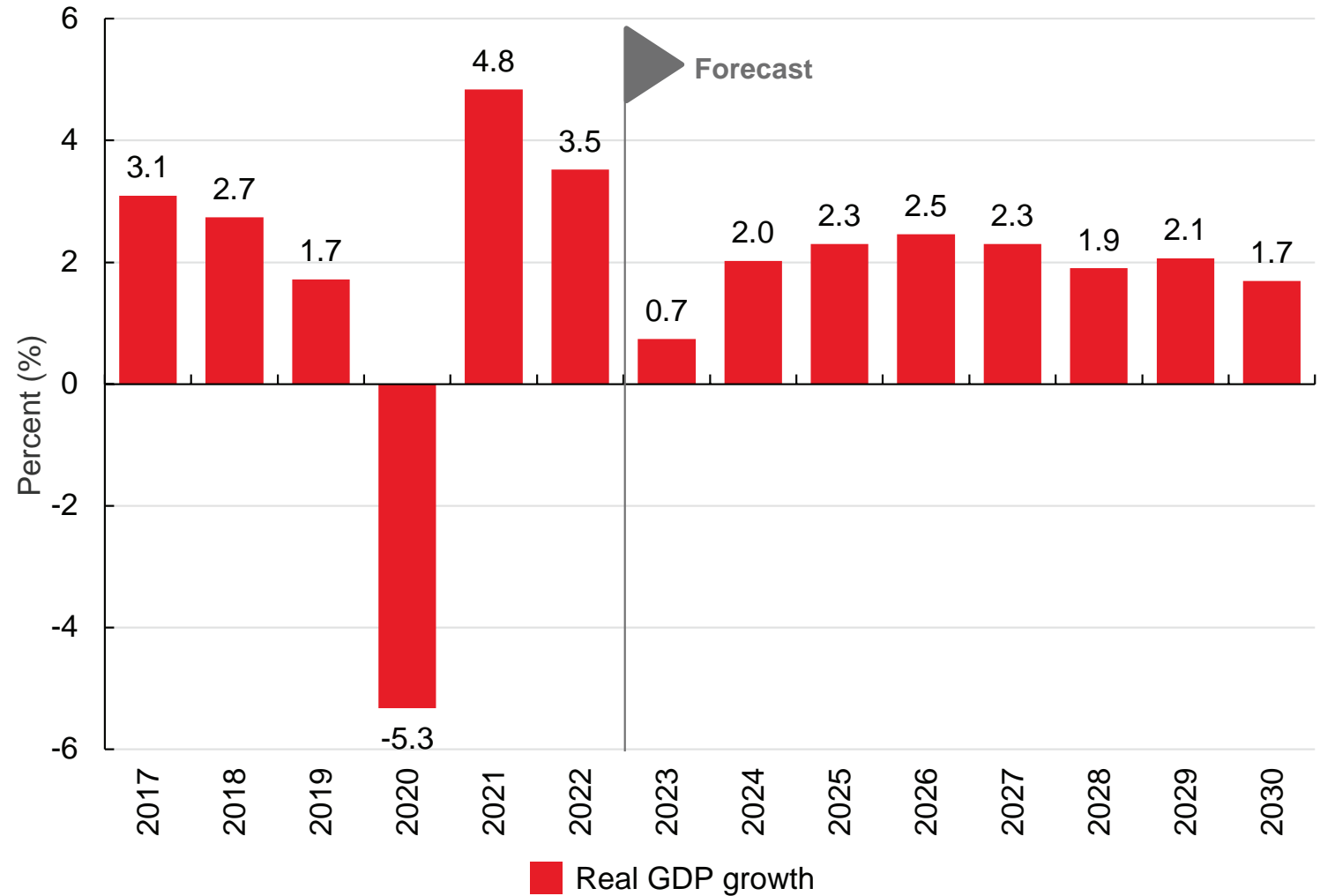


	Expansion (Change in Employment)	Replacement (Retirements & Death)	Total Hiring Requirements	Expansion	Replacement	Total
				Annual Average	Annual Average	Annual Average
Total Employment	25,702	66,870	92,572	3,213	8,359	11,572
Bakeries and tortilla manufacturing	6,865	10,438	17,303	858	1,305	2,163
Beverage manufacturing	7,830	11,418	19,248	979	1,427	2,406
Dairy product manufacturing	2,231	6,198	8,429	279	775	1,054
Meat product manufacturing	2,266	13,940	16,206	283	1,742	2,026
Seafood product preparation and packaging	1,686	5,665	7,351	211	708	919
Other manufacturing	1,686	5,665	24,034	603	2,401	3,004



