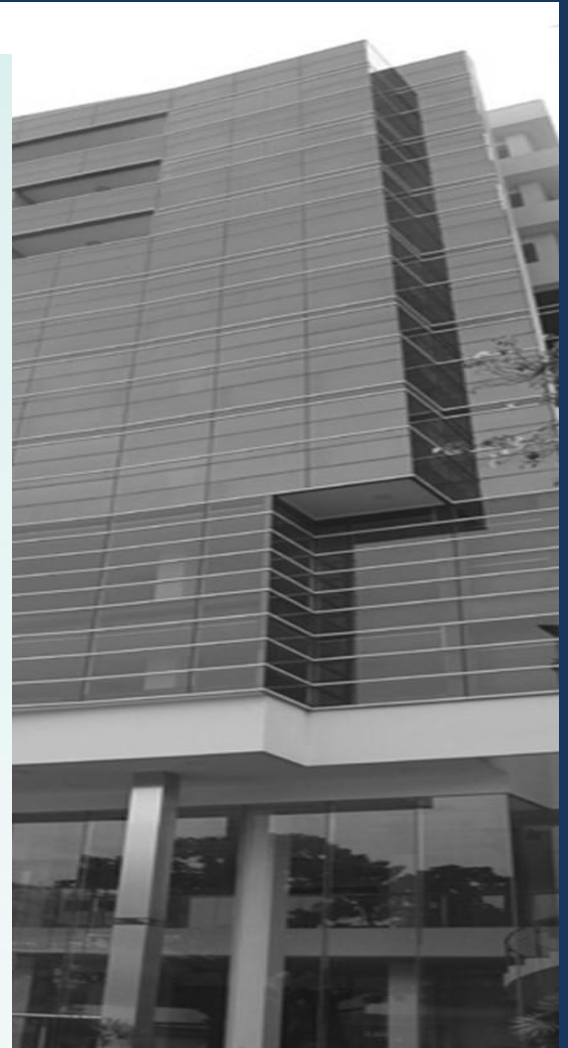




BIT/2022/15 December 2022

Apparel Industry in Canada & Market Opportunities for Sri Lanka

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Apparel Industry in Canada

According to the North American classification system (NAICS), apparel industry in Canada mainly comprises of manufacturing clothing (NAICS – 3152), manufacturing clothing accessories (NAICS – 3159) as well as manufacturing clothing from knit fabrics (clothing knitting mills) (NAICS – 3151). (Apparel Industry Profile, 2021)

Being part of the North American apparel market, which amounts to US\$390.10 billion in 2022, Canada is known to be one of the world's largest importers of apparel, importing close to 95% of what is needed to fulfill the apparel market demand. (Apparel Industry Profile, 2021)

Primary products included in the market are fashion clothing, occupational clothing, technical outerwear, survival wear, active wear as well foundation garments. Canadas' society being a multicultural one, all sorts of fashion and clothing options are appreciated throughout the country. (Apparel Industry Profile, 2021)

Canadian Apparel Market value

Valued at 23.85 billion Canadian dollars in 2020, apparel market in Canada is expected to reach 28.53 billion Canadian dollars by the end of 2024. Revenue generated by the apparel market in Canada amounts to 37.5 billion USD in 2022 as well. Average expenditure per household has remained between \$3,300-\$3,500 annually in the past couple of years.. Under the three basic product lines which are Women's Apparel, Men's Apparel and Children's Apparel which caters the Canadian apparel market requirements, 55.18% revenue was generated through the women's apparel category which amounts up to 20.69 billion USD. This was mainly due to the growth of e-commerce and luxury apparel sales. (Apparel, 2022)

In 2022, average volume per person who interacts with the apparel market is expected to amount to 45.24 pieces. In 2023, it is expected that there will be a volume growth of 5% and by 2026, the apparel market is expected to amount to 1,882 million pieces in Canada. (Apparel, 2022)

