

A nighttime photograph of a steel truss bridge over a river. The bridge's structure is illuminated, and its reflection is visible in the water. In the background, city buildings and streetlights are lit up, with their reflections also visible in the water. The sky is a deep blue.

The City of  
Welland

**COMPETITIVE  
ANALYSIS  
UPDATE**

**OCTOBER  
2003**

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## MACRO OVERVIEW

This competitive analysis update presents an overview of the City of Welland's economic performance over the decade from 1991 to 2001, with more substantial focus on the later five year period from 1996 to 2001. The analysis is intended to provide direction for future economic strategies for the community.

In the time period extending between 1991 and 2001, labour force statistics reveal an overall improvement in the performance of Welland's economy. For instance, between 1991 and 2001, total employment in Welland increased from 21,285 to 22,490, representing a 5.6% increase (Table 1). Furthermore, the unemployment rate in the community declined from 10% in 1991 to 7.2% in 2001 and the employment to population ratio increased from 56 to 57.5 in the ten year period.

**Table 1: Labour Force Demographics for City of Welland  
(1991, 1996, 2001)**

	1991	1996	2001
Total Population (15 years)	37920	38575	39130
Total in Labour force	23695	23365	24130
Total Out of Labour Force	14220	15210	15010
Total Employed	21285	20920	22490
Total Unemployed	2415	2445	1625
Participation Rate	62	60.60	61.70
Employment-Population Ratio	56	54.20	57.50
Unemployment Rate	10	10.50	7.20
Source: Statistics Canada – Census Canada			

## **SECTORAL ANALYSIS**

Several trends emerge from the examination of 1996 and 2001 labour force data related to a number of sectors in Welland and other communities selected for comparison. The sectors considered include Mining and Agriculture, Manufacturing, Construction, Finance, Insurance and Real Estate, Wholesale and Retail, and Transportation. The communities selected as a basis for comparison to Welland include Cornwall and North Bay which are approximately the same size as Welland with 2001 populations of 45,620 and 52,785 respectively. Kingston, a larger community with a 2001 population of 114,180 is also compared to Welland with respect to these sectors. Additionally, Welland is compared to a sample of three regional communities, Fort Erie, St. Catharines and Niagara Falls with a 2001 population of 28,125, 129,155 and 78,815 respectively.

### **Percentage Share of Total Labour Force**

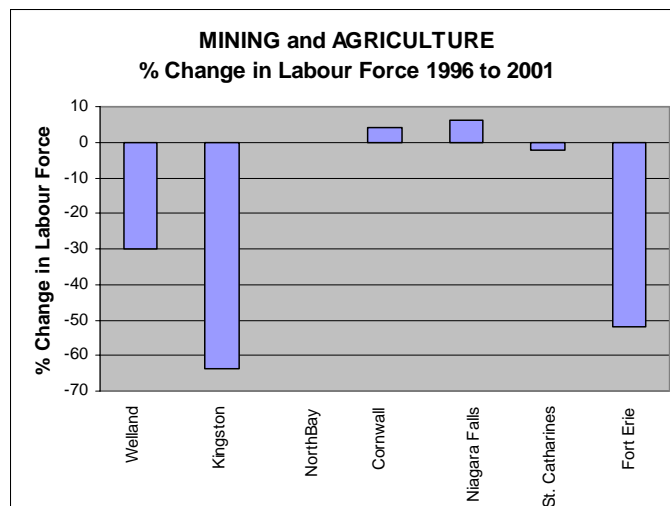
In examining each sector's percentage share of total labour force in 1996 and 2001 (Table 2), the pattern observed in Welland is reflective of that experienced in the communities selected for comparison. Clearly, the share of total labour force accounted for by the Mining and Agriculture, Construction and especially Manufacturing sectors declined between 1996 and 2001. In contrast, the proportion of total labour force accounted for by the Service sector increased dramatically between 1996 and 2001. This trend is emerging across many communities throughout Ontario and Canada.

