

# Annual Survey of Manufacturing Industries, 2020

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The COVID-19 pandemic has proven to be a challenging period for Canadian manufacturing, as total revenue declined by 9.3% (-\$69.8 billion) to \$678.4 billion in 2020. This followed four years of consecutive annual increases. Total revenue in 2020 was just over the \$665.0 billion recorded in 2016.

Revenue from goods manufactured (see Note to readers), which represents 94% of total revenue, fell 9.8% (-\$69.2 billion) to reach \$635.1 billion in 2020—a decrease in 17 of the 21 manufacturing subsectors. Transportation equipment, petroleum and coal product, machinery and primary metal manufacturing contributed \$62.9 billion to the annual decrease, partially offset by the combined \$7.6 billion increase in food and wood product manufacturing.

## Transportation equipment hit hard by pandemic

Transportation equipment recorded a 21.6% (-\$29.9 billion) annual drop in revenue from goods manufactured to reach \$108.4 billion in 2020, and was impacted greatly by plant shutdowns in Canada and reduced domestic and international demand.

All transportation industries, except ship and boat building, were down. Automobile and light-duty motor vehicle manufacturing accounted for 52% of this decrease, followed by aerospace product and parts manufacturing, with 15%.

Automobile and light-duty motor vehicle manufacturing decreased by 26.7% (-\$15.5 billion) in 2020, following a 2.9% (+\$1.6 billion) increase in 2019. Shutdowns of assembly plants from March 2019 to May 2020, along with significant decreases in exports of passenger cars & light trucks, were top contributing factors.

These shutdowns caused a significant decline in the demand for motor vehicle parts in 2020, and by consequence, motor vehicle parts manufacturing fell 19.9% (-\$6.6 billion) to \$26.8 billion.

Aerospace product and parts manufacturing declined by 17.0% (-\$4.3 billion) to reach \$21.2 billion in 2020, mainly because of worldwide travel restrictions and lower demand for aircraft and other transportation equipment and parts exports.

## Revenue from petroleum and coal products falls because of lower demand and prices

Revenue from goods manufactured for petroleum and coal products fell \$24.6 billion (-33.9%) to \$47.9 billion in 2020, led by a \$24.3 billion (-36.7%) decrease in manufacturing sales from petroleum refineries.

Demand for petroleum dropped significantly, mainly because of travel restrictions, provincial lockdowns, and people working from home. While demand decreased, global supply rose substantially because of international price wars on crude oil. The global surplus was a leading cause of the 48.6% price drop in Canadian refined petroleum products between January and April of 2020, as well as a 29.0% average annual price decrease, as measured by the Industrial Product Price Index.

## Machinery manufacturing generally down

For machinery, revenue from goods manufactured fell 10.9% (-\$4.4 billion) to \$36.0 billion in 2020, following a 5.8% annual increase in 2019. All industries were down, except ventilation, heating, air-conditioning and commercial refrigeration equipment (+1.1% or +\$47.3 million) and agricultural implement manufacturing (+0.9% or +\$32.4 million). Both these industries were in higher demand during the pandemic.



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## Primary metals decline for a second year, as demand for Canadian iron and steel decrease

Primary metal manufacturing experienced another year of declining revenue from goods manufactured, decreasing by \$4.1 billion (-8.3%) to \$45.0 billion in 2020. Iron and steel mills and ferro-alloy manufacturing, as well as iron and steel pipes and tubes manufacturing, accounted for 64% (\$2.6 billion) of this decline.

The domestic demand for the commodity was affected by declines in the transportation, fabricated metal and machinery manufacturing industries. Canadian steel and iron product exports to the U.S. decreased by 12.0% in 2020, despite the lifting of tariffs in 2019.

## Wood product manufacturing revenues on the rise following sharp price increases

Wood product manufacturing outperformed all other industries in 2020, with revenue from goods manufactured growing \$4.4 billion (+13.8%) to \$36.1 billion. This followed an 11.8% decline in 2019.

The increase was led by sawmills and wood preservation (+\$2.6 billion), as well as veneer, plywood and engineered wood product manufacturing (+\$1.5 billion). These two industries combined accounted for 93% of the growth in the wood product manufacturing subsector.

