

## COMPETITIVENESS PROFILE

### CLOTHING SECTOR

#### STRUCTURE AND PERFORMANCE

##### a) Structure

The clothing industry in Canada consists of firms that make apparel for consumers as well as industrial and institutional users. Its major sub-sectors are: men's wear, women's wear, children's wear, fur goods, foundation garments, other knitting mills (sweaters, T-shirts, underwear, gloves) and miscellaneous clothing.

While the sweater, T-shirt and underwear sub-sectors are generally vertically integrated, knitting garments from yarns, most sub-sectors purchase fabric from upstream mills and cut, sew and finish garments. The clothing industry, therefore, is an important customer of the Canadian textile industry and utilizes about 40 percent of its output. In a few cases there are also forward linkages where garment manufacturers are also actively involved in retailing.

The industry comprises 2,268 establishments of which about 500 are contractors (there are a number of additional contractors and home workers not reported by Statistics Canada). Overall, the industry employs 99,900 workers and its shipments were nearly \$4.8 billion in 1984. The 94 largest establishments (200 and more employees) employed 29,900 (30 percent of total employment).

Ownership is predominantly Canadian with 35 foreign-owned companies (0.2 percent of total firms). However, foreign-owned firms tend to be larger than the average and account for an estimated 10 percent of total industry shipments. These firms tend to be concentrated in, and in some cases, dominate, jeans, men's and boys' shirts, foundation garments and the work gloves sub-sectors.

Fabric inputs account for 35-40 percent of the clothing industry's value of shipments and roughly 50 percent of the Canadian industry's fabric usage is imported.

The industry's location, mostly in Quebec and Ontario (91 percent of establishments and 87 percent of employment) is primarily in large urban centres such as Montreal and Toronto. Geographic concentration is a phenomenon of the clothing industry world wide and manufacturing tends to be close to major markets and to pools of semi-skilled labour.

##### b) Performance

Real domestic product of the clothing industry rose by 20 percent between 1971 and 1981. The recent recession, however, resulted in a decline of 13.5 percent in real domestic product in 1982. In comparison, real domestic product for overall manufacturing was off 11.4 percent in 1982 while sectors such as furniture and fixtures (21.9 percent), non-metallic mineral products (19.1 percent) and primary metals (18 percent) declined considerably.

In the meantime, some improvement in the clothing industry's position has occurred with RDP advancing in 1983 by 12.4 percent and by a further 4 percent in 1984. In this cyclical pattern the clothing industry's RDP currently stands at or near its 1980 level. Over the past decade as a whole, the pattern of growth varied considerably but averaged less than 1 percent per annum. In the period between 1973 and 1978 the average annual growth rate was 2.2 percent, but between 1978 and 1984 RDP actually increased at an average annual rate of 0.2 percent.

Over the period 1973-84 employment in the clothing industry declined by 19,180 workers. This loss of 16 percent of the industry's employment appears to be, in part, the result of some improvement in productivity and, we suspect, the trend of contractors to make greater use of home workers.