Apparel and Textiles

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0 Executive Summary

Summary

The Canadian apparel industry has faced notable fluctuations in recent years, largely influenced by the COVID-19 pandemic. In 2019, retail sales peaked at $37.2 billion, but the pandemic's impact in 2020 caused a sharp drop to $28.0 billion due to lockdowns and shifting consumer behavior. However, the sector began recovering in 2021 with sales climbing to $33.5 billion, followed by a strong resurgence in 2022, reaching $40.4 billion. By 2023, the market hit an all-time high of $42.1 billion, signaling robust growth and resilience.

E-commerce remains a critical channel for apparel retailing, accounting for 19.4% of apparel sales in 2023. However, the e-commerce market decreased by 2.2% to C$6.9 billion in the same year, marking the second consecutive year of decline. According to a report by Trendex North America, online apparel sales are projected to increase by 0.9% in 2024 and by 6.1% from 2023 to 2027, while total apparel sales are expected to grow by 2.5% and 13.0% during these periods, respectively.

Large retailers, such as Winners, remain dominant players in the market, with the 10 largest apparel retailers accounting for 34.7% of total sales. H&M and Lululemon Canada recorded the largest sales increases in 2023, with growth rates of 8.9% and 10.5%, respectively. In the same year, 13 foreign apparel retailers entered the Canadian market, up from nine in 2022. Retailers saw their gross margins rise from 48.3% in 2020 to 49.5% in 2021, while their operating profit margins increased from 4% to 7.1% over the same period. Similarly, wholesalers experienced growth, with their gross margins climbing from 33.9% in 2020 to 35.4% in 2021, and their operating profit margins improving from 4.9% to 6.7%. (Source: Retail-Insider)

The top three apparel exporters to Canada continue to be China, Bangladesh, and Vietnam. These countries have strategically maintained their market share by offering competitive prices and quality with minimal supply chain disruptions.

Emerging Trends in the Canadian Apparel Sector:

- **The Rise of Shapewear**: Shapewear is becoming increasingly popular in the Canadian market, driven by brands like Knix, Spanx, and Skims. This trend aligns with the body positivity movement, which embraces natural curves and is bolstered by high-profile celebrity endorsements.
- **Gender-Neutral Comfort**: The rise of gender-neutral apparel is transforming the fashion industry by offering inclusive options for men, women, and non-binary individuals. This shift, driven by the pandemic and the focus on remote work, emphasizes comfort and practicality.
- **Denim**: Denim remains a staple in the Canadian market due to its durability and sustainability. The growing demand for eco-friendly options presents opportunities for manufacturers to invest in

recycled denim and organic cotton. As consumers increasingly prioritize sustainability, denim's iconic status, including the 'Canadian Tux,' continues to be a versatile and timeless choice.

- **Innovation - Virtual Garments**: Software innovations like CLO 3D and Myr are revolutionizing the apparel industry by enabling digital design, prototyping, and production. These tools significantly reduce the need for physical samples, thereby lowering carbon emissions and waste.

The Canadian apparel industry is navigating a complex landscape of fluctuating sales, shifting consumer preferences, and emerging trends. While challenges remain, the sector is poised for recovery and growth through innovation, sustainability, and strategic market positioning.

1 Introduction

Canada's population surpassed 41 million in 2024, reaching 41,288,599 as of July 1. Despite being one of the largest countries in the world, covering nearly nine million square kilometres, most Canadians are concentrated in a few urban centres near the United States border, particularly along Lake Ontario and the St. Lawrence River. The trend towards urbanization has been a defining feature of the country's demographic landscape, with a significant portion of the population residing in metropolitan areas.

In 2024, six Canadian cities had populations exceeding one million: Toronto (6.5 million), Montréal (4.3 million), Vancouver (2.7 million), Calgary (1.7 million), Ottawa-Gatineau (1.5 million), and Edmonton (1.6 million). Collectively, these cities accounted for over 44% of the country's total population, marking a slight decrease from the 2016 figure of 46%. This shift is largely attributed to the lasting effects of the COVID-19 pandemic, which increased the appeal of low-density neighbourhoods with more green space. As a result, many individuals relocated to suburban and rural areas, leading to a 1.1% growth in the rural population from 2022 to 2023.

Canada's two official languages are English and French.

TFO Canada offers a series of product-specific market reports to exporters in client countries identified by the Canadian Government. This list of countries and the reports are available through TFO Canada or on request by writing to TFO Canada. They are also distributed through export promotion organizations and Canadian embassies in the client countries as well as through client country embassies accredited to Canada.

The market reports are intended to provide the exporter with background information on the Canadian market for a product; advice on how to go about finding a Canadian buyer; and suggestions on what to do once a buyer is found. The reports offer exporters enough information to pursue the Canadian market on their own and to seek further details from suggested sources through websites, electronic mail, fax, mail or telephone. These reports are intended for the experienced exporter who is serious about trying to enter the Canadian market. Canada is not the market to test your first export experience; a history of exporting to a market closer to home is invaluable before attempting this one. Show the potential buyer that you have done your homework and are serious about a long-term relationship. Research, planning and commitment are essential in establishing a good reputation in a trade with this country.

Exporters are encouraged to use this report in parallel with TFO Canada's Access Canada: A Guide on Exporting to Canada. The Guide provides information on how to deal with a buyer along with other practical information on trading with this country. As well, TFO Canada provides market information on a variety of other consumer sectors that are of interest to exporters from TFO Canada client countries.

Scope of the Report

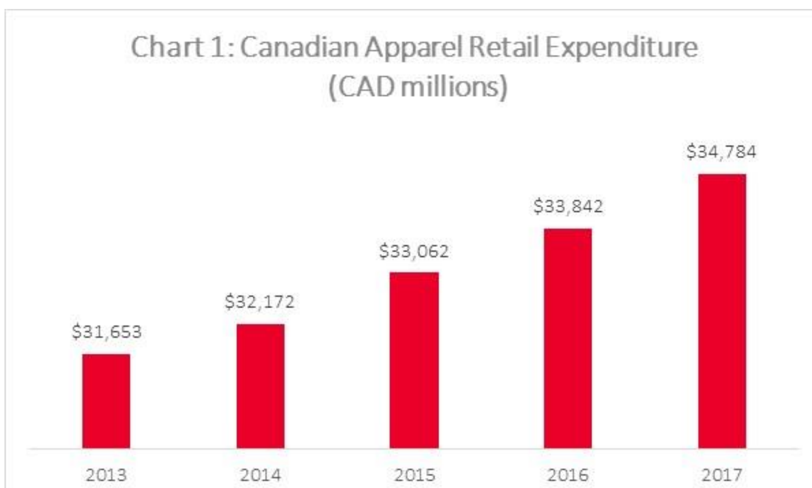
This report covers apparels, textile, accessories and sometimes shoes. Please refer to the Harmonized System (HS) as listed in Annex 1.

More information on Canada's population is available through Statistics Canada.

2 The Canadian Market

Market Overview

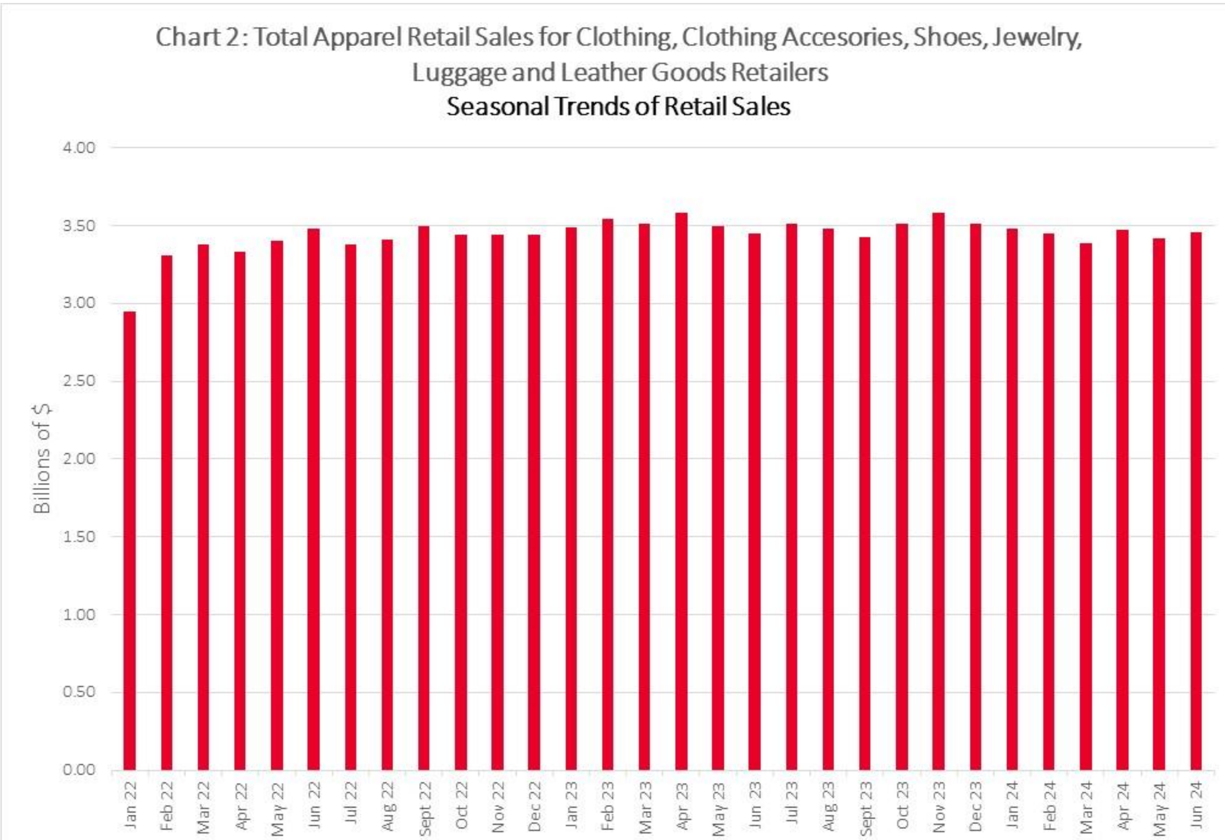
The apparel industry in Canada has experienced significant fluctuations over recent years, driven largely by external factors such as the COVID-19 pandemic. In 2019, retail sales in the sector reached $37.2 billion. However, the onset of the pandemic in 2020 triggered a sharp decline in consumer spending, reducing sales to $28.0 billion as lockdowns, store closures, and shifting consumer priorities took their toll on the market.



