Sectoral Profile

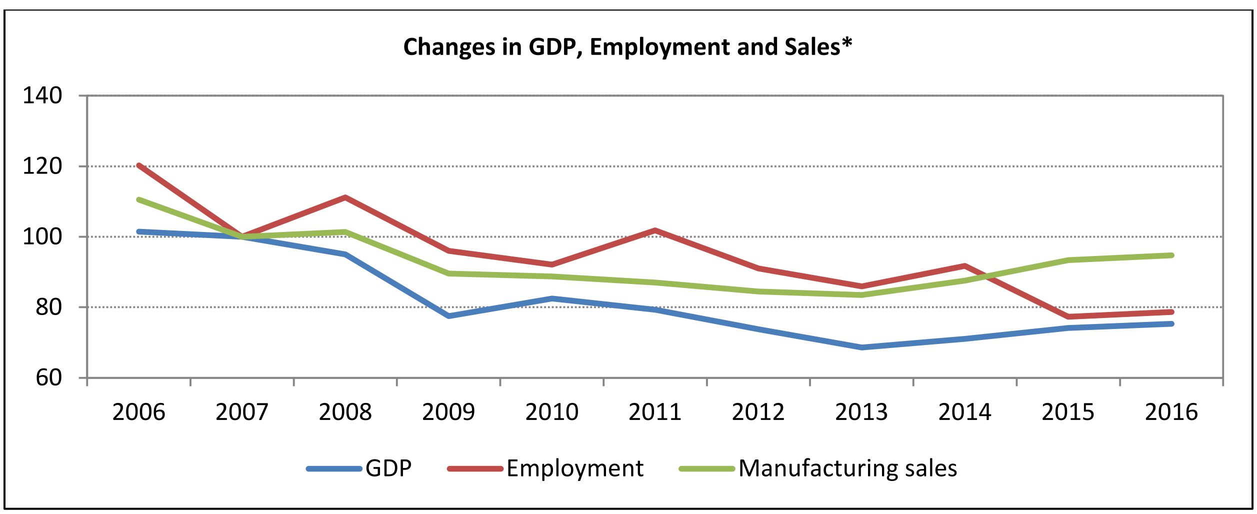
Paper manufacturing
NAICS 322

Quebec

2018-2020*

- The paper manufacturing and print industries face the same challenges: a decline in printing and the domination of electronic media as a source of information and entertainment
- There has been a steady decrease in demand and employment since the 1990s
- Duties imposed by the United States on Canadian supercalendared paper in 2016, and then on newsprint and printing paper in 2017, weighs negatively on the outlook for the industry

With the steady decrease in demand for printing paper, employment in the industry has followed a downtrend since the beginning of the 1990s. The competition from electronic platforms is so fierce that print media are losing ground in the fields of information, entertainment and advertising. Digital media are attracting more and more advertisers. These profits are taken away from print publishers. As a result, they choose to end the Sunday or Monday papers, they discontinue some publications, merge others, and accelerate the development of electronic platforms.



* Data are expressed as indices with 2007 = 100

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

Although print remains the choice of older readers, these are increasingly reading it on the Web: 54% of persons aged 70 and over in Canada in 2016 said they were still reading their newspaper in print; among youth

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

between the ages of 21 and 34, this proportion was 27%. The digital transition is progressing quickly and traditional market outlets for paper products are no longer generating growth for the industry.

Over the past few years, the industry has made significant investments in order to develop new products and markets. Developments are made to better tailor products to clients' demand. Most of the investments were used to acquire machinery and equipment, but they also targeted enhanced productivity, and thus had no positive impact on employment.

Two thirds of the shipments from Quebec manufacturers are exported. Despite broadening countries of destinations over the past ten years–that include, amongst others, China, India and Brazil–, the United States still account for three quarters of the value of exports. The main exports come from pulp, paper and paperboard mills, although converted paper product products increased sharply in external shipments.

The decline of the demand for paper, followed by the 2008−2009 recession and sliding newsprint prices, resulted in significant financial losses for businesses, forcing them to streamline their production. Mills with international production now focused only on a handful of specific products, other were restructured to better serve proximity markets. Less productive mills were replaced by newer, better equipped, more productive and more lucrative units, leading to many layoffs.