Recent trends

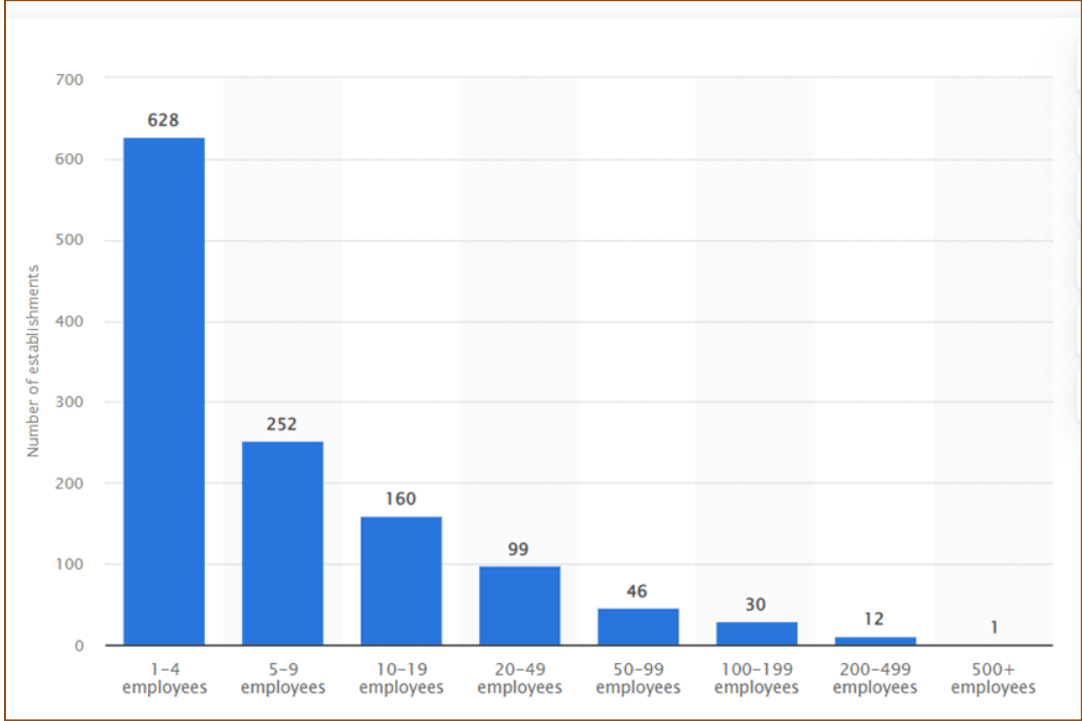
Due to the Canadian fashion market revolving around couple of the largest fashion hubs in the world such as Toronto, Vancouver, Montreal, the Canadian apparel market is expected to grow on a CAGR of 3.29% between the years of 2022-2026 bringing out distinctive fashion cultures from all around the world. Even though the manufacturing and retail sectors showed a slow and stable growth in Canada from 2016-2019 with a CAGR of 1.7%, during 2020 this declined by 20.7% due to the COVID-19 pandemic where shipments were also decreased by 19.6%. (Apparel Industry Profile, 2021)

With the trends that started due to COVID-19, many new trends have emerged in the apparel industry where most of the consumers have changed their shopping preference from brick and mortar to online platforms as well as their clothing preferences from work-wear towards the more casual and sports attire. This is due to the fact that many employees still continue to work from home as well as retail outlets promoting e-commerce platforms in order to minimize their overhead costs. By 2023 it is expected that 16% of the total market revenue in the fashion segment will be generated through online sales. (Apparel Industry Profile, 2021)

When looking at the current players in the apparel industry, many have shifted to designer wear and hand-crafted products. Also in the niche markets, what the Canadian manufacturers are aiming at the moment are performance outerwear, women’s fashion apparel and accessories, men’s tailored fine suits, uniforms and protective apparel. Due to high labor costs in Canada, it can be identified that many Canadian companies are not focusing on fast fashion but rather compete in high value markets as well as the high-end export markets.

The recent statistics show that consumers in Canada are moving towards products which reduces the carbon footprint. Therefore, companies currently manufacturing in Canada are also producing their products accordingly to meet the market requirements.