The industry began to recover in 2021, with sales rebounding to $33.5 billion and, by 2022, the sector saw a strong resurgence, achieving $40.4 billion in retail sales. In 2023, the apparel market hit an all-time high, reaching $42.1 billion, marking a full recovery from the pandemic disruptions and reflecting strong consumer demand for clothing and fashion products. However, this upward trend appears to be slowing, as the first half of 2024 has shown an average sales decrease of 1.8%. Forecasts predict a potential dip in total sales for the year, suggesting that the industry may face a period of stabilization after the post-pandemic boom.

Seasonal Trends

Retail sales in the Canadian apparel market peak during the months leading up to Christmas (October to December), driven by holiday shopping and promotional events. This period consistently outperforms others due to the demand for gifts and winter clothing. However, a noticeable decline in sales typically occurs in January and February as consumers recover from holiday spending. Following this dip, sales gradually increase throughout the spring and early summer, spurred by Mother's Day and the need for spring/summer wardrobe updates. These trends highlight the importance of key shopping seasons in the Canadian market, particularly the holiday season and spring, for driving apparel sales.



Source: Statistics Canada

Climate conditions are also becoming increasingly influential in consumer buying patterns. Hotter summers in the western regions of Canada have led to a rise in demand for lightweight, breathable fabrics and summer apparel earlier in the season. Meanwhile, warmer winters in the east have diminished the need for heavy winter clothing, altering traditional winter apparel sales cycles. Retailers are adapting by offering more versatile, seasonally transitional pieces that cater to these evolving weather patterns. Despite these shifts, the demand for winter outerwear remains strong across most regions, particularly outside southern British Columbia, where seasonal wardrobe changes are still necessary to accommodate Canada's diverse climate.

This blend of traditional seasonal patterns and emerging climate-driven trends underscores the dynamic nature of the Canadian apparel market in 2024. Retailers must continue to adapt to these changes to effectively meet consumer demands throughout the year.

Domestic Manufacturers

Adapting to Global Changes in Apparel Manufacturing

Since 2003, the Canadian apparel manufacturing industry has faced a significant decline, largely due to the removal of import tariffs on goods from Least Developed Countries (LDCs). This policy change made it more cost-effective for Canadian companies to outsource production to countries with lower labour costs. As a result, many domestic manufacturers moved their operations overseas, leading to a steady reduction in local manufacturing capacity. The industry became increasingly reliant on global supply chains, with most of Canada's garments being produced abroad.

Pandemic-Induced Shifts

The COVID-19 pandemic in 2020 significantly impacted the apparel industry. Supply chain disruptions caused by the pandemic led to a renewed interest in local production. Companies sought to ensure more reliable and resilient supply chains by exploring domestic manufacturing options. Additionally, consumer sentiment shifted towards supporting local businesses, further driving demand for locally made apparel.

While the majority of Canadian garments are still produced overseas, the pandemic has marked a significant shift in the industry's approach. There is a growing emphasis on balancing offshore manufacturing with a commitment to local, sustainable production, reflecting a broader trend.

The Rise of Sustainability and Transparency

The pandemic also accelerated the trend toward sustainability and transparency in the apparel industry. Consumers increasingly prioritized quality products with lower carbon footprints, driving demand for garments that travelled less and were produced under ethical conditions. This shift has encouraged Canadian manufacturers to focus on producing higher-quality, sustainable products, and has led to a modest resurgence in local manufacturing.

Current Manufacturing Landscape

As of 2024, there are approximately 551 manufacturing facilities dedicated to women's and girls' apparel and 263 for men's and boys' apparel in Canada, with the majority located in Quebec. Quebec remains a hub for niche markets, particularly high-end, designer, and artisanal fashion. Ontario and British Columbia also maintain significant manufacturing operations, though on a smaller scale. Canadian manufacturers are increasingly focusing on producing value-added products that appeal to consumers seeking sustainability, quality, and ethical production.

These companies are represented by organizations such as The Canadian Apparel Federation and Apparel Connexion.

Import

Men's Clothing: The import trends for men's clothing in Canada over the past five years have shown considerable volatility, largely influenced by external factors like the COVID-19 pandemic and shifts in consumer demand. In 2019, imports totalled $3.1 billion. However, in 2020, there was a significant contraction of 35.9%, with imports dropping to $2.3 billion, largely due to the pandemic's disruption of global supply chains and diminished demand as retail sales plummeted.

The market showed signs of recovery in 2021, with imports rising by 10.7% to $2.6 billion, though still below pre-pandemic levels. By 2022, the sector experienced a substantial rebound, with imports increasing by 29.9%, reaching $3.7 billion. This surge reflected improved consumer demand and stabilized supply chain operations. However, 2023 saw a decline of 8.53%, bringing imports down to $3.4 billion, possibly indicating a cooling off after the recovery phase, influenced by market corrections and shifting consumer spending patterns.

In 2023, the top three categories of men's clothing imports in Canada were **non-knitted suits, jackets, trousers, and shorts**, accounting for **$1.33 billion** (39.06% of total imports). This was followed by **non-knitted overcoats and wind-jackets**, which made up **$491 million** (14.48%), and **knitted suits, jackets, trousers, and shorts**, totaling **$453 million** (13.33%). These categories highlight the continued demand for formal and outerwear in the Canadian market.

Imports of Men's Clothing by Type ($ millions)	
HS 6101 - Men's or boys' overcoats, capes, cloaks, etc., knitted or crocheted, o/t of No 61.03	132,988
HS 6103 - Men's or boy's suits, jackets, trousers, shorts, etc.	452,515
HS 6105 - Men's or boys' shirts, knitted or crocheted	266,083
HS 6107 - Men's or boys' underpants, nightshirts, pajamas, bathrobes, etc., knitted/crocheted	220,710
HS 6201 -Men's or boys' overcoats, capes, wind-jackets, etc., o/t of No 62.03, not knit/crochet	491,400
HS 6203 - Men's or boys' suits, jackets, trousers, shorts, etc., o/t swimwear, not knit/crochet	1,325,904
HS 6205 - Men's or boys' shirts, not knitted or crocheted	456,679
HS 6207 - Men's or boys' singlets, briefs, night-shirts, pajamas, bathrobes, etc., not knit/crocheted	31,186
HS 6213 -Handkerchiefs, not knitted or crocheted	3,335
HS 6215 - Ties, bow ties, and cravats, not knitted or crocheted	13,925
Total	**3,396,748**

Source: Government of Canada

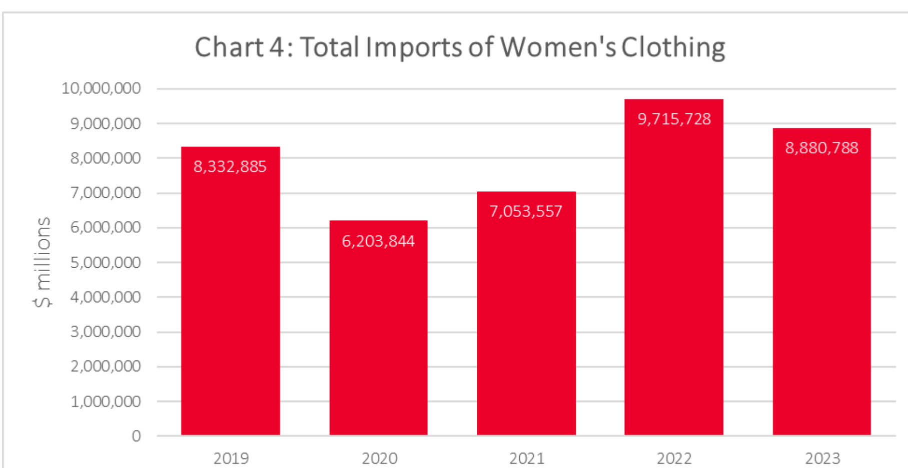
In 2023, the **top 10 suppliers of men's clothing to Canada** accounted for 80.77% of the total imports, reflecting the strong concentration of sourcing from a few key countries. Bangladesh led the group, supplying $702.9 million worth of men's clothing, which represented 20.71% of total imports. China followed closely with $625 million (18.41%), and Vietnam ranked third, contributing $456.1 million (13.44%). Cambodia supplied $257.6 million (7.59%), while Italy, including the Vatican City State, contributed $181.7 million (5.35%), showcasing its prominence in high-end and luxury apparel.

Other notable suppliers included India at $132.3 million (3.90%), Indonesia at $129.5 million (3.81%), and Mexico at $104 million (3.06%). Pakistan and Sri Lanka rounded out the top ten, each providing around 2.2% of total imports. These top ten countries collectively account for $2.74 billion of imports, leaving a smaller portion of imports spread across other global suppliers, illustrating the significant role these countries play in the Canadian men's clothing market.

Top 10 Suppliers of Men's Clothing 2023 ($ millions)			
Bangladesh	702,923,736	India	132,349,491
China	624,980,935	Indonesia	129,486,058
Vietnam	456,098,315	Mexico	103,983,037
Cambodia (Kampuchea)	257,648,211	Pakistan	76,801,540
Italy (incl. Vatican City State)	181,670,329	Sri Lanka	76,040,371

Source: Government of Canada

Women's Clothing: The import trends for women's clothing in Canada over the past five years have experienced notable fluctuations, largely influenced by the global economic climate and the effects of the COVID-19 pandemic. In 2019, imports reached $8.3 billion. However, the pandemic severely impacted the sector in 2020, causing a sharp decline of 34.3%, with imports dropping to $6.2 billion due to reduced consumer demand and supply chain disruptions.