Economic Indicators | GDP

Economic growth is expected to slow to 0.7% in 2023, weighed down by a global reduction in spending. The annual growth rate is expected to average 2.1% between 2024 and 2030. The economy is anticipated to move back into an upward cycle in 2024, driven by lower levels of inflation, and improvements in global supply chains.

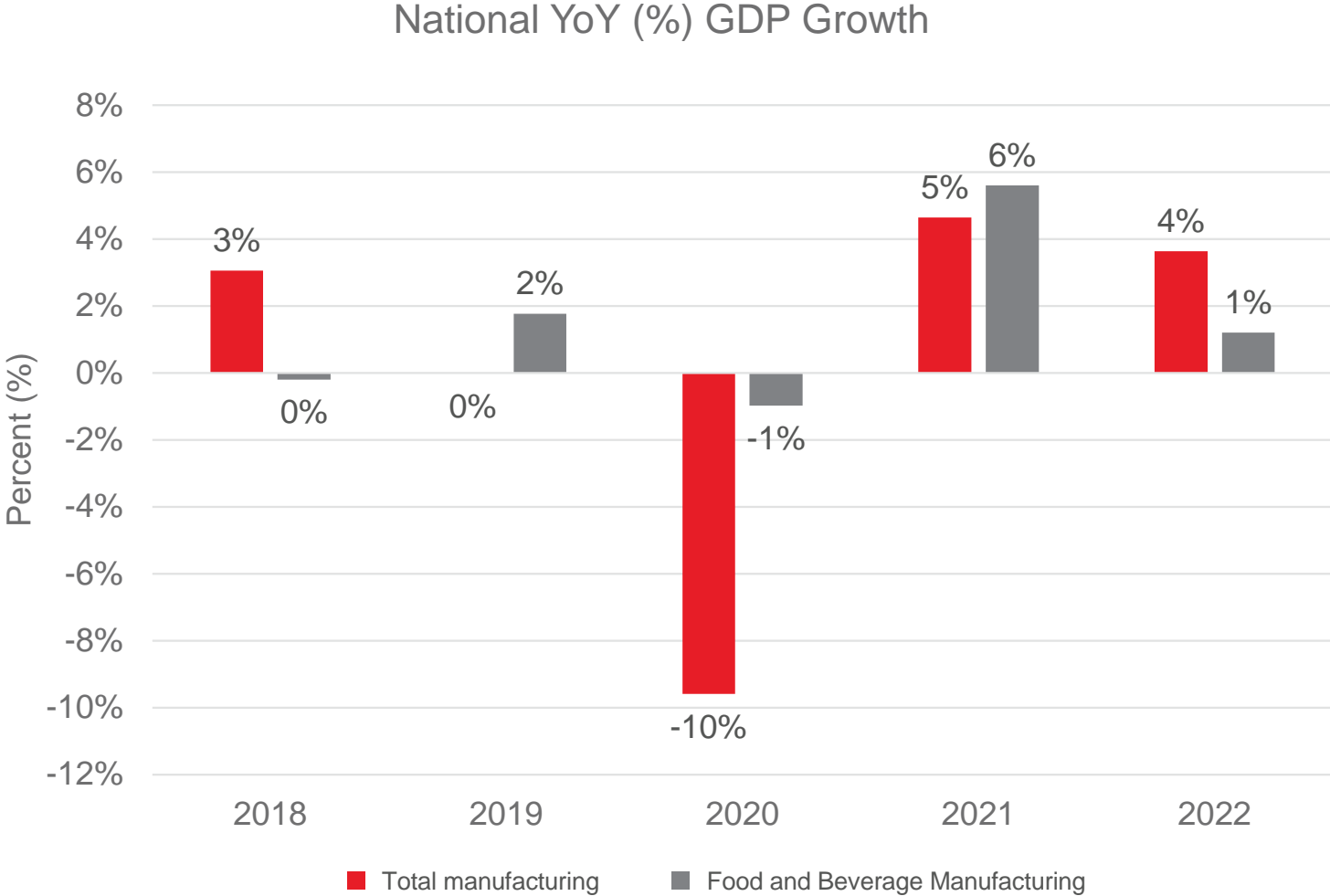


Source: Statistics Canada, Stokes Provincial Forecast, July 2022



Economic Indicators | GDP cont'd

In 2022, the food and beverage processing industry contributed more than **\$35 billion** in GDP. The industry accounts for **18%** of the total manufacturing sector's GDP and **2%** of the National GDP. The largest contributors to GDP are beverage manufacturing, meat product manufacturing, other food manufacturing and bakeries and tortilla manufacturing. National GDP growth in the total manufacturing sector outpaced growth in the food and beverage sector in 2022.



