

# Annual Survey of Manufacturing Industries, 2021

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## Manufacturing revenues rebound in 2021

The COVID-19 pandemic was an especially challenging period for Canadian manufacturing in 2020, but in 2021, Canadian manufacturing revenues rebounded as previously shown in the year in review section of the [Monthly survey of manufacturing December 2021 release](#). Overall, 2021 was a year of growth and recovery in one of Canada's most vital economic sectors.

In 2021, total revenue for Canadian manufacturing reached \$787.3 billion, an increase of \$108.9 billion (+16.1%) compared with 2020 and \$39.1 billion higher than in 2019.

Revenue from goods manufactured, which represents 94% of total revenue, increased in 18 of the 21 manufacturing subsectors, climbing 16.2% (+\$102.9 billion) in 2021, reaching \$737.6 billion. The largest increases were observed in petroleum and coal product (+\$25.1 billion), primary metal (+\$18.1 billion), wood product (+\$17.0 billion), food (+\$14.3 billion) and chemical manufacturing (+\$10.4 billion), all of which contributed \$84.9 billion to the annual increase.

This increase was partly offset by the \$8.2 billion decrease in transportation equipment manufacturing.

The record growth in manufacturing revenues in 2021 reflected increases in demand, as economies began to reopen and increases in prices for manufactured goods, fuelled by supply chain issues that led to shortages of key commodities, caused slow downs in production and applied inflationary pressure on the prices of raw materials and intermediate goods.

## Manufacturing and Canada's gross domestic product

Canadian manufacturing plays a crucial part in the growth of the Canadian economy. One of the primary tools used to track the growth of an economy is the gross domestic product (GDP), calculated using the production (value added) approach. This method sums up an industry's outputs and subtracts its inputs to calculate the unduplicated contribution of an industry's services and/or production process to the economy. In 2019, manufacturing's share of total GDP by industry was 10% (\$215.2 billion), second only to real estate rental and leasing at 13% (\$282.7 billion) (table [36-10-0401-01](#)).

The top five subsectors in 2019 contributing the most to total manufacturing GDP were transportation equipment manufacturing (\$31.6 billion), food manufacturing (\$28.7 billion), chemical manufacturing (\$20.5 billion), fabricated metal product manufacturing (\$17.6 billion) and machinery manufacturing (\$17.4 billion).

## Ontario, Quebec and Alberta dominate recovery in manufacturing

For more than two decades, Ontario, Quebec and Alberta have accounted for most of the manufacturing activities in the country. In 2021, they accounted for a combined 81% share of total revenue from goods manufactured in Canada. These three provinces were also the top three contributors to the increase in manufacturing revenues in 2021, making up 77% (\$79.5 billion) of Canada's \$102.9 billion increase.

The largest provincial increases for petroleum and coal (+\$8.6 billion), primary metal (+\$10.7 billion), and food (+\$4.7 billion) were from Ontario. However, wood product manufacturing's increase was driven by British Columbia (+\$5.5 billion), and chemical manufacturing saw its highest increase in Alberta (+\$4.4 billion).



## Expenses grow slower than revenue

In 2021, total expenses increased by 13.7% (+\$84.4 billion) from 2020 to \$700.7 billion. For every dollar generated in total revenue, manufacturers spent \$0.89 on total expenses, down from \$0.91 in 2020. This was the second consecutive year recording a decrease in the expense-to-revenue ratio.

The largest expense item for manufacturers, the cost of materials and supplies, increased 15.8% (+\$60.6 billion) to \$443.1 billion in 2021. For every dollar earned in revenue from goods manufactured, \$0.60 was spent on materials and supplies in 2021, the same as in 2020.

Salaries and wages recorded an increase of 7.8% (+\$7.0 billion) from 2020 to \$97.0 billion in 2021. For every dollar earned in revenue from goods manufactured, \$0.13 was spent in salaries and wages in 2021, down from \$0.14 in 2020.

