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GENERAL AGREEMENT ON TARIFFS AND TRADE

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Textiles Committee
Sub-Committee on Adjustment

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CANADA

Additional Information

1. Number of establishments, employment and value added

Tables I, II and III provide the most recent industrial and market data on the textiles and clothing sectors. According to Table I, shipments in value terms and employment declined respectively, in 1982 over 1981, by 13 per cent and 15 per cent in textiles and by 6 per cent and 15 per cent in clothing. As a result, more than 27,000 jobs were lost in these sectors during this period primarily in Quebec. There was an estimated net loss of 165 establishments, primarily in the clothing industry. In view of the reduction in industrial activity, manufacturers cut back on their capital plans, and investment fell by 33 per cent in clothing and 10 per cent in textiles in this period. The patterns in terms of value added (Table III), however was somewhat different with productivity falling marginally (1982/1981) in the capital intensive textile sector but increasing significantly in the clothing and knitting sectors.

2. Canadian imports, exports and balance of trade: 1982

(i) Imports

The share of total Canadian imports of textiles and clothing held by industrialized countries continued to decline in 1982 while the share of low-cost countries has increased (see Table IV). The fact remains however that in 1982, like in 1981, 81 per cent of the total value of imported textile products originated in industrialized countries while 18 per cent came from low-cost sources.

The proportions for imports of clothing products are totally reversed. Table IV indicates that in 1982, 24 per cent of the total value of clothing imports came form industrialized countries while 76 per cent were supplied by low-cost countries. In the case of textiles (see Table V) 78 per cent of all imports originated in only two countries: the US (56.9 per cent) and Japan (6.9 per cent). In the case of clothing imports (Table VI), however, 64 per cent of the total came from four low-cost sources: Hong Kong (22.6 per cent), Taiwan (15.8 per cent), South Korea (19.5 per cent) and the People's Republic of China (6.5 per cent). In value terms, these four countries account for 85 per cent of all clothing imports from low-cost countries.

(ii) Exports

The most recent statistics in 1982 (see Table VII) indicate that, in nominal terms, the value of Canadian exports of textiles and clothing decreased by 9 per cent between 1981 and 1982. While Canadian imports of textile products decreased by 17 per cent, exports fell by 9 per cent leaving a net negative balance of 19 per cent below the 1981 trade balance. An increase of 3 per cent in total Canadian imports of clothing products coupled with a decrease of 9 per cent in our exports resulted also in a negative trade balance for 1982 of 8 per cent over the 1981 trade balance.

3. Apparent Canadian market for textiles and clothing: 1982

As shown in Table VIII, in 1982, the apparent market of only one out of fifteen textile categories showed an expansion. Domestic shipments (excluding exports) increased for two categories while imports increased in three. The situation improved for Canadian producers with regard to polyester-cotton yarns. In contrast, the situation deteriorated seriously for woollen worsted fabrics (with shipments of Canadian producers decreasing 24 per cent while imports increased by 9 per cent), polyester filament yarns (with 29 per cent decrease in domestic shipments compared to 39 per cent increase in imports) and acrylic yarns (with 2 per cent decrease in domestic shipments and 2 per cent increase in imports).

On a volume basis, Table IX shows that, in 1982, the apparent market for clothing decreased by 7 per cent, shipments by domestic producers by 10 per cent, and imports by 1 per cent. The apparent market for clothing decreased in all categories except in swimwear, where the apparent market increased by 4 per cent in 1982. Domestic shipments increased in two categories and decreased in the remaining twelve. Total imports increased in five categories and decreased in seven categories. Imports from restrained sources increased in seven categories and decreased in seven others. In 1981, domestic producers supplied 70 per cent of the domestic market and imports, 30 per cent. In 1982, the share of the Canadian market held by domestic manufacturers decreased by 2 per cent while imports increased by 2 per cent.

4. Government measures

From its inception to the end of October 1983, the Canadian Industrial Renewal Board, in the context of the Sector Firm Program has accepted 257 applications of which 110 were for textiles and 147 for clothing. As of 31 October 1983, CIRB had committed Can$98,230,838 in consulting and capital cost assistance to firms in these industries with textiles to receive Can$72,748,034 and clothing Can$25,483,175. By the end of October 1983, total disbursements on these commitments amounted to Can$10.3 millions.

Under the Business and Industrial Development Program, as of 31 December 1983, Can$36,969,000 have been committed into the seven communities eligible.

As of 31 March 1983, the Labour Adjustment Program, third component of the CIRB programme assigned to assist workers displaced as a result of industrial adjustment in the textile and clothing sector, accounted for 12.4 millions (Can$). This figure does not include unemployment insurance benefits.

5. Market access

To date, under the MFA III the negotiation of bilateral restraint arrangements have been concluded with sixteen low-cost suppliers of textiles and clothing products to the Canadian market. Arrangements have been negotiated with Hong Kong, the Republic of Korea, India, Malaysia, Macao, Thailand, the Philippines, Singapore, Poland, Romania, Bulgaria, Czechoslovakia, Pakistan, Uruguay, Hungary and Brazil. Base levels were negotiated upon historical performance over a number of years. Growth varied between 1 and 10 per cent, swing between 5 and 10 per cent and carryover and carry forward between 2 and 1 per cent, and 11 and 6 per cent.