Source: Statistics Canada, Stokes Provincial Forecast, July 2022

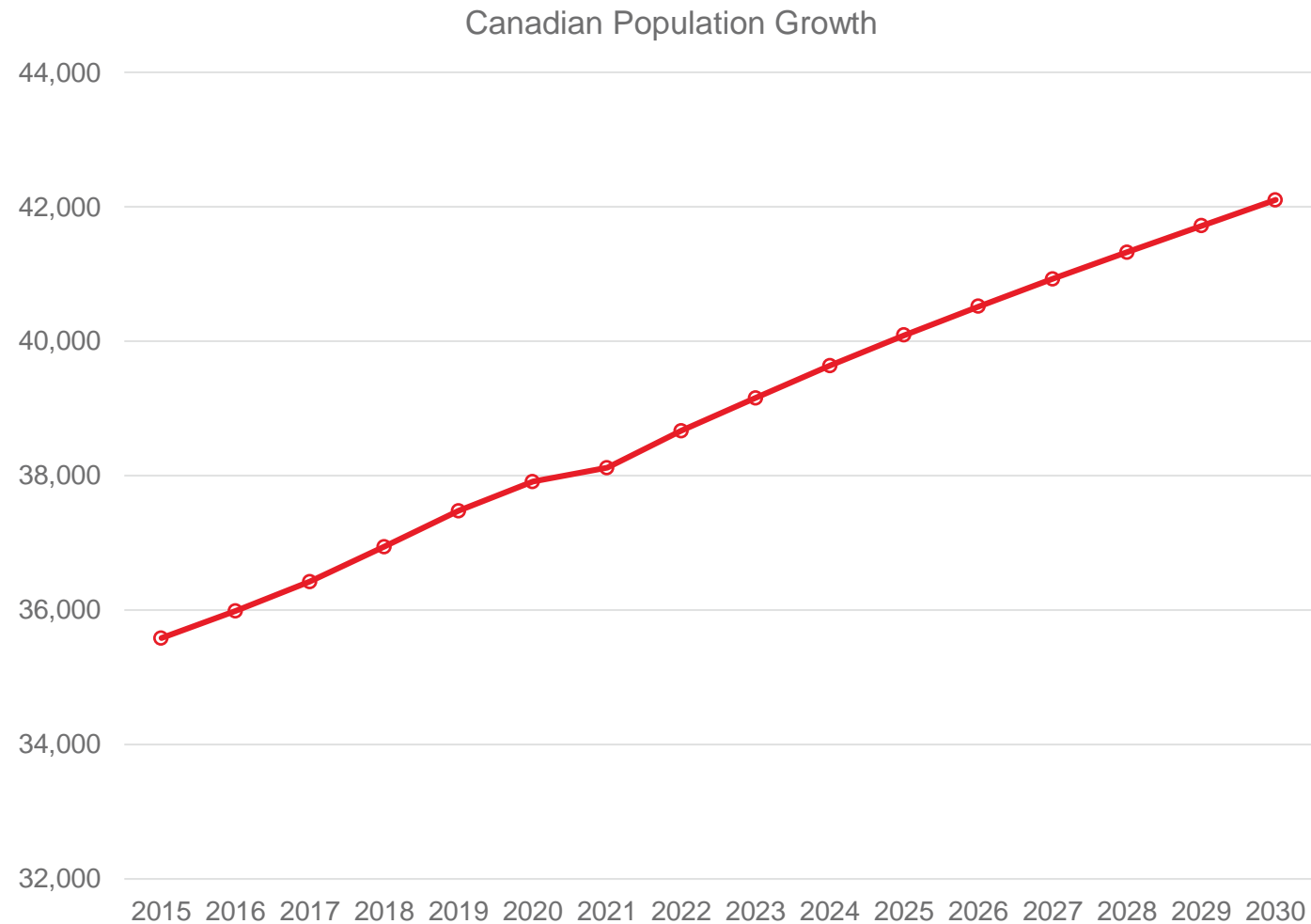


Economic Indicators | Population Growth

Canada's is currently experiencing a decline in natural population growth (births minus deaths). Natural growth is anticipated to continue to decline in the coming years. Immigration will be the main driver of population growth over the next decade. Canada's immigration target has increased from **300 thousand** in 2016 to 500 thousand by 2025.

Based on these targets its assumed:

- Canada's population will exceed 42.1 million by 2030 (10% increase from 2021)
- Strongest growth expected in PEI (17%) and BC (15%)



Source: Statistics Canada, Stokes Provincial Forecast, July 2022

SECTOR MARKET TRENDS AND OUTLOOK

Food Product Manufacturing

Food manufacturing sales (not including beverage) in 2021 saw the strongest YoY growth on record, followed by significant gains of approximately 12% in 2022. Canada’s food manufacturing industry has steadily increased its volume of trade in recent years. Food manufacturing exports grew significantly in 2022 (+14.3%), driven by increased demand for high-quality foods. As of 2022, the industry employed just

over 250,000 workers. Food product manufacturing employment is expected to reach nearly 268,000 by 2030, an increase of 7% from 2022 employment. Inflation and increased labour costs and shortages were key challenges to the industry through the pandemic. Labour productivity increased in 2022, returning to the average rate observed prior to the pandemic.