A recovery began in 2021, with imports increasing by 12.1% to $7.1 billion, signalling a gradual resurgence in demand. This recovery strengthened further in 2022, as imports surged by 27.4% to $9.7 billion, surpassing pre-pandemic levels. However, in 2023, the market saw a 9.4% decline, with imports falling to $8.9 billion. This downturn suggests a market correction after the strong rebound, potentially reflecting shifting consumer preferences and cautious spending in the post-pandemic landscape.

Similar to the trends seen in men's clothing imports, the **largest category in women's clothing** in 2023 was **non-knitted suits, jackets, dresses, skirts, and shorts**, totalling **$1.85 billion** (20.8% of total imports). Knitted suits, dresses, skirts, and shorts followed, contributing **$1.07 billion** (12.1%), while non-knitted overcoats and wind-jackets accounted for **$637 million** (7.2%). Both men's and women's apparel imports show a strong demand for formalwear and outerwear, underlining the importance of these categories in the Canadian market.

Imports of Women's Clothing by Type ($ millions)	
HS 6102 - Women's or girls' overcoats, capes, cloaks, etc., knitted/crocheted, o/t of No 61.04	233,820
HS 6104 - Women's or girls's suits, dresses, skirts, shorts, etc., o/t swimwear, knitted/crochet.	1,070,440
HS 6106 - Women's or girls' blouses, shirts and shirt-blouses, knitted or crocheted	133,566
HS 6108 - Women's or girls' slips, panties, pyjamas, bathrobes, etc., knitted or crocheted	392,575
HS 6202 - Women's or girls' overcoats, capes, wind-jackets,etc,o/t of No 62.04, not knit/cro	636,853
HS 6204 -Women's/girls' suits, jackets, dresses, skirts, shorts, etc., o/t swimwear, not knit/cro	1,847,217
HS 6206 - Women's or girls' blouses, shirts and shirt-blouses, not knitted or crocheted	353,031
HS 6208 - Women's or girls' singlets, slips, briefs, pyjamas, bathrobes, etc., not knit/crocheted	56,784
HS 6115 - Panty hose, tights, stockings, hosiery, incl graduated compression hosiery, knit/cro	415,009
HS 6212 - Brassieres, girdles, corsets, braces, suspenders, etc., their parts, w/n knit/crocheted	342,722
Total	**8,878,765**

Source: Government of Canada

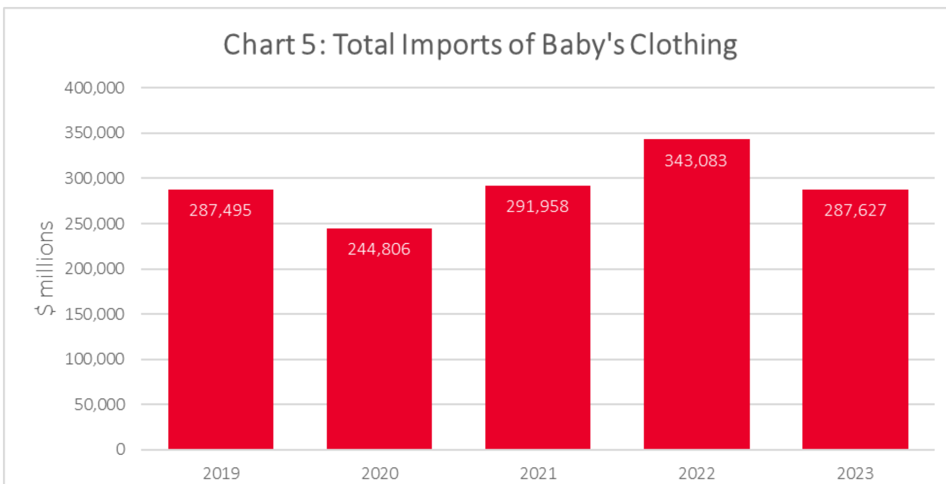
In 2023, the **top 10 suppliers of women's clothing to Canada** accounted for a substantial 87.56% of the total imports, demonstrating the dominance of a few key countries in the Canadian apparel market. China led the list by a wide margin, supplying $1.88 billion worth of women's clothing, which represented 34.26% of total imports. Vietnam followed, contributing $899.2 million (16.40%), and Bangladesh ranked third with $582.1 million (10.62%). Cambodia was another significant player, supplying $540.9 million (9.87%).

Italy, including the Vatican City State, provided $190.2 million (3.47%), with other notable suppliers such as India at $178.5 million (3.26%), Indonesia at $146.1 million (2.67%), and the United States close behind at $145.9 million (2.66%). Sri Lanka and Türkiye rounded out the top ten, supplying 2.28% and 2.08% of imports, respectively. These top ten countries collectively contributed $4.8 billion in women's clothing imports, reflecting their crucial role in the overall supply chain for this category. The remaining imports were distributed across other global sources, making up just 12.44% of the total market.

Top 10 Suppliers of Women's Clothing 2023 ($ millions)			
China	1,878,229,722	India	178,539,378
Vietnam	899,185,354	Indonesia	146,129,544
Bangladesh	582,144,800	United States	145,910,391
Cambodia (Kampuchea)	540,876,189	Sri Lanka	124,734,707
Italy (incl. Vatican City State)	190,167,612	Turkey	114,209,082

Source: Government of Canada

Infants' (Baby) Clothing: The import trends for infants' clothing in Canada have experienced fluctuations over the past five years, reflecting broader market dynamics and shifts in consumer behavior. In 2019, imports of infants' clothing totalled **$287.5 million**. However, the onset of the COVID-19 pandemic in 2020 led to a decline of **17.4%,** bringing imports down to **$244.8 million**. The market rebounded in 2021 with an increase of **16.2%,** reaching **$292.0 million**, and continued its upward trajectory in 2022, with a further **14.9%** rise to **$343.1 million**. By 2023, however, imports had decreased by **19.3%**, returning to **$287.6 million**, indicating a potential market correction or reduced demand.



The top two categories of infants' clothing in 2023 were **knitted or crocheted garments and accessories**, which made up the vast majority of imports at **$231.5 million** (80.5%), followed by **non-knitted garments and accessories**, accounting for **$56.1 million** (19.5%). These two categories represent the entirety of imports in the infants' clothing sector, showing a clear preference for knitted or crocheted items.

Imports of Baby's Clothing by Type ($ millions)	
HS 6111 - Babies' garments and clothing accessories, knitted or crocheted.	231,480
HS 6209 - Babies' garments and clothing accessories, not knitted or crocheted	56,147
Total	**287,627**

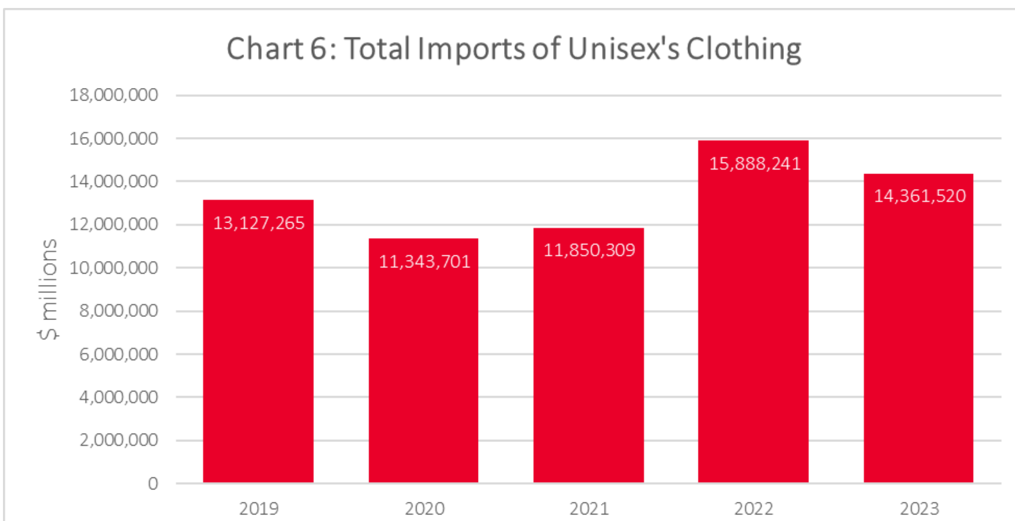
Source: Government of Canada

In 2023, the **top 10 suppliers of baby clothing to Canada** accounted for 95.42% of total imports. China was the largest supplier, contributing 41.96% with a value of $120.7 million. Bangladesh followed with 14.14%, supplying $40.7 million worth of baby clothing. India ranked third, accounting for 11.7% of imports at $33.7 million, while Cambodia held 10.29% with CAD 29.6 million. Vietnam supplied 8.6% ($24.7 million), and Indonesia contributed 4.55% ($13.1 million). Other key suppliers included Thailand (1.49%), Myanmar (1.2%), the United States (0.79%), and Pakistan (0.71%).

Top 10 Suppliers of Women's Clothing 2023 ($ millions)			
China	120,680,033	Indonesia	13,078,571
Bangladesh	40,656,218	Thailand	4,284,183
India	33,653,259	Myanmar (Burma)	3,450,241
Cambodia	29,608,206	United States	2,278,401
Vietnam	24,725,980	Pakistan	2,039,536

Source: Government of Canada

Unisex Clothing: The import trends for unisex clothing in Canada over the past five years have shown moderate fluctuations, with the sector experiencing shifts due to changing consumer demand and global disruptions. In 2019, unisex clothing imports totaled **$13.1 billion**. However, in 2020, the market contracted by **15.7%**, dropping to **$11.3 billion** as the COVID-19 pandemic affected both supply chains and retail sales. A slight recovery occurred in 2021, with imports increasing by **4.3%** to **$11.8 billion**. The upward trend continued into 2022, with a notable surge of **25.4%**, bringing imports to **$15.9 billion**. In 2023, however, the market corrected, with imports declining by **10.6%** to **$14.4 billion**, reflecting a cooling of demand post-pandemic.



