



Sectoral Profile

Textile Mills & Textile Product Mills MFG

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.

TECHNOLOGY IS STITCHING TOGETHER ADVANCEMENTS IN THE SECTOR BUT NOT JOBS

- Textile employment has declined for 7 out of the past 10 years
- Textile mills and product mills follow less labour-intensive, more capital-intensive trend in manufacturing
- Industry under major technological and innovation advancements in Ontario, shaping job decline

Textile mills (NAICS 313) and Textile product mills (NAICS 314) in Ontario include manufacturing companies that make fibre, yarn, thread, woven and non-woven fabrics and knit fabrics as well as carpet, rug, curtain and linens, bags and canvas. Textile and textile product mills employment in Ontario stood at about 5,800, or 0.75% of all manufacturing employment in the province in November 2017.¹ Ontario accounted for 37.4% of the country's textile employment, making the province the second largest provider of textile support in Canada next to Quebec. The industry accounts for about 0.6% Ontario's manufacturing GDP.² Textile employees earned an average of \$882.14 per week in 2016, which is about 7.8% lower than the provincial average for all industries.³ Comparatively, those working in manufacturing earned on average \$1,088.88 per week.

Employment growth in textile, clothing and furniture manufacturing is projected to be delayed until 2019 (0.7%), after sustaining some early period declines in 2017 (-7.8%) and 2018 (-0.2%). GDP however, is expected to increase by about 1.6% between 2017 and 2019, indicating the overall trends in the manufacturing sector becoming less labour-intensive, and more capital-intensive.⁴ Manufacturing sales are expected to improve between 2017 and 2019⁵ despite recent year-over-year declines of about 3.5%.⁶ Likewise, textile and textile product mill sales have declined over the year by 5.8% and 4.2%, respectively.

Textile industry continues to unravel

Employment in the province's textile mills and textile product mills sector has been on the decline since its peak in the 1990s. Overall, the size of the sector is small in Ontario, employing only 5,800 in November 2017, and 30,300 at its peak in 1990.⁷ Furthermore, the textile industry is often described a "traditional" manufacturing sector of the economy, much like the automotive sector. As such, textile production overall has been exposed to low-cost production competition from developing countries, and exports in the industry have

receded over time. The recent closures of two of Ontario's major textile product mills, Firestone Textiles in Woodstock in October 2017 and Cambridge Towel Company Inc. in Cambridge in November 2016, cut a large proportion of jobs in the sector, eliminating a combined nearly 300 employees. Imports of towels have remained at elevated levels in the past five years in Ontario, and the trade balance has consistently and strongly favoured imports over exports. As Cambridge Towel bills itself as the only Canadian manufacturer of towels, this closure likely spells the finale of this industry in Canada.

There are also signs that the textile mill industry is moving towards high-tech, green, and specialized textiles. This could indicate potential developments for manufacturers going forward as it offers a competitive edge and possible profitability. Unfortunately, many of these processes are increasingly technical and/or automated, which means it is unlikely to create enough jobs to return to employment highs. This trend has been displayed in the overall Ontario manufacturing sector as employment in manufacturing exports dropped significantly in the 2008 downturn, but have recently made some gains. Employment in manufacturing overall has not yet recovered. The increasing reliance on automated processes however, is likely to continue to replace jobs in order for companies to tighten production cycles for increased profit.

Larger companies in the textile manufacturing industry, such as Bridgestone Canada, Spinrite and Owens Corning have moved into alternative ventures. Bridgestone Canada, the parent company of Firestone Textiles, manufactures their own tires at their manufacturing plant in Joliette, Quebec and then sells them at their retail GCR Tire Centres across eastern Canada. Spinrite, in addition to their fibre, yarn and thread mill in Listowel, operates an internal graphic design services branch in Toronto. Owens Corning has branched out from the mill in Guelph to also produce polystyrene foam products in Quebec, non-metallic mineral products in Scarborough and Edmonton, as well as finance and insurance intermediation in Toronto and a mortgage investment funds branch in Halifax, Nova Scotia. The inter-industrial and shifting-priorities of these businesses demonstrate their robustness and flexibility in the changing economic climate.⁸

Lower-skilled, unregulated jobs lost in the fray

What is taking place in the manufacturing sector overall is the automation and technological advances in the field. We are seeing a diminution of need for lower-skilled, unregulated jobs that are present in the textile industry such as machining tool operators, industrial sewing machine operators, mechanical assemblers and inspectors and products assemblers, finishers and inspectors, and an increase in demand for higher-skilled occupations such as: Chemical technologists and technicians, information systems analysts and consultants and electrical and electronics engineering technologists and technicians.⁹ This pattern will continue as technology-driven developments in fabrics and products continue to push the industry demanding more technical and higher-skilled workers than lower-skilled ones.

