

Lucienne Robillard Announces \$60 Million in Measures to Promote the Competitiveness of Apparel and Textile Industries

OTTAWA, February 27, 2004 — The Honourable Lucienne Robillard, Minister of Industry and Minister responsible for the Economic Development Agency of Canada for the Regions of Quebec, today announced measures that will increase the international competitiveness of the Canadian apparel and textile industries. The announcement is in response to the recommendations made by the apparel and textile industries. Some of these arose from a joint Government-Industry Working Group on Textiles and Apparel, established by the Government of Canada to discuss competitiveness issues facing the industries.

The \$60 million in measures is aimed at improving the global competitiveness of the apparel and textile industries. They include approximately \$26.7 million for a Textiles Production Efficiency Initiative, \$6.5 million under the existing Canadian Apparel and Textiles Industries Program, and tariff reductions, with an approximate value of \$26.7 million to the apparel industry over the next three years. These tariff reductions will generate an ongoing reduction in duties paid beyond the first three years.

"Our response deals directly with the competitiveness concerns raised by the apparel and textile industries," said Minister Robillard. "The measures announced today will help these industries to continue to excel in an increasingly global marketplace."

The Working Group held a number of sessions, which culminated in industry recommendations for action by the Government of Canada. The government was asked to work to preserve Canadian access to the U.S. apparel and textile markets, to enhance the Canadian Apparel and Textile Industries Program, and to support Canadian apparel and textile firms through branding and export development initiatives. The apparel industry also requested that tariffs be reduced on textiles for domestic apparel production.

For more detailed information on the measures announced today, please see the attached backgrounder.

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Backgrounder
Government Response to the Apparel and Textile Industries

Challenged by increasing competition from abroad, the Canadian apparel and textile industries have had to transform themselves over the past decade through focusing on higher value-added activity, on innovative and attractive new products, and through identifying and winning niche

markets for their products. However, further change is necessary as the apparel and textile markets continue to globalize, and textiles and apparel quotas are removed at the end of 2004, consistent with Canada's commitments to the World Trade Organization.

To assist the two industries with their preparations for the future, the Government of Canada established a joint Government-Industry Working Group on Textiles and Apparel.

The industry and labour members of the Working Group was comprised of representatives from the Canadian Apparel Federation, the Canadian Textiles Institute, the Union of Needletrades, Industrial and Textile Employees, Industry Canada, Finance, International Trade, Statistics Canada, Human Resources Canada, Skills Development Canada and the Canada Border Services Agency.

The apparel and textile industries submitted recommendations for government action to address the issues related to the long-term competitiveness of the apparel and textile industries. In response to those recommendations, the Government of Canada has committed to:

Continuing to work toward an integrated North American market for Canadian apparel and textile products, and to considering any proposals made jointly by the apparel and textile industries for new market development through an outward processing initiative.

Continuing to protect against illegal transshipment of imported apparel and textile products, and to use existing tools, as appropriate, to respond to industry complaints regarding injurious import surges.

Working through the Employment Insurance program to continue to meet the needs of workers adjusting to changes in the industry, and to ensure, through ongoing support for human resource sector councils, that employees obtain the skills they need to respond to the challenges of a rapidly changing labour market.

Identifying and reducing tariffs on imported textile inputs used by the Canadian apparel industry so as to improve the industry's cost competitiveness. This initiative will amount to with an approximate value of \$26.7 million to the apparel industry over the next three years. These tariff reductions will generate an ongoing reduction in duties paid beyond the first three years.

Improving the competitiveness of Canadian textile companies through a new three-year initiative, \$26.7-million Textiles Production Efficiency Initiative, to be implemented by summer 2004.

Making the remaining \$6.5 million in funding from the Company Component of the Canadian Apparel and Textile Industries Program more readily available to companies to undertake initiatives, in advance of the removal of apparel and textile import quotas by January 1, 2005.

Continuing to work through the National Initiatives Component of the Canadian Apparel and Textile Industries Program to address the technology support, branding, trade development, and e-commerce needs of the apparel and textile industries.

For details about the Canadian Apparel and Textile Industries Program, please visit the program's Web site at <http://strategis.ic.gc.ca/catip>.