Table 2: Sectoral Percentage Share of Labour Force (1996 and 2001)								
COMMUNITY	SECTOR							
	Mining & Agriculture		Manufacturing		Construction		Service	
	1996	2001	1996	2001	1996	2001	1996	2001
Cornwall	1	1	32	24	9	5	58	70
Fort Erie	3	1	29	20	9	4	58	75
Kingston	3	1	11	6	9	5	77	88
Niagara Falls	1	1	27	13	10	6	62	80
North Bay	2	1	10	7	10	5	78	87
St. Catharines	3	2	29	17	10	5	58	76
Welland	3	1	36	21	8	5	53	73

## Sectoral Performance

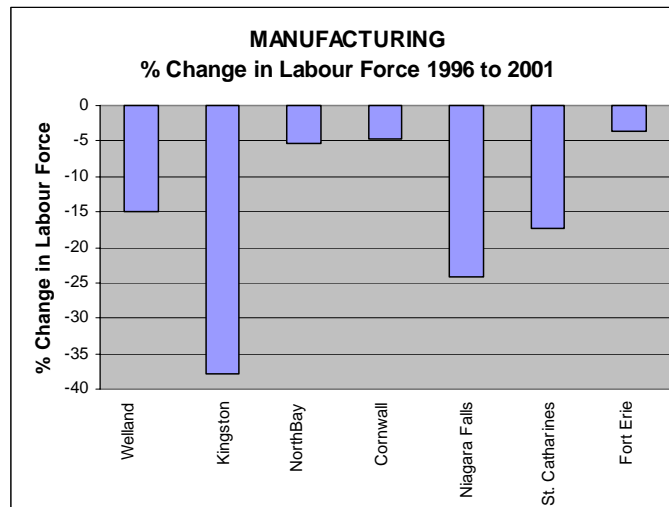
### Mining and Agriculture

Welland experienced a 29.89% decrease in labour force in Mining and Agriculture between 1996 and 2001 which was significantly less than the 63.85% decline witnessed by Kingston. While North Bay did not register a change in this sector between 1996 and 2001, Cornwall experienced 4.17% growth. Regionally, Welland lagged Niagara Falls which experienced a 6.25% growth and St. Catharines which witnessed a 2.28% decline in Mining and Agriculture during this time period. At 51.85%, Fort Erie suffered a greater decline in labour force than Welland within this sector.



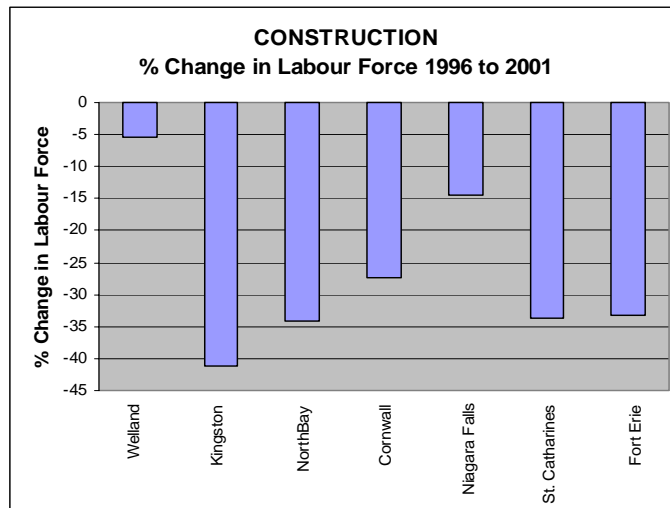
## Manufacturing

In the comparison group, Kingston at 37.90% suffered the greatest decline in labour force in Manufacturing between 1996 and 2001. Welland experienced a decline of 15.03%, followed by North Bay at 5.33% and Cornwall at 4.81%. Regionally, Fort Erie at 3.66% experienced less of a decline. However, Niagara Falls and St.Catharines at 24.12% and 17.33% respectively witnessed a greater decrease than Welland in Manufacturing between 1996 and 2001.



