



# Sectoral Profile

## Wood product manufacturing

NAICS 321

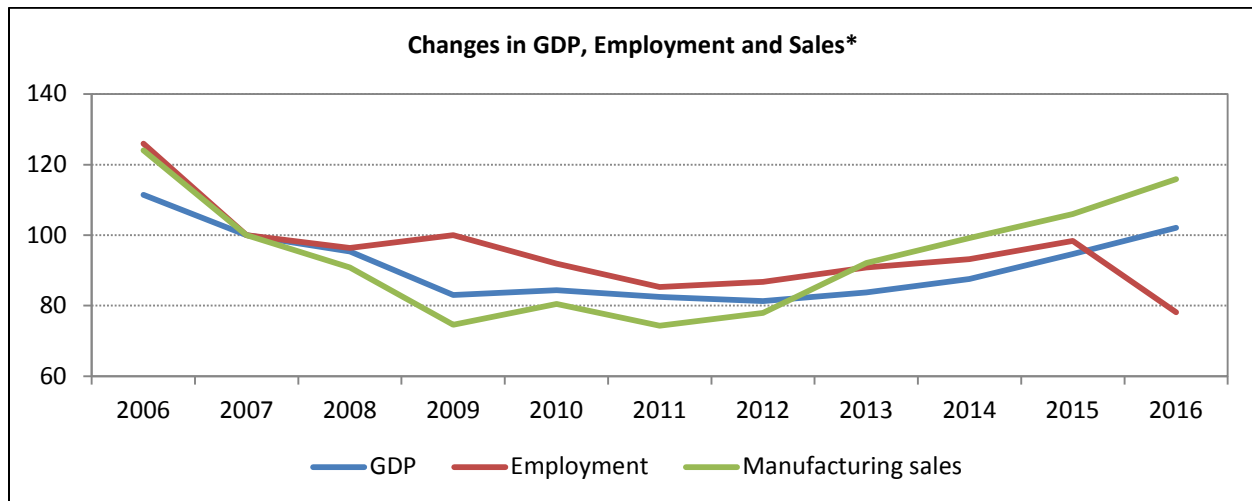
Quebec

2018-2020\*



- A continuous increase in housing starts in the United States, and a lower Canadian dollar, has allowed the sales of Quebec wood products to recover significantly since the recession
- While the imposition of import duties on Canadian lumber by the U.S. in 2017 negatively impacted the short-term outlook, strong U.S. demand and mounting prices helped Quebec's businesses avoid most of the negative impacts, and maintain (if not increase) their over-the-border sales
- However, the negative outlook on employment remains in the industry given non-stop gains in productivity over the last few years, and the declining number of plant over the last two decades

For a number of years, the business environment in wood product manufacturing has not been easy. Yet, in the early 2000s the Canadian dollar was favourable for exports, and the U.S. construction industry needed timber to accelerate the significant growth of housing starts that it was experiencing at the time.



\* Data are expressed as indices with 2007 = 100

Sources: Statistics Canada, GDP – CANSIM 379-0030, Employment – LFS, Sales – CANSIM 304-0015

In 2005, a fourth disagreement in twenty years regarding Canadian softwood lumber exports to the United States took place. Following the many mill closures and layoffs, in Quebec as elsewhere in Canada, an agreement on softwood lumber was signed in October 2006. Shortly after, the real estate bubble burst in the United States, followed by the 2008-2009 recession, and the climb of the Canadian dollar to parity with the U.S. dollar

\* This document is the result of analyses performed using information available as at April 5, 2018.

afterwards. During the same period, the sales of single-family homes fell rapidly in Quebec, replaced by an increasing preference for condominiums (and concrete).

Following the slow recovery of the American economy, the momentum improved and the number of housing starts has returned to growth in earnest since 2012—the outlook becomes positive over the next few years. Moreover, the Canadian dollar depreciated against the American currency. The environment became conducive for exports again. Then, the Canada-U.S. agreement on softwood lumber ended in October 2015. Despite extensive discussions, an extension could not be secured, nor a new agreement reached. In November 2016, a group of American businesses filed a complaint with the U.S. Department of Commerce: they believed the Canadian wood product manufacturing industry was able to secure stocks at a lower price, and thus was not following the rules of a free market. Following an inquest, the American agency responsible for international trade stated that their industry was materially injured by the Canadian imports. In April 2017, it recommended the imposition of countervailing and antidumping duties on Canadian softwood lumber, mainly sawn or chipped lengthwise, sliced or peeled, planed or not, sanded or end-jointed, coniferous, and builders' joinery and carpentry of wood.

