

# Alberta Metal Fabrication Sector Overview

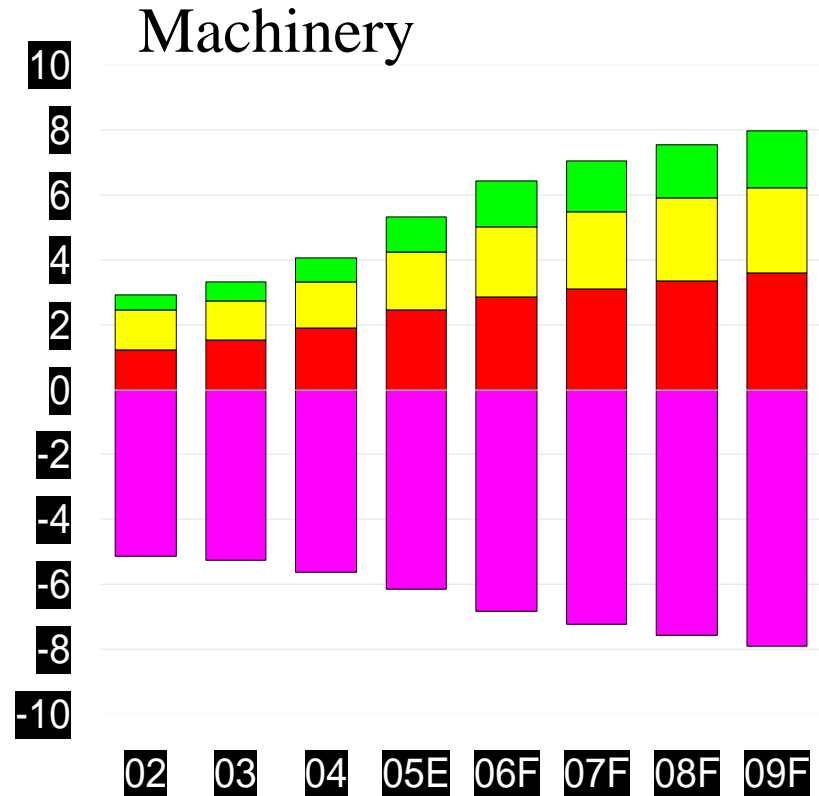
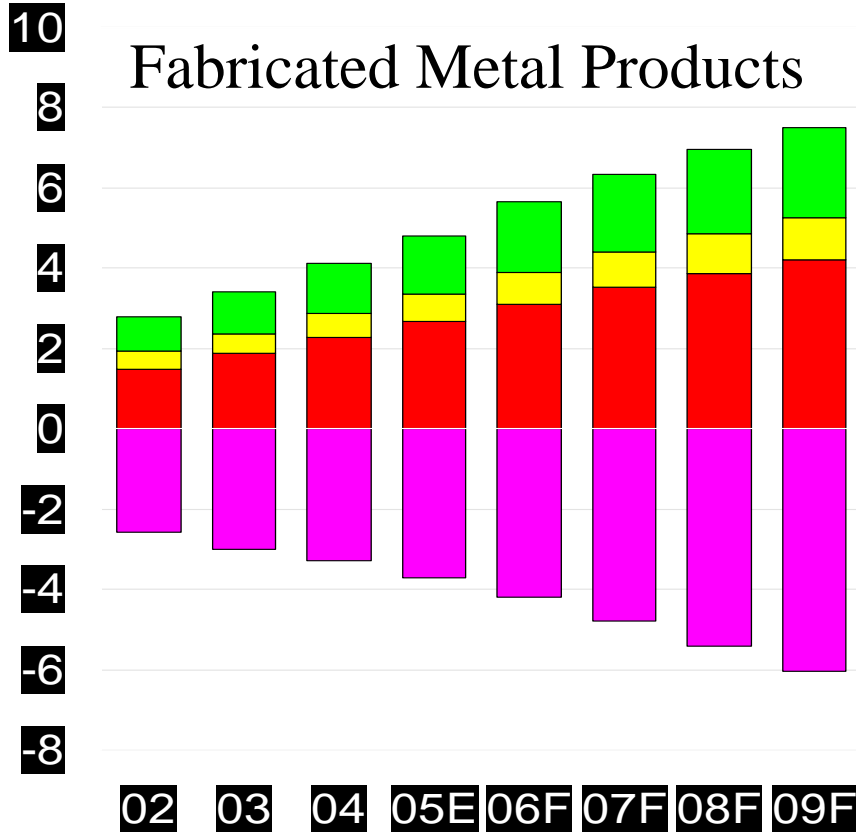
National Buyer/Seller Forum  
March 2008