The top three categories in unisex clothing imports in 2023 were **knitted jerseys, pullovers, cardigans, and waistcoats**, totalling **$2.26 billion** (15.7% of total imports), followed by **knitted t-shirts, singlets, and vests**, which amounted to **$1.26 billion** (8.7%), and **non-knitted tracksuits, ski suits, and swimwear**, contributing

$477 million (3.3%). These categories highlight the continued demand for versatile, comfortable clothing options in the Canadian market.

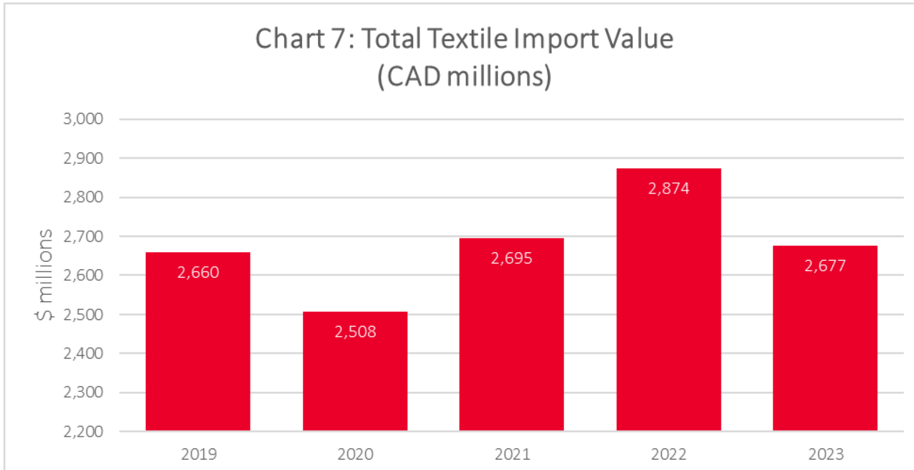
Imports of Unisex Clothing by Type ($ millions)	
HS 6109 - T-shirts, singlets, and other vests, knitted or crocheted	1,255,489
HS 6110 - Jerseys, pullovers, cardigans, waistcoats, etc., knitted or crocheted	2,255,399
HS 6112 - Track suits, ski suits, and swimwear, knitted or crocheted	158,614
HS 6113 - Garments, made up of knitted or crocheted fabrics of Nos 59.03, 59.06, or 59.07	41,876
HS 6114 - Garments, knitted or crocheted, nes	288,777
HS 6116 - Gloves, mittens, and mitts, knitted or crocheted	224,909
HS 6117 - Clothing access, nes, knitted or crocheted; parts of garments or access, knit or crocheted	53,835
HS 6210 - Garments made up of fabrics of No 56.02, 56.03, 59.06 or 59.07	526,970
HS 6211 - Tracksuits, ski suits, and swimwear; other garments, not knitted or crocheted	477,199
HS 6214 - Shawls, scarves, mufflers, mantillas, veils, and the like, not knitted or crocheted	64,649
HS 6216 - Gloves, mittens, and mitts, not knitted or crocheted	95,661
HS 6217 - Clothing accessories, nes; parts of garments or access, o/t of No 62.12, not knit or crocheted	35,331
Total	**14,359,497**

Source: Government of Canada

In 2023, Canada's unisex clothing imports were heavily concentrated among a few key suppliers, with the top 10 countries accounting for **81.0%** of total imports, equivalent to **$4.44 billion** out of the overall **$5.48 billion** in unisex clothing imports. **China** was by far the largest supplier, contributing $1.69 billion, which represented 30.9% of the total imports. **Vietnam** followed as the second-largest supplier, with **$692.9 million** (12.7%), and **Bangladesh** ranked third, providing **$612.6 million** (11.2%). Other notable suppliers included Cambodia at **8.8%** and **Honduras** at **3.3%.** These figures underscore the dominance of Asian countries in supplying unisex apparel to Canada, with the majority of imports coming from the top ten nations.

Top 10 Suppliers of Unisex Clothing 2023 ($ millions)			
China	1,690,160,942	Mexico	166,987,460
Vietnam	692,862,125	Italy (incl. Vatican City)	164,580,168
Bangladesh	612,600,869	United States	153,433,869
Cambodia (Kampuchea)	483,488,416	Indonesia	149,367,149
Honduras	181,226,614	India	144,502,170

Source: Government of Canada



Textiles: In 2023, Canadian textile imports reached $2.677 billion, a slight decline from 2022's figure of $2.874 billion. This followed a period of fluctuations, with imports rising to $2.695 billion in 2021 after a dip in 2020. The highest value recorded in recent years was $2.874 billion in 2022, demonstrating a recovery from pandemic-related disruptions. The textile category includes a wide range of materials such as silk, wool, cotton, vegetable textiles, man-made filaments, and man-made staple fibres, as well as yarns, felt, nonwovens, embroidery, and quilted textiles.

Among the largest imported textile categories in 2023 were **man-made filaments**, which remained the top import at $560.9 million, followed by **man-made staple fibres** at $418.1 million. Other significant categories included **cotton** ($125.5 million), **wool** ($99.9 million), and **silk** ($6.7 million). Notably, man-made filament imports decreased by approximately 9% compared to 2022, while wool and cotton imports also saw declines of 6.7% and 15.8%, respectively.

This trend indicates a shift in the textile import landscape, where synthetic materials continue to dominate despite overall reductions across several categories.

Major categories of textile import value 2023 ($ x1000)			
Silk	6,735	Man-made staple fibers	418,059
Wool	99,894	Felt textile	58,179
Cotton	125,519	Special woven item	173,747
Vegetable textile	42,257	Non-woven	752,572
Man-made filaments	560,902	Knitted or crocheted fabrics	219,565

Source: Government of Canada

In 2023, the United States led as the top supplier, with textile exports to Canada valued at **$1.11 billion**, followed by China, which exported **$453.8 million** worth of textiles. Other significant suppliers included India at $110.3 million, Italy (including the Vatican City State) at **$96.9 million**, and **South Korea** at **$87.5 million**. **Türkiye** exported **$77.1 million** worth of textiles, while **Germany** and **Mexico** contributed **$48.2 million** and **$41.9 million**, respectively. This shift shows a diversification in Canada's textile imports, with a notable presence from countries beyond the traditional leaders like China.

Top 8 Suppliers of Textile in2023 ($)			
United States	1,110,617,107	Korea, South	87,535,438
China	453,796,715	Turkey	77,132,172
India	110,260,065	Germany	48,220,024
Italy (incl. Vatican City)	96,902,100	Mexico	41,868,326

Source: Government of Canada

3 The Market Evolution: Post-Pandemic

Gender Considerations & Transparency

The post-pandemic apparel industry has been reshaped by two major trends: gender inclusivity and transparency. These are now permanent factors in how brands design, manufacture, and market their products, with a growing emphasis on gender identity, expression, and diversity.

- **Inclusive Fit/Diverse representation**: Apparel must cater not only to diverse genders but also to a wide range of body shapes and sizes within each gender. This involves offering inclusive sizing, adjustable features, or customizable options to ensure all customers feel represented and comfortable.
- **Gender-Fluid Collections**: Collections that merge masculine and feminine elements appeal to individuals identifying as gender-fluid or non-binary. Offering such collections reflects a commitment to gender inclusivity.
- **Gender-Neutral Options**: Providing clothing that isn’t tied to specific gender norms encourages self-expression and flexibility. This approach meets the growing demand for gender-neutral fashion.
- **Inclusive Marketing**: Marketing materials should reflect gender diversity, using inclusive language and imagery that resonates with all identities. This builds stronger connections with consumers across the gender spectrum.
- **Community Engagement**: Partnering with LGBTQ+ organizations can provide valuable insights to ensure that clothing lines meet the needs of diverse communities.

- **Transparent Supply Chains**: Consumers demand transparency about where and how products are made. Brands should share details about their factories, suppliers, and ethical labour practices, including efforts to avoid discrimination based on gender.
- **Ethical Sourcing**: Working with suppliers and manufacturers that uphold fair labour practices, including gender equality, is essential to ethical production.

How Manufacturers/Factories Can Integrate These Practices:

- **Transparency in the Supply Chain**: Share information about the factories and suppliers, including their locations, working conditions, and ethical labour practices. Retailers and brands can highlight this transparency to build trust with socially conscious consumers.
- **Third-Party Certifications**: Pursue certifications from recognized organizations, such as Fair Trade, SMETA, WRAP, Oeko-Tex STeP, Global Organic Textile Standard (GOTS), and SA8000, which assess ethical labour practices and inclusivity.
- **Supporting Female Workers**: With 85% of the apparel workforce made up of women, manufacturers should prioritize initiatives that address their specific needs. This includes:
    - *Equal Pay and Benefits*: Ensure women receive the same pay and benefits as men.
    - *Safe Work Environments*: Foster inclusive, harassment-free workplaces.
    - *Maternity Leave and Childcare*: Provide adequate maternity leave and childcare support.
    - *Career Advancement*: Offer training and professional development to help women advance in their careers.
- **Local Community Collaboration**: Engage with local communities to support social development, through initiatives like job training or investment in community infrastructure.

By embracing these ethical and inclusive practices, manufacturers not only improve worker well-being but also attract socially conscious brands and retailers.

Circular Economy

The COVID-19 pandemic has accelerated the Canadian apparel industry's shift toward textile circularity, focusing on keeping textiles in use longer, reducing waste, and minimizing environmental impact. It has become essential, with manufacturers prioritizing end-of-life solutions, using recycled fiber materials, and promoting durable, high-quality products as part of a closed-loop system that reduces waste.

Several factors have contributed to the increased focus on textile circularity in the Canadian apparel industry:

- **Consumer Demand**: Consumers are becoming increasingly aware of the environmental and social impacts of the fashion industry. They are demanding more sustainable products and are willing to pay a premium for brands that prioritize circularity.

