

BACKGROUND

Textiles and Clothing: Two Vital Industries

The textile and clothing industries together account for almost 10% of Canada's manufacturing workforce. Their net domestic shipments in 1985 totalled \$10 billion.

About 80% of employment in the industries is concentrated in Quebec and Ontario. The clothing industry tends to be centred in large urban areas. About 72% of clothing jobs in the province of Quebec are in Montreal, with about 73% of the Ontario jobs in Toronto, Kitchener, Hamilton and London. The Winnipeg area also contributes nearly 7% of total clothing employment. The textile industry is a major employer in many smaller communities in Quebec and Ontario, as well as in other provinces such as Nova Scotia.

The two industries are fundamentally different. In the capital-intensive textile sector, low-cost imports do not generally hold a major market position and only about 7% of all textile imports are subject to bilateral import restraints. In the clothing sector, however, the high labour component gives an inherent advantage to low-wage countries, and this has been the primary focus of Canada's import control regime.

Since the clothing sector is the single largest customer for Canadian textile producers, both sectors have a stake in maintaining a strong domestic clothing industry. About 40% of total textile output is apparel-related.

The 1981-85 Experience: A Declining Market Share

In recent years, the clothing industry has been losing market share to imports. These imports have captured almost all of the market recovery since the 1982 recession, while domestic shipments have remained significantly below their 1981 levels.

As a result, the Canadian clothing industry has seen its share of the domestic market decline, on a unit volume basis, from 69% in 1981 to 57% in 1985.

While accurate employment statistics in these sectors are elusive, the Textile and Clothing Board has estimated that the import growth may have cost as many as 15,000 Canadian jobs since 1981.