Productivity in the Manufacturing Industry

May 2026

Atlantic Canada's manufacturing sector labour productivity is over 20% lower than the national level in 2025. The region's manufacturing productivity in 2024 was at the same level as it was in 2004. Some of this stagnation is due to the loss of several high value manufacturing firms in the forest sector.

Several other reasons are behind low productivity in the industry in Atlantic Canada:

> Atlantic manufacturers are smaller in scale on average than those in the rest of the country. Smaller companies lack the economies of scale to make bigger investments in technology and automation. They also invest less in research and development which can negatively impact their competitiveness.

> Using outdated technology can lead to slower production speeds and more downtime for maintenance.

> An undersized facility can lead to poor process flow, excessive material movement and bottlenecks in production. Investments in expansion and/or continuous improvement may be needed.

> Skills gaps in the workforce can negatively impact productivity due to lack of training and availability of certain trades.

The most effective productivity gains for manufacturers comes from combining digital tools, process improvements, and workforce development. Firms can be more productive when they adopt digital production systems, apply lean methods to cut waste, and automate repetitive tasks. These efforts work best when supported by strong performance measurement and workforce training, helping companies reduce downtime and increase output.

The following profiles highlight how Atlantic Canadian manufacturers are advancing productivity through investments in new machinery and automated equipment, skills and workforce culture, and digital tools.

Company profiles:

MDS COATING

PEPSI CAPE BRETON BEVERAGES
PROUDLY MADE IN CAPE BRETON SINCE 1949

TRANS-ATLANTIC PREFORMS

Atlantic Economic Council

Manufacturing Industry Profile

MDS Coating Technologies

MDS is a global leader in advanced metallic-ceramic protective coatings that extend engine life, reduce fuel consumption and improve operational performance across commercial, military, and industrial sectors. Based in Summerside, Prince Edward Island, with additional operations in Montreal and the United States, MDS employs approximately 110 people. The company's technologies have generated over $1 billion in customer savings through reduced maintenance, fewer part replacements and improved fuel efficiency. MDS is a key contributor to Atlantic Canada's aerospace supply chain and export economy with over 85% of production exported internationally.

"We are scaling our business through automation, robotics and AI—delivering faster turnaround, higher quality, and the capacity to meet growing global demand"
Jon Cheverie, President & COO, MDS Coating

Challenges, solutions and impact

Automation, robotics and AI leadership - MDS has made significant investments in robotics, automation and AI-enabled systems to enhance productivity, improve quality and reduce turnaround times. These capabilities have enabled the company to achieve industry-leading turnaround performance while maintaining the highest standards of aerospace quality and consistency. Together, these investments position MDS at the forefront of advanced manufacturing in Canada.

Global growth and market expansion - Recent investments in capacity, automation and robotics have strengthened the company's ability to scale efficiently while maintaining fast turnaround times and high quality standards. Government programs have supported export growth and technology adoption. However, greater emphasis on productivity, automation, and global competitiveness would further enhance their impact.

Workforce transformation - MDS operates in a constrained labour market like many manufacturers. The company is proactively evolving its workforce by shifting employees toward higher-value, technology-enabled roles, rather than limiting growth. This transformation is enabled by strong communication, hands-on training, and a culture of continuous improvement. At the core of MDS's success is a highly skilled and committed team—people who take pride in their work, adapt alongside new technologies and ultimately drive the performance and reliability customers depend on.

What's next?

MDS is building on the success of its coating technologies by expanding across commercial, military, and industrial markets, supported by strong global demand.

Atlantic Economic Council

Manufacturing Industry Profile

Cape Breton Beverages and Trans-Atlantic Preforms

The company employs over 100 people on Cape Breton Island. Cape Breton Beverages (CBB) has been bottling Pepsi products since 1949. Trans-Atlantic Preforms (TAP) has been manufacturing preforms for non-alcoholic and alcoholic beverages and personal care liquids since 1989. CBB is wholly-owned by Shannon Lynch Colbourne. TAP is majority-owned by Shannon.

"We have strategic goals shared across all our companies including increasing local economic impact and operational efficiency."
Shannon Lynch Colbourne, President & CEO, Cape Breton Beverages and Trans-Atlantic Preforms

Challenges, solutions and impact

Operational efficiency - The company addressed labour shortages and increased output by installing an automated palletizer to replace manual stacking. The company has implemented Lean Six Sigma training and technology upgrades that has driven productivity gains, with employees increasingly focused on reducing downtime. A cultural shift on continual improvement has supported sustained process improvements.

High energy costs and quality improvements - TAP implemented real-time metering and data logging in partnership with Efficiency Nova Scotia to establish verified energy baselines. This is driving operational changes that initially reduced energy use by 15%, with further reductions to 35% achieved through the implementation of a centralized chilling system and cooling water tower. The changes also required an operational mindset shift achieved through training and leadership. This improved its competitiveness in the North American market.

Improving decision making - This was achieved by implementing new digital tools that provide real-time production data, enabling the team to better identify downtime, reduce manual tasks and maximize efficiency. The company is adding an automated inventory control system in Spring 2026.