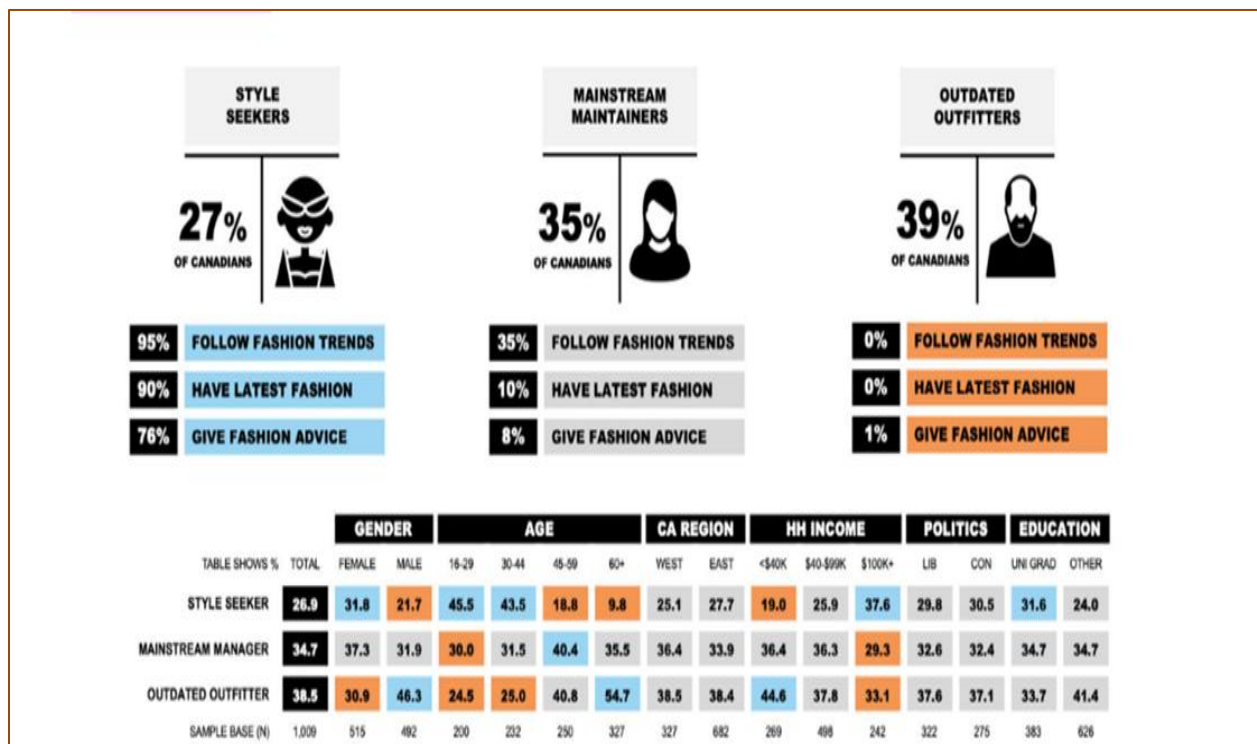
Apparel Manufacturers in Canada



As mentioned above Canada only produces 5% of the needed apparel demand inside the country and the above graph shows Canadian clothing manufacturing establishments with their employment sizes. Out of these manufacturers, about 48% of the total manufacturing is done in Montreal, Québec which is known as the fashion capital of Canada. Also in 2017, when it came to manufactured goods and wholesale distribution in Quebec it had reached \$8 billion Canadian dollars excluding retail sales. (Apparel, 2022)

Market Segments in Canada

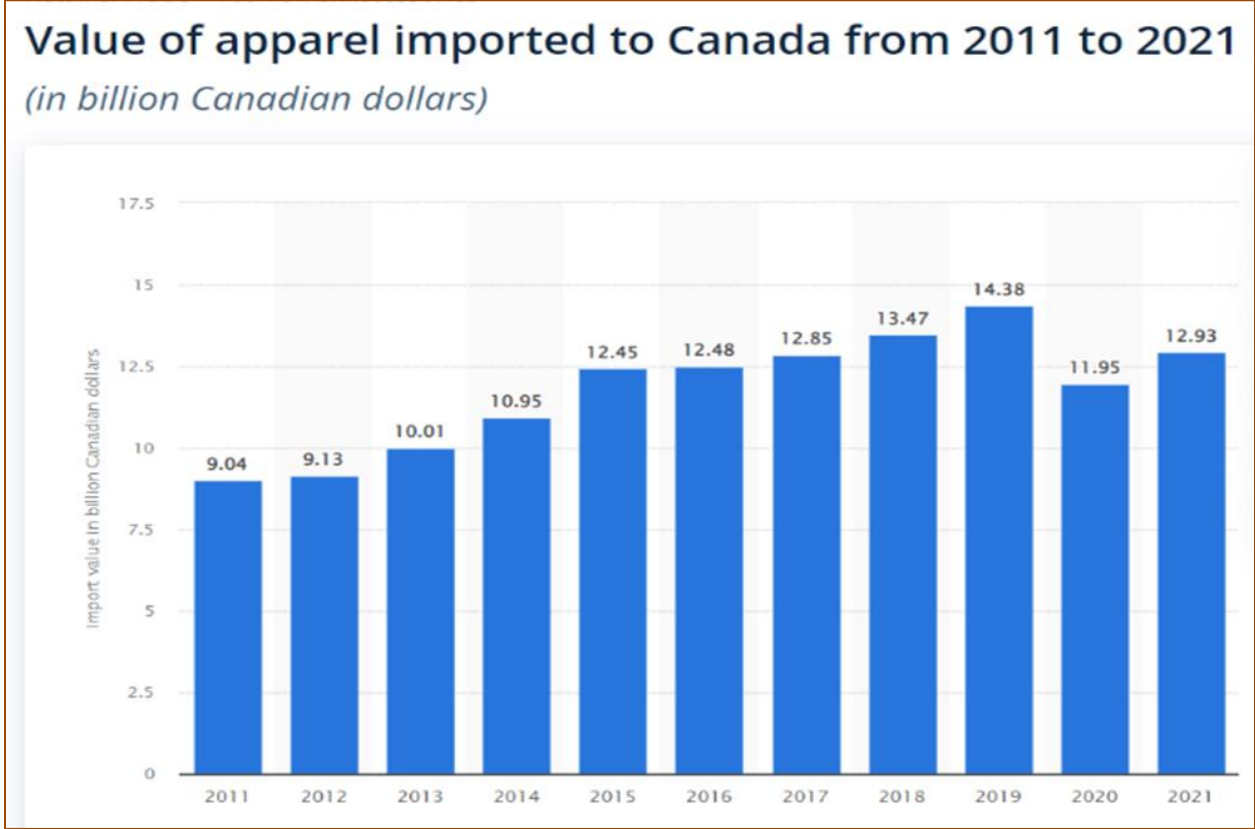
According to research done taking 1,009 Canadians into consideration, using the exploratory factor analysis & K-means clustering three main consumer segments were identified in Canada which are style seekers (27%), mainstream maintainers (35%) and outdated outfitters (39%).