- **Regulatory Pressure**: Governments and regulatory bodies are pushing for stricter environmental regulations, such as extended producer responsibility (EPR) programs, which hold manufacturers responsible for the end-of-life management of their products.
- **Supply Chain Disruptions**: The pandemic highlighted the vulnerabilities of global supply chains, leading to a renewed interest in domestic production and shorter supply chains. This can contribute to a more circular economy by reducing transportation emissions and facilitating easier end-of-life management.
- **Technological Advancements**: Innovations in textile recycling and upcycling technologies are making it easier and more cost-effective to reuse and repurpose textile waste. This can help to reduce the demand for virgin materials and create new business opportunities.
- **Brand Reputation**: As consumers become more conscious of sustainability, brands are recognizing the importance of demonstrating their commitment to circularity. By adopting circular practices, brands can improve their reputation and attract a more environmentally conscious customer base.

Brands and retailers are looking for:

- **End-of-Life Solutions**: Companies should offer take-back programs, recycling initiatives, or resale platforms to manage product lifecycle effectively. These strategies can reduce waste and increase customer loyalty.
- **Sustainable Materials**: The use of organic cotton, recycled fibers, and biodegradable materials can significantly lessen the environmental impact of clothing production. Brands should make this a priority to meet consumer expectations for sustainability.
- **Design for Durability**: Clothing should be designed to last longer, using high-quality materials and construction techniques. Durability reduces waste and encourages consumers to invest in fewer, higher-quality garments.
- **Rentals and Subscriptions**: Business models like clothing rentals or subscription services promote circularity by encouraging consumers to share and reuse clothing, lowering overall production needs.

How Manufacturers/Factories Can Adopt Circular Practices:

- **Research and Development**: Invest in new technologies and materials that support sustainability and circularity.
- **Partnerships with Sustainable Suppliers**: Collaborate with suppliers who prioritize ethical sourcing and environmentally friendly materials.
- **Quality Control**: Implement strict quality control processes to ensure that only well-made products reach the market. This reduces returns and ensures long-lasting garments.
- **Skilled Craftsmanship**: Employing skilled workers and advanced manufacturing techniques ensures products are durable and of high quality.
- **Efficient Production Processes**: Optimize production to minimize waste and maximize resource efficiency.
- **Product Care Expertise**: Educate retailers on how to properly care for garments, helping consumers extend the life of their clothing.

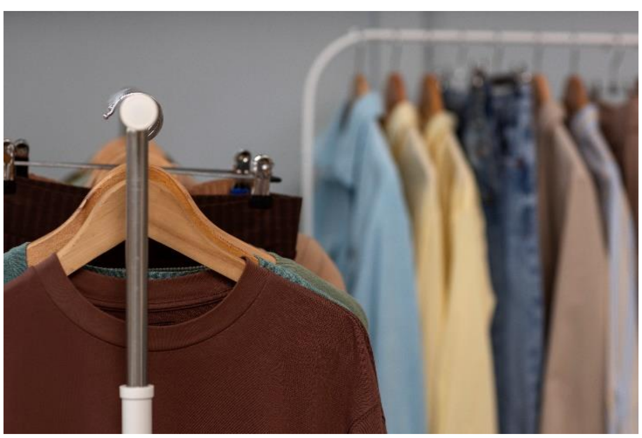
- **Tracking and Reporting**: Regularly monitor and report on environmental and social performance to ensure transparency and maintain accountability.

By focusing on sustainability and circular economy principles, manufacturers can not only contribute to a more responsible fashion industry but also enhance their brand reputation, attract environmentally conscious consumers, and reduce textile waste.

Trends & Opportunities

The Rise of Shapewear

Shapewear in the Canadian market is a key trend manufacturers and factories should note. Popularized by brands like Knix, Spanx, and Skims, shapewear is becoming increasingly fashionable and comfortable, catering to a diverse range of body types. This growth is driven by the body positivity movement, which embraces natural curves, and by high-profile celebrity endorsements that boost brand visibility. Technological advancements in fabric have improved shapewear's comfort and breathability, while the growth of e-commerce has made it easier for consumers to access a wide variety of styles and brands.



Gender Neutral Comfort

The rise of gender-neutral apparel is transforming the fashion industry, offering inclusive options for men, women, and non-binary individuals while simplifying inventory management with standardized sizing across all genders. This shift aligns with the growing demand for comfort, especially following the pandemic and the increased focus on remote work. Consumers now prioritize practical, comfortable clothing, with "81% placing comfort above cost or style." (Source: Forbes).

Fabrics like cotton, linen, bamboo, Tencel, rayon, modal, and jersey are gaining popularity for their softness, breathability, and sustainability, while deconstructed garments—such as unlined jackets, knitted suits, and overshirts—are becoming more common. These trends reflect consumers' preference for flexible, stretchable materials that maintain their shape, making comfort a central focus of modern fashion.

Quiet Luxury

Quiet luxury is a rising trend in the fashion industry, characterized by understated elegance, timeless design, and superior craftsmanship rather than overt branding and flashy logos. This trend appeals particularly to affluent consumers who value discretion and sophistication. Key elements of quiet luxury include minimalistic or hidden logos, classic silhouettes, neutral color palettes, and the use of luxurious fabrics and impeccable craftsmanship. The focus is on personal style and refined details, rather than bold displays of wealth, making quiet luxury a symbol of true sophistication.

For manufacturers aiming to tap into this trend, it is essential to prioritize high-quality, ethical craftsmanship, sourcing premium materials, and collaborating with designers who understand the ethos of quiet luxury. Ethical sourcing, and sustainability are also crucial, as discerning consumers increasingly demand transparency. Offering customization options can help meet the unique preferences of luxury buyers, while marketing should emphasize the refined, timeless elegance and superior quality of the products. By focusing on these factors, manufacturers can position themselves as valuable partners for brands catering to the quiet luxury market.

Denim

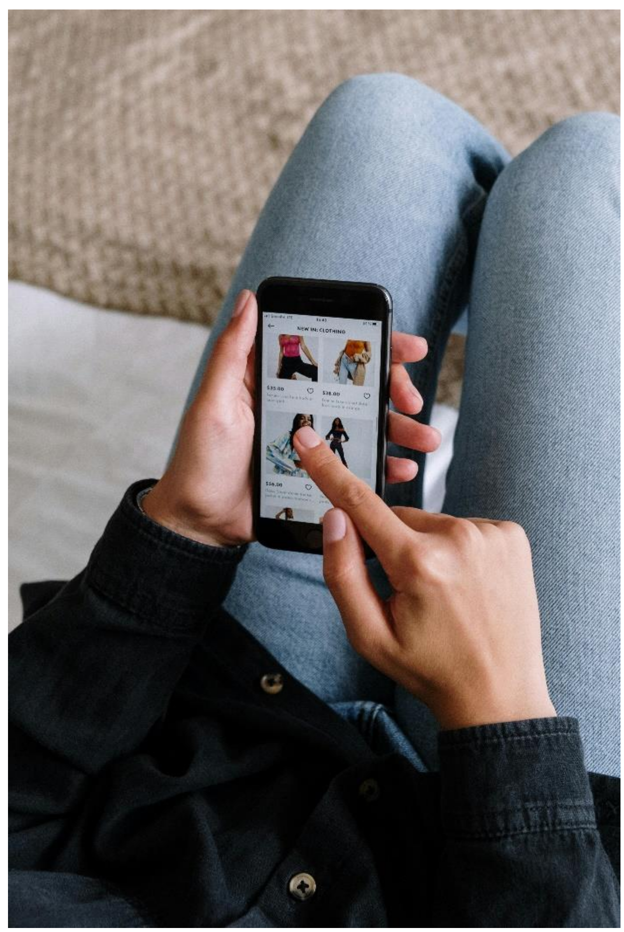
Denim, renowned for its durability and sustainability, has become a staple in the Canadian apparel market. As consumers increasingly prioritize eco-friendly options, manufacturers can capitalize on the growing demand for recycled denim garments and/or fibers. By investing in recycling technologies and collaborating with Canadian textile initiatives, manufacturers can contribute to a circular economy and differentiate themselves in the market. Additionally, offering denim garments made with organic cotton further enhances their sustainability credentials. With its iconic 'Canadian Tux' status, denim remains a versatile and timeless choice for fashion-conscious consumers.

Innovation - Virtual Garment

Ai Stock photos by Vecteezy

Innovation in software for digitalizing the design process, prototyping, and industrialization, such as CLO 3D and Myr, is transforming the apparel industry. These tools allow designers to create virtual garments, significantly reducing the number of physical samples needed before production. Fewer samples mean fewer shipments between factories and retailers, lowering the industry's carbon footprint. Additionally, virtual garments provide a realistic visualization of products early in the process, enhancing decision-making and minimizing waste while streamlining the path to production. This technology is revolutionizing both efficiency and sustainability in apparel manufacturing.

Online Shopping



Online apparel retail has surged in popularity, with many regions seeing it surpass physical store sales. The convenience of shopping from home, access to a vast selection of products, and often lower prices have made e-commerce the preferred option for many consumers. However, physical stores still play a critical role, as some shoppers value the ability to try on clothes, feel the fabrics, and receive personalized assistance. The future of apparel retail likely involves a hybrid model, where online and physical stores complement each other, offering both convenience and unique in-store experiences.

According to a report by Trendex North America, online apparel sales are projected to increase by 0.9% in 2024 and by 6.1% from 2023 to 2027, while total apparel sales are expected to grow by 2.5% and 13.0% during these periods, respectively.

For online retailers, **consistency in fit and sizing** has become crucial as they capture more of the apparel market. As shoppers increasingly choose to purchase online, brands must focus on ensuring reliable sizing across their products to reduce returns and enhance customer satisfaction.

A key trend to watch is the rise of **click-and-collect** services. Accelerated by the COVID-19 pandemic, this option allows customers to order online and pick up in-store, blending the advantages of both channels. By using physical stores as micro-distribution centers, retailers can speed up delivery, manage inventory more efficiently, and reduce supply chain pressures. This hybrid approach offers both flexibility and convenience, which are essential in today's competitive retail landscape.

