

- While technological evolution will continue, no major breakthrough is anticipated in the near future.

d) Other Factors

- The sector is very sensitive to exchange rate changes and competitiveness and profitability would decline significantly if the Canadian dollar moves closer to par with the U.S. dollar.
- The performance of the textile industry depends to a large extent on that of the clothing industry, which in turn is influenced by government policy (especially border measures) for that industry.

3. FEDERAL AND PROVINCIAL PROGRAMS AND POLICIES

- In addition to relatively high tariff protection, import restraints on some textiles and similar but more extensive protection for its major customer (clothing), government financial assistance to the textile industry is available through the Canadian Industrial Renewal Board (CIRB). Since its inception in 1981 to May 1985 \$111.1 million in contributions have been committed to textile companies. Also, assistance to workers in the textile, clothing and footwear industries to May 1985, has amounted to \$39.6 million under CEIC adjustment measures for workers from both regular CEIC programs (placement, institutional and industrial training, mobility assistance, work-sharing, etc.) and special CEIC programs (enhanced training allowances, enhanced mobility assistance, wage subsidies and special job creation in specific communities). As well, for the textile and clothing industries \$51.4 million has been paid under Labour Canada's Labour Adjustment Benefit Program covering pre-retirement benefits.

4. EVOLVING ENVIRONMENT

- If imports, notably clothing, are allowed to continue increasing substantially faster than the market, activity in apparel textiles (40% of total output) will be significantly affected. Combined with continued productivity improvements, the result will be a marked decrease in textile employment.

5. COMPETITIVENESS ASSESSMENT

- The Canadian textile industry is competitive in the domestic market, with current tariff protection and favourable exchange rates, vis-à-vis imports from the U.S. (the major competitor) and other developed countries. Its sensitivity to changes in exchange and tariff rates is high.
- Due to the increasing capital intensity of production, the industry is generally competitive with low-cost countries, except in a few labour-intensive sub-sectors. However, to the extent that a substantial portion of its output is destined for the clothing industry which is not competitive with low-cost sources and relies on border measures, the textile industry is influenced indirectly.