

CANADIAN PERSPECTIVES ON NAFTA

Presented by

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CANADIAN APPAREL INDUSTRY

2002

- Domestic Manufacturers
- Issues: Quotas and Tariffs
- \$2.8 billion exports to US
- Imports from China: \$1.4B
- Made in Canada



2012

- Manufacturers/Marketers
- Issues: Non-tariff barriers
- \$800 million exports to the US
- Imports from China \$4.4 B
- **Made in the World**

IMPORTS - APPAREL

	2010	2011	2012	2013	2014	2015	2016
China	4,382,086.00	4,615,062.00	4,275,150.00	4,632,236.00	4,942,134.00	5,394,623.00	5,076,898.00
Bangladesh	754,565.00	958,436.00	1,013,953.00	1,081,391.00	1,115,935.00	1,343,101.00	1,443,530.00
Cambodia	339,764.00	486,923.00	536,348.00	620,276.00	708,739.00	863,876.00	962,716.00
Vietnam	284,793.00	347,598.00	398,436.00	517,054.00	677,505.00	842,517.00	899,114.00
U.S.A.	427,582.00	430,936.00	592,264.00	605,795.00	673,660.00	775,046.00	733,528.00
Mexico	299,195.00	308,600.00	322,995.00	348,299.00	371,856.00	411,605.00	430,874.00
India	297,287.00	322,542.00	287,900.00	319,846.00	351,004.00	384,421.00	370,683.00
Indonesia	190,072.00	238,271.00	241,469.00	285,510.00	318,919.00	346,961.00	339,540.00
Italy	168,738.00	192,652.00	197,475.00	221,109.00	251,205.00	288,414.00	326,230.00
Sri Lanka	70,247.00	88,119.00	104,477.00	116,355.00	142,448.00	192,986.00	209,466.00
Sub-total	7,214,330.00	7,989,139.00	7,970,467.00	8,747,870.00	9,553,404.00	10,843,550.00	10,792,579.00



Quantity: thousands of \$ CDN

EXPORTS - APPAREL

	2010	2011	2012	2013	2014	2015	2016
U.S.A.	653,186	649,061	661,208	669,805	771,151	905,831	874,847
Netherlands	34,340	40,339	38,143	54,711	64,616	78,453	95,557
Japan	9,471	13,707	15,710	20,674	25,926	32,589	28,484
Germany	24,153	26,315	27,935	20,986	21,241	20,579	23,227
U.K.	21,086	20,196	25,001	17,096	16,584	19,096	18,254
Korea, South	2,031	2,768	2,895	5,989	11,709	10,003	12,270
Australia	11,451	7,064	7,754	8,876	11,498	10,315	10,752
United Arab Emirates	1,937	1,961	1,813	4,456	4,653	8,471	7,204
Spain	3,827	4,172	4,525	5,820	5,761	6,049	5,464
Belgium	553	798	7,254	3,315	5,069	2,208	1,310



Value in thousand Canadian dollars

CANADA'S FREE TRADE AGREEMENTS

NAFTA remains important, others mixed

NAFTA Means Canada – U.S.

Many follow NAFTA's rules of origin – but greater growth in agreements where there is a single transformation RoO

European FTA will have significant impact on market

For apparel imports, all FTA's are less significant than the Least Developed Country Tariff in terms of volume of trade.

