Sectoral Profile

Food, Beverage and Tobacco Product Manufacturing

Ontario

2017-2019

Sectoral Profiles provide an overview of recent labour market developments and outlooks for some of the key industries in various regions of the country

FOOD, BEVERAGE AND TOBACCO PROCESSING REMAINS A KEY INGREDIENT OF ONTARIO'S MANUFACTURING HEARTLAND

- Food, beverage and tobacco processing is one of the largest areas of manufacturing in many regions of Ontario with deep roots in rural communities
- Manufacturing sales in this industry have grown steadily over the last several years in the province
- Although the industry is rather competitive, producers may find opportunities as consumers push for locally-sourced food
- The sector will be particularly vulnerable to changes in NAFTA but may benefit from new trade deals
- Labour market conditions should remain positive in the food, beverage and tobacco product manufacturing industry over the 2017 to 2019 period

Ontario is the top food-processing region in Canada and the third largest in North America. It is home to many of the country's biggest producers in food and beverage along with numerous homegrown establishments. In 2016, Ontario employed about 36.5% of Canada's workforce in food, beverage and tobacco product manufacturing (FBT).[1] The vast majority of Ontarians in this industry work in food processing with a smaller number in beverage and tobacco production. The food processing industry is broken down into nine categories based on the type of goods produced. Bakeries and tortilla manufacturing, and meat product manufacturing employ nearly half of the labour force in the province.[2] Meanwhile, seafood product manufacturing, animal food processing, grain and oilseed milling, and sugar and confectionary products have the fewest number of employees.

The FBT processing industry is a vital part of the provincial manufacturing base, especially in southern Ontario. It is the second largest employer across the manufacturing industry after motor vehicle, body, trailer and parts production. In addition to food manufacturing clusters in some of the core urban centres, FBT processing has a significant footprint in rural regions. Growth in this industry has a ripple effect in the economy because it supports activities across multiple industries such as transportation, packaging, retail and food services, and food science. However, one of the strongest ties is with Ontario's farmers as the FBT product manufacturing industry buys nearly two-thirds of all locally grown produce.[3]

Outlook: Employment should remain positive in the food, beverage and tobacco processing industry

Over the 2017 to 2019 period, the FBT product manufacturing industry should experience moderate job growth in Ontario. Despite some high-profile closures in recent years, the industry has received several investments to open, expand or upgrade processing facilities. There are also new avenues for food manufacturers to fill niche markets and satisfy consumer preferences for local and sustainable food.

Labour market conditions in food, beverage and tobacco production continue to stand out

Employment in FBT processing has been a bright spot for the manufacturing industry in Ontario.[4] While employment in the total manufacturing industry took a sharp fall in the province over the last decade, FBT processing was relatively steady. However, employment in the sector has seen a dip since 2013 owing largely to decline in employment in food manufacturing. Employment in beverage and tobacco manufacturing, on the other hand, has increased each year since 2011.

Key occupations in the FBT product manufacturing industry

The FBT product manufacturing industry supports thousands of jobs across Ontario in various fields. Some of the key occupations in the industry are:

- Supervisors in food, beverage and tobacco processing (NOC 9213)
- Process control and machine operators in food and beverage processing (NOC 9461)
- Industrial butchers and meat cutters, poultry preparers and related workers (NOC 9462)
- Testers and graders in food and beverage processing (NOC 9465)
- Labourers in food, beverage and tobacco processing (NOC 9617)

FBT manufacturers seek new skill sets as automation and sector crossover increases

As FBT product manufacturing continues to shift, there has been some concern about matching job seekers with the right skill set for the industry.[5,6] Many FBT employers have indicated that there is not enough supply of qualified candidates owing to an ageing workforce, competition from more attractive industries, changing immigration policies, and changes in technology and health and safety legislation requiring higher skilled labour.[7]