	2022	YoY(%) Change	2021	YoY(%) Change	Average 2015-2019
Sales (Millions\$)	141,865	11.9%	126,706	14.8%	99,911
Exports (Millions\$)	52,787	14.3%	46,168	17.1%	33,832
Imports (Millions\$)	38,084	19.6%	31,830	3.4%	27,683
Trade Balance (Millions\$)	14,703	2.6%	14,337	66.2%	6,149
Employment	250,053	0.4%	249,138	4.3%	231,415
Labour Productivity	58.3	1.5%	57.5	-1.4%	58.4

Industry at a Glance

\$141.9
billion in sales

250,000
employed

13,150
establishments

94%
of businesses have fewer than 100 employees



NAICS 3121

Profile Summary

Export Value, 2022:

\$1.5B

18.5% of the food and beverage workforce

Establishments, 2022:

1,808

GDP (in 2021):

6.1B

Sales 2022:

\$11.8B

Employment, 2022:

49,941

SECTOR MARKET TRENDS AND OUTLOOK

Beverage Product Manufacturing

Beverage manufacturing sales saw a sharp decline in 2022, retreating to pre-pandemic levels. This decline was driven by decreased wine and liquor sales, following a significant ramp up in consumption in 2021. Canadian beverage exports in 2022 remained relatively unchanged from the export value in 2021 but was 7% higher than

the value exported in 2019. As of 2022, the industry employed just under 50,000 workers. Beverage product manufacturing employment is expected to reach 57,000 by 2030, an increase of 16% from 2022 employment.