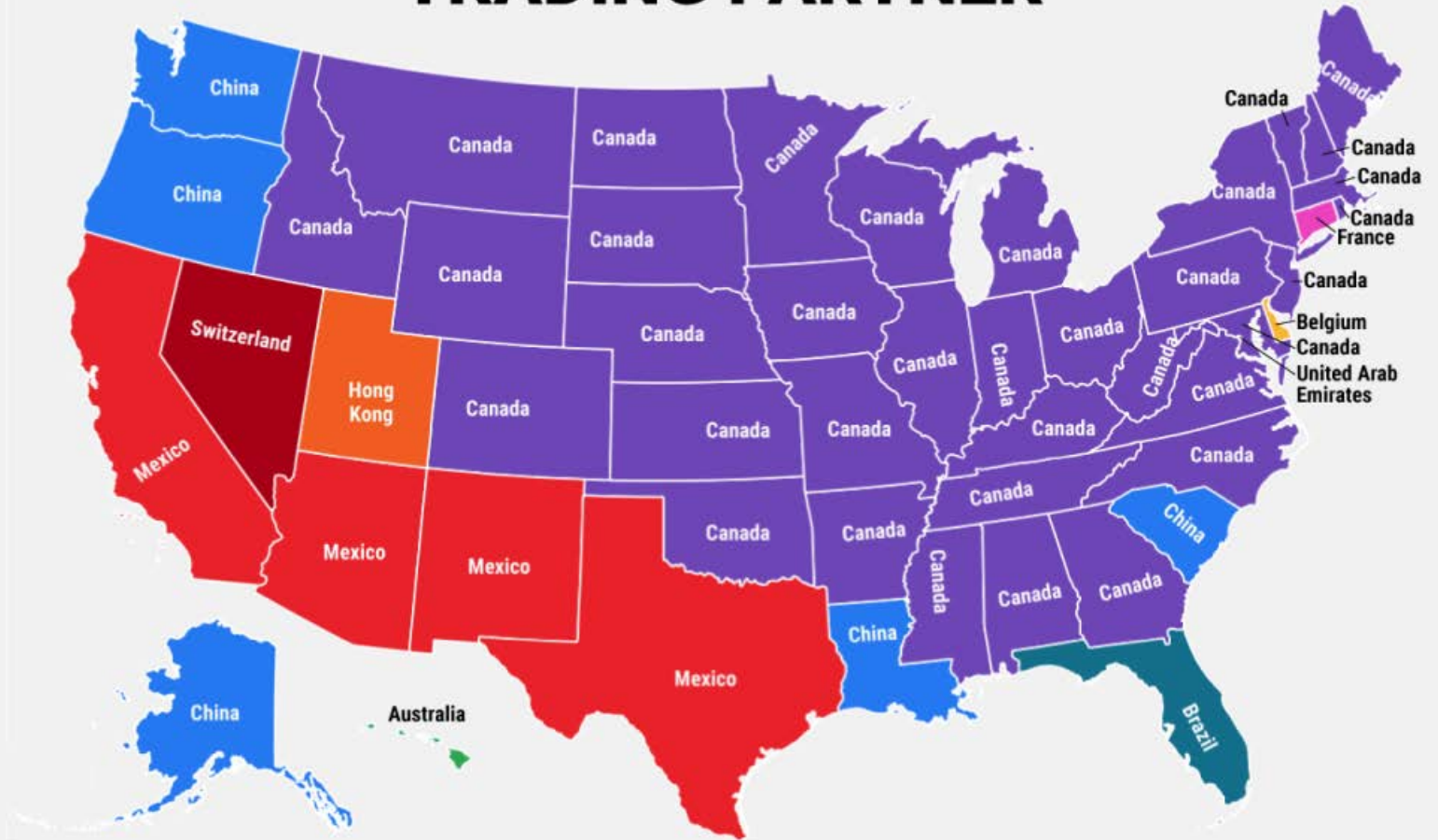
CANADA'S FTA'S - APPAREL RULE OF ORIGIN

Trade agreement	Rule of Origin	Date (Entry into Force)
NAFTA	Yarn-forward (plus TPL)	1992
Israel	Cut and Sew	1997
Chile	Yarn-forward	1997
Costa Rica	Yarn-forward (plus TPL)	2002
Colombia	Yarn-forward	2011
Peru	Yarn-forward	2009
EFTA	Cut and Sew	2009
Honduras	Yarn-forward (plus TPL)	2014
Korea	Cut and Sew	2015
Jordan	Cut and Sew	2012
Panama	Yarn forward	2013
CETA	Fabric-forward (plus origin quotas)	2017 (September 21, 2017)
Ukraine	Cut and Sew	2017 (August 1, 2017)

NAFTA

NAFTA:
CANADA-US
TRADE

EACH STATE'S BIGGEST EXPORT TRADING PARTNER



SOURCE: US Census Bureau

BUSINESS INSIDER

CANADA-US TRADE

NAICS 313 - Textile Mills		
	Exports	\$642,516,613.00
	Imports	\$904,449,636.00
	Trade Balance	-\$261,933,023.00
NAICS 314 - Textile Product Mills		
	Exports	\$355,625,480.00
	Imports	\$1,155,537,199.00
	Trade Balance	-\$799,911,719.00
NAICS 315 - Clothing		
	Total Exports	\$660,212,000.00
	Total Imports	\$962,577,622.00
	Trade Balance	-\$302,365,622.00
Trade Balance (Total)		-\$1,364,210,364.00



