

TEXTILE SECTOR : QUESTION #6

Which sub-sectors are expected to fare well under NAFTA?

Background:

Acrylic yarns and textured polyester yarn are expected to do poorly. The availability of low price petrochemicals and a fully integrated man-made fibres industry have permitted Mexico to make significant inroads in the Canadian markets.

The double pricing system will most likely not survive under NAFTA, however in it too early to determine the particulars of the dismantling of the system at this time.

The FTA provisions of duty on fabrics manufactured offshore and use in apparel produced domestically would qualify for duty free treatment up to a certain level only. Over the given level, the fabric will be treated as foreign in duty terms.

RESPONSE:

- THE NAFTA NEGOTIATIONS WILL PROMOTE SIGNIFICANT NICHE MARKET OPPORTUNITIES IN MEXICO FOR CANADIAN PRODUCERS OF HIGH QUALITY TEXTILE AND APPAREL. THE LIBERALIZATION OF TRADE WILL EXPAND THE AVAILABLE AREA OF OPPORTUNITY FOR SUCH MARKET DEVELOPMENT.
- AS PART OF THE NEGOTIATIONS ON TRADE RULES, THE MEXICAN TWO TIERED PRICING SYSTEM FOR PETROCHEMICALS AND ITS DISCRIMINATORY EFFECTS ARE BEING ANALYZED. IT IS THE GOAL OF THIS GOVERNMENT TO ENSURE THAT A TRADE REGIME IS DEVELOPED CONTINENTALLY WHICH OFFERS EQUAL AND NATIONAL ACCESS TO THE MARKETS OF CANADA, MEXICO AND THE UNITED STATES.