## Food manufacturing is the largest industry for a second consecutive year

In 2021, revenue from goods manufactured in the food industry rose \$14.3 billion (+12.4%) to \$129.8 billion, making food the largest manufacturing industry for a second consecutive year. The increase was driven by animal slaughtering and processing (+\$4.9 billion), starch and vegetable fat and oil manufacturing (+\$2.6 billion), seafood product preparation and packaging (+\$1.8 billion), bread and bakery product manufacturing (+\$1.2 billion) and animal food manufacturing (+\$1.1 billion). The continued increase in revenue can be linked to the steady increase of prices of many food products in 2021.

Total expenses for food manufacturing increased 11.6% (+\$12.8 billion) from 2020 to \$122.6 billion. For every dollar earned in total revenue, food manufacturers spent \$0.89 in 2021, the lowest expense-to-revenue ratio since 2013.

## No rebound for transportation equipment manufacturing in 2021

Transportation equipment manufacturing recorded a 7.5% (-\$8.2 billion) annual drop in revenue from goods manufactured to \$100.2 billion in 2021, marking the second consecutive year of decrease for this industry. Motor vehicle manufacturing (-\$10.0 billion from 2020) experienced the largest decreases, more than the overall decrease in transportation equipment, followed by aerospace product and parts (-\$589.1 million) and railroad rolling stock manufacturing (-\$567.1 million). These decreases were offset by increases in other transportation equipment manufacturing (+\$1.3 billion) and an overall increase in motor vehicle parts manufacturing (+\$780.7 million).

The top contributing factors to the continued decrease in 2021 for motor vehicle manufacturing were supply chain issues, especially shortages in semiconductor chips, which led to assembly plants shutting down and decreasing production.

Total expenses for transportation equipment manufacturing decreased 5.3% (-\$5.7 billion) from 2020 to \$101.9 billion in 2021. For every dollar earned in total revenue, transportation equipment manufacturers spent \$0.97 on expenses, up from \$0.96 in 2020.

## Petroleum and coal products record the largest gains

Revenue from goods manufactured for petroleum and coal products increased \$25.1 billion (+51.9%) to \$73.6 billion in 2021, offsetting the \$24.0 billion losses in 2020 and pushing revenue above the 2019 level (\$72.5 billion). The record-breaking increases in 2021 reflect an increased demand for petroleum, with higher exports of energy products and a 47.1% increase in average prices for refined petroleum energy products.

In 2021, total expenses for petroleum and coal products increased 42.1% (+\$20.4 billion) from 2020, up to \$68.8 billion. For every dollar earned in total revenue, \$0.88 was spent on expenses, returning to 2019 levels after an increase to \$0.93 in 2020.

## **Chemical manufacturing increases fuelled by price increases and higher demand**

In 2021, revenue from goods manufactured grew 19.3% (+\$10.4 billion) in the chemical manufacturing industry, reaching \$64.1 billion. This increase in revenue relates to increases in prices of plastic resins (+43.8%) and prices of pesticides, fertilizer, and other chemicals (+24.9%) in 2021. The latter can be partially explained by the increases in demand for agricultural products.

Total expenses for chemical manufacturing increased 14.4% (+\$7.3 billion) from 2020 to \$58.2 billion. For every dollar earned in total revenue, chemical manufacturers spent \$0.85 in 2021, down from \$0.87 in 2020.