The big daily newspapers are investing large sums of money in digital platforms and content: *La Presse* newspaper, which serves the Greater Montréal region, is now published only in digital form since the beginning of 2018. The number of regional weekly newspapers declined significantly in Quebec over the past few years. Advertising is moving toward digital platforms and is adapting to consumers interests and tastes. Finally, the number of e-book readers continues to grow and printed directories are becoming a thing of the past.

Faced with the decline of their traditional production, and to ensure their sustainability, some manufacturers turned to growing and new markets: packaging paper for food products and construction, lighter and stronger cardboard for package delivery, etc. Specialty cellulose, which is more refined, is used in many industries, such as cosmetics, pharmaceuticals, personal care, food, coatings, electronics and energy. It is used as a texturizing, thickening and bonding agent.

In spite of it all, consolidation will go on in the industry and more layoffs are expected. In some Regions, large companies report losses of competitiveness due to the high cost of fiber and challenging supply lines. Because of his situation, the demand for their products fluctuates and they must regularly carry out temporary closures and layoffs. Consequently, employment decline is expected to continue in Quebec for this industry.

Three out of 17 regions in Quebec show a positive outlook over the next three years because production is linked to growing markets (processed paper products, less affected by the economic situation).

Sectoral Dynamics for Regions

Québec 2018-2020	In the Economic Regions	AAGR
	Chaudière-Appalaches	0.5%
Annual average growth:	Centre-du-Québec	0.3%
-2.2%	Lanaudière	0.1%
	Bas-Saint-Laurent	0.0%
Loss of approx.:	Gaspésie–Les-Îles	0.0%
1,280 positions	Capitale-Nationale	-0.2%
	Laurentides	-1.0%
Yearly dynamics:	Abitibi-Témiscamingue	-1.2%
2018: ↘	Estrie	-1.5%
2019: ↘	Montérégie	-2.0%
2020: ↘	**QUÉBEC**	-2.2%
	Mauricie	-2.5%
	Outaouais	-2.5%
	Montréal CMA	-2.7%
	Saguenay–Lac-Saint-Jean	-3.0%
	Côte-Nord / Nord-du-Québec	-3.5%

n/a: not applicable
Source: *2018–2020Sectoral Outlook* annual exercise
Labour Market Analysis Directorate, Service Canada – Quebec Region, April 5, 2018.

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

- 9435 Paper converting machine operators
- 9614 Labourers in wood, pulp and paper processing
- 7311 Construction millwrights and industrial mechanics
- 9235 Pulping, papermaking and coating control operators
- 9215 Supervisors, forest products processing
- 7452 Material handlers
- 9432 Pulp mill machine operators
- 9433 Papermaking and finishing machine operators
- 9619 Other labourers in processing, manufacturing and utilities
- 9241 Power engineers and power systems operators
- 0911 Manufacturing managers
- 1521 Shippers and receivers
- 7381 Printing press operators
- 2233 Industrial engineering and manufacturing technologists and technicians
- 2241 Electrical and electronics engineering technologists and technicians
- 7521 Heavy equipment operators (except crane)
- 7242 Industrial electricians
- 7231 Machinists and machining and tooling inspectors
- 6411 Sales and account representatives - wholesale trade (non-technical)
- 2132 Mechanical engineers

- 9471 Plateless printing equipment operators
- 6552 Other customer and information services representatives.