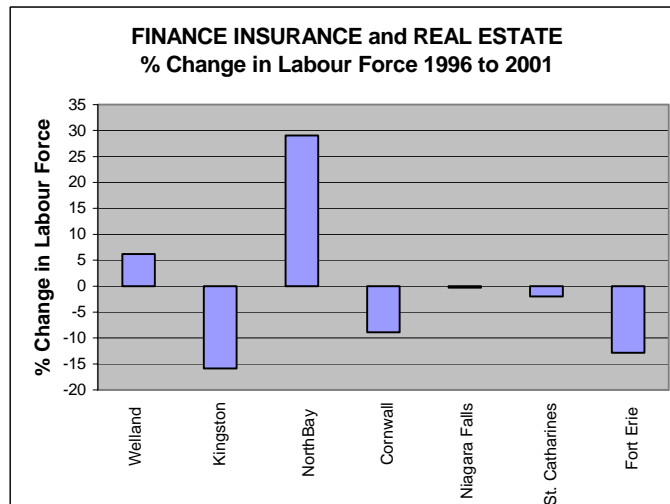
## Construction

Welland's 5.45% decrease in labour force represented the smallest decline in Construction between 1996 and 2001. In comparison, Kingston suffered a 41.19% decrease, North Bay a 34.04% decrease, and Cornwall a 27.40% decrease in labour force in Construction between 1996 and 2001. Regionally, Welland suffered a more modest decline compared to Niagara Falls at 14.57%, St. Catharines at 33.79% and Fort Erie at 33.14%



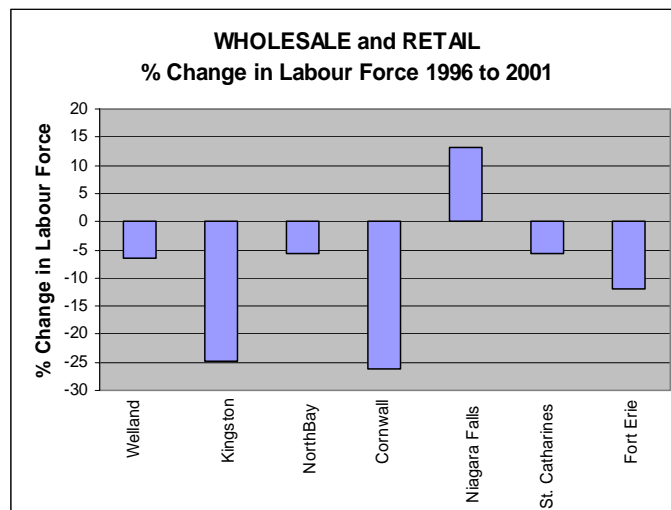
### Finance Insurance and Real Estate

North Bay experienced 29.05% growth in labour force in Finance Insurance and Real Estate between 1996 and 2001. Welland experienced 6.17% growth. Kingston and Cornwall each suffered a decline in Finance Insurance and Real Estate between 1996 and 2001 of 15.88% and 8.9% respectively. Regionally the growth experienced by Welland in Finance Insurance and Real Estate between 1996 and 2001 compared to a decline of 0.31% witnessed by Niagara Falls, a decline of 1.98% in St. Catharines, and a 12.84% decline in Fort Erie.



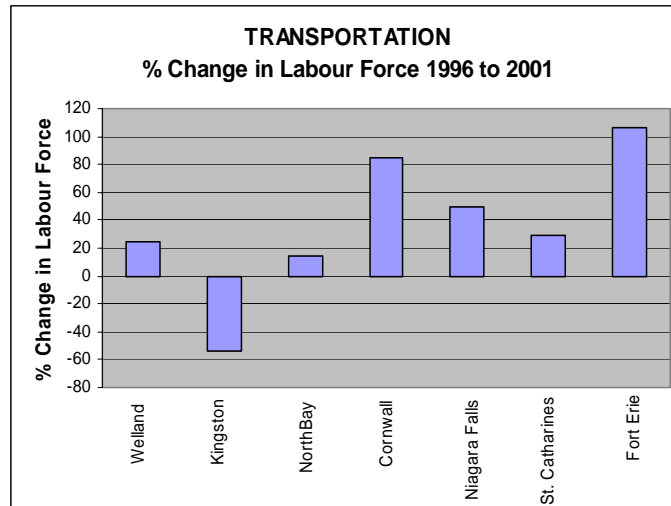
### Wholesale and Retail

Several of the communities in the comparison group experienced a decline in Wholesale and Retail between 1996 and 2001. Cornwall at 26.05% followed by Kingston at 24.78%, Welland at 6.41% and North Bay at 5.66%, all experienced losses in this sector. Regionally, Fort Erie experienced a loss of 12% and St. Catharines suffered a loss of 5.71% in Wholesale and Retail between 1996 and 2001. Niagara Falls experienced growth of 13.10% in Wholesale and Retail between 1996 and 2001.