To keep up-to-date and remain competitive, firms are increasingly investing in automation.[8] While this may affect job growth,[9] it is also changing the skill set that these workers may need in this field.[10,11,12] As equipment continues to be computerized in the industry, workers may need to increase their digital technology skills such as those used for automated equipment like programmable logic controller (PLC), manufacturing software like Daily Manufacturing Systems (DMS), and business management software like Enterprise Resource Planning (ERP) application. Job seekers with experience in robotics, computer-controlled equipment and manufacturing software may fare better in the labour market. In addition, those with post-secondary courses in agriculture, food science and culinary arts may have an edge. Food safety is a top priority for many manufacturers so some positions in the industry may require knowledge of safety protocols such as the Hazard Analysis Critical Control Point (HACCP) principles. As the lines between food manufacturing, retail, and e-commerce continue to blur, employees may be required to have a cache of skills in these different areas that would allow them to move seamlessly between different operations.[13]

To help support employers and workers there are specialized training institutions in Ontario. The Institute of Food Processing Technology (IFPT) at Conestoga College provides up-to-date training in food manufacturing and targets new entrants and students into this field. Meanwhile, the NSF-GFTC in Guelph offers services to food and beverage manufacturers on food safety, quality control and advanced technologies to increase efficiency. Also, the province is offering the Specialist High Skills Major (SHSM)- Food Processing which is a program enabling high school students to gain sector-focused knowledge and skills to support future endeavours related to food processing.[14]

Food and beverage sales should stay healthy to meet consumer needs

Manufacturing sales for food, beverage and tobacco products increased by 5.2% in Ontario in 2017. Food, beverage and tobacco product sales have increased for four consecutive years in the province and will likely post another gain in 2018. Much of this stems from a steady rise in the purchase of food products.

Though most of the food, beverage and tobacco products made in the province go to the domestic market, manufacturers are seeing opportunities outside of the country. Over the last few years, exports have accounted for a higher share of total industry sales. Most of these goods are shipped to the United States so local producers should continue to benefit from stronger economic activity south of the border as well as the lower Canadian dollar.

The Canadian FBT processing industry has a reputation for high quality and safety standards in the world marketplace. This has helped create greater recognition from global buyers and open the doors for provincial producers to supply regions outside of Canada and the United States. In particular, China is becoming a key destination for Ontario's FBT product manufacturing industry as the middle-class population increases and consumers seek out new options.[15]

Changes to the FBT processing landscape because of competition, costs, and consolidations

The FBT product manufacturing industry remains quite competitive. Shifts in consumer preferences, foreign competition, and pressure from buyers to keep prices down are some of the big challenges that confront local producers. Food and beverage manufacturers face more demand from customers to provide product information, and use environmentally responsible practices. At the same time, several companies are experiencing weaker profit margins. Greater retail competition is weighing down on consumer prices and placing strain on FBT product manufacturers to meet these needs. External factors such as higher input costs are further cutting into profits. Agricultural products are the main input for the industry and prices for farmed goods have been steadily going up.

To stay competitive some of the larger players in the industry have consolidated and merged, reducing the number of food and beverage manufacturers in Ontario. Some companies have closed older, less efficient plants and moved operations to newer facilities. In fact, one of the most common reasons for plant closures is that the site is no longer competitive to run.[16,17,18] Closures have been more common among large, multinational companies compared to smaller producers and homegrown establishments. These smaller companies are actually more likely to invest and open facilities, which often use advanced technologies and result in lower production costs. However, it is worth noting that several larger producers are upgrading or expanding their operations to better serve demand for new and old products.[19,20,21,22]

Overall the sector is shifting from larger firms to a greater number of smaller firms. This can be attributed to a number of factors including increased demand for locally grown/ processed products, craft and artisanal products, diversity of cultural foods, and sustainable products;[23] increasing government and private sector support for small and medium firms;[24,25,26,27] as well as the ability of small and medium firms to be more flexible and in keeping with new trends and consumer concerns.[28] The sector could also change significantly in the coming years as manufacturing becomes increasingly connected to direct marketing, retail, and e-commerce. Recent efforts by the provincial government to support small cider and spirits manufacturers by permitting them to have a bar or restaurant at each of their licensed manufacturing sites is a major step towards bolstering this manufacturing-direct retail connection.[29] These changes are creating new avenues for employment in the FBT sector.