This occurred at a time when employment in the wood product manufacturing industry appeared to be on the verge of stabilizing, following a 15-years decline. Although purchases of equipment and capital spending declined significantly over the last ten years, all of it contributed, along with some restructuring of the environment, to enhance production capacity, and to be able to fill orders with fewer establishments.

Because of this fifth Canada-US disagreement over wood products, the short-term prospects for the industry collapsed. But, owing to a growing residential market in Canada and the United States, and strong demand generated by reconstruction needs after the severe meteorological conditions in 2017, a difficult year in the United States on this front, prices rose sharply. As a result, producers have been able to absorb, in whole or in part, or pass on, in whole or in part, the costs of U.S. tariffs.

As long as these conditions remain, including a favorable exchange rate for Canadian exports, the impacts can be contained without affecting profit margins. Nevertheless, a decrease in the workforce is expected over the 2018-2020 period due to continuous productivity gains in the industry.

## Sectoral Dynamics for Regions

Québec 2018-2020	In the Economic Regions	AAGR
Annual average growth: -0.4%  Loss of approx.: 480 positions  Yearly dynamics: 2018: ↘ 2019: ↘ 2020: ↘	Bas-Saint-Laurent	0.7%
	Mauricie	0.1%
	Gaspésie–Les-Îles	0.0%
	Chaudière-Appalaches	-0.2%
	Lanaudière	-0.2%
	Laurentides	-0.3%
	Saguenay–Lac-Saint-Jean	-0.3%
	Capitale-Nationale	-0.4%
	Estrie	-0.4%
	<b>QUÉBEC</b>	-0.4%
	Montréal	-0.5%
	Centre-du-Québec	-0.5%
	Côte-Nord / Nord-du-Québec	-0.7%
	Montréal CMA	-0.7%
Abitibi-Témiscamingue	-0.8%	
Outaouais	-0.9%	

n/a: not applicable

Source: 2018–2020 Sectoral Outlook annual exercise

Labour Market Analysis Directorate, Service Canada – Quebec Region, April 5, 2018.

The following occupations in the wood product manufacturing industry are the most likely to be affected by the expected dynamics of the labour market (according to the occupation by industry matrix):

- 9614 Labourers in wood, pulp and paper processing
- 9431 Sawmill machine operators
- 9533 Other wood products assemblers and inspectors
- 9436 Lumber graders and other wood processing inspectors and graders
- 7452 Material handlers
- 9434 Other wood processing machine operators
- 9215 Supervisors, forest products processing
- 7311 Construction millwrights and industrial mechanics
- 7521 Heavy equipment operators (except crane)
- 0911 Manufacturing managers
- 9437 Woodworking machine operators
- 7271 Carpenters
- 7272 Cabinetmakers
- 9241 Power engineers and power systems operators
- 9532 Furniture and fixture assemblers and inspectors
- 6411 Sales and account representatives - wholesale trade (non-technical)
- 7237 Welders and related machine operators
- 9537 Other products assemblers, finishers and inspectors.