### Transportation

Welland's Transportation sector grew 25% between 1996 and 2001. North Bay experienced growth of 13.99% in this sector. Cornwall experienced tremendous growth of 84.67% in the Transportation sector between 1996 and 2001. Kingston suffered a 54.38% decline in Transportation between 1996 and 2001. Regionally, Fort Erie experienced exceptional growth in Transportation with an increase of 106.25%. Niagara Falls also exceeded Welland's growth with an increase of 49.37% and St. Catharines grew 28.7% in the Transportation sector between 1996 and 2001.



### Summary

The sectoral trends reviewed in this analysis suggest a declining contribution by the more traditional engines of economic growth including Mining and Agriculture, Construction, and especially Manufacturing. Conversely, they suggest a growing contribution in Welland by the Service sector, particularly Finance, Insurance and Real Estate, and Transportation. Even with the transformation of Welland's economic structure, overall the City compares favourably with other communities in Ontario. These observations are supported in the following section which outlines the findings obtained from the application of location quotient analysis to industries in Welland.

## LOCATION QUOTIENT ANALYSIS

Relevant industrial trends in Welland, Ontario can be observed by applying the analytical technique, location quotient, in the three time periods 1991, 1996 and 2001. The location quotient involves the computation of a ratio that measures each industry's share of total employment in Welland relative to the same industry's share of total employment in the reference area, the Province of Ontario, in each of the three time periods. The calculation of the location quotient produces an index that reflects the contribution of each industry to Welland's economy relative to the contribution of each same industry to the economy of Ontario. The location quotient establishes the degree of concentration or specialization of each industry in Welland in comparison to Ontario.

The results obtained from the application of location quotient analysis suggest that while the degree of specialization may have varied between time periods, a number of industries, primarily in the Manufacturing, Retail Trade and Service sectors, exhibited a greater concentration in Welland relative to Ontario.

### **Manufacturing Sector**

- € The Manufacturing sector displayed a greater concentration in Welland, however, the degree of specialization declined between 1991 and 1996 and again between 1996 and 2001;
- € The Machinery Manufacturing and Electrical Equipment Appliance and Component Manufacturing industries exhibited a greater concentration in

Welland and, in the process, the degree of specialization increased between 1991 and 1996 and again between 1996 and 2001;

- € The Non-metallic Mineral Product Manufacturing and Primary Metal Manufacturing industries displayed a greater concentration in Welland with the decline in degree of specialization between 1991 and 1996 followed by an increase between 1996 and 2001;
- € The Rubber Product Manufacturing industry exhibited a greater concentration in Welland however, the gain in degree of specialization observed between 1991 and 1996 was followed by a decline between 1996 and 2001;
- € Finally, the Fabricated Metal Product Manufacturing industry displayed a greater concentration in Welland however, the degree of specialization declined slightly between 1991 and 1996 and again between 1996 and 2001.

### **Retail Sector**

- € The Retail Trade sector displayed a greater concentration in Welland and, in the process, the degree of specialization increased between 1991 and 1996 and again between 1996 and 2001;
- € The General Merchandise Stores Retail industry displayed a greater concentration in Welland and, in the process, the degree of specialization increased between 1991 and 1996 and again between 1996 and 2001;
- € The degree of specialization for the Furniture and Home Furnishings Stores Retail industry in Welland

shifted from a lower concentration in 1991 and 1996 to a greater concentration in 2001;

- € The Motor Vehicle and Parts Dealers Retail industry displayed a greater concentration in Welland with the decline in degree of specialization observed between 1991 and 1996 followed by an increase between 1996 and 2001;
- € Finally, while comparable data was not available in 1991 and 1996 for the newly created classifications of Food and Beverage Stores, Health and Personal Care Stores, Gasoline Stations and Sporting Goods Hobby Book and Music Stores, these retail industries exhibited a greater concentration in Welland in 2001.