The sector may continue to face challenges as the food manufacturing sector grapples with competitive pressures particularly related to the United States (U.S.). A somewhat nascent trend of onshoring in manufacturing, where US firms (e.g. Campbells and General Mills) are moving manufacturing operations back to the U.S., may contribute to changes in the sector. This trend may be further enhanced by changes in US trade policies that are incentivizing onshoring as well as other ostensible competitive advantages such as lower corporate tax rates, lower electricity costs, and a more favourable regulatory climate. This could also create greater competition for Canadian producers in the U.S. market as a result of several companies moving back to the U.S. and supplying the domestic market. It may be worth noting that such onshoring may also be occurring in Canada and may create employment growth in the long-term.[30]

Changing consumer tastes create new opportunities for FBT processors

The FBT product manufacturing industry has new avenues within its reach as consumer tastes shift and global markets continue to open up. The biggest opportunity may be the move to buy locally grown and processed food which is keeping with changing demographics where younger consumers are increasingly concerned about environmentally friendly and healthy food options and better information about production processes and food content.[31] The increasing demand for locally grown and processed foods is also driving the demand for artisanal foods and beverages, which can meet these consumer concerns. For instance, the high demand for craft and artisanal beverages can be linked to not only offerings of healthier alternatives but also the ability to have an interactive relationship with producers and better access to nutritional and product content.[32] This should benefit Ontario’s producers as consumers opt to purchase these goods instead.

A major trend in changing consumer tastes is a shift towards healthier and fresher foods. The impact of these shifting tastes has been felt most significantly by the fruit and vegetable preserving and speciality food manufacturing segment which has experienced a somewhat steady decline in sales and employment over the last few years. Indeed, the recent closure of Campbell Soup Company’s Etobicoke plant as well as the fall in its stocks in August 2017 were attributed to declining sales and revenues as more people choose fresher foods over canned soups and bottled juices. Changes in consumer preference may be further boosted by Health Canada’s new Healthy Eating Strategy which encourages limiting of processed foods that are high in sugars, sodium and fat as well as upcoming restrictions on commercial marketing of unhealthy foods to children.[33] However, efforts of frozen food companies to expand to frozen vegetables and fruits are further bolstering the segment as customers can now access a more convenient, cost-effective substitute for fresh produce.

Alternative proteins have become an important new avenue for growth for the FBT sector as more consumers faced with environmental and health concerns, reduce their meat intake; actively incorporate plant-based foods into their diets; and/or move towards vegetarian and/ or vegan diets. In addition to individual choice, there is a wider emphasis on increasing the intake of plant-based foods.[34,35,36] Many larger firms, notably Loblaws, Maple Leaf Foods and Saputo, have acknowledged this shift and are making efforts to acquire a share of this growing market.[37,38,39] Additionally, speciality products such as organic, gluten-free, and non- GMO foods are also gaining ground as a growing market for the FBT sector[40,41,42] and producers are making significant efforts to meet this demand.[43] Functional foods and beverages are also showing promise as a segment for growth owing to increasing consumer interest, aging population, rising costs of health care, and greater understanding of food-health relationships.[44]

Strength may also lie in the ethnic and fusion food market because of the province's diverse population and increasing numbers of newcomers. Local manufacturers are benefitting from a growing demand for ethnic and specialty meats, vegetables, and spices that cater to the consumer tastes of diverse communities, specific dietary preferences, and/or religious needs.[45,46,47,48,49,50] Combined with the provincial government's efforts to support locally grown and produced ethnic foods, this burgeoning segment of the industry should continue to flourish and create employment.[51] Prepared or ready-to-eat meals are forming a more significant part of Canadians' eating habits and grocery bills as consumers seek convenience and affordability.[52,53,54] Meat producers have also noted a growing demand for meat products that are either fully prepared or ready-to-eat. [55] These trends should create new opportunities for investments and employment gains for the sector.