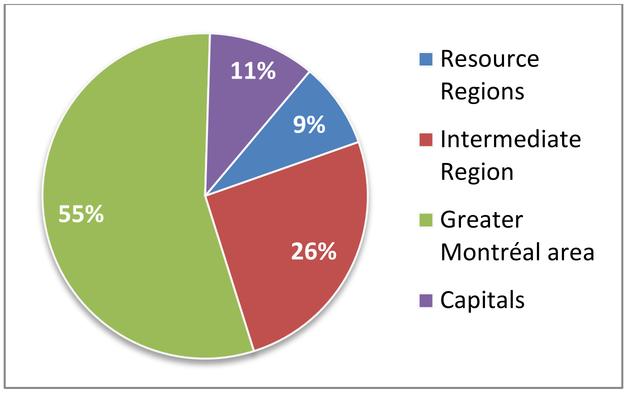
SIZE AND DISTRIBUTION OF AND CHANGES IN EMPLOYMENT IN THE INDUSTRY IN QUEBEC

	Employment 2015–2017 Average			**10-year Change in Employment**	
	Employment In thousands	**Provincial distribution**	**Regional employment share**	In thousands	as a %
All of Quebec	**21.1**	**100.0%**	**0.5%**	**-12.4**	**-37.0%**
Resource Regions					
Abitibi-Témiscamingue	1.7	8.1%	2.3%	-0.2	-10.5%
Bas-Saint-Laurent	x	x	x	x	x
Côte-Nord / Nord-du-Québec	x	x	x	x	x
Gaspésie–Îles-de-la-Madeleine	x	x	x	x	x
Saguenay–Lac-Saint-Jean	x	x	x	x	x
Intermediate Regions					
Centre-du-Québec	2.1	9.8%	1.7%	-1.3	-39.2%
Chaudière-Appalaches	x	x	x	x	x
Estrie	1.6	7.7%	1.1%	-1.0	-37.2%
Mauricie	1.7	8.1%	1.4%	-2.0	-54.1%
Greater Montréal area					
Lanaudière	1.5	7.1%	0.6%	-0.7	-30.8%
Laurentides	x	x	x	x	x
Laval	x	x	x	x	x
Montérégie	3.3	15.6%	0.4%	-0.4	-11.6%
Montréal	2.2	10.4%	0.2%	-2.0	-48.0%
Capitals					
Capitale-Nationale	x	x	x	x	x
Outaouais	1.9	9.0%	1.0%	-0.4	-17.4%

x: confidential data, fewer than 1,500 people employed in this region
Source: Historical estimates based on Statistics Canada’s Labour Force Survey

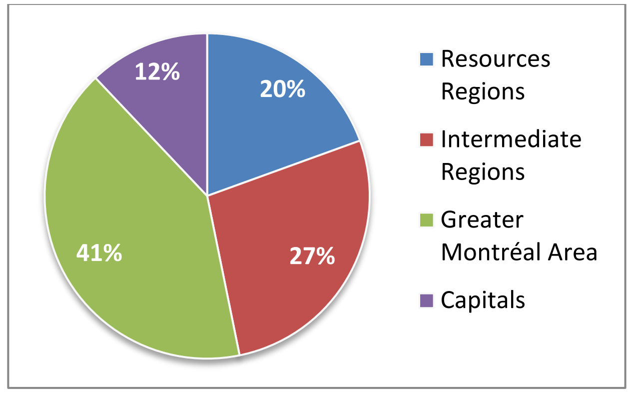
SOME CHARACTERISTICS OF THE INDUSTRY IN QUÉBEC

Establishment distribution by Region



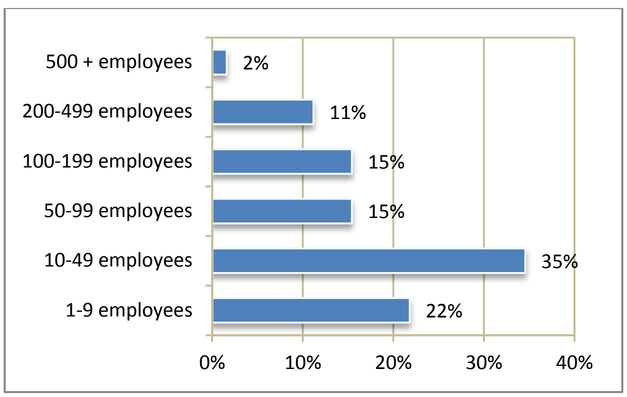
Source: Statistics Canada, Establishment Counts by Economic Region, industry, and Employee Size Ranges, December 2015