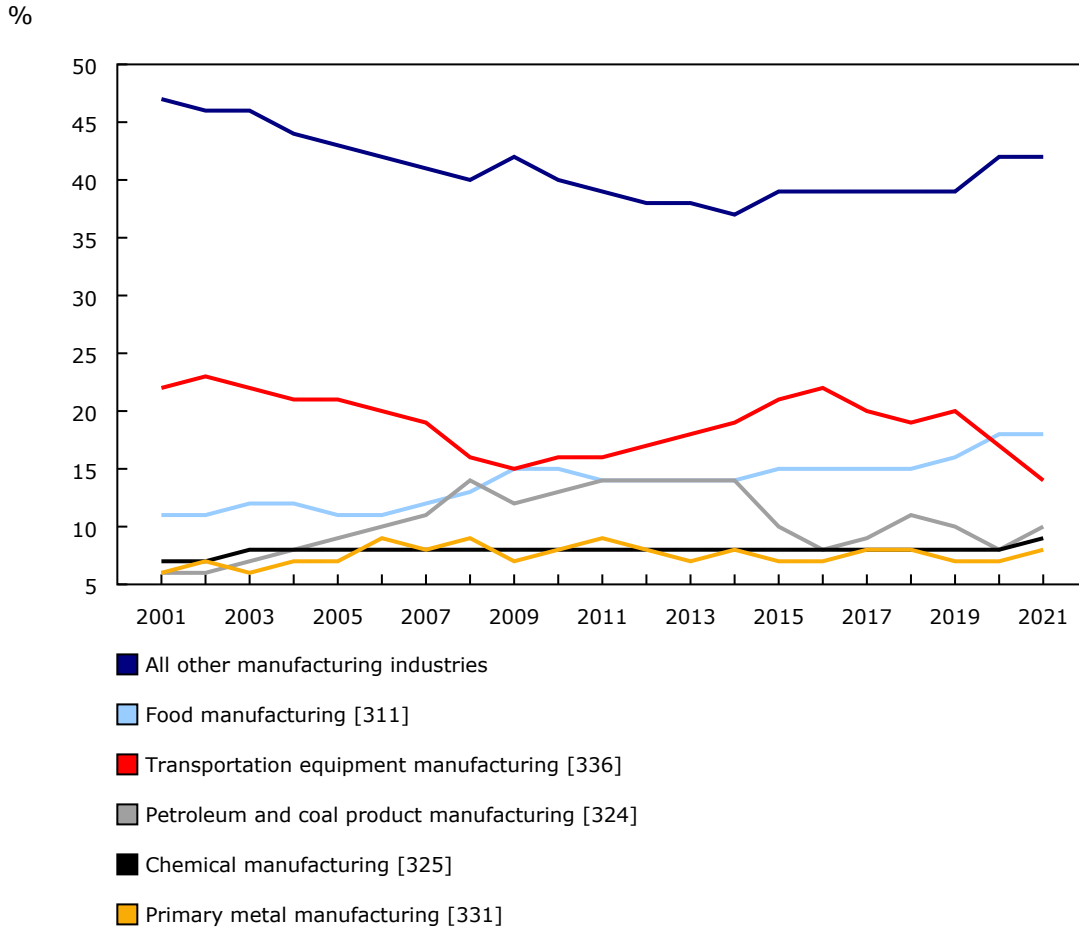
## **Primary metals rebounds after two consecutive years of decreases**

In 2021, primary metal manufacturing experienced large gains in revenue from goods manufactured, increasing \$18.1 billion (+40.6%) to \$62.6 billion. Iron and steel mills and ferro-alloy manufacturing (+\$8.5 billion), non-ferrous metal (except aluminum) production and processing (+\$3.8 billion), as well as alumina and aluminum production and processing (+\$3.6 billion) accounted for 88% of this increase.

This growth reflects the increase in prices in 2021 for iron, steel and aluminum caused by rising demand, higher prices of natural gas and lower production in China. Prices for primary ferrous metal products were up 43.3%, while primary non-ferrous metal products rose 21.8%.

In 2021, total expenses for primary metals increased 28.4% (+\$12.2 billion) to \$55.4 billion. In 2021, primary metal manufacturing paid \$0.85 toward expenses for every dollar earned, less than in 2020 (\$0.93).

**Chart 1**  
**Industry share of revenue from goods manufactured in Canada, 2001 to 2021**



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

## Wood product manufacturing revenue continues to increase

In 2021, revenue from goods manufactured increased by \$17.0 billion (+47.3%) to \$52.9 billion in the wood product manufacturing industry. The increase was led by sawmills and wood preservation (+\$9.6 billion), as well as veneer, plywood and engineered wood product manufacturing (+\$4.9 billion). These two industry groups combined accounted for 86% of this industry's growth.

In 2021, the average prices for softwood lumber increased 60.3%, while the average prices of inputs such as logs, pulpwood and other forestry products went up 25.8%. These price increases were caused by higher demand, as construction activities grew in both Canada and the United States.

Additionally, total softwood production in cubic metres by Canadian sawmills increased by 2.1% in 2021, the first increase since 2017 (table [16-10-0017-01](#)).