While demand rose, production of total softwood and hardwood lumber declined by 3.4% (-1,975.4 thousand of cubic metres) in 2020. This led to sharp increases in the price of lumber and other wood products, the average annual price rising 19.6%.

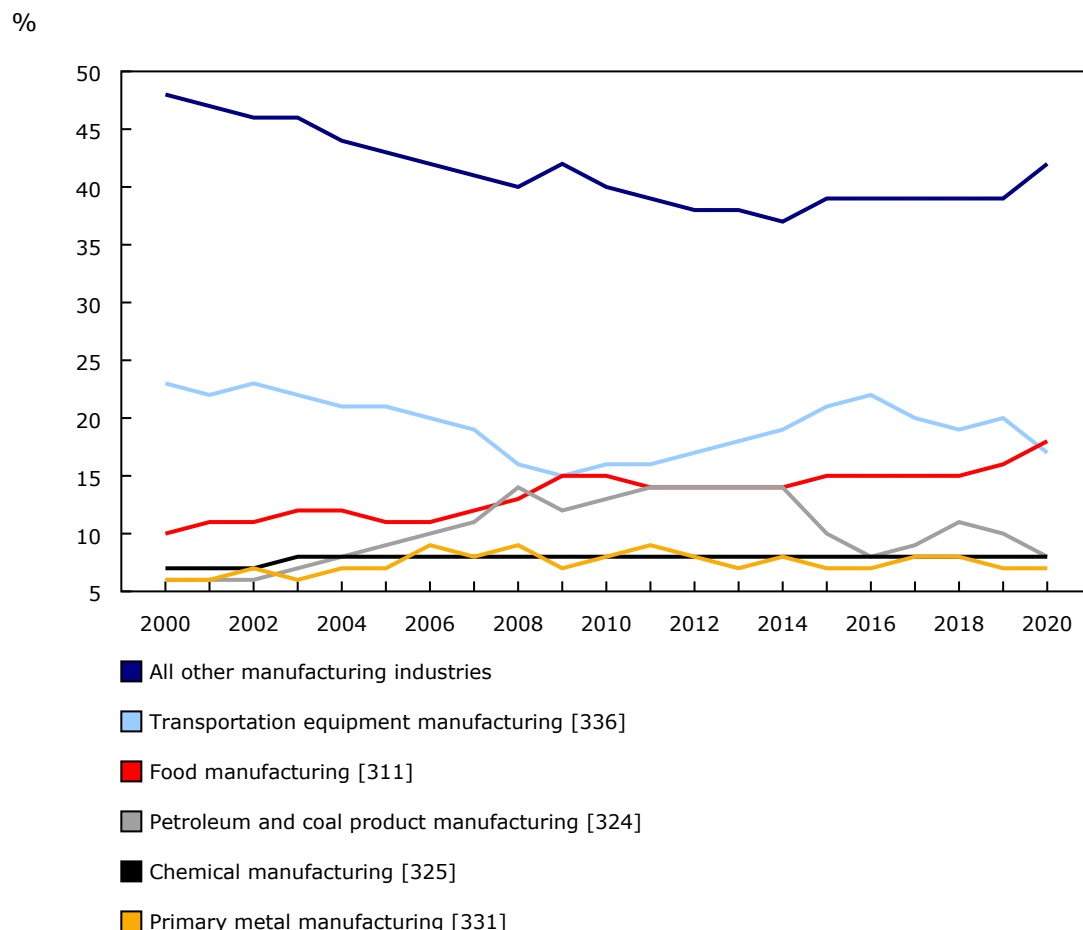
## Food manufacturing becomes the largest manufacturing industry in 2020

In 2020, revenue from goods manufactured in the food industry rose \$3.3 billion (+2.9%) to \$115.4 billion, making food the largest manufacturing industry for the first time in over three decades. The increase was driven by animal slaughtering and processing (+\$1.3 billion), starch and vegetable fat and oil manufacturing (+\$904.4 million), all other food manufacturing (+\$630.1 million) and dairy product (except frozen) manufacturing (+\$530.7 million).

Animal slaughtering and processing recorded its seventh annual increase in 2020. The shutdown of two Alberta plants in March 2020 created a backlog of livestock bound for slaughter. The supply shortage was in part reflected by an 18.1% average price increase for Canadian fresh and frozen beef and veal in 2020. Higher exports of animal (except poultry) slaughtering also contributed to the increase in manufacturing revenues.