4 The Market Strategy

Detailed information on finding and dealing with a buyer, and on packaging and transportation, is provided in the Access Canada: a guide to exporting to Canada. Exporters should note that buyers in this sector are particularly interested in their suppliers providing easy access to senior management, being able to quickly solve problems, offering fair pricing and freight costs, developing a good relationship, and having a knowledgeable sales staff. Exporters can identify Canadian buyers who are listed on the internet by sector or through buyers' guides, many of which are offered at trade shows.

The key consumer spending seasons in Canada remain spring (March to May), summer (June to August), and the Christmas period, with increasing importance given to cultural and religious festivities such as Chinese New Year and Eid al-Fitr. Importers continue to place orders well in advance, typically 6-7 months ahead for goods from China and around 9 months for those from Bangladesh. Exporters must plan their marketing efforts, accordingly, starting early to align with these purchasing cycles. It is also critical for exporters to be transparent about their production capacity and lead times, informing buyers if additional time is required to meet demand.

Price

According to Statistics Canada, the total operating revenue for clothing and clothing accessories stores grew by 15.8% from 2020 to 2021, reaching $32.7 billion, reflecting a recovery from the initial pandemic disruptions. Despite the challenges, the operating profit margin in this sector saw a significant improvement, rising from 4% in 2020 to 7.1% in 2021, a 77.5% increase. This was driven by a gross margin increase from 48.3% to 49.5%, as well as an effective management of expenses. Total operating expenses, including labour remuneration, rose moderately, with labour costs increasing by 5.9%, and other operating expenses by 14.1%.

In the wholesale sector, textile, clothing, and footwear merchant wholesalers saw a robust increase in total operating revenue, growing by 14.5% from $14.5 billion in 2020 to $16.6 billion in 2021. The cost of goods sold rose by 11.8%, while total operating expenses increased by 13.2%. Despite these increases, the sector's gross margin improved to 35.4%, and operating profit surged by 36.7% to $6.7 billion, highlighting the strength of the sector's recovery. Compared to the overall retail and wholesale sectors, both apparel retailers and wholesalers in Canada continue to show higher profitability and resilience, particularly in their ability to recover and adapt during challenging market conditions.

Wholesale revenues and expenses (billions)			
Textile, clothing, and footwear merchant wholesalers	2020	2021	% variation 2020-2021
Total operating revenue	14.5	16.6	15.5%
Cost of goods sold	9.6	10.7	11.8%
Total labour remuneration	1.5	1.6	8.7%
Total operating expenses	4.2	4.8	13.2%
Gross margin	33.9	35.4	4.4%
Operating profit	4.9	6.7	36.7%

Source: Statistics Canada

Retail revenues and expenses (billions)			
Clothing and clothing accessories stores [448]	2020	2021	% variation 2020-2021
Sales of goods for resale (x1000)	27.5	31.8	15.7%
Total operating revenue (x 1000)	28.2	32.7	15.8%
Total labour remuneration	4.9	5.2	5.9%
Total other operating expenses	7.6	8.7	14.1%
Gross margin (%)	48.3	49.5	2.5%
Operating profit (%)	4	7.1	77.5%

Source: Innovation, Science & Economic Development Canada

Quality & Sizing

Canadian guidelines for apparel and textiles continue to apply equally to imported and domestic products. All apparel sold in Canada must meet minimum standards for factors such as flammability (especially for children's sleepwear), durability, and strength. Additionally, many buyers have specific requirements for imported textiles, such as being color-fast, pre-shrunk, sanitized, or stain-resistant.

Dress Sizes for Women						
Canada/US	Canada/US (L)	UK	Europe	Italy	Australia	Japan
2	X-Small	4	32	36	6	5
4	Small	6	34	38	8	7
6	Small	8	36	40	10	9
8	Medium	10	38	42	12	11
10	Medium	12	40	44	14	13
12	Large	14	42	46	16	15
14	Large	16	44	48	18	17
16	X-Large/1X	18	46	50	20	19
18	1X/2X	20	48	52	22	21
20	2X	22	50	54	22	23
22	3X	24	52	56	24	25
24	3X	26	54	58	26	27

Attention to craftsmanship and quality detailing remains essential. Canada also uses a voluntary sizing system, the "Canada Standard Size," which is based on actual body measurements and covers both regular and irregular sizes. Common fabric widths for home sewing remain 115 cm (36”) and 150 cm (54”), while wider fabrics are typically used for upholstery and industrial applications. Hand-loomed textiles, sold mainly through specialized retailers or manufacturers, tend to be narrower. Below is a comparison of

Canadian women's dress sizes and men suiting with those from other regions, reflecting current international standards. (Source: Curezone)

Work Ethics

Consistency and reliability in quality and supply remain crucial for securing Canadian buyers, along with ensuring the product offers genuine commercial value. Maintaining close communication is essential, as buyers expect continuous updates and feedback from suppliers. Being readily available to answer questions and provide detailed information is key, and having someone fluent in English or French is a must. Visual presentation continues to play a significant role in this sector, so sending high-quality images and samples when possible is highly recommended. Additionally, as digital communication has become even more vital, larger retailers expect suppliers to have robust online communication capabilities, enabling quick responses and seamless collaboration. These factors significantly impact a buyer's decision, especially in a market with numerous competitive sourcing options.

Labelling

All consumer textile articles identified under the Textile Labelling Act and the Textile Labelling and Advertising Regulations, and offered for sale in Canada, must be labelled in accordance with these laws. Piece goods and narrow fabrics sold at retail require a label at the point of sale, though this label does not need to be permanent. As outlined by the Canadian Apparel Federation, labels on clothing in Canada address several key consumer questions:

1. **Where was it made?** If the clothing is not made in Canada but is sold here, it must display "Made in..." to indicate its origin. While Canadian-made clothing is not required to state this, many manufacturers use the "Made in Canada" label as a marketing tool.
2. **Who made it?** The manufacturer must identify itself on the label with the company name and address or a five-digit CA (dealer) number. This number identifies the importer when the garment has only a trade name or no brand name. Exporters can register with a customs broker to acquire a CA number. Further details are available from the Competition Bureau of Canada.
3. **What is it made of?** If a garment contains more than 5% of a specific fiber, that fiber must be listed by its generic name in both English and French, with its percentage of the total mass. Fibers must be listed in order of predominance. Standardized terms and phrases are used for identifying fibers.
4. **How do I take care of it?** While care labels are not mandatory, they are highly recommended at both the wholesale and retail levels. Care labels help manufacturers, consumers, and laundries. The Canadian General Standards Board (CGSB) recommends using care symbols harmonized with NAFTA and international standards.

Types of Labels:

- **Woven or printed labels** sewn flat or along one edge.
- **Printed information** on wrappers, packages, or containers.
- **Imprinted information** directly on the article, as long as the information is grouped together.

- **Adhesive labels, stickers, or hang tags**. Hang tags can emphasize value-added benefits, such as noting that the garment is pure silk, hand-loomed, uniquely embroidered, from an award-winning designer, or made using environmentally friendly practices.

Labels on Consumer Textile Articles:

- **Permanent Labels**: Must be made of durable materials and withstand at least 10 cleanings. These are required for items such as jackets, coats, suits, pants, shirts, sweaters, sports clothing, dresses, bathrobes, and children's clothing, including play clothes, overalls, and snowsuits.
- **Non-Permanent Labels**: Include hang tags, wrappers, and stickers. Traditionally used for undergarments, lingerie, sleepwear, swimwear, scarves, hosiery, and gloves, stamped markings are becoming more common, enhancing consumer comfort.

Imported Items:

- Labels are typically provided by the Canadian buyer for the supplier to affix to the garment. Dealers cannot import incomplete or improperly labelled items unless the labelling will be completed in Canada. In this case, Industry Canada must be notified in advance of the import details, including the port of entry, date, and the premises where relabelling will occur. Once relabelling is complete, an inspector must verify the goods before they are resold.
- If imported items have foreign-language descriptions, they must also include an additional label in English and French, which complies with Canadian regulations. The importer is responsible for this labelling.

Outer Shipping Packages:

These should be labelled with:

- Brand name
- Product number
- Net amount (weight, measure, or number)
- Expiry date (if applicable)
- Name and address of the importer
- UPC/PLU or another barcode matching the one on individual products
- Lot number (to track individual shipments)

Retail Packages:

For retail, information about the product's nature, contents, and manufacturer must be clearly visible, with lettering that meets the required size standards. Labels must include the following in both English and French:

- Name and address of the importer for easy trace-back in case of issues
- Name or description of the product's contents
- Size, color, style name, and number

- Country of origin ("Product of...")
- UPC, PLU (price look-up code), and other barcodes as required

5 Trade Practices

Transportation & Packaging

To avoid rejection or costly delays at the border, all imported goods must be labelled according to Memorandum D11-3-1: Marking of Imported Goods. In general, the outer shipping packages should include the following information:

- Brand name
- Product number
- Style, color, and size range
- UPC/PLU or other barcode
- Name and address of the importer
- Country of origin
- Customer PO number
- Carton or lot number

Key Regulations and Tariffs

The key regulations affecting the products covered in this report include the Marking of Imported Goods Order, the Textile Labelling and Advertising Regulations, the Hazardous Products Act, and the Customs Tariffs Act. Consumer safety is a priority for apparel buyers, who recognize the need for consumers to purchase clothing with confidence. Health Canada lists several standards and guidelines for apparel and textile products, including:

- Flammability: Fabrics used in children's sleepwear and upholstered furniture must meet stringent flammability standards.
- Sizing: There are specific sizing and construction standards for children's sleepwear.
- Drawstrings: Health Canada provides guidance to consumers on selecting outerwear and other products with drawstrings.
- Articles made from down and feathers: In Québec, Ontario, and Manitoba, provincial agencies enforce regulations on upholstered and stuffed articles. All clothing items containing insulation require a Stuffed Articles Act label. The code on each label is unique to the manufacturing company.