Ontario may also be able to capitalize on consumer tastes in foreign markets. Ontario's increasing foray into growing and processing ethnic/world foods is creating a significant area for growth as consumers in current and emerging markets are increasingly showing interest in Canadian products.[56] Additionally, while domestic consumer tastes are moving away from meats and heavily processed foods and beverages, consumers in foreign markets are incorporating more of these products into their diets, further enhancing opportunities for growth for the FBT sector.[57,58,59,60] Foreign markets for functional foods are also expanding, especially child-specific functional foods, providing another avenue for FBT growth.[61]

Joint ventures create high expectations for marijuana in FBT sector

The legalization of recreational marijuana in Ontario, including the legalization of cannabinoid- infused foods and beverages, over the forecast period is expected to create an additional avenue for growth and investment for the FBT sector.[62] The beverage subsector is forecasted to create a significant splash with investments by major beverage companies in not only marijuana infused alcoholic beverages like beers and wines[63] but also infused health and wellness-based beverages like juices, shakes, and iced teas.[64] The foray into wellness- based beverages may blur the line between medical and recreational marijuana use and potentially create new areas for growth for the FBT sector in pharmaceutical related ventures.[65] Additionally, beverages derived directly from marijuana, rather than just infused with it, are also providing new areas for expansion of the beverage subsector.[66,67] The food sector could also experience a boost from a growing market for marijuana-infused edibles[68] as well as significant investments.[69] The bakeries and sugar and confectionary product segments of the sector may be particularly affected as marijuana-infused chocolate, candy, cookies and other baked goods tend to mark the first incursion into marijuana-based edibles.[70]

The recent rescission of the Cole Memorandum, a federal policy of non-interference in US states where marijuana is legal,[71] could have varying effects on the Canadian marijuana industry. On one hand, Canadian companies may lose access to the U.S. market. Companies with operations south of the border may find it necessary to withdraw from the U.S. as they could be seen to be in violation of TSX listing requirements[72] as well as U.S. federal law that classifies marijuana as an illegal schedule 1 drug.[73] On the other hand, this decision could be a boon as it would suppress the emergence of any large U.S. marijuana companies that could challenge the global expansion of Canadian firms.[74] Also, the decision could potentially drive more U.S. investment[75,76,77] and tourism[78] north of the border further supporting growth and employment for the industry. The emergence of the marijuana industry is creating new jobs and laying the foundation for new occupations. Employers in the industry have indicated a growing need for workers with industry specific knowledge and several colleges and universities are providing training for careers in the industry.[79,80]

Automation, robotics, and nanotechnology changing the face of FBT manufacturing

The demand for automation and robotics is expected to grow in the FBT sector as companies operate in a highly competitive global landscape and face decreasing availability of low cost labour; increasing demand for hygiene; growing legislations on health, safety, and security of employees; rising commodity costs; increasing demand for high quality convenient food and consistent product quality; and growing requirements for product traceability.[81,82] Indeed, the Ontario supercluster initiative is supporting this push for advanced manufacturing in food processing by funding the sector to develop innovative products, optimize production processes, increase access to global markets, supply chains, trends and technologies, and meet the need for highly skilled and engaged workers.[83,84]

While larger companies tend to have various levels of automation in their plants, small and medium size companies are not far behind. These companies are increasingly investing in automation as they face similar competitive pressures as large companies requiring them to increase productivity, reduce costs, and improve quality.[85] Levels of automation may also differ by subsector. The meat, fish, and seafood processing subsectors face relative more barriers to the availability and adoption of technology, automation, and robotics that can adopt to the seasonality of the food and harsh processing environment. Interestingly, these subsectors have relatively greater challenges in attracting and retaining labour, and would benefit significantly from higher levels of automation to address labour scarcity.[86]

Nanotechnology has been gaining ground in the sector in recent years in two major areas, namely, food additives (nano inside) and food packaging (nano outside).[87] In terms of food additives, nanotechonology has been found to have various applications including improving flavour, colour, texture, and consistency; increasing solubility of ingredients; reducing sugar or other ingredients in a formulation; replacing meat's cholesterol content; removing chemicals and pathogens from food; etc. Additionally, nanotechnology has multiple applications in food packaging including improved packaging, active packaging, and intelligent/ smart packaging. Such innovation could potentially contribute to growth in the industry by increasing shelf life allowing food to travel further and be available for sale longer, ensuring long-term food safety which could reduce recalls, improve and maintain taste; and reduce packaging waste.[88,89,90,91] Growing uses of nanotechnology could affect skills needed for employment in the sector in the long term.