	2022	YoY(%) Change	2021	YoY(%) Change	Average 2015-2019
Sales (Millions\$)	11,825	-18.8%	14,555	11.3%	11,783
Exports (Millions\$)	1,474	1.0%	1,459	3.9%	1,199
Imports (Millions\$)	6,860	11.1%	6,173	3.8%	5,583
Trade Balance (Millions\$)	-5,385	14.3%	-4,713	3.8%	-4,384
Employment	49,941	9.0%	45,799	8.8%	38,084
Labour Productivity	82.3	12.1%	73.4	-6.0%	84.7

SECTOR MARKET TRENDS AND OUTLOOK

Dairy Product Manufacturing

Canadian imports of dairy products have been consistently higher than exports. The value of exports has increased by 30% from 2019, while imports have risen by 39%, increasing the trade balance to \$339 million in 2022. As of 2022, the sector employed approximately 27,500 workers. Dairy manufacturing employment

is expected to reach 29,700 by 2030, an increase of 8% from 2022 employment. Increased input costs, driven by an increase in the farmgate price of milk components and higher feed costs, are likely to drive up prices of dairy products, which may shift consumer behaviour over the outlook period.

	2022	YoY(%) Change	2021	YoY(%) Change	Average 2015-2019
Sales (Millions\$)	17,365	7.6%	16,141	1.5%	14,281
Exports (Millions\$)	1,153	28.7%	896	1.1%	569
Imports (Millions\$)	1,492	22.0%	1,222	9.2%	942
Trade Balance (Millions\$)	-339	3.8%	-326	40.2%	-373
Employment	27,486	2.5%	26,817	8.7%	24,341
Labour Productivity	67.6	9.0%	62.0	-4.0%	66.7



NAICS 3115

Profile Summary

Export Value, 2022:

\$1.2B

8.9% of the food and beverage workforce

Establishments, 2022:

407

GDP (in 2021):

3B

Sales 2022:

\$17.4B

Employment, 2022:

27,486



NAICS 3116

Profile Summary

Export Value, 2022:

\$11.3B

16.9% of the food and beverage workforce

Establishments, 2022:

695

GDP (in 2021):

5.6B

Sales 2022:

\$39.1B

Employment, 2022:

64,060

SECTOR MARKET TRENDS AND OUTLOOK

Meat Product Manufacturing

Survey results showed a shift toward plant-based meat alternatives, health and environmental concerns, and inflated cost have all contributed to a decrease in red-meat consumption in recent years. The value of meat exports reached \$11.3 billion in 2022, a 3% increase from 2020 and an increase of 30% from 2019. Imports increased by 14% in 2022 and 34% from the 2019 value. As of 2022, the sector

employed approximately 64,000 workers. Meat manufacturing employment is expected to reach 66,300 by 2030, an increase of 4% from 2022 employment. Labour productivity increased in 2022 but remained below productivity levels observed prior to the pandemic, as the industry was faced with heightened supply concerns and tight labour market conditions in 2022.

	2022	YoY(%) Change	2021	YoY(%) Change	Average 2015-2019
Sales (Millions\$)	39,112	9.7%	35,645	15.8%	28,143
Exports (Millions\$)	11,324	3.2%	10,970	14.6%	7,676
Imports (Millions\$)	5,136	13.9%	4,508	6.5%	3,943
Trade Balance (Millions\$)	6,187	-4.2%	6,462	21.1%	3,733
Employment	64,060	1.6%	63,067	-3.1%	59,806
Labour Productivity	44.1	1.7%	43.4	0.0%	46.4

SECTOR MARKET TRENDS AND OUTLOOK

Seafood Product Preparation and Packaging

The consumption of freshwater fish is anticipated to rise steadily over the forecast period, as consumers explore meat-alternative protein sources. Following significant growth in 2021, seafood sales declined notably in 2022, moving back inline with the historic trend in sales. The closure of salmon farms in parts of BC negatively impacted sales in 2022. Canada's seafood product exports were worth \$5.5 billion in

2022, a 10% decline over 2021. Despite this decline, exports in 2022 were significantly higher than the average value prior to the pandemic. Total imports increased by nearly 20% in 2022 – a notable increase from the average value observed from 2015-2019. Increased domestic prices due to reduced supply of BC-grown-farm-raised-salmon forced grocers to turn to importing salmon from other countries.