In addition to Health Canada, several agencies regulate clothing and textiles for the safety of Canadian consumers. These include:

- Bureau de normalisation du Québec
- Canadian General Standards Board
- Canadian Intellectual Property Office
- Competition Bureau
- Consumer Packaging and Labelling Act and Regulations

The Standards Council of Canada (SCC) can advise which standards apply to a given product and the organization responsible for publishing them. For safety-related products, manufacturers or importers must demonstrate compliance with applicable standards. This can be done through a SCC-accredited certification organization. Strict standards apply to safety apparel, and manufacturers or importers must ensure compliance. If a product fails to meet the required standards, it cannot be sold in Canada. Exporters should check with the importer for details on specifications and allowable products before manufacturing for the Canadian market.

Tariffs and Quotas

The Canadian Border Services Agency (CBSA) website contains a tariff schedule that allows you to find the tariffs for importing apparel and textiles into Canada. The relevant tariff code chapters to search are:

Chapter 50 - Silk	Chapter 60 - Knitted or crocheted fabrics
Chapter 52 - Cotton	Chapter 61 - Articles of apparel and clothing accessories, knitted or crocheted
Chapter 58 - Special woven fabrics; tufted textile fabrics; lace; tapestries; trimmings; embroidery	Chapter 62 - Articles of apparel and clothing accessories, not knitted or crocheted
Chapter 59 - Impregnated, coated, covered, or laminated textile fabrics; textile articles suitable for industrial use	Chapter 63 - Other made-up textile articles; sets; worn clothing and worn textile articles; rags

Example: The tariff rate for each country depends on the applicable tariff treatment. For example, a country that is only eligible for Most-Favoured-Nation (MFN) treatment in Canada must pay an 18% tariff on men's or boys' overcoats. However, Bangladesh, which qualifies for MFN, General Preferential Tariff (GPT), and Least Developed Country Tariff (LDCT) treatment, can sell these items duty-free under its LDCT status. In contrast, while New Zealand does not qualify for duty-free status, it benefits from a preferential tariff rate of 11%.

Tariff Item	SS	Description of Goods	MFN Tariff	Applicable Preferential Tariffs
6101.20.00	00	Men's or boys' overcoats, car-coats, capes, cloaks, anoraks (including ski-jackets), wind-cheaters, wind-jackets, and similar articles, knitted or crocheted, other than those of heading 61.03. - of cotton	18%	LDCT, UST, MT, CIAT, CT, CRT, IT, NT, SLT, PT, COLT, JT, PAT, HNT, KRT, CEUT UAT: Free AUT: 11% NZT: 11%

More information on tariff rates, taxes, import documentation, and regulations can be found in Access to Canada: A Guide on Exporting to Canada.

Import Permits: According to Global Affairs Canada, only clothing and textile products eligible for tariff benefits under free trade agreements, such as those with Mexico, Chile, and Costa Rica, are subject to import permit requirements. In all other cases, import permits for clothing and textiles are no longer required. Links to Canada's international trade agreements are available for further reference.

Trade Agreements

For Canadian businesses in the apparel industry, several international trade agreements provide opportunities to benefit from reduced tariffs, improved market access, and streamlined regulations. Here are the key trade agreements that Canadian apparel businesses can take advantage of:

1. United States-Mexico-Canada Agreement (USMCA)

- **Parties**: Canada, United States, Mexico
- **Benefits**: USMCA (replaced NAFTA) provides duty-free access for Canadian apparel and textiles to the U.S. and Mexico, provided they meet specific rules of origin. This is crucial for Canadian businesses as the U.S. is one of Canada's largest apparel markets.
- **Rules of Origin**: Apparel must be made from yarns and fabrics sourced within the USMCA region to qualify for duty-free benefits.

2. Comprehensive Economic and Trade Agreement (CETA)

- **Parties**: Canada and the European Union (EU)
- **Benefits**: CETA eliminates tariffs on most Canadian apparel exports to the EU and simplifies the approval process for Canadian businesses exporting to Europe. This agreement allows Canadian apparel brands to expand their presence in European markets with fewer trade barriers.

3. Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)

- **Parties**: Canada and 10 other countries (Australia, Brunei, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, Vietnam)
- **Benefits**: Canadian apparel companies can export to CPTPP member countries with reduced or eliminated tariffs. This is particularly important for expanding into fast-growing markets like Japan, Vietnam, and Malaysia, which are becoming key players in the global apparel market.

- **Access to Low-Cost Production**: CPTPP also provides Canadian businesses with the option to source materials or outsource production in member countries with preferential trade terms.

4. Canada-Korea Free Trade Agreement (CKFTA)

- **Parties**: Canada and South Korea
- **Benefits**: CKFTA eliminates most tariffs on Canadian apparel and textiles exported to South Korea, making it easier for Canadian brands to access the Korean market. South Korea is a key market for high-quality apparel, and this agreement opens new opportunities for Canadian businesses.

5. Canada-United Kingdom Trade Continuity Agreement (TCA)

- **Parties:** Canada and the United Kingdom
- **Benefits**: This agreement preserves the benefits of CETA between Canada and the UK after Brexit. It ensures continued tariff-free access for Canadian apparel products exported to the UK, making it easier for Canadian businesses to maintain and grow their market share in the UK.

6. Canada-Chile Free Trade Agreement (CCFTA)

- **Parties**: Canada and Chile
- **Benefits**: The CCFTA eliminates tariffs on many goods, including apparel, traded between Canada and Chile. Canadian apparel businesses can export to Chile duty-free and also take advantage of Chile as a gateway to other Latin American markets.

7. Canada-Ukraine Free Trade Agreement (CUFTA)

- **Parties**: Canada and Ukraine
- **Benefits**: CUFTA eliminates tariffs on the majority of Canadian apparel exports to Ukraine, providing a new market for Canadian apparel businesses. As Ukraine continues to develop economically, this agreement opens up opportunities for Canadian apparel brands to establish a presence in Eastern Europe.

8. General Preferential Tariff (GPT)

- The GPT is Canada's unilateral tariff preference program, offering reduced tariffs on imports from eligible developing countries, which includes apparel.

These trade agreements help Canadian apparel businesses by reducing trade barriers, expanding market access, and lowering tariffs on imports and exports. They provide opportunities for Canadian companies to grow their international presence, optimize their supply chains, and enter new markets at a lower cost.

ESG: Environment, Social, and Governance in the Apparel Industry

Environmental, social and governance **(ESG) practices are increasingly important for businesses** that want to attract and sell to large organizations in Canada" (Source: Banque of Canada)

Environmental, Social, and Governance (ESG) refers to the three key areas companies focus on to ensure responsible and sustainable business practices. ESG considerations are critical for apparel buyers who scrutinize the entire production process, including sourcing, environmental impact, labor rights, and governance structures.

Exporters should proactively market themselves by providing buyers with published **ESG policies** and working with partners committed to the same level of transparency and compliance. Buyers now prioritize sustainability, ethical labor practices, and governance when making sourcing decisions, as these factors directly impact brand reputation and consumer trust.

Canadian buyers still identify deterrents to importing from certain countries, such as inconsistent product quality, poor packaging, and hidden costs. However, ESG-related failures, such as environmental negligence or labour rights violations, are increasingly becoming deal breakers in sourcing partnerships.

- **Labour Rights and Social Responsibility**:
    - Labour rights continue to be viewed by buyers as equally important as environmental practices. Major violations of human rights or political instability in producer countries can severely impact sourcing decisions. Brands expect producer governments to improve labour standards and regulatory enforcement. For countries in Central America and the Caribbean, maintaining higher labour and environmental standards can provide a competitive edge over lower-cost production regions in Asia.
- **Sustainable Apparel and Environmental Impact**:
    - The fast fashion industry, known for producing low-cost, low-quality garments that wear out quickly, faces increasing scrutiny as consumers grow more aware of its environmental consequences. Textile waste from fast fashion ends up in landfills, where even natural fibers like cotton and silk take years to decompose.
    - Consumers are now demanding greater accountability from brands regarding sustainability. One emerging solution is **closed-loop technology**, which aims to recycle used garments back into new products, creating a more circular economy. However, large-scale adoption of closed-loop technology is still developing and will take time to be integrated across the entire industry.
- **Governance and Corporate Accountability**:
    - Companies are increasingly driven by purpose, aligning business models with sustainability and social responsibility. Brands use their influence to promote responsible business practices throughout their global supply chains. These companies set high standards for transparency, holding suppliers accountable for their environmental and social performance. Suppliers are expected to adhere to stricter governance practices, demonstrating compliance with both environmental and labour regulations.

The shift to ESG has changed the landscape of apparel sourcing. Buyers expect their suppliers to be proactive in addressing environmental, social, and governance challenges, as these elements are essential to sustaining long-term business relationships in the Canadian market.

More here from Global Affairs Canada’s Responsible Business Conduct.

6 Route-to-Market

Distribution Channels

Apparel and textile products imported to Canada operate through a straightforward supply chain. In terms of distribution, the product typically arrives in the country and requires processing through Canadian Customs. The Canadian Border Service Agency will inspect and ensure that the product abides by all regulations, and will determine if tariffs are applicable, based upon the classification of the product and the country from which it is exported. From here, it will be placed in intermediary facilities before it is shipped to various types of retailers.

Distribution

Wholesalers: The most recent data for the Canadian wholesale market for textiles, clothing, and footwear shows that, in 2022, total operating revenues reached $19.3 billion, a 16.0% increase from $16.6 billion in 2021. Preliminary figures for 2023 indicate fluctuations, with monthly values varying between $1.1 billion and $1.9 billion depending on the season. Wholesale profits in this segment remain healthy, with pre-tax profit margins in 2022 at around 6.7% (Source: Statistics Canada).

