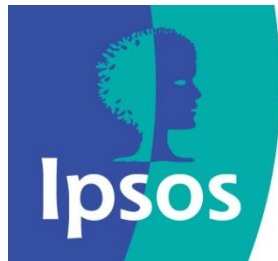


Outlook for Manufacturing Firms in Niagara Region Bright as Three in Four (74%) Anticipate Increasing Business Over Next Three Years

*Manufacturing Firms in Niagara Region are Eight Times More Likely to
Expect to Increase Employment (39%) than Decrease Employment (5%)
Over the Next Two Years*

Public Release Date: December 16th, 2013



Ipsos Reid

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Toronto, ON – According to a survey conducted by Ipsos Reid on behalf of the Niagara Economic Development (NEDC), the outlook for the manufacturing sector in the Niagara Region appears bright as a sizeable portion of sector decision-makers anticipate an increase in business and job creation moving forward.

Three quarters (74%) of manufacturing firm decision-makers expect their business to increase over the next three years, with one-third (34%) expecting an increase by more than 10%. This compares favourably to the one in ten decision-makers who anticipate that business will decrease (12%) or stay the same (13%).

Looking ahead within the same time frame, more than two thirds (68%) of manufacturing firms expect to see an increase in business profitability as well as future investments in machinery and equipment (68%). Other anticipated increases include:

- Investment in facilities – 44% increase
- Size of work force in Niagara Region – 43% increase
- Investment in Research and Development – 36% increase
- Workforce training budget – 37% increase

Firms Expect to Increase Employment in the Region...

Many decision-makers in the manufacturing sector in the region are also expecting an increase in job creation for their company's facilities in the near future. Four in ten (39%) project their company to increase the number of people they employ over the next 2 years, compared to fewer than one in ten (5%) who project employment to decrease and half (54%) who expect employment figures to remain stable.

Only 17% of decision makers expect the size of their workforce outside Canada to increase, indicating that future growth will be primarily driven by local jobs in the Region.

Firms are Committed to Innovation, Research and Development...

While many firms expect business and employment growth over the next few years, there also appears to be a solidified commitment towards the development of new products and offerings by firms in the region.

Looking back, three in four (74%) firms indicate that they've introduced new items, products or capabilities in the last five years, compared to just one in four (26%) firms who have not developed any new introductions over this period.

Future outlook for new offerings is just as bright as a majority (58%) of firms anticipate the introduction of new items, products or services within the next two years, which is ahead of firms who aren't expecting to have these new offerings over the same time frame (40%).

A strong majority (72%) of firms indicate that there is at least some percentage of sales devoted to spending on research and development (R&D), more than three times greater than the proportion of firms who cite no spending on R&D (22%).

Moving Further into Global and New Markets...

Although primary business for firms in the region focuses on local and North American partnerships, a handful of firms currently have and are expecting to have future customers in global markets that could provide manufacturing firms with greater opportunities for growth. Decision-makers also indicate that developing new markets, in particular, is one of the most important issues highlighted for their business outlook.

While manufacturing firms do not currently operate in many global markets, developing new markets (59%) is cited as an important issue for their company today, with just over half (52%) citing global economic conditions as important to their business.

The ability to get into new and global markets also has an impact on investment decisions to expand. Half (49%) of firms indicate that ability to access foreign markets is 'important' (29% very/20% somewhat), double those who cite this access as 'not at all important' (21%).

Despite this desire to move into foreign markets, access to these markets might not be as free as many firms would like it to be. One in three (32%) firms have seen no change in access to foreign markets (including reductions in tariffs and non-tariff barriers) over the past three years, while more have seen this access worsen (14%) rather than improve (6%). Furthermore, about half (47%) of manufacturing firms in Niagara Region cite the strength of the Canadian dollar as an important issue facing their company.

Infrastructure, Access to New Technology and Research and Government Support Programs Cited as Important Issues to Consider When Expanding Business

Decision makers identify a number of issues that are important to consider when expanding their business including infrastructure, access to new technology and research, as well as



government support programs (68% cite as important respectively). Other important issues include the regulatory environment (65%) and the ability to connect with high quality post-secondary institutions (52%).

These are some of the findings of an Ipsos Reid survey conducted between June 21st to July 26th, 2013 on behalf of the Niagara Economic Development. For this survey, a sample of 196 Senior Decision Makers from manufacturing firms in Niagara Region was interviewed via telephone. The margin of error for the survey is +/- 6.3 percentage points, 19 times out of 20. All sample surveys and polls may be subject to other sources of error, including, but not limited to coverage error, and measurement error.

For more information on this news release, please contact:

***Diane Simsovic
Director
Economic Development
Niagara Economic
Development
905-685-4225 ext. 3673***

***Martin Hrobsky
Vice President
Ipsos Reid
Public Affairs
(416) 324-2017***

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