Seafood product preparation and packaging (-\$1.2 billion) almost offset the increase seen in animal slaughtering and processing. The seafood industry involves people working in close proximity, from harvesting to processing, which made it hard for the industry to maintain its activities. Not only did their manufacturing revenues fall, but so did prepared and packaged seafood product exports (-\$505.9 million) and prices (-2.4%).

**Chart 1**  
**Industry share of revenue from goods manufactured in Canada, 2000 to 2020**



Source(s): Tables [16-10-0117-01](#), [16-10-0038-01](#) and [16-10-0056-01](#).

## Expenses fall faster than revenue

In 2020, total expenses declined by 10.0% (-\$68.5 billion) from 2019 to \$616.8 billion, while total revenue fell 9.3% (-\$69.8 billion) to \$678.4 billion. For every dollar generated in revenue, manufacturers spent \$0.91, down from \$0.92 in 2019. This was the first decrease in the expense to revenue ratio, after three years of consecutive increases.

The expense to revenue ratio of wood product manufacturing significantly improved during the pandemic. Total revenue was up 14.0% (+\$4.6 billion) from 2019, while total expenses only grew 2.0% (+\$643.2 million). Consequently, for every dollar earned in total revenue, wood producers spent \$0.86, down from \$0.97 in 2019.

On the other hand, petroleum and coal product producers saw their total revenue falling faster (-32.6% or \$24.9 billion) than their total expenses (-27.9% or \$18.7 billion). By consequence, for every dollar earned in total revenue, they spent \$0.06 more (from \$0.88 in 2019 to \$0.94 in 2020).

## Proportion of salaries and wages to manufacturing revenues remains stable during the pandemic

Salaries and wages recorded a decline of 6.9% (-\$6.7 billion) from 2019, to \$90.5 billion in 2020. For every dollar earned in revenue from goods manufactured, manufacturers continued to spend \$0.14 in salaries and wages.

The federal and provincial governments provided financial relief to businesses across Canada to mitigate the impact of COVID-19. According to the Canada Emergency Wage Subsidy (CEWS) Regional and Community-level Database, manufacturers received \$11.6 billion in wage subsidies from March 15, 2020 to January 16, 2021. The transportation equipment, machinery and fabricated metal product manufacturing industries received \$5.6 billion of CEWS, nearly half the amount received by the manufacturing sector.

**Table 1**  
**Revenue from goods manufactured by industry**

	2019 <sup>r</sup>	2020 <sup>P</sup>	2019 <sup>r</sup> to 2020 <sup>P</sup>	2019 <sup>r</sup> to 2020 <sup>P</sup>	2020 <sup>P</sup>
	millions of dollars		change in millions of dollars	% change	% share
<b>Manufacturing</b>	<b>704,319</b>	<b>635,104</b>	<b>-69,215</b>	<b>-9.8</b>	<b>100</b>
Food manufacturing	112,099	115,372	3,273	2.9	18
Beverage and tobacco product manufacturing	15,901	16,573	672	4.2	3
Textile mills	1,789	1,702	-87	-4.8	0
Textile product mills	1,612	1,598	-14	-0.8	0
Clothing manufacturing	2,692	2,368	-324	-12.0	0
Leather and allied product manufacturing	374	308	-66	-17.7	0
Wood product manufacturing	31,683	36,051	4,368	13.8	6
Paper manufacturing	30,001	27,303	-2,698	-9.0	4
Printing and related support activities	9,243	7,695	-1,548	-16.7	1
Petroleum and coal product manufacturing	72,462	47,873	-24,589	-33.9	8
Chemical manufacturing	55,882	53,335	-2,547	-4.6	8
Plastics and rubber products manufacturing	31,680	29,123	-2,557	-8.1	5
Non-metallic mineral product manufacturing	16,345	16,153	-192	-1.2	3
Primary metal manufacturing	49,087	45,034	-4,053	-8.3	7
Fabricated metal product manufacturing	42,034	39,171	-2,863	-6.8	6
Machinery manufacturing	40,446	36,038	-4,408	-10.9	6
Computer and electronic product manufacturing	15,891	14,783	-1,108	-7.0	2
Electrical equipment, appliance and component manufacturing	11,023	10,590	-433	-3.9	2
Transportation equipment manufacturing	138,293	108,430	-29,863	-21.6	17
Furniture and related product manufacturing	13,189	11,659	-1,530	-11.6	2
Miscellaneous manufacturing	12,592	13,943	1,351	10.7	2

<sup>r</sup> revised

<sup>P</sup> preliminary

**Note(s):**

Differences are calculated based on data rounded to the millions of dollars, while the percentage changes are calculated using data rounded to the thousands of dollars.