# Production Breakdown

Billions \$

Imports Dom. Demand Intpr. Exports Intl. Export



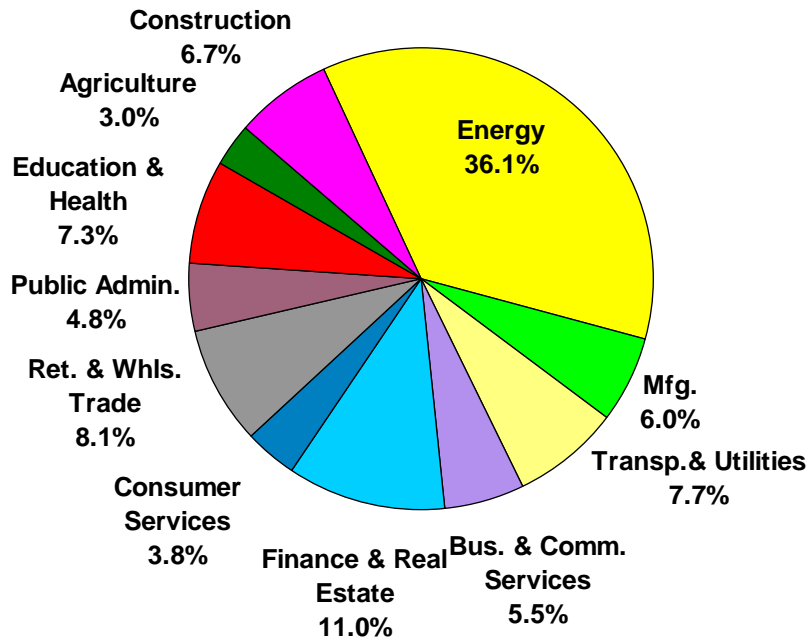
Sources: Conference Board of Canada, Statistics Canada



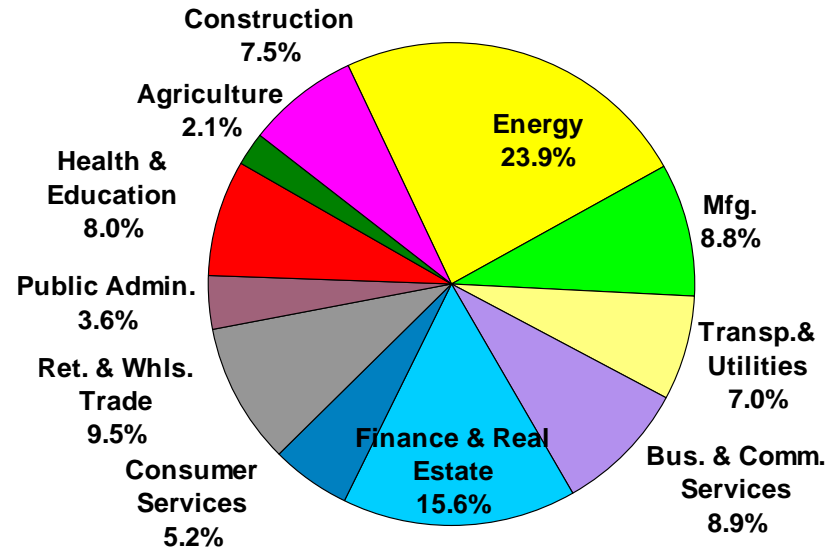
# Increasing Economic Diversity

(% Distribution of GDP 1985 vs 2004)