## SIZE AND DISTRIBUTION OF AND CHANGES IN EMPLOYMENT IN THE INDUSTRY IN QUEBEC

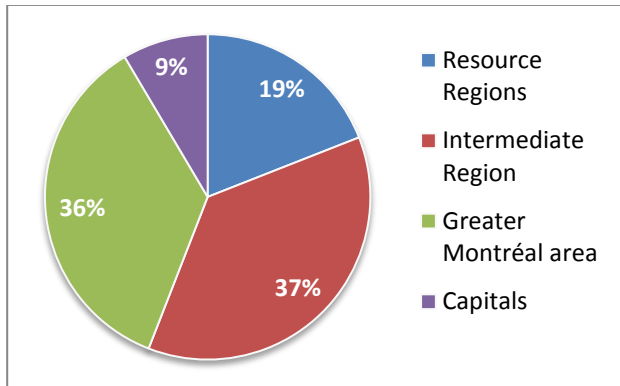
	Employment 2015–2017 Average			10-year Change in Employment	
	Employment In thousands	Provincial distribution	Regional employment share	In thousands	as a %
<b>All of Quebec</b>	<b>44.3</b>	<b>100.0%</b>	<b>1.1%</b>	<b>-19.3</b>	<b>-30.3%</b>
<b>Resource Regions</b>					
Abitibi-Témiscamingue	1.6	3.5%	2.1%	-0.7	-30.9%
Bas-Saint-Laurent	2.5	5.6%	2.9%	-1.9	-43.2%
Côte-Nord / Nord-du-Québec	1.9	4.3%	3.6%	-0.8	-28.8%
Gaspésie-Îles-de-la-Madeleine	x	x	x	x	x
Saguenay-Lac-Saint-Jean	2.6	5.9%	2.1%	-1.1	-30.1%
<b>Intermediate Regions</b>					
Centre-du-Québec	2.1	4.7%	1.7%	-1.8	-46.1%
Chaudière-Appalaches	7.8	17.6%	3.6%	-3.7	-32.4%
Estrie	3.2	7.2%	2.1%	-1.4	-30.7%
Mauricie	3.3	7.4%	2.7%	-0.1	-2.0%
<b>Greater Montréal area</b>					
Lanaudière	2.7	6.1%	1.1%	-0.1	-2.4%
Laurentides	3.4	7.7%	1.1%	-1.0	-22.7%
Laval	x	x	x	x	x
Montérégie	4.8	10.9%	0.6%	-3.5	-42.2%
Montréal	2.6	5.8%	0.3%	-1.9	-42.1%
<b>Capitals</b>					
Capitale-Nationale	2.7	6.1%	0.7%	-0.2	-5.8%
Outaouais	1.6	3.5%	0.8%	-1.1	-42.0%

x: confidential data, fewer than 1,500 people employed in this region

Source: Historical estimates based on Statistics Canada's Labour Force Survey

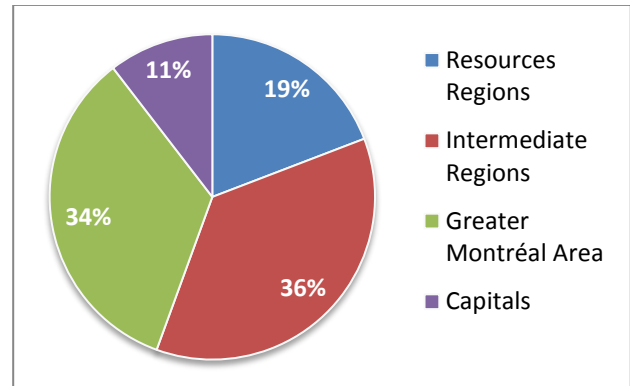
**SOME CHARACTERISTICS OF THE INDUSTRY IN QUÉBEC**

**Establishment distribution by Region**



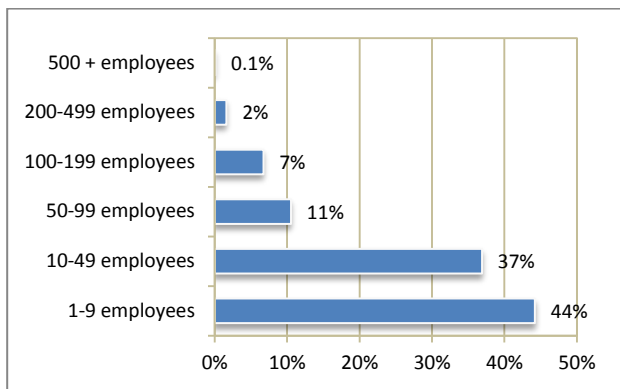
Source: Statistics Canada, Establishment Counts by Economic Region, industry, and Employee Size Ranges, December 2015

**Employment distribution by Region**



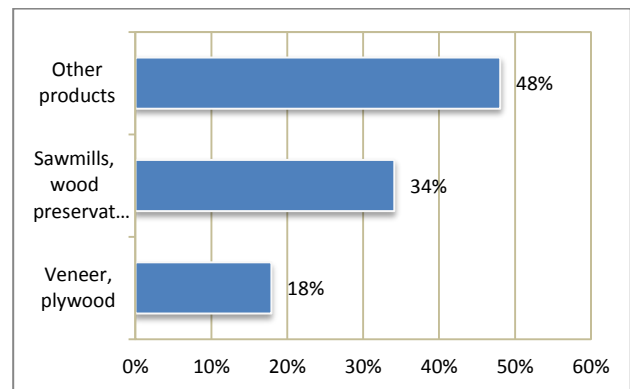
Source: Statistics Canada, Labour Force Survey; based on average employment in 2014-2016