Employment distribution by Region



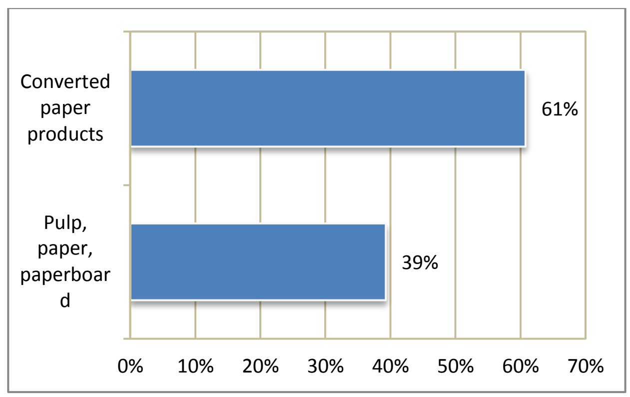
Source: Statistics Canada, Labour Force Survey; based on average employment in 2014-2016

Size of establishment



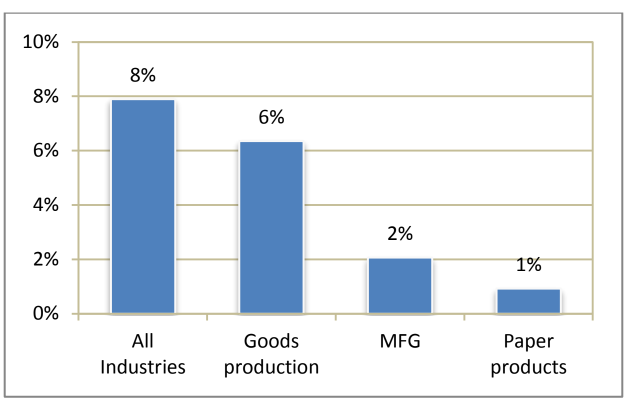
Source: Statistics Canada, Establishment Counts by Economic Region, industry, and Employee Size Ranges, December 2015

Employment by industry subsectors



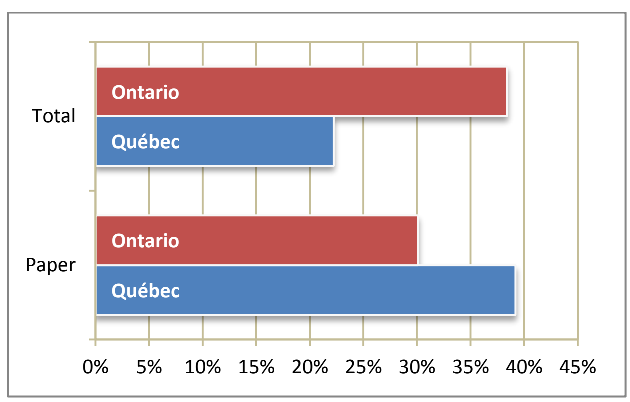
Source: Statistics Canada, Survey of Employment, Payrolls and Hours; based on average employment in 2014-2016

Self-employed jobs compared to Total employment



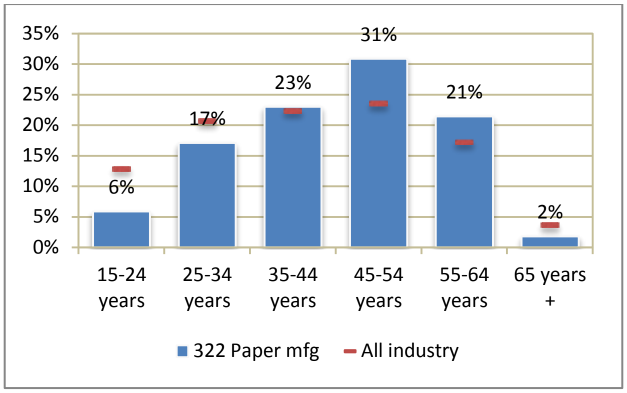
Source: Statistics Canada, CANSIM 383-0031 Labour statistics, based on average employment in 2014-2016

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	8%
1. Business, finance and administration	12%
2. Natural and applied sciences and related	9%
3. Health	0%
4. Education, law and social, community and government services	1%
5. Art, culture, recreation and sport	0%
6. Sales and service	4%
7. Trades, transport and equipment operators	22%
8. Natural resources, agriculture and related production	0%
9. Manufacturing and utilities	43%

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:
  Paper manufacturing NAICS 322

***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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