**1985**  
Total GDP: \$66.5 Billion



**2004**  
Total GDP: \$187.4 Billion



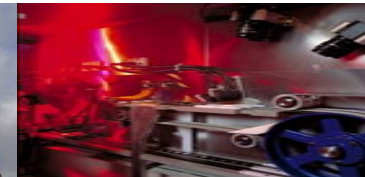
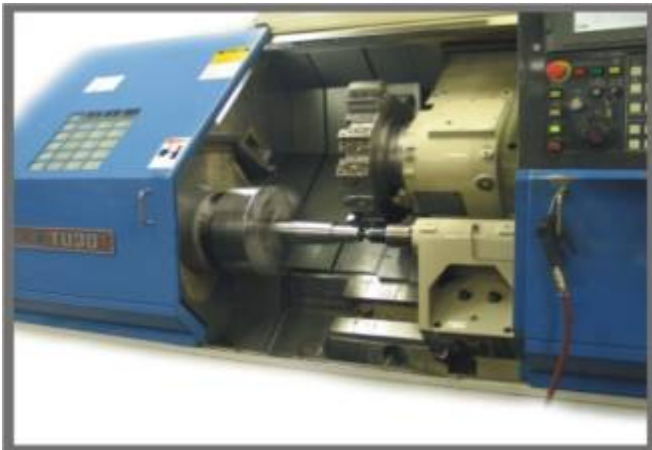
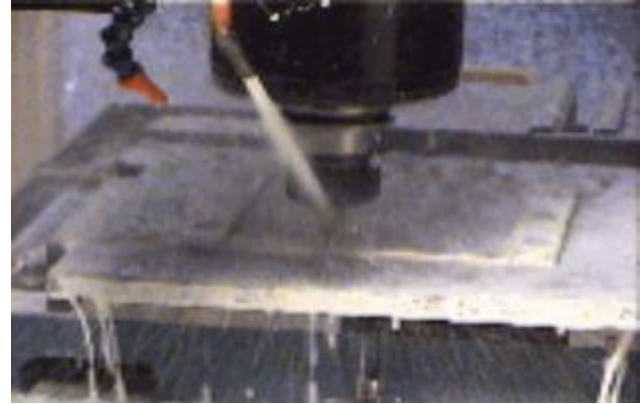
Source: Alberta Finance



# Structural Steel



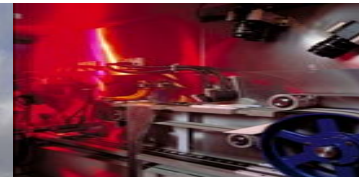
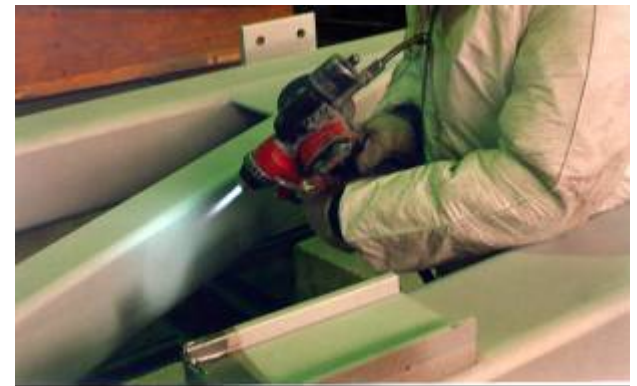
# Machine Shops



# Tanks, Pressure Vessels /Heat Exchangers



# Coatings and Heat Treating



# Metal Fabrication Revenue Growth

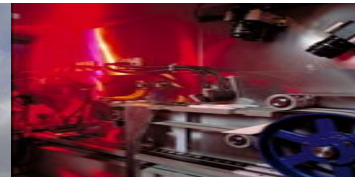
(\$ Billions)

Subsector	2004	2005	2006
Primary Metals (NAICS 331)	1.61	1.93	2.15
Fabricated Metal Products (NAICS 332)	3.40	3.98	4.69
Transportation Equipment Mfg (NAICS 336)	.75	.76	.81
Metal Service Centres (NAICS 4162)	1.7 est.	nr	2.4 (est)
<b>Totals</b>	<b>\$5.76</b>	<b>\$6.67</b>	<b>\$10.0</b> (est)