**Size of establishment**



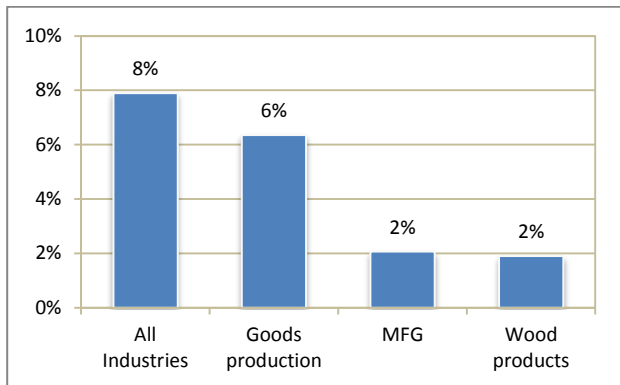
Source: Statistics Canada, Establishment Counts by Economic Region, industry, and Employee Size Ranges, December 2015

**Employment by industry subsectors**



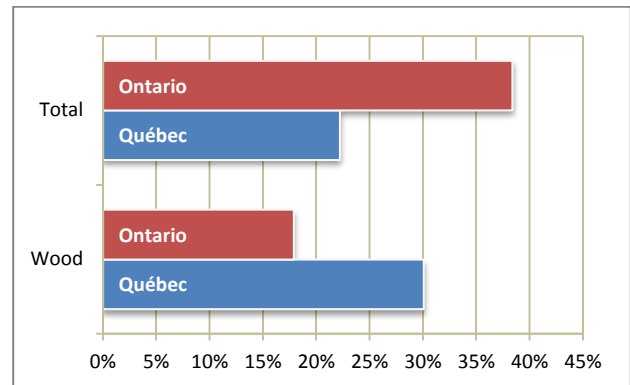
Source: Statistics Canada, Survey of Employment, Payrolls and Hours; based on average employment in 2014-2016

**Self-employed jobs compared to Total employment**



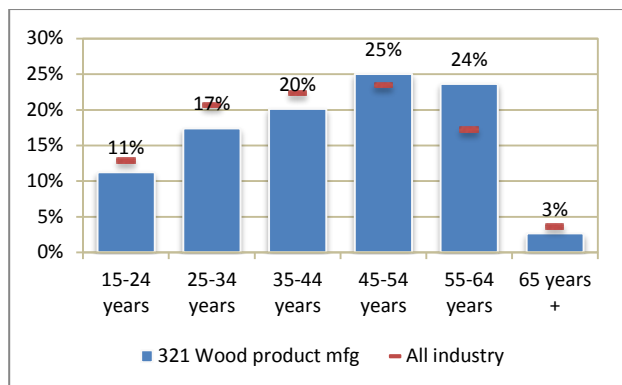
Source: Statistics Canada, CANSIM 383-0031 Labour statistics, based on average employment in 2014-2016

**Share of total employment and industry in Canada**



Source: Statistics Canada, Survey of Employment, Payrolls and Hours; based on average employment in 2014-2016

## Employed Labour Force Aged 15 Years and Over



Source: Statistics Canada, 2016 Census, special tabulation for ESDC

## Employment distribution by skill type

National Occupational Classification	
0. Management	7%
1. Business, finance and administration	8%
2. Natural and applied sciences and related	4%
3. Health	0%
4. Education, law and social, community and government services	0%
5. Art, culture, recreation and sport	0%
6. Sales and service	5%
7. Trades, transport and equipment operators	22%
8. Natural resources, agriculture and related production	2%
9. Manufacturing and utilities	52%

Source: Statistics Canada, 2016 Census, special tabulation for ESDC

## FOR MORE INFORMATION

- Job Bank (Canada) – [Job Market Trends and News](#): Information on job, skills and local labour market trends is important for making career decisions. In addition, information on wages, labour supply, labour demand and other factors helps employers recruit, train and retain workers and make business and investment decisions.
- North American Industry Classification System (NAICS) Canada 2012: Wood product manufacturing [NAICS 321](#)

**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.

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**For further information,** please contact the LMI team at:

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