Data on imports since 1978 demonstrate that Canada has consistently provided increased access to the textiles and clothing exporting countries. From 1978 to 1982 Table IV shows that imports of textiles and clothing products originating from low-cost countries have increased by 33 per cent and 66 per cent respectively.

TABLE 1

Principal Statistics - Textiles and Clothing

	1981		1982		% Change 1982/81	
	Textiles	Clothing	Textiles	Clothing	Textiles	Clothing
Employment	79,500	107,400	67,400	91,800	- 15	- 15
Shipments $ million	5,892	4,523	5,128	4,260	- 13	- 6
No. of Establishment	1,031	2,323	1,020*	2,069*	- 1	- 11
Capital ($000's) Investment	306	40	276	32	- 10	- 33

Source: Various Statistics Canada Pulications including the Canadian Statistical Review (Cat. 11-003E), Inventory, Shipments and Orders (31-003) and Manufacturing Industries of Canada (31-203)

* Estimated figures - Textiles, Clothing and Footwear Directorate of DRIE.

TABLE II

Size and Distribution of Establishments - Textiles and Clothing

1982

Number of Employees	Establishments		% Total	
	Textiles	Clothing	Textiles	Clothing
Less than 20	541	962	53	46
20 - 49	204	546	20	26
50 - 99	90	306	9	15
100 - 199	83	157	8	8
200 - 499	80	89	8	4.5
500 - 999	16	8	1.5	.5
1000 and more	6	1	.5	—
Total	1,020	2,069	100.0	100.0

Source: Estimated figures - Textiles, Clothing and Footwear Directorate of DRIE

TABLE III

Index of Real Domestic Product and Value Added

Per Man-Hour Worked - Textiles, Clothing and Knitting

(1971 = 100)

Value Added Per Man-Hour Worked

Sector	Real Domestic Product		Value Added Per Man-Hour	
	1981	1982	1981	1982
Textiles	111.5	87.7	108.1	107.3
Clothing	103.9	88.0	105.9	116.3
Knitting	109.2	99.2	117.51	126.0
Total Manufacturing	110.4	96.8	108.91	111.6

Source: Statistics Canada - Catalogues 61-213 and 72-002

TABLE IV

VALUE OF TEXTILE AND CLOTHING IMPORTS FROM DEVELOPED COUNTRIES AND LOW-COST COUNTRIES

values in million current dollars and changes in percentages

	Value of Imports			Percentage Change from Previous Year		
	Developed Countries	Low-Cost Countries	Total	Developed Countries	Low-Cost Countries	Total
Textiles						
1978	1,146.6	217.7	1,364.2	15.7	21.2	16.6
1979	1,447.9	284.4	1,732.3	26.3	30.7	27.0
1980	1,363.8	279.3	1,643.1	-5.8	-1.8	-5.1
1981	1,534.8	333.4	1,868.2	12.5	19.4	13.7
1982	1,257.0	289.7	1,546.7	-18.1	-13.1	-17.2
Clothing						
1978	205.3	449.6	654.9	0.2	12.9	8.6
1979	227.8	566.9	794.7	11.0	26.1	21.3
1980	214.5	563.0	777.5	-5.8	-0.7	-2.2
1981	234.6	719.8	954.4	9.4	27.9	22.8
1982	238.6	746.3	984.9	1.7	3.7	3.1

Source: Statistics Canada.

TABLE V

CANADIAN IMPORTS OF TEXTILES FROM MAJOR SOURCES

in million dollars and percentage of total value

Sources	1980 Value	1980 %	1981 Value	1981 %	1982 Value	1982 %
DEVELOPED COUNTRIES						
U.S.A.	994.4	60.5	1,108.6	59.3	879.7	56.9
Japan	76.9	4.7	107.0	5.7	106.7	6.9
Italy	64.9	4.0	75.0	4.0	67.6	4.4
U.K.	72.1	4.4	69.7	3.7	59.0	3.8
Germany, West	29.9	1.8	38.0	2.0	38.5	2.5
France	35.5	2.2	35.3	1.9	27.7	1.8
Sub-Total	1,273.7	77.6	1,433.6	76.7	1,179.2	76.3
LOW-COST SOURCES						
China, P.R.	48.8	3.0	62.1	3.3	57.6	3.7
Korea, South	43.1	2.6	59.3	3.2	47.3	3.1
Brazil	20.1	1.2	31.8	1.7	35.0	2.3
Taiwan	20.0	1.2	30.6	1.6	25.9	1.7
Hong Kong	20.1	1.2	22.8	1.2	23.3	1.5
India	27.6	1.7	21.5	1.2	17.2	1.1
Sub-Total	179.7	10.9	228.1	12.2	206.3	13.3
OTHER SOURCES	189.7	11.5	206.5	11.1	161.2	10.4
TOTAL ALL COUNTRIES	1,643.1	100.0	1,868.2	100.0	1,546.7	100.0

