

TEXTILE SECTOR : QUESTION #4

Considering the comparative advantage Mexico possesses in labour cost, how will Canadian exports of textiles fair in the U.S. market under a NAFTA?

Background:

The Mexican utilization of its guaranteed access to the U.S. market has been high, it has not been a severe hindrance to Canadian exports to the United States due to the different quality of product exported, with Mexico exporting low end of the quality scale.

RESPONSE:

- MEXICO AND CANADA DO NOT COMPETE HEAD TO HEAD AT PRESENT AND IN THE MEDIUM TERM, THIS TREND THAT SHALL CONTINUE. THE MEXICAN EXPORTS DO NOT AT PRESENT POSE A THREAT TO THE CANADIAN MARKETS OR TO CANADIAN EXPORTS IN THE U.S. MARKET, THOUGH THIS MAY SLOWLY CHANGE WITH THE EXPANSION AND MODERNIZATION OF INDUSTRY.
- THE IMMEDIATE CONCENTRATION ON LOW END OF THE QUALITY PRODUCTS BY MEXICAN COMPANIES WILL CONTINUE TO PERMIT THE CANADIAN INDUSTRY TO ESTABLISH STRONG Footholds IN THE HIGHER QUALITY TEXTILE AND APPAREL SECTORS.