	2022	YoY(%) Change	2021	YoY(%) Change	Average 2015-2019
Sales (Millions\$)	5,616	-13.6%	6,497	24.5%	5,272
Exports (Millions\$)	5,536	-10.1%	6,161	41.6%	4,520
Imports (Millions\$)	4,296	19.8%	3,586	10.0%	3,097
Trade Balance (Millions\$)	1,240	-51.8%	2,575	135.6%	1,423
Employment	20,270	-3.5%	21,002	6.5%	22,225
Labour Productivity	34.4	-2.8%	35.4	1.4%	31.3



NAICS 3117

Profile Summary

Export Value, 2022:

\$5.5B

6.8% of the food and beverage workforce

Establishments, 2022:

381

GDP (in 2021):

1.4B

Sales 2022:

\$5.6B

Employment, 2022:

20,270



NAICS 3118

Profile Summary

Export Value, 2022:

\$6.2B

14.3% of the food and beverage workforce

Establishments, 2022:

2,246

GDP (in 2021):

4.7B

Sales 2022:

\$15.9B

Employment, 2022:

51,136

SECTOR MARKET TRENDS AND OUTLOOK

Bakeries and Tortilla Manufacturing

Our research of Bakery and Tortilla manufacturing found that consumption increased by 2.7% in 2022, driven primarily by growth in the flour mixes, dough and dry pasta sector. Consumption is expected to steadily rise over the forecast period in line with population growth, while bakery and tortilla sales increased by 14.3% in 2022, driven primarily by an increase in bread and bakery product manufacturing.

Sales are expected to moderate in 2023 due to rising food prices and reactionary consumer spending before continuing to grow thereafter to the end of the outlook. As of 2022, the sector employed more than 51,100 workers. Baked goods manufacturing employment is expected to reach 58,000 by 2030, an increase of 13% from 2022 employment.