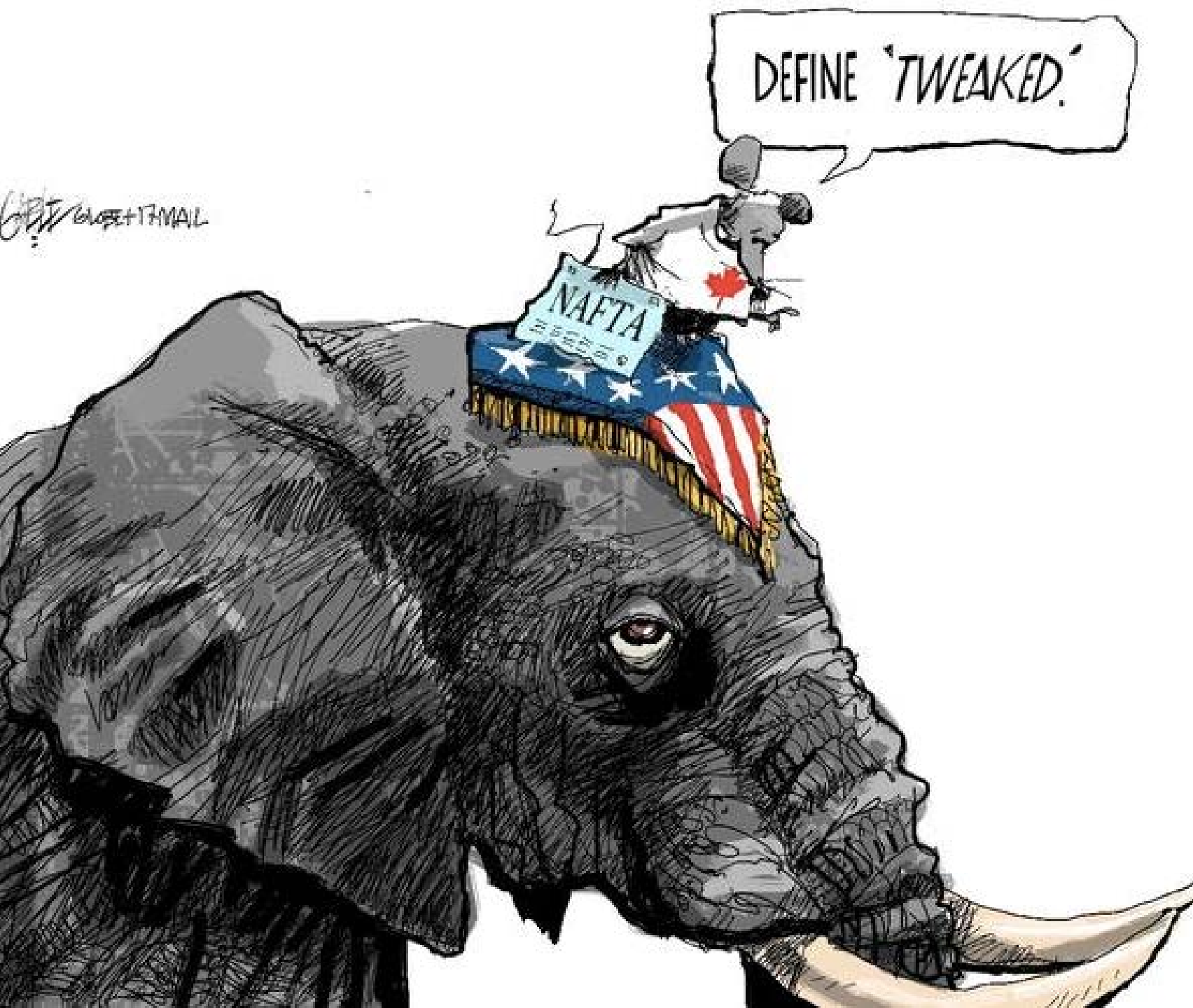
THE
IMPORTANCE
OF TRADE

Attitudes toward trade

Attitudes toward NAFTA

Permanence of NAFTA

Canada vs. Mexico



NAFTA:
TWEAKED?