### **Service Sector**

- € The Educational Services and Health Care and Social Assistance industries displayed a greater concentration in Welland and, in the process, the degree of specialization increased between 1991 and 1996 and again between 1996 and 2001;
- € The degree of specialization for the Finance and Insurance and Personal Care Services industries shifted from a lower concentration in 1991 and 1996 to a greater concentration in 2001;
- € The Accommodation and Food Services industry displayed a greater concentration in Welland with the decline in degree of specialization observed between 1991 and 1996 followed by an increase between 1996 and 2001;
- € The Other Services and Local Municipal and Regional Public Administration industries exhibited a greater

concentration in Welland in 1996 and 2001 however, the gain observed between 1991 and 1996 was followed by a decline between 1996 and 2001;

- € Finally, while comparable data was not available in 1991 and 1996 for the newly created classifications of Monetary Authorities-Central Bank, Credit Intermediation and Related Activities, Funds and Other Financial Vehicles, Administrative and Support Waste Management and Remediation Services, Hospitals, Nursing and Residential Care Facilities, Social Assistance, Food Services and Drinking Places, Repair and Maintenance and Religious Grant-Making Civic and Professional and Similar Organizations, these service industries exhibited a greater concentration in Welland in 2001.

### **Summary**

Welland is not immune to the shift in sectors contributing to economic growth at the local, regional, provincial and national levels. The primary sources of economic growth in Welland along with other communities across Canada, has shifted from Mining and Agriculture, Construction, and especially Manufacturing to increased Service activity. Despite the shifts, a number of industries in the Manufacturing sector continue to contribute directly to Welland's economic growth prospects, along with an increasing number of industries in the Service and Retail sectors. Welland's competitive advantage in Manufacturing activity appears to exist in the following industries:

- € Machinery Manufacturing
- € Electrical Equipment Appliance and Component Manufacturing

- € Non-metallic Mineral Product Manufacturing
- € Primary Metal Manufacturing
- € Rubber Product Manufacturing
- € Fabricated Metal Product Manufacturing.

Attention needs to be devoted to the Rubber Product Manufacturing and Fabricated Metal Product Manufacturing since these two industries displayed a decreasing degree of concentration in Welland between 1991 and 2001.

Welland's strengths in the Retail activity appear to exist with the following industries:

- € General Merchandise Stores
- € Motor Vehicles and Parts Dealers
- € Food and Beverage Stores
- € Home Furnishings Stores
- € Health and Personal Care Stores
- € Gasoline Stations
- € Sporting Goods Hobby Book and Music Stores.

Within the Service sector, the following industries appear to exhibit a competitive advantage in Welland:

- € Educational Services
- € Health Care and Social Assistance
- € Finance and Insurance
- € Personal Care Services
- € Accommodation and Food Services
- € Other Services
- € Local Municipal and Regional Public Administration
- € Monetary Authorities-Central Bank
- € Credit Intermediation and Related Activities
- € Funds and Other Financial Vehicles

- ∓ Administrative and Support Waste Management and Remediation Services
- ∓ Hospitals
- ∓ Nursing and Residential Care Facilities
- ∓ Social Assistance
- ∓ Food Services and Drinking Places
- ∓ Repair and Maintenance
- ∓ Religious Grant-Making Civic and Professional and Similar Organizations.

Attention needs to be given to Other Services and to Local Municipal and Regional Public Administration since these two service industries exhibited a decreasing degree of concentration in Welland between 1996 and 2001.

## **RECENT ECONOMIC DEVELOPMENTS**

Over the past decade, the City of Welland has experienced significant change in the industrial composition of its local economy. While the community has suffered from corporate restructuring and plant closures primarily within traditional manufacturing industries, the City has also benefited from corporate expansions and new business attractions. The net result, as indicated in the Macro Overview of this report, is a positive increase of 5.6% in total employment between 1991 and 2001 for the City of Welland.