Retailers: The Canadian retail landscape in 2024 has evolved significantly, reflecting broader industry changes. Retail stores still vary in size and specialty, but the presence of larger department stores has diminished. Holt Renfrew remains a high-end department store, but mid-market retailers like Simons and Hudson's Bay are now grappling with increased competition and pressures to innovate. Hudson's Bay, once a dominant player, is facing challenges in maintaining its market position, as international brands such as Uniqlo, H&M, Zara, Primark, and Decathlon expand their presence in Canada.

Discounters like Walmart continue to sell apparel, with juvenile apparel sales being strong in these outlets. However, mass-market retailers and big-box stores like Costco and Winners still hold significant market share in apparel sales. At the same time, the rise of e-commerce, particularly driven by platforms like Amazon and Shopify, has further shifted consumer shopping behaviours, with many smaller independent retailers and brick-and-mortar stores adapting to an increasingly digital retail environment. Additionally, domestic retailers like Reitmans and Le Château have been forced to restructure, highlighting the ongoing competition and market saturation. (Source: Retail-Insider).

E-Commerce: By 2024, e-commerce has become deeply embedded in Canadian shopping habits, with consumers increasingly moving away from traditional brick-and-mortar stores to embrace online shopping through various devices. Remote purchases now include those made via desktop computers, smartphones, tablets, and other digital platforms. In 2023, online retail sales in Canada hit approximately $80 billion, nearly doubling the 2017 figures, reflecting the rapid growth in the sector. Approximately 80% of Canadians made online purchases in 2023, with nearly 50% of them buying apparel and apparel accessories, often using smartphones. Mobile commerce (m-commerce) has grown significantly, with around 40% of shoppers now using smartphones for online purchases. The average spend per consumer on apparel has also risen, with an increasing preference for mobile shopping and convenience.

According to a report by Trendex North America, online apparel sales are projected to increase by 0.9% in 2024 and by 6.1% from 2023 to 2027, while total apparel sales are expected to grow by 2.5% and 13.0% during these periods, respectively.

All major apparel retailers have established robust e-commerce platforms, further enhancing their online presence with advanced features such as personalized recommendations, augmented reality try-ons, real-time inventory tracking, and seamless returns processes. User-friendly interfaces, high-quality product visuals, and social media integration for reviews and product sharing are now industry standards.

In the B2B space, for every online business-to-consumer transaction, approximately 2.5 business-to-business transactions take place, indicating that Canadian businesses continue to conduct much of their procurement online. Shopify, one of the leading e-commerce platforms in Canada, has solidified its dominance by offering enhanced wholesale services through its marketplace, allowing retailers to connect directly with suppliers for seamless purchasing, which remains free for Shopify users.

Trade Shows

Canadian importers and retail buyers typically visit foreign markets and suppliers once a year, organizing these trips around key international trade shows to explore new import possibilities and assess industry trends. Major international events such as MAGIC Market Week in Las Vegas and the Outdoor Retailer Show in Salt Lake City continue to draw significant Canadian participation. The Coterie Show in New York is also a key destination for sourcing and trend discovery.

Domestically, several important trade shows offer opportunities for Canadian retailers. Toronto Market Week is held semi-annually in January and August, bringing together a broad range of products including fashion, home décor, giftware, and wellness under one roof. TRENDS APPAREL, held in Edmonton and Saskatoon, showcases a variety of men's, women's, children's, and sportswear through wholesale representatives. The KnowShow in Vancouver is a key trade event for lifestyle brands and buyers in the outdoor and action sports sectors, featuring apparel, footwear, accessories, and equipment. Additionally, the Ottawa Ski, Snowboard & Travel Show focuses on outerwear and winter gear, providing a platform for retailers and manufacturers in the winter sports industry to connect.

The leading Canadian event for the apparel and textile sector remains Apparel Textile Sourcing Canada, which continues to offer international manufacturers and suppliers a venue to connect with Canadian buyers. Supported by the Canadian Apparel Federation, it includes seminars and workshops on sourcing, logistics, and fashion trends. The event is held annually in Toronto, attracting exhibitors from countries like China, Bangladesh, and Mexico.

For participation in trade shows, it is advisable to consult with agents, buyers, or commercial counsellors to fully assess documentation and logistics requirements. Note that TFO Canada does not provide letters of invitation for travel visas, which must come directly from the buyer or through trade show registration.

Annex 1

Selected Products Harmonized System (HS) Codes

Selected Products Harmonized System (HS) Codes
HS 6101 - Men's or boys' overcoats, capes, cloaks, etc., knitted or crocheted, o/t of No 61.03
HS 6102 - Women's or girls' overcoats, capes, cloaks, etc., knitted/crocheted, o/t of No 61.04
HS 6103 - Men's or boys' suits, jackets, trousers, shorts, etc.
HS 6104 - Women's or girls' suits, dresses, skirts, shorts, etc., o/t swimwear, knitted/crochet
HS 6105 - Men's or boys' shirts, knitted or crocheted
HS 6106 - Women's or girls' blouses, shirts and shirt-blouses, knitted or crocheted
HS 6107 - Men's or boys' underpants, nightshirts, pajamas, bathrobes, etc., knitted/crocheted
HS 6108 - Women's or girls' slips, panties, pyjamas, bathrobes, etc., knitted or crocheted
HS 6109 - T-shirts, singlets, and other vests, knitted or crocheted.
HS 6110 - Jerseys, pullovers, cardigans, waistcoats, etc., knitted or crocheted.
HS 6111 - Babies' garments and clothing accessories, knitted or crocheted
HS 6112 - Track suits, ski suits, and swimwear, knitted or crocheted
HS 6113 - Garments, made up of knitted or crocheted fabrics of Nos 59.03, 59.06 or 59.07
HS 6114 - Garments, knitted or crocheted, nes
HS 6115 - Panty hose, tights, stockings, hosiery, including graduated compression hosiery, knit/cro
HS 6116 - Gloves, mittens, and mitts, knitted or crocheted
HS 6117 - Clothing access, nes, knitted/crocheted; parts of garments/access, knit/crocheted
HS 6201 - Men's or boys' overcoats, capes, wind-jackets, etc., o/t of No 62.03, not knit/crochet
HS 6202 - Women's or girls' overcoats, capes, wind-jackets, etc., o/t of No 62.04, not knit/cro
HS 6203 - Men's or boys' suits, jackets, trousers, shorts, etc, o/t swimwear, not knit/crocheted
HS 6204 - Women's/girls' suits, jackets, dresses, skirts, shorts, etc., o/t swimwear, not knit/cro
HS 6205 - Men's or boys' shirts, not knitted or crocheted
HS 6206 - Women's or girls' blouses, shirts and shirt-blouses, not knitted or crocheted
HS 6207 - Men's or boys' singlets, briefs, night-shirts, pajamas, bathrobes, etc, not knit/cro
HS 6208 - Women's or girls' singlets, slips, briefs, pyjamas, bathrobes, etc., not knit/crocheted
HS 6209 - Babies' garments and clothing accessories, not knitted or crocheted
HS 6210 - Garments made up of fabrics of No 56.02,56.03, 59.03,59.06 or 59.07, not knit/cro
HS 6211 - Track suits, ski suits, and swimwear; other garments, not knitted or crocheted
HS 6212 - Brassieres, girdles, corsets, braces, suspenders, etc., their parts, w/n knit/crocheted
HS 6213 - Handkerchiefs, not knitted or crocheted
HS 6214 - Shawls, scarves, mufflers, mantillas, veils and the like, not knitted/crocheted
HS 6215 - Ties, bow ties, and cravats, not knitted or crocheted
HS 6216 - Gloves, mittens, and mitts, not knitted or crocheted
HS 6217 - Clothing accessories, nes; parts of garments/access, o/t of No 62.12, not knit/cro

Annex 2

Sources of Information

TFO Canada
130 Slater Suite 400
Ottawa, Ontario, Canada K1P 5A9
Tel.: (613) 233-3925 In Canada: 1-800-267-9674
Fax: (613) 233-7860
E-mail: tfocanada@tfocanada.ca
Website: www.tfocanada.ca

Canadian General Standards Board
Place du Portage III, 6B1
11 Laurier Street
Gatineau, Québec, Canada K1A 1G6
Tel.: (819) 956-0425 Fax: (819) 956-5644
Website:www.tpsgc-pwgsc.gc.ca/ongc-cgsb/publications/nouvelles-news/esscig-cigtest-eng.html

Canada Border Services Agency
A directory of CBSA offices across Canada is available through the Internet site.
Website: www.cbsa-asfc.gc.ca

Health Canada
Address Locator 0900C2
Ottawa, Ontario, Canada K1A 0K9
Tel.: (613) 957-2991 Fax: (613) 941-5366
Website: http://www.hc-sc.gc.ca/cps-spc/index-eng.php

Canadian Apparel Federation
151 Slater St., Suite 708
Ottawa, Ontario, Canada K1P 5H3
Tel: (613) 231-3220 Fax: (613) 231-2305
Website: www.apparel.ca

Trade Shows

A current list of Canadian and international trade shows is available through TFO Canada. Some major apparel related exhibitions held in Canada each year are:

Toronto Market Week
5353 Dundas Street West, Suite 400
Toronto, ON M9B 6H8
Tel (show manager): 416-510-5236
Website: https://www.torontomarketweek.ca/

Apparel Textile Sourcing Canada
3414 Garfield Ave, Commerce, CA 90040, United States
Tel : (800) 928-6710
Website: https://www.appareltextilesourcing.com/

KNOW SHOW
Vancouver Convention Centre East, Vancouver, Canada Vancouver, BC
Tel : (604) 689-8232
Website: https://knowshow.ca/

Ottawa Ski, Snowboard & Travel Show
4899 Uplands Ottawa,
ON K1V 2N6
Tel : (613) 697-2239
Website: https://ottawaskishow.com/

TRENDS Apparel
P.O. Box 23022 Citadel
St. Albert, AB T8N 6Z9
Tel : 780-920-8932
Website: https://trendsapparel.com/show/

Publications

Canadian Apparel Directory
Canadian Apparel Federation
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Tel: (419) 724-4160
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