NAFTA:
TWEAKED



NAFTA:
WHAT'S AT
STAKE

LE JOURNAL DE MONTRÉAL LUNDI 21 AOÛT 2017 8H28 20°C SE CONNECTER

ARGENT ENTREPRISES

1200 emplois menacés chez Vêtements Peerless

Même le numéro 1 du vêtement en Amérique du Nord craint Trump

f 97 PARTAGEZ SUR FACEBOOK PARTAGEZ SUR TWITTER AUTRES



wayfair.ca
Jusqu'à 70 % DE RABAIS sur tout pour la maison
Magasinez



NAFTA:
WHAT'S AT
STAKE

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Canada Manitoba

Reopening NAFTA could devastate apparel industry, says Winnipeg manufacturer

'It will change the playing field,' says Western Glove Works president Bob Silver

By Karen Pauls, Shane Gibson, **CBC News** Posted: Oct 29, 2017 2:17 PM CT | Last Updated: Oct 29, 2017 2:40 PM CT

CBC News Manitoba
NAFTA changes could be bad for Canadian clothing makers

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NAFTA - TPL

TPL – significance for Canadian exporters

An integral part of NAFTA, along with yarn-forward Rule of Origin

Canada-US FTA – 1989 – TRQs

NAFTA 1994 – TPL

TPL for apparel

NAFTA - TPL

450 companies use southbound TPL:
Gildan, Peerless, Culp

290 Companies use TPL to import
apparel from US: Eileen Fisher, VF Corp. ,
Nordstrom Canada

Highest rates of utilization are in knit and
fabric export TPL's, and apparel import
TPL from US

Canada: apparel and textile producers are
strong supporters of TPL system

NAFTA

Commerce Secretary Wilbur Ross:

"We're trying to do a difficult thing," he said on [CNBC](#). "We're asking two countries to give up some privileges they have enjoyed for 22 years and we're not in a position to offer anything in return, so that's a tough sell."

But Ross said it was possible Canada and Mexico won't deliver on every U.S. demand. "I don't know that we'll get every single thing that we want," he said. "The question is will we get enough to make it worthwhile."

NAFTA: WHAT'S AT STAKE



CANADA – EUROPE FTA

CETA – CURRENT TRADE - EXPORTS

Period	Specific Year(s): 2016
Netherlands	\$99 million
United Kingdom	\$26 million
Germany	\$26 million
Spain	\$5.9 Million
Italy (incl.Vatican City State)	\$5.2 million
France (incl. Monaco, French Antilles)	\$5.1 million
Denmark	\$2.6 million
Sweden	\$2.4 million
Finland	\$1.5 million
Belgium	\$1.3 million
Austria	\$1 million
Luxembourg	\$800 thousand
Total (EU)	\$177 million

Values in Canadian Dollars

CETA – CURRENT TRADE – IMPORTS (2016)

Textiles		Textile Products		Clothing	
Italy	\$85,621,413.00	Portugal	\$43,110,587.00	Italy	\$326,229,636.00
Germany	\$50,239,191.00	Belgium	\$22,553,904.00	Portugal	\$66,524,464.00
France (incl. Monaco, French Antilles)	\$32,174,932.00	United Kingdom	\$19,817,982.00	Romania	\$61,626,032.00
United Kingdom	\$18,325,926.00	Italy	\$17,123,020.00	France	\$40,897,474.00
Netherlands	\$17,284,189.00	Germany	\$12,633,963.00	Bulgaria	\$32,789,904.00
Belgium	\$11,553,398.00	Netherlands	\$11,887,844.00	United Kingdom	\$27,672,357.00
Czech Republic	\$10,392,469.00	France	\$11,873,548.00	Germany	\$19,890,515.00
Portugal	\$7,952,713.00	Hungary	\$11,733,694.00	Spain	\$13,765,267.00
Austria	\$6,043,848.00	Spain	\$8,683,435.00	Poland	\$12,839,387.00
Spain	\$5,598,133.00	Estonia	\$5,814,915.00	Hungary	\$10,826,015.00

TRANS-PACIFIC PARTNERSHIP
(TPP)

TPP – DEAD,
NEARLY DEAD
OR ALIVE

Canada was always on the fence

Japan lobbied to keep US engaged

Japan leading effort to ratify TPP-11

Canada held extensive hearings, recently renewed call for comments

APEC meeting Danang

The myth of bad negotiators

TPP WITHOUT
THE USA



TPP – DEAD,
NEARLY DEAD
OR ALIVE

Alive

LEAST DEVELOPED COUNTRIES PROGRAM

- Cambodia duty free
- Bangladesh duty free
- Myanmar duty free
- Haiti duty free

OTHER TRADE PRIORITIES I

- Canada – NAFTA
- Canada – Japan (if TPP does not proceed)
- Canada – China
- Canada – India
- Canada – Brazil/Mercosur
- Canada – Pacific Alliance – negotiations starting this week
- Cumulation

QUESTIONS?

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