Source: Statistics Canada

TABLE VI

CANADIAN IMPORTS OF CLOTHING FROM MAJOR SOURCES

in million dollars and percentage of total value

	1980		1981		1982	
Sources	Value	%	Value	%	Value	%
DEVELOPED COUNTRIES						
U.S.	101.9	13.1	117.8	12.3	111.6	11.3
France	24.7	3.2	27.6	2.9	27.0	2.7
Italy	24.8	3.2	27.4	2.9	32.1	3.2
U.K.	19.5	2.5	18.5	1.9	18.8	1.9
Germany, West	7.7	1.0	8.2	0.9	12.3	1.2
Iceland	3.7	0.5	3.3	0.3	1.8	0.2
Sub-Total	182.3	23.5	202.8	21.2	203.6	20.6
LOW-COST SOURCES						
Hong Kong	189.3	24.3	226.8	23.8	222.1	22.6
Taiwan	124.9	16.1	161.3	16.9	155.9	15.8
Korea, South	106.3	13.7	159.1	16.7	192.0	19.5
China, P.R.	52.3	6.7	55.4	5.8	63.7	6.5
India	17.6	2.3	31.2	3.3	26.3	2.7
Philippines	11.2	1.4	19.6	2.1	17.3	1.8
Sub-Total	501.6	64.5	653.4	68.5	677.3	68.8
OTHER SOURCES	93.6	12.0	98.2	10.3	104.0	10.6
TOTAL ALL COUNTRIES	777.5	100.0	954.4	100.0	984.9	100.0

Source: Statistics Canada

TABLE VII

IMPORTS, EXPORTS AND TRADE BALANCE OF

TEXTILE AND CLOTHING PRODUCTS

In Million Dollars

	Textiles			Clothing			Total
Period	Imports	Exports	Balance	Imports	Exports	Balance	Balance
1978	1,364.2	256.8	-1,107.4	654.9	147.4	-507.5	-1,614.9
1979	1,732.3	335.9	-1,396.4	794.7	189.9	-604.8	-2,001.2
1980	1,643.1	424.6	-1,218.5	777.5	230.2	-547.3	-1,765.8
1981	1,868.2	473.9	-1,394.3	954.5	263.7	-690.7	-2,085.0
1982	1,546.7	430.4	-1,116.3	984.9	240.8	-744.1	-1,860.4

Source: StatsCan - Quarterly SIC Trade Balance Report which includes Coated Fabrics.

TABLE VIII

VARIATIONS IN APPARENT MARKETS

DOMESTIC SHIPMENTS AND IMPORTS OF TEXTILES FROM 1981 TO 1982

Textile Category	Apparent Market 82/81	Domestic Shipments Net of Exports 82/81	Total Imports 82/81
Polyester fabrics	-9	neg.	-16
Cotton and Polyester cotton fabrics, corduroy and denim	-28	-33	-24
Polyester-cotton yarns	25	30	13
Woollen/worsted fabrics	-16	-23	-9
Towel and Washcloths	-16	-6	-26
Acrylic yarns (worsted spun)	-1	-1	2
Pillow Cases	-21	-11	-37
Rayon Fabrics	-13	-11	-18
Sheets	-19	-8	-47
Nylon Fabrics	-25	-28	-17
Coated Fabrics	-14	-13	-16
Polyester Filament Yarns	-10	-29	59
Nylon Filament Yarns	-30	-21	-56
Cotton Yarns	-13	-10	-18
Acetate Rayon Filament Yarns	-21	-24	-12

TABLE IX

VARIATIONS IN APPARENT MARKETS

DOMESTIC SHIPMENTS AND IMPORTS OF CLOTHING FROM 1981 TO 1982

(Percent)

Clothing Category[(1)]	Apparent Market 82/81	Domestic Shipments Net of Exports 82/81	Total Imports 82/81	Imports from Restrained Sources 82/81
Raincoats	-10	-12	-9	-9
Pants, shorts, overalls, coveralls, jeans	-9	-14	3	1
Underwear	-15	-17	-6	-4
Sportswear, dresses, skirts, athletic sets, suits	-5	-6	-4	-1
Sweaters	-2	2	-5	-7
Pyjamas and sleepwear	-5	-6	1	3
Tailored Collar Shirts	-4	-4	1	-1
Foundation Garments	-6	-5	-22	-19
T-shirts, Sweatshirts and shirts other than Tailored-collar	-1	-4	-3	2
Jackets	-8	-24	8	8
Overcoats and Topcoats	-16	-16	-6	-13
Structured Suits	-1	-5	28	27
Swimwear	4	6	1	4
Outerwear	-5	-8	neg.	3
All Clothing Categories	-7	-10	-1	neg.

(1) All product categories include:
Mens, Boys' Ladies', Girls', Children and Infants.