The increasing adoption of technology like automation and robotics could act as a double-edged sword for the sector. On one hand, the automation and robotics could affect job growth in the sector.[92] However, the lag in automation and outdated facilities may also affect job growth as bigger manufacturers, like Dr. Oetkers and Campbells, close aging facilities and consolidate operations to plants that can comply with modern-day standards of food safety and product development.[93] Additionally, there is some indication that while automation and robotics may affect lower skilled jobs, they may create new higher skilled jobs and change the employment skills needs in the sector. [94]

Beefing up trade: CETA and CPTPP open new markets while NAFTA packs a punch

In 2017, Ontario exported over $10 billion worth of food, beverage, and tobacco products, an increase of about 3.1% from 2016.[95] International trade is extremely valuable for the FBT sector as the domestic industry is saturated and future growth opportunities will depend on increasing access to international markets.[96] Compared to other sectors, the FBT sector has been a stable and predictable contributor to FDI[97] and this share could be boosted through new trade agreements. Stronger FDI will contribute to healthier productivity growth, increased competitiveness and improved product quality. [98]

The United States is Ontario's main export market for this sector with close to 90% of its exports going to the U.S. in 2017.[99] The ongoing renegotiations of NAFTA are expected to create some uncertainty over the forecast period particularly for the dairy and meat related subsectors. The meat subsector could potentially be affected by the return of "country of origin" labelling protocol, which was abolished by the World Trade Organization in 2015.[100] Re-implementation of this policy could block the entry of Canadian meats into the American markets and create a substantial cost burden to the meat industry by increasing the price of imports.[101,102] The dairy and poultry subsectors could be affected by U.S. efforts to end Canada's supply-management system which currently limits imports on milk, cheese and poultry, and sets minimum prices.[103] The U.S. is also looking to end the Class 7 program which allows Canadian producers to sell specific cheese-making proteins at lower prices, which U.S. perceives to be affecting the import of their excess supply.[104] Overall, the disruption of NAFTA could significantly hurt the competitiveness of Canadian producers as it would not only affect trade with the sector's main export market but also affect manufacturers that are dependent on U.S. inputs in their supply chains.[105]

The U.S. passed the Tax Cuts and Jobs Act (TCJA) in December 2017 which has reduced the U.S. statutory corporate tax rate from 35% to 21% and slashed U.S. marginal effective tax rate (METR) on investment from 28.4% to 18.8% compared to Canada's 20.3%. These changes are expected to significantly raise the competitive edge of the U.S. in relation to Canada. The TCJA, compounded with the strengthening Canadian dollar and the potential scrapping of NAFTA, could result in a longer term bleed in capital flows to the U.S. and difficulty in attracting and retaining investment in Canada.[106] Major multinationals in the sector may relocate to the US to take advantage of more favourable regulatory, tax, and trade policies offered by the Trump administration.[107,108] These conditions could impact employment over the long run.

In 2017, the European Union (EU) accounted for about 1.7% of exports from Ontario's FBT manufacturing sector.[109] EU tariffs on several food products were eliminated immediately upon CETA's entry into force on September 21 2017. CETA will provide FBT goods with access to the EU market through the elimination/reduction of some or all tariffs on Canadian exports of processed meats, pet food, frozen and processed fruits and vegetables, processed grains and pulses, baked goods etc.[110] CETA will not affect Canada's supply management system and supply managed products like dairy, egg, and poultry will remain exempt from increases in market access.[111] In addition to increasing sales and employment, the preferential duty-free access to EU markets afforded by CETA could boost Foreign Direct Investment, and potentially increase the establishment of Ontario operations from countries like US, China, India, and Japan.[112,113]