Labour shortages -The company faces challenges in attracting the right workers as it grows, with a lengthy immigration process limiting access to new Canadians. Rising living costs making it difficult for wages to keep pace. However, recent investments in technology, automation, and process improvements will help the company grow by reducing manual roles and creating higher-skilled opportunities.

What's next?

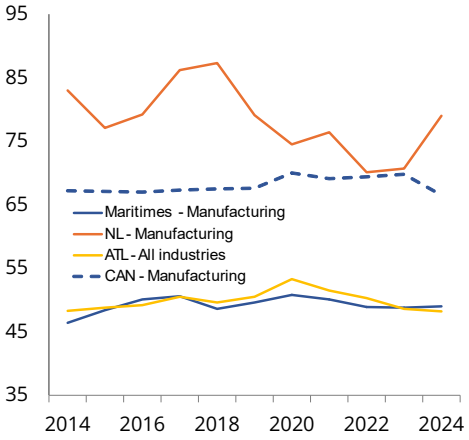
CBB is planning to invest in new production equipment and facility upgrades by replacing the aging bottling and blending systems. This will reduce operational risk and ensure reliability, while TAP targets a 50% total energy reduction with resin dryer and HVAC upgrades. Shannon purchased Nova Scotia Spirit Company and Annapolis Cider Company in 2025. Support functions for the acquisitions have been centralized where possible to reduce administrative overhead. Ongoing efficiency improvements include investing in a canning line for Annapolis Cider Company to reduce quality risks and transportation costs while enabling growth for both businesses.

Manufacturing Industry Overview

- Atlantic Canada's manufacturing industry employed over 86,000 people in 2025.
- About 7,000 jobs have been created since 2015. The strongest growth has been in beverages and tobacco (including cannabis) and wood products.
- Manufacturing productivity, real GDP, and employment growth were stronger in the Maritimes than in the rest of Canada from 2014 to 2024. Prince Edward Island led the way. Productivity levels in the Maritimes still trails the rest of the country by a wide margin.
- Manufacturing productivity in Newfoundland and Labrador is above the national rate due to high productivity in its mining and seafood sectors. New Brunswick's refined petroleum and paper manufacturing have strong productivity levels.
- Several of the region's largest manufacturing sub-industries have low productivity levels.

Manufacturing productivity levels in the Maritime provinces trail Canada

Labour productivity ($/hour worked)



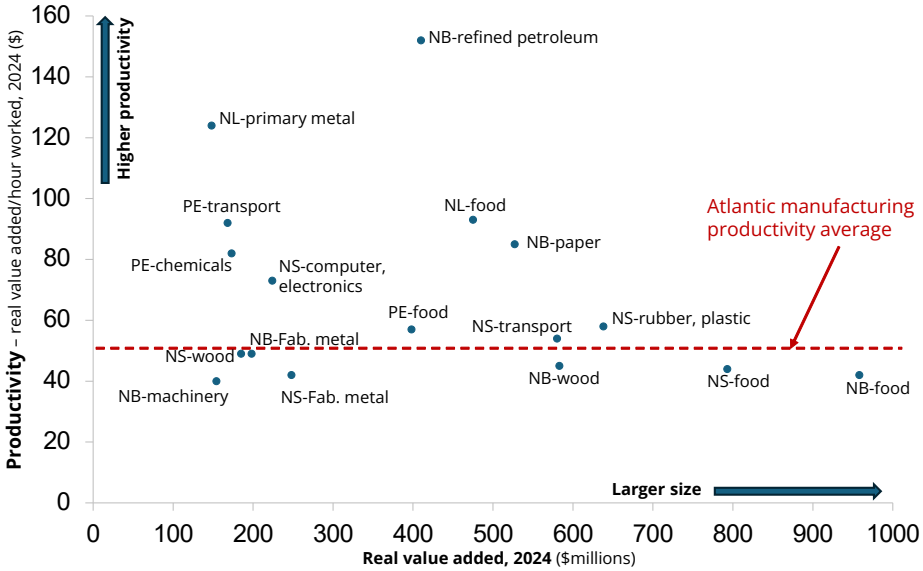
Source: Statistics Canada

Top benefits of generative AI for Canadian manufacturers

Share of respondents, 2025 (%)

Source: KPMG

Atlantic Canada's larger manufacturing segments have low productivity



Sources: Statistics Canada, Atlantic Economic Council

Atlantic Manufacturing Industry	Growth and levels						Provincial Rank in Canada			
	NL	PE	NS	NB	ATL	CA	NL	PE	NS	NB
Avg. GDP growth, 2014-24 (%)	-2.0	5.1	2.9	1.3	1.5	0.3	10	1	2	3
Share of total GDP, 2024 (%)	3.8	11	7.6	9.3	7.4	9.2	10	2	6	5
Avg. employment growth, 2014-24 (%)	-1.4	4.0	1.8	-0.6	0.7	0.7	10	1	2	3
Labour productivity, 2024 ($/hour)	79	57	49	48	52	67	3	6	9	10
Avg. productivity growth, 2014-2024 (%)	-0.5	1.2	0.5	0.4	0.2	-0.1	7	1	2	3

Source: Statistics Canada

Atlantic Economic Council