# Metal Fabrication Company Numbers

<b>Subsector</b>	<b>2006</b>
Primary Metals (NAICS 331)	65
Fabricated Metal Products (NAICS 332)	1050
Transportation Equipment Mfg (NAICS 336)	155
Metal Service Centres (NAICS 4162)	100
<b>Total (est.)</b>	<b>1350</b>



# Metal Fabrication Employee Numbers

Size	# of companies	%
1-49	1150	85
50-99	115	8
100-499	80	6
500+	3	.2
<b>Total</b>		

Total metal fabrication  
sector employment:  
30,000+



# Manufacturing and the Oil Sands

- Oilsands development has been a key driver of growth in Alberta, increasing the demand for all products and services.
- There are three key industrial sectors supplying services and capital to the oilsands:
  - Fabricated Metal Products
  - Industrial Machinery and Equipment
  - Engineering and Construction



# Metal Fabrication Profile

- Metal Fab sector is primarily job-shops with expertise in manufacturing niche products.
- Industrial Machinery sector offers more standardized products and focuses a lot on conventional oil & gas
- Both sectors play a critical role in oil sands development and downstream processing
  - Pressure Vessels / Structural Steel / Machine Shops / Pumps and Compressors / Mining equip.



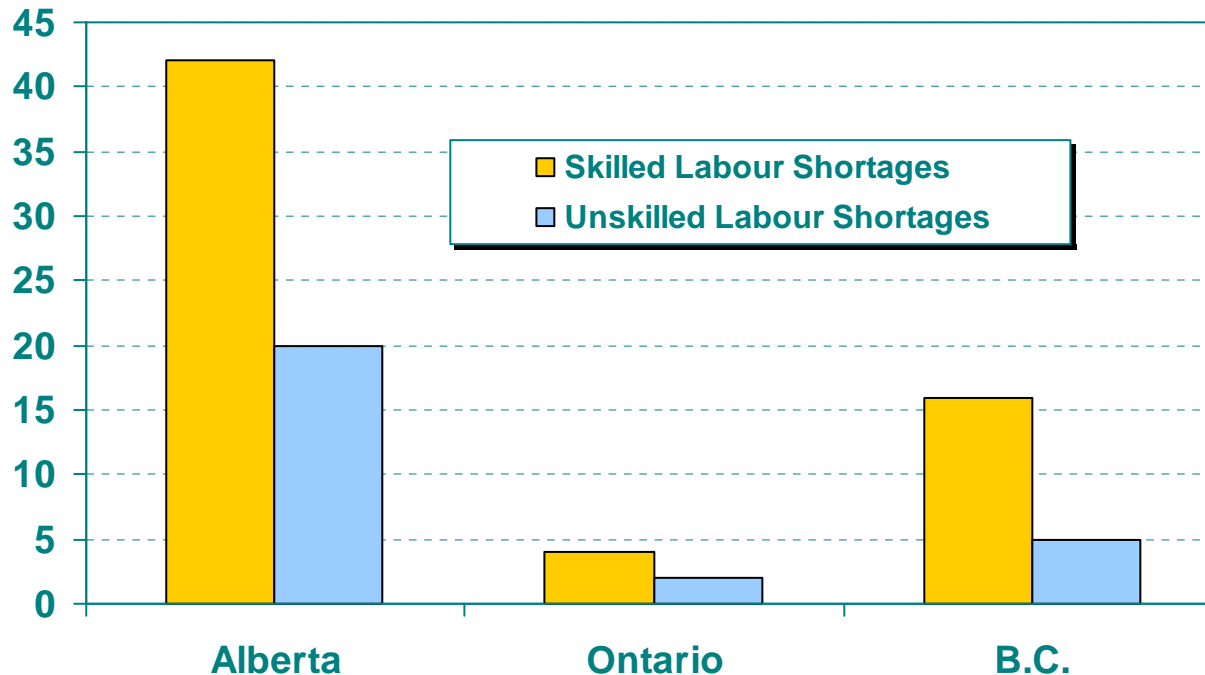
# Strategies for Alberta Manufacturing

- Increase productivity through technology adoption and automation
  - Welding Automation Workshops
  - Technology Awareness Missions
  - Lean Manufacturing Assessments
- Create a favorable regulatory environment that encourages investment in new technologies to increase productivity
  - Use of accelerated CCA
- Outsource supply chain opportunities
  - Partnering opportunities between Alberta fabricators and Canadian fabricators.