Welland's manufacturing sector suffered a number of closures in recent years. The announcement of Atlas Specialty Steels' temporary closure could result in approximately 630 job losses. This development follows other recent closures by Welland Pipe Limited which resulted in 250 job losses and UCAR which resulted in a loss of 280 manufacturing jobs. The closure of General Drop Forge impacted 30 jobs in Welland. These closures involve relatively high paying jobs and seriously impact the community.

Additionally, several companies in Welland have experienced downsizing in recent years. Shaw Pipe reduced its workforce by 65 employees. GDX Automotive has experienced fluctuating employment levels with a recent reduction of approximately 200 employees; however, at a current workforce of 858 employees, it employs significantly more people today compared to five years ago. Other companies have experienced nominal layoffs including Stelpipe and Mitech Plastics.

Several new businesses have located in the City of Welland. The largest of these new employers is Convergys Customer Management Canada with approximately 1000

jobs and an annual payroll of some \$ 24 million dollars. Another relatively new Call Center operation, Nucomm has grown to over 400 jobs in Welland. Other new developments include Hostess Frito Lay with 45 new jobs, Marusa Marketing with 80 jobs, Hydraserv Limited with 10 jobs, CRS Specialty Inc. with 14 employees and Commisso's Food Terminal on South Pelham Road with some 80 full and part time employees.

The Welland community has benefited from a number of substantial expansions in recent years. John Deere Welland Works invested over \$ 28 million in a major capital expansion, the first major capital expansion at the Welland works in more than 25 years. The workforce has grown by 300 employees since 1997 to its current employment level of 976 people. Canadian Tire Financial Services has also grown substantially with over 1400 fulltime employees and 330 part-time employees today. Bosch Rexroth Canada Corp. (previously Basic Technologies) also undertook a multi-million dollar expansion and increased its workforce from 140 in 1997 to 180 employees in 2003. Vesuvius Canada Refractories Inc. (formerly Premier Refractories) is another example of a major expansion. With 103 employees in 1997, the company now employees 175 people. Several other significant expansions have taken place in Welland including Hydac, Indexable Cutting Tools of Canada Ltd, GDX Automotive and Panabrasive.

Future developments form part of the City's strategic economic development plan. Perhaps one of the most significant developments for the City of Welland is the new Civic Square to begin construction this fall. This new complex consisting of a new library and City Hall should serve as a catalyst for downtown revitalization and will help to spur development of the Welland Canal Lands. As well

Welland is looking forward to the \$12 million construction of a new YMCA on the Niagara College Campus. Additionally, Welland's new 40 acre industrial park at Highway 140 (Enterprise Subdivision) demonstrates the City's confidence in new investment. As part of the City's plans for economic revitalization, the City of Welland is exploring opportunities for developing brownfield sites such as the UCAR site on Canal Bank Road.

## CONCLUSION

Welland, like many communities across Ontario and Canada, is faced with significant challenges in creating new business development. This formidable task requires strategic vision that builds upon the community's existing strengths, particularly in terms of industry cluster formations. The trends towards an increasing Service sector and declining Manufacturing sector are likely to continue. These trends reflect global economic conditions, particularly intensified competition, new technologies, and a growing movement towards a knowledge-based economy.

Welland is fortunate to have a strong diversified base of industries with competitive advantages. Welland possesses additional strengths and assets:

- € In terms of domestic markets, Welland's proximity to Toronto is a definite asset.
- € From an international perspective, Welland's proximity to the United States market is important for attracting export-oriented businesses. Throughout the past two decades, exports as a percent of total manufacturing production among Canadian industry has grown substantially.
- € Welland's investment in a new industrial park demonstrates the City's confidence in attracting new small to medium-sized Manufacturing businesses.
- € Development plans for the City's downtown core are critical for improving the City's image as a vital community and business centre, and for instilling civic pride.

Business retention is an important focus for the City of Welland in addition to new business attraction. Globally the competition is intense. Factors such as ready access to market and available labour market are very important for business retention, expansion and growth.

Welland needs to explore opportunities arising from a strategic economic development plan that takes advantage of existing assets, including the Welland Canal as well as other infrastructure and facilities. Strategic planning, creative approaches and solid commitments are necessary to achieve new economic growth.