

TEXTILE SECTOR

TEXTILE SECTOR : QUESTION #1

How will Canadian textile producers benefit under a NAFTA?

**Background:**

Canadian manufacturers of commodity type apparel will be in a particularly difficult position under NAFTA. The main advantage will come in that a free trade deal will encourage manufacturers to concentrate in areas of relative strength, achieving greater efficiency as they expand existing production lines in market niches.

**RESPONSE:**

- THE MAIN ADVANTAGES THAT WILL BE GAIN BY THE TEXTILE INDUSTRY WILL BE IN THE AREAS WHERE THEY ALREADY ENJOY A COMPETITIVE ADVANTAGE. THE NICHE MARKETS ALREADY DEVELOPED WILL BE FURTHER CONCENTRATED UPON IN THE FUTURE UNDER A NAFTA.
- A NAFTA WILL PERMIT CANADIAN FIRMS TO ACHIEVE THE ECONOMIES OF SCALE NECESSARY TO COMPETE INTERNATIONALLY AGAINST THE LOW WAGE, HIGH LABOUR INPUT COUNTRIES, ON THE SAME BASIS AS OUR ASIAN COMPETITORS WHICH TAKE ADVANTAGE OF DIFFERING WAGE RATES AND SKILLS MARKETS TO IMPROVE THEIR PROSPERITY. BY UTILIZING THE DIFFERING WAGE RATES BETWEEN CANADA AND MEXICO ON THE COMPONENTS OF SHOE PRODUCTION, CANADIAN TEXTILE AND APPAREL INDUSTRIES MAY BECOME MORE COMPETITIVE INTERNATIONALLY.