

Food and Beverage Sector Profile

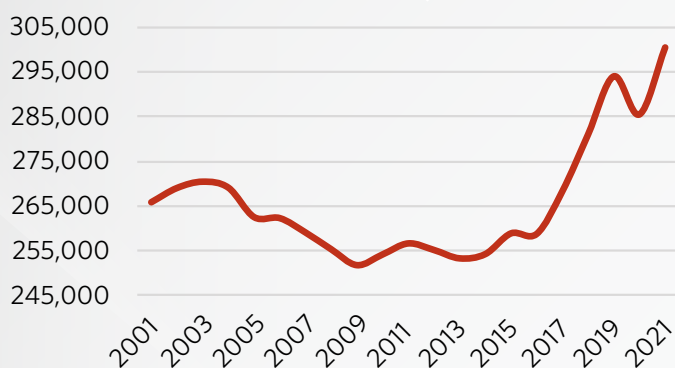
Sector Facts and Figures

Total GDP <i>Share of Canadian GDP</i>	\$34.5 billion 1.75%
Exports	\$47.6 billion
Imports	\$38.3 billion
Foreign Trade Balance <i>5-year change</i>	+\$9.3 billion +907.5%
Total Employment (2021) <i>Change since 2011</i>	300,600 +17.1%
Real wage growth (2011-2019)	-4.6%
Labour Productivity (2019)	\$66.3/hr
Average Work Hours/Week (2019)	36.0
Greenhouse Gas Emissions (2019) <i>Change since 2009</i> <i>Share of Canadian industry total</i>	6,251kt +17.9% 0.99%
Union Coverage Rate	29%
Unifor Members in the Industry	9,900
Share of Total Unifor Membership	3%
Number of Unifor Bargaining Units	87
Average Bargaining Unit Size	114

Current Conditions

In terms of production value, the food and beverage industry is the second largest manufacturing industry in Canada, with total sales reaching nearly \$118 billion in 2019. The industry contributed \$34.5 billion to national gross domestic product (GDP) in 2021, accounting for nearly 2% of total GDP. The food and beverage industry is also the largest employer in Canada's manufacturing sector, providing jobs for more than 300,000 Canadians.

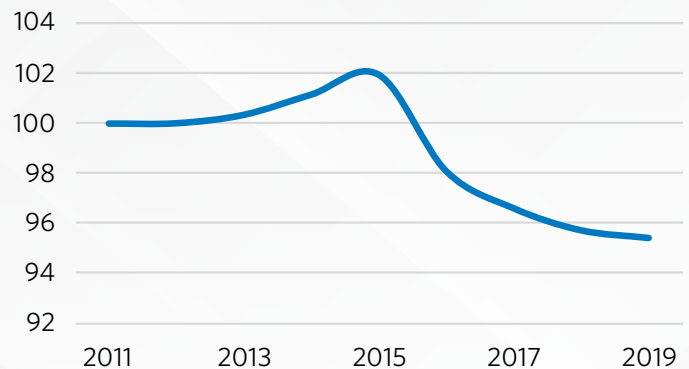
Food and beverage employment, 2001 - 2021



While food processing is vital to the manufacturing sector across all regions, Ontario and Quebec account for the majority of food and beverage production in Canada, combining for 62% of total sales, while British Columbia and Alberta account for 22%, and the remaining provinces, 16%.

Exports of processed foods and beverages hit a record \$47.6 billion in 2021, increasing by 35% since 2017, while imports totalled \$38.3 billion, an increase of 11% over the past 5 years. This meant that exports far outpaced imports, leading to a ninefold increase in the industry's positive trade

Food & beverage: Real wages (2011=100)



balance over the same period of time, reaching +\$9.3 billion last year. Export destinations for Canadian food and beverage products were dominated by four countries: the United States (74%), China (8%), Japan (5%), and Mexico (2.5%), which together accounted for nearly 90% of food and beverage exports.

Although a number of plant closures led to a decline in employment during the 2000s to early 2010s, the industry has since seen a remarkable rebound, with employment surging by more than 40,000 workers since 2016. And while the COVID-19 pandemic led to a sharp employment decline in 2020, this was more than offset by robust jobs growth in 2021, which is expected continue over the next few years. Over the past decade, the number of jobs in the food and beverage industry has grown by 11%. Despite the strong demand for jobs, however, wages in the industry have stagnated and real wages (adjusted for inflation) actually declined from 2015 to 2019. Productivity has also lagged as the industry tends to expand production through labour intensive methods rather than capital investments, although automation is expected to play an increasing role in food and beverage manufacturing.

Unifor in the Food & Beverage Industry

Select Unifor Employers	Approx. # Members
Coca Cola	1,150
Saputo Foods	700
PepsiCo Foods	600
Nestle	550
Parmalat	550

There are nearly 10,000 Unifor members in the food and beverage industry, shared between 87 bargaining units. More than 61% of the industry's Unifor membership is concentrated in Ontario, while 21% are stationed in the Prairies and B.C., with another 11% located in the Atlantic region. The remaining 7% of members work in Quebec.

In total, the five largest Unifor employers in the food and beverage industry account for approximately 36% of Unifor food and beverage members. The top 5 Unifor employers in the industry are Coca Cola, Saputo, PepsiCo, Nestle and Parmalat.

Moving Forward: Developing the Food & Beverage Industry

One of the major challenges to the food and beverage industry in recent years has been a persistently elevated job vacancy rate, which some employers' groups have framed as a chronic labour shortage and which they claim may eventually lead to food shortages and plant closures. The industry has consequently lobbied the federal government to increase limits on the hiring of temporary foreign workers (TFWs), which is currently capped at 10% of the industry's labour force. However, some

economists have noted that the vacancy rates for the food and beverage industry – 6.1% in food manufacturing and 3.9% in beverage and tobacco manufacturing in the fourth quarter of 2021 – are in keeping with a general trend of higher job vacancy rates during the pandemic and, while elevated, are lower than a number of other industries. These observers have also pointed to lagging wage growth and poor working conditions as some of the primary reasons for the industry's failure to attract new workers. Lifting the cap on TFWs would only serve to undermine organized labour's ability to bargain better wages and working conditions for the industry's workers.

The food and beverage industry has also been at the centre of international trade disputes, with Canada's dairy supply management coming under renewed attacks by the United States, which recently filed a second trade complaint under the Canada-United States-Mexico Agreement (CUSMA). New Zealand also initiated a trade dispute over Canada's supply management system in May 2022, claiming that Canada had failed to honour its obligations under the Trans-Pacific Partnership (TPP) agreement. Unifor continues to defend the importance of this system to our food and beverage industry, which ensures fairness for Canadian dairy farmers, processors and consumers.

Major Sector Development Issues

- Food and beverage manufacturing is confronting higher than usual levels of job vacancy rates, although these are consistent with tighter labour market conditions across the economy.
- Industry associations have demanded access to more temporary foreign workers (TFWs) in response to claimed worker shortages, although they have failed to acknowledge declining real wages in the sector and challenging working conditions.
- The food and beverage industry continues to be at the centre of a number of international trade disputes, with Canada's supply management system coming under renewed attacks from our trading partners.
- Increasing automation may affect forecasts of strong jobs growth in the industry over the coming years.