On January 1, 2015, the Canada-Korea Free Trade Agreement (CKFTA) entered into force giving Canadian exporters preferential access to the South Korean market and the potential to expand Canadian business in emerging markets in the Asia-Pacific region. The FBT manufacturing industry has benefitted from the CKFTA through the elimination/reduction of some or all tariffs on Canadian exports of wines, spirits, beef, pork, processed foods, bakery and confectionery products, pet food, food-grade soybeans, maple sugar, canola oil, malt and pulses. The Agreement will also provide for rules of origin, protection terms, and tariff rate quota (TRQ) on certain products that would allow Canada to benefit from preferential treatment. [114] Since the CKTFA came into force, Ontario has seen export gains[115] with the FBT manufacturing sector posting over $10 billion in exports to South Korea in 2017, a 24.7% gain since 2014.[116]

The anticipated launch of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) could potentially boost the sector by increasing access to markets in Asia- Pacific and South America which currently make up only about 4.0% of exports from this sector.[117,118] The FBT manufacturing industry will benefit from the CKFTA through the elimination/reduction of some or all tariffs on Canadian exports of confectionery, wines and spirits, pork, beef, malt, processed food and beverages, animal feeds, maple syrup, cereals, grains, pulses, fruits and vegetables, and processed grains and pulse products.[119] The potential inclusion of the United Kingdom in CPTPP[120] could also benefit the sector by providing preferential access to the UK market that will be lost under CETA post-Brexit. However, there is some indication that market access concessions granted under the CPTPP may create competition for Canadian food producers, particular dairy, egg, and poultry producers, and may affect employment in the sector.[121,122,123]

Sub-Regional Analysis: Ontario's food, beverage and tobacco processing hubs

Ontario has several strengths in the FBT product manufacturing industry that have helped shape the region as a top food-processing area. The province has a rich agricultural base that directly supplies many of the inputs for the FBT product manufacturing industry. This can help reduce transportation time and costs for producers. Another advantage is that Ontario is a research hub for the industry and one of the leaders in food technology and innovation. Institutes like the University of Guelph, Agri-Tech Commercialization Centre, NSF-GFTC, Toronto Food Business Incubator, and the Vineland Research and Innovation Centre are actively involved in areas such as biotechnology and innovative ingredients. Most of these institutions are located in the Toronto–Guelph corridor, which could become the first agri-food cluster in the continent.[124]

The FBT product manufacturing industry is a key player in many parts of southern Ontario. In particular, almost 25.0% of Ontario's food manufacturers are located in rural communities. These localities offer reduced land costs, lower staff turnover, and are within close reach to farms. Labour market activity created by FBT product manufacturers is a big driver of the local economy in these rural regions.

Ottawa Economic Region
FBT processing is the second largest employer in the manufacturing industry in the Ottawa region.[125] Several manufacturers are located outside of the city of Ottawa in areas like Cornwall and Hastings. The region has seen a rising interest in microbreweries and beverage manufacturing with several start-ups and expansions from beverage producers such as Beau's All Natural Brewing Company, Stray Dog Brewing Company, Loon Kombucha etc. The regional sector may experience some instability in 2018 from the closing of Saputo's dairy plant in late 2017 affecting 126 employees.

Kingston–Pembroke Economic Region
FBT processing is the second largest employer in the manufacturing industry in this region with Belleville being a core hub for food processing in Ontario. The FBT sector in the region has seen several expansions and new investments incuding Kellogg Canada expanding production at its Belleville site creating 10 jobs in 2016; Frulact Canada opening a plant in Kingston in the fall of 2016, creating 50 jobs; Feihe International Inc. opening a facility in Kingston, creating 200 jobs when completed in 2019; and Hain Celestial is establishing a new manufacturing plant in Quinte West creating 26 jobs in the region.