Figures may not add up to totals as a result of rounding.

Source(s): Table 16-10-0117-01.

**Table 2**  
**Revenue from goods manufactured by province and territory**

	2019 <sup>r</sup>	2020 <sup>P</sup>	2019 <sup>r</sup> to 2020 <sup>P</sup>	2019 <sup>r</sup> to 2020 <sup>P</sup>	2020 <sup>P</sup>
	millions of dollars		change in millions of dollars	% change	% share
<b>Canada</b>	<b>704,319</b>	<b>635,104</b>	<b>-69,215</b>	<b>-9.8</b>	<b>100</b>
Newfoundland and Labrador	7,361	3,601	-3,760	-51.1	1
Prince Edward Island	2,201	2,306	105	4.8	0
Nova Scotia	9,625	8,941	-684	-7.1	1
New Brunswick	19,191	15,702	-3,489	-18.2	2
Quebec	177,483	164,387	-13,096	-7.4	26
Ontario	317,048	282,149	-34,899	-11.0	44
Manitoba	19,622	18,743	-879	-4.5	3
Saskatchewan	18,099	16,806	-1,293	-7.1	3
Alberta	79,823	69,168	-10,655	-13.3	11
British Columbia	53,733	53,198	-535	-1.0	8
Yukon	38	43	5	13.2	0
Northwest Territories	59	x	x	x	x
Nunavut	37	x	x	x	x

<sup>r</sup> revised

<sup>P</sup> preliminary

x suppressed to meet the confidentiality requirements of the *Statistics Act*

**Note(s):**

Differences are calculated based on data rounded to the millions of dollars, while the percentage changes are calculated using data rounded to the thousands of dollars.

Figures may not add up to totals as a result of rounding.

Source(s): Table [16-10-0117-01](#).

### Note to readers

Data on cannabis manufacturing were collected for the first time as part of the Annual Survey of Manufacturing and Logging Industries for reference year 2019. They were added as a third sub-industry under the beverages and tobacco product manufacturing industry.

In addition to revenue from the sale of physical goods manufactured, revenue from goods manufactured also includes revenue from manufacturing service fees and custom work, as well as from repair work. In these cases, clients are only charged for labour, as they own the materials and products.

The difference between total revenue and revenue from goods manufactured is made up of revenue from financial investments, sales of goods purchased for resale (as is), and business activities other than manufacturing, such as wholesaling.

Data for 2019 have been revised.

Data are collected for the 12-month fiscal period that ends on or between April 1, 2020, and March 31, 2021. This means that some businesses reported for a fiscal year in which the majority of their operations were before the pandemic. By consequence, the effects of the pandemic are not fully reflected in this reference year, but will extend into the 2021 reference year estimates.

The collection periods for reference years 2019 and 2020 include the events and business disruptions related to COVID-19, and response rates have been lower in some industries. Because of this, there may be larger-than-normal revisions to the data. For more information on data quality and revisions, please refer to [Annual Survey of Manufacturing and Logging Industries](#). In the meantime, users can obtain information from the [Monthly Survey of Manufacturing](#) or from other Statistics Canada programs.

Changes in methodology were made to the Annual Survey of Manufacturing and Logging Industries, beginning with reference year 2013. Users should therefore use caution when comparing current data with historical data prior to 2013. For more information on the methodology changes, consult the [Integrated Business Statistics Program](#) document in the Behind the data feature of our website.

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**Available tables: table [16-10-0117-01](#).**

**Definitions, data sources and methods: survey number [2103](#).**

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; [infostats@statcan.gc.ca](mailto:infostats@statcan.gc.ca)) or Media Relations ([statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca](mailto:statcan.mediahotline-ligneinfomedias.statcan@statcan.gc.ca)).