Total expenses increased 26.6% (+\$8.6 billion) to \$40.9 billion in 2021. For every dollar earned in total revenue, \$0.74 was spent on expenses in 2021, \$0.12 lower than in 2020 and the lowest expense-to-revenue ratio in almost two decades.

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

	2020 <sup>r</sup>	2021 <sup>p</sup>	2020 <sup>r</sup> to 2021 <sup>p</sup>	2020 <sup>r</sup> to 2021 <sup>p</sup>	2021 <sup>p</sup>
	millions of dollars		change in millions of dollars	% change	% share
<b>Manufacturing</b>	<b>634,761</b>	<b>737,649</b>	<b>102,888</b>	<b>16.2</b>	<b>100</b>
Food manufacturing	115,572	129,847	14,275	12.4	18
Beverage and tobacco product manufacturing	16,751	17,827	1,076	6.4	2
Textile mills	1,744	1,722	-22	-1.3	0
Textile product mills	1,638	1,753	115	7.0	0
Clothing manufacturing	2,353	2,473	120	5.1	0
Leather and allied product manufacturing	303	337	34	11.3	0
Wood product manufacturing	35,909	52,901	16,992	47.3	7
Paper manufacturing	27,099	29,062	1,963	7.2	4
Printing and related support activities	7,678	7,498	-180	-2.3	1
Petroleum and coal product manufacturing	48,432	73,571	25,139	51.9	10
Chemical manufacturing	53,708	64,066	10,358	19.3	9
Plastics and rubber products manufacturing	29,293	34,508	5,215	17.8	5
Non-metallic mineral product manufacturing	16,296	18,589	2,293	14.1	3
Primary metal manufacturing	44,501	62,583	18,082	40.6	8
Fabricated metal product manufacturing	39,026	43,400	4,374	11.2	6
Machinery manufacturing	36,126	40,515	4,389	12.1	5
Computer and electronic product manufacturing	14,379	15,545	1,166	8.1	2
Electrical equipment, appliance and component manufacturing	10,565	11,888	1,323	12.5	2
Transportation equipment manufacturing	108,338	100,168	-8,170	-7.5	14
Furniture and related product manufacturing	11,897	13,317	1,420	11.9	2
Miscellaneous manufacturing	13,152	16,079	2,927	22.3	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**

	2020 <sup>r</sup>	2021 <sup>P</sup>	2020 <sup>r</sup> to 2021 <sup>P</sup>	2020 <sup>r</sup> to 2021 <sup>P</sup>	2021 <sup>P</sup>
	millions of dollars	millions of dollars	change in millions of dollars	% change	% share
<b>Canada</b>	<b>634,761</b>	<b>737,649</b>	<b>102,888</b>	<b>16.2</b>	<b>100</b>
Newfoundland and Labrador	3,598	3,922	324	9.0	1
Prince Edward Island	2,332	2,593	261	11.2	0
Nova Scotia	8,902	10,322	1,420	15.9	1
New Brunswick	15,758	20,887	5,129	32.5	3
Quebec	165,070	192,826	27,756	16.8	26
Ontario	283,151	315,151	32,000	11.3	43
Manitoba	19,395	21,544	2,149	11.1	3
Saskatchewan	15,296	19,241	3,945	25.8	3
Alberta	68,617	88,328	19,711	28.7	12
British Columbia	52,537	62,696	10,159	19.3	8
Yukon	43	54	11	26.6	0
Northwest Territories	x	x	x	x	x
Nunavut	x	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 the 2019 reference year. They were added as a third subindustry 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.

All annual average price changes were calculated using the data from the Industrial Product Price Index, by product, monthly (table [18-10-0266-01](#)), except for logs, pulpwood and other forestry products which used data from the raw Materials Price Index, monthly (table [18-10-0268-01](#)).

Data for 2020 have been revised.

Data are collected for the 12-month fiscal period that ends on or between April 1, 2021, and March 31, 2022. 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 the 2020 reference year, but have extended into the 2021 reference year estimates.

The collection periods for the 2020 and 2021 reference years 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)).