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BUSINESS

From masks to sanitizer, nearly a quarter of Canadian manufacturers now making COVID-19 safety supplies, survey finds

By **Rosa Saba** Calgary Bureau

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Nearly a quarter of Canadian manufacturers have pivoted to making personal protective equipment, hand sanitizer and more during the [COVID-19 pandemic](#), a trend that seems likely to continue, with GM announcing Tuesday that it will make 10 million masks in a contract with the federal government.

GM's Oshawa plant is one of many manufacturers that have switched production to COVID-19 equipment on increased demand, according to a new survey from the Canadian Manufacturers & Exporters, which surveyed 320 companies of all sizes between May 7 and 22.

The survey found that two out of three manufacturers saw their output fall to below normal levels due to the pandemic, with a quarter reporting a drop in sales of more than 50 per cent. These numbers were highest in Saskatchewan, Manitoba and Ontario, where more than 70 per cent of manufacturers saw their output below normal, according to the survey.

Dennis Darby, Canadian Manufacturers & Exporters president and CEO, said manufacturers are also seeing increased costs, having had to change the way their plants operate and purchase protection equipment.

Some sectors have been harder hit, said Darby — food processors and plants that make consumer products have suffered less than those that make transportation parts or parts for the energy industry.

Just over 45 per cent of food and beverage manufacturers saw their output drop below normal, while 80 per cent of transportation manufacturers saw the same. Larger companies were hit harder, the survey found.

"It's a bit of a mixed bag. But overall, obviously, output has fallen dramatically," said Darby.

This trend is expected to continue for months. Companies in Saskatchewan were the most pessimistic about their outlook — 80 per cent expect lower than normal output over the next three to six months, compared to almost 65 per cent in Ontario. Food and beverage manufacturers were more optimistic than other sectors.

Darby said with demand down, especially internationally, there's no telling when the manufacturing industry will reach normal levels. A lot depends on how the United States recovers economically, he said.

"In the sectors that rely on fabrication, assembly, parts for transportation or for aviation or for energy ... it depends on what your demand is. So there's a lot of trepidation," he said.

For those manufacturers that have been able to pivot to personal protective equipment, hand sanitizer, partitions and more, Darby said there's been "an incredible outpouring of collaboration" as parts-makers and assemblers work together to meet the rising

demand — a demand that's still strong, as evidenced by Tuesday's announcement.

He said other than assembling cars and planes, Canada usually makes parts and components, relying on other countries to do the assembly — but the pandemic could result in a shift toward doing more of that assembly here at home.

“By and large the large part of our industrial economy is components and parts. I don't know whether that is going to change substantially, but I think there have to be some decisions made between government and business; where do we want to make sure we have full capacity?” said Darby.

More than half of manufacturers surveyed have accessed the government's wage subsidy, and fewer than 14 per cent have accessed the Canada Emergency Business Account. Just over 14 per cent said they have either not applied for or received any money from government support programs during the pandemic.

Darby said while government support so far has been helpful, more needs to be done to help the industry recover in the coming months, such as spurring consumer spending on Canadian-made products.

In fact, he said it could be an opportunity for Canada's manufacturing sector to become more competitive.

“If we're going to spend a lot of money, let's spend the money to try to invest, to get companies to become more competitive so that we can compete in all these categories,” Darby said. “I think that's something that's been missing for years.”



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