Muskoka–Kawarthas Economic Region
FBT processing is one of the larger employers in the manufacturing industry in this region with key centres in Peterborough and Cobourg. The region has seen an expansion in its dairy segment with the expansion of Kawartha Dairy Limited's plant in Bobcaygeon creating 10 new jobs.[126] The beverages segment is also seeing significant investment from microbreweries like Pie-Eyed Monk Brewery, Old Dog Brewing Company, Bobcaygeon Brewing Company, and Fenelon Falls Brewing Company.[127]

Toronto Economic Region
Toronto has the largest cluster of food processing companies in Ontario and one of the biggest across North America. FBT processing is the second largest employer in the manufacturing industry in this region. Toronto serves as the headquarters for several major companies in the industry and is a leader in specialty foods, particularly ethnic and fusion goods because of its diverse population. There have been several investments and expansions in the region of late from manufacturers including Olymel LP redeveloping its Orenda plant and

acquiring a new plant in Westwyn creating 100 new jobs.[128] The sector in the region was significantly affected by Campbell Soup Company announcement that it will be closing its Etobicoke factory in 2019 affecting about 380 jobs.

Kitchener–Waterloo–Barrie Economic Region

FBT processing is one of the larger employers in the manufacturing industry in this region with key centres in Guelph, Kitchener and Cambridge. Guelph is the leading centre for food research and innovation in the province. The region has seen closures by major producers in recent years including General Mills and Nestle Canada. However, new investments and expansions by Sleeman[129] and Conestoga Meat Packers[130] could provide new employment opportunities over the forecast period.

Hamilton–Niagara Peninsula Economic Region

FBT processing is the second largest employer in the manufacturing industry in this region with key centres in Brantford and Hamilton. Brantford is one of the core food manufacturing hubs in Ontario and has been able to attract global companies over the past few years. Niagara-on-the-Lake is the heart of the provincial wine and icewine industry. The area features estates, mid-size establishments and small niche wineries. The economic region is also home to two of the biggest tobacco manufacturers in the province–Norfolk Leaf Company Limited and Grand River Enterprises, Six Nations Ltd. Recent investments and expansions by Harvest Specialty Mills in Burlington, Gay Lea Foods Cooperative Ltd. in Hamilton, Stanpac Inc. in Smithville, and Ferrero Canada in Brantford should provide new employment opportunities over the forecast period.

London Economic Region

FBT processing is the second largest employer in the manufacturing industry in this region. London is a core hub for food processing with many national and global players. London has been able to attract international firms such as Dr. Oetker Canada and Natra, which both opened plants in 2014. In 2018, Dr. Oetker announced that it will be moving part of its New Brunswick operations to its London facility, adding more than 100 jobs to its current workforce. The local sector will also experience a boost from Nestle Canada's $51.5 million expansion in its London ice cream factory. However, the region may experience some instability from the closing of Maple Leaf Foods' turkey processing plant in Thamesford, affecting about 400 employees.

Windsor–Sarnia Economic Region

FBT processing is a significant employer in the Windsor–Sarnia region with several manufacturers operating in smaller communities throughout the region. New investments and expansions by Barry Callebaut Group,[131] Golden Miles Foods,[132] and Highbury Canco[133] should create new jobs over the forecast period.

Stratford–Bruce Peninsula Economic Region

FBT processing is one of the largest employers in the manufacturing industry with several small and mid-size food manufacturers operating in rural communities throughout the region. The region has experienced significant investments with Sofina Foods opening a turkey processing plant in Mitchell in mid-2017 with 100 employees; the Cowbell Brewery opening in Blyth in August 2017 with 100 employees; Gay Lea Foods Co-operative Ltd. investing $60M to expand its dairy plant in Teeswater, creating 20 jobs in 2017; and Delmar Foods is opening a dressing and sauce manufacturing facility in St. Mary's in 2017 with 12 employees.

The food, beverage and tobacco processing industry should continue to perform well in Ontario

The FBT product manufacturing industry is a key ingredient to the provincial economy. It supports thousands of direct and indirect jobs, and plays a vital role in rural Ontario and with our farmers. The industry has outperformed many other areas of manufacturing, making it a stable part of Ontario's industrial base. Plant openings, expansions and investments have helped balance past closures and layoffs over the years. A growing

Ontario population, a firm base for research and innovation, and greater demand for locally sourced foods, should bode well for companies. On the other hand, trade related instability, foreign competition, lower profit margins, and higher input costs are factors to keep on the radar. As FBT product manufacturing moves forward, the provincial industry will likely continue to expand as it looks for new ways to bring food from the farm to the table.

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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