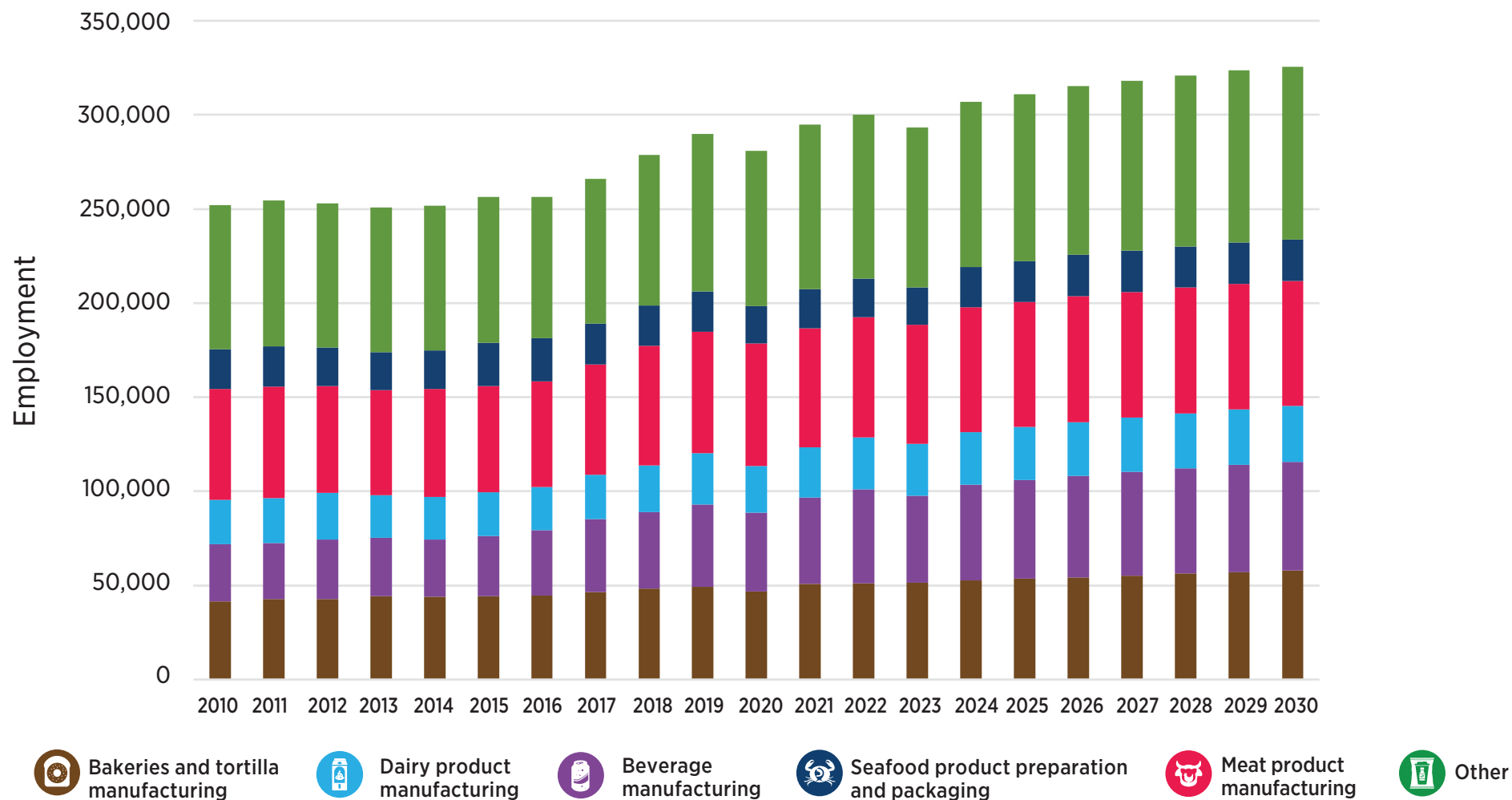
	2022	YoY(%) Change	2021	YoY(%) Change	Average 2015-2019
Sales (Millions\$)	15,855	14.3%	13,876	11.8%	10,615
Exports (Millions\$)	6,193	28.7%	4,811	11.0%	3,537
Imports (Millions\$)	2,832	23.8%	2,287	1.3%	1,987
Trade Balance (Millions\$)	3,361	33.2%	2,524	21.6%	1,550
Employment	51,136	0.6%	50,846	8.9%	46,504
Labour Productivity	51.3	1.3%	50.6	1.8%	46.2



Employment by Industry: 2023 to 2030

As of 2022, the food and beverage manufacturing sector employed approximately 300,000 workers. Industry employment is expected to reach 325,000 by 2030, an increase of 9% from 2022 employment. Total industry employment is anticipated to soften in 2023, following two

years of rapid growth. Despite this easing, employment will remain above pre-pandemic levels. Following 2023, employment growth is anticipated to rise at an average annual rate of approximately 1% to 2030.



Total Industry Employment: 2018 to 2030



Beverage manufacturing is projected to lead industry growth over the outlook period, with employment increasing 16% between 2023 and 2030. Bakeries and tortilla manufacturing is also projected to see notable employment growth by 2030, stemming from increased

consumption over the decade. Dairy and meat processing, segments which have seen a decline in consumption, are projected to see more modest growth over the same period.

	2018	2019	2020	2021	2022	Annual Avg		Change 2023	
						2023-2026	2027-2030	#	%
Total Employment	278,845	289,797	280,913	294,937	299,994	306,678	322,067	25,702	9%
Bakeries and tortilla manufacturing	48,185	49,189	46,691	50,846	51,136	52,972	56,631	6,865	13%
Beverage manufacturing	40,760	43,826	42,094	45,799	49,941	50,925	56,465	7,830	16%
Dairy product manufacturing	24,956	27,166	24,668	26,817	27,486	27,983	29,294	2,231	8%
Meat product manufacturing	63,365	64,704	65,113	63,067	64,060	65,746	66,649	2,266	4%
Seafood product preparation and packaging	21,602	21,433	19,716	21,002	20,270	21,212	21,880	1,686	8%
Other manufacturing	79,977	83,480	82,631	87,406	87,102	87,839	91,147	4,824	6%



Canada

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