# Workforce Shortages

Labour Shortages in Manufacturing – 2005 Q4  
(% of Manufacturers Facing Labour Shortages)



Source: Business Conditions Survey, Statistics Canada



# Alberta's Labour Force

- Over **400,000 new jobs** will be created between 2005 and 2015
- Over **300,000 new workers** will enter the market in this time
- New jobs will exceed new workers with approximately **100,000 shortfall**
- All sectors are seeing a tightening in the labour market
- Currently, we have:
  - The lowest unemployment rate: **3.1%**
  - The highest participation rate: **72.8%**
  - The highest employment rate: **69.9%**

\* Source: Alberta Human Resources and Employment



# Metal Fabrication Outlook

- Sector will continue to see double digit growth for next four years, with strong growth beyond.
- Capital needed for expansions are not a big barrier to growth – availability of labour is.
- Companies will start to invest more in automation to offset dependence on labor.
- Scarcity of labour will continue to elevate labour rates.
- Inter-provincial partnerships will help increase capacity of local fabricators
- Steel issues related to international trade and availability of specialty steels are key to watch.



# Alberta Industry Analysis

- Over \$150 billion in energy capital being spent in Alberta has put local manufacturers close to, or at capacity
- Excellent opportunities for business expansion and investment
- Shortages of the following skilled trades:
  - Welders / Machinists / Pipe-fitters / Iron Workers
- Lagging technology adoption due to nature of products produced (high mix-low volume)

**Major new supply chain, investment and employment opportunities**



# Industry Assoc etc.

- Canadian Manufacturers and Exporters (CME) – [www.cme-mec.ca](http://www.cme-mec.ca)
- Canadian Welding Association – [www.cwa-acs.org](http://www.cwa-acs.org)
- Alberta Pressure Vessel Manufacturers' Association – [www.apvma.com](http://www.apvma.com)
- Alberta Boilers Safety Association – [www.absa.ca](http://www.absa.ca)
- Canadian Institute of Steel Construction – [www.cisc-icca.ca](http://www.cisc-icca.ca)
- Canadian Welding Bureau Group – [www.cwbggroup.org](http://www.cwbggroup.org)
- ASM International – [www.asm-intl.org](http://www.asm-intl.org)
- Alberta Research Council - [www.arc.ab.ca](http://www.arc.ab.ca)
- Petroleum Services Association of Canada (PSAC) – [www.psac.ca](http://www.psac.ca)
- Petroleum Technology Alliance Canada (PTAC) – [www.ptac.org](http://www.ptac.org)



# Key Business Development Info

- Alberta Metal Fabrication Information
  - [www.alberta-canada.com/metalfabrication](http://www.alberta-canada.com/metalfabrication)
- Greater Edmonton Bitumen Upgrader Study
  - [www.edmonton.com/upgraderstudy](http://www.edmonton.com/upgraderstudy)
- The National Buyer Seller Forum, March 25-27, 2008
  - [www.nationalbuyersellerforum.ca](http://www.nationalbuyersellerforum.ca)
- Investing in Alberta
  - [www.alberta-canada.com/investlocate](http://www.alberta-canada.com/investlocate)
- Market Research
  - [www.alberta-canada.com/statpub](http://www.alberta-canada.com/statpub)
- iCOSMO.ca
  - [www.icosmo.ca](http://www.icosmo.ca)
- Alberta First Business Directory
  - [www.albertafirst.com](http://www.albertafirst.com)
- Alberta Business Directory
  - [www.alberta-business-directory.com](http://www.alberta-business-directory.com)



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