Textile Mills and product mills tightly-woven with the textile wholesale sector

In Canada and Ontario, wholesale companies in the personal and household goods - textiles, furnishings, pharmaceuticals, appliances subsector regularly follow the traditional manufacturer – wholesaler- retailer supply chain model where the manufacturer employs the wholesaler to act as both import logistics coordinator and as a sales house. However, as a sign of the times in the textile wholesale sector (NAICS 414130), the majority of products are manufactured outside of the country and the wholesaler purchases these goods and imports them into Canada. They are then warehoused and then shipped out to their retailers (NAICS 541430 for example). In this way, the wholesaler is not the manufacturer of the goods but acts as a broker for the goods to land in Canada. As uncertainty looms over the outcomes of the North American Free Trade Agreement (NAFTA), more Canadian manufacturers are considering relocating their firms to the United States¹⁰ to increase the almighty profit margins.

However, employment in personal and household goods wholesale stood at 52,496 in June 2017.¹¹ Since its lowest point in May 2009, employment has increased by 13.7%. Furthermore, Ontario makes up just under half (49.0%) of all personal and household goods wholesale employment in Canada, and about 15.7% of all wholesale employment in Ontario. If the textile component of this sector is to foster any hope of continuing in Canada, it is likely to make the most headway in Ontario.

Outlook

The likelihood that employment in the textile manufacturing sector in Ontario will return to its pre-2008 figures is extremely low. What is occurring, and what will likely continue to develop, is the emphasis on technological development of textiles for other product use, such as the program at Saint-Gobain Adfors Canada, Ltd in Midland. What will likely continue is the decrease in the traditional fabric manufacturing which will be driven by overseas suppliers and brought in through wholesale channels.

Sub-Provincial Trends

Overall, the number of textile and textile product manufacturers has decreased in the province,¹² having withstood a large drop leading up to, and during, the economic downturn of 2008. Between 2004 and 2016, the number of textile and textile product manufacturers in Ontario was reduced by 37.0%, or by 426 company locations of all sizes.

Not surprisingly, as the industry is tightly wound with the wholesale industry, 55.9% of textile and textile product manufacturers in Ontario were located in the **Toronto** economic region.¹³ In December 2016, there were 405 industry business locations in the region employing a minimum of 4,100 people. As Toronto is home to the majority of wholesalers in the province, and is a key component in the manufacturing supply chain, any future growth in the sector is likely to occur in the region. Furthermore, as Toronto and surrounding areas¹⁴ along the 401 corridor continue to develop as tech sector hubs, and textile production is streaming in the direction of technology development, then this is also notable.

The second largest employer of textile and textile product manufacturers is the **Kitchener–Waterloo–Barrie** economic region, employing a minimum of 3,700 at 83 different company locations. This region is home to one of the largest employers in the industry, Saint-Gobain Adfors Canada, Ltd in Midland. The firm is part of an international company that makes innovative textiles, such as composite reinforcement fabrics used to strengthen polyester resin in products, such as hot tubs and spas, among other things. Their brands include FibaTape, Novelio, Glasgrid, New York Wire and FibaFuse according to their company website.¹⁵ Saint-Gobain is likely to continue to drive business in the textile sector as it remains not only one of the province's largest employers in the industry, but also one of the largest employers in the Midland area, located just off of the Hwy #400; a major trans-provincial artery to the North stemming from the 401.

Some of the other major textile manufacturing employers are scattered throughout the province such as Morbern Inc in Cornwall, the maker of vinyl upholstery which is located in the **Ottawa** economic region; Narroflex Inc, the maker of elastic fabrics, located in Stoney Creek in the **Hamilton–Niagara Peninsula** economic region; Rieter Magee Automotive Systems in London, the maker of fabrics used in the automotive industry in the **London** economic region; and Autoliv Canada in Tilbury, the maker of automotive safety supplies in the **Windsor–Sarnia** economic region.

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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¹ Statistics Canada, Labour Force Survey, IND823m – internal LMSID file

² Statistics Canada, Table 379-0030

³ Statistics Canada, Table 281-0027

⁴ COPS forecast, Internal LMSID file

⁵ COPS forecast, Internal LMSID file

⁶ Statistics Canada, Table 304-0015

⁷ Statistics Canada, Labour Force Survey, IND823m – internal LMSID file

⁸ Canadian Business Counts, December 2016: Internal LMSID data file

⁹ Statistics Canada, November 2017, Labour Force Survey 0117_03 1B – internal LMSID file

¹⁰ <https://www.bnn.ca/more-than-a-quarter-of-canadian-firms-could-head-to-u-s-over-nafta-uncertainty-survey-1.944700>

¹¹ Statistics Canada, Table 281-0023

¹² Canadian Business Counts, December 2004 to 2016: Internal LMSID data file

¹³ Canadian Business Counts, December 2016: Internal LMSID data file

¹⁴ <https://kitchener.ctvnews.ca/mobile/waterloo-region-home-to-canada-s-fastest-growing-tech-sector-report-1.3691156>

¹⁵ <http://www.adfors.com/us/brands>