(Fashion Segments in America & Canada, 2020)

According to this research, the most important market segment was found to be style seekers who are identified to be mostly females under the age of 45, who have graduated university with a household income of more than \$100,000 Canadian dollars. Also out of this market segment 95% follow latest fashion trends as well as 90% of the segment also having the latest fashion available with them. Also this market segment spends an average of more than 6 hours a day on social media as well as keeping up on trends. This category is important due to the fact that style seekers spend on average \$1,313 Canadian dollars on fashion compared to the other two segments where

mainstream maintainers only spend on average about \$655 and outdated outfitters spend on average about \$284 annually. Therefore, style seekers compared to mainstream maintainers are 91% more on fashion and 362% more on fashion than outdated outfitters. (Fashion Segments in America & Canada, 2020)



Approximately apparel worth of about 2.37 billion Canadian dollars were exported in the year 2021 which is a \$630,000 increase from 2020. (Apparel, 2022) **Below mentioned are the HS Codes and the respective total Canadian imports.** (Trade Data Online, 2022)

	2017	2018	2019	2020	2021	Percentage out of total for the year 2021
HS 6109 - T-Shirts, Singlets and Other Vests - Knitted						
Bangladesh	122.1	128.7	140.8	108.2	141.1	38.2
China	138.1	134.2	126.7	93.7	115.0	31.2
Vietnam	36.3	35.3	36.9	35.1	58.0	15.7

India	28.7	37.4	36.7	27.1	38.6	10.5
Sri Lanka	12.5	13.7	18.7	13.9	16.3	4.4
Sub-Total	337.7	349.3	359.9	278.0	369.0	100.0
HS 6110 - Sweaters, Sweatshirts and Waist-Coats - Knitted						
China	557.6	579.7	542.8	379.4	477.5	51.6
Bangladesh	150.9	163.2	194.7	158.6	203.2	22.0
Vietnam	101.9	117.4	143.6	143.0	174.5	18.9
Sri Lanka	10.2	10.5	19.1	27.8	42.7	4.6
India	24.1	22.0	24.2	21.4	26.8	2.9
Sub-Total	844.7	892.9	924.4	730.2	924.6	100.0
HS 611120 - Babies Garments (Incl Hosiery) and Clothing Accessories - Knitted - Cotton						
China	79.2	76.8	71.1	55.5	73.7	58.3
India	15.2	17.2	17.2	12.9	24.1	19.0
Bangladesh	14.2	15.8	14.1	11.9	15.1	12.0
Vietnam	8.6	9.4	10.3	11.3	13.2	10.4
Sri Lanka	1.1	1.7	0.5	0.4	0.4	0.3
Sub-Total	118.3	120.9	113.3	92.0	126.5	100.0
HS 611190 - Babies' Garments and Clothing Access, Of O Textile Materials, Knitted/Crocheted						

China	1.3	1.6	1.9	2.0	2.9	81.4
India	0.0	0.0	0.1	0.2	0.4	11.5
Vietnam	0.0	0.1	0.4	0.0	0.2	5.6
Bangladesh	0.0	0.1	0.1	0.0	0.0	1.4
Sri Lanka	0.0	0.0	0.0	0.0	0.0	0.0
Sub-Total	1.4	1.8	2.5	2.3	3.6	100.0
Sub-total	1302.1	1364.9	1400.1	1102.4	1423.7	55.5
Others	941.0	1009.3	1078.0	890.2	1139.3	44.5
Total All Countries	2243.1	2374.2	2478.1	1992.6	2563.0	100.0
Source: Trade Data Online (accessed: July 08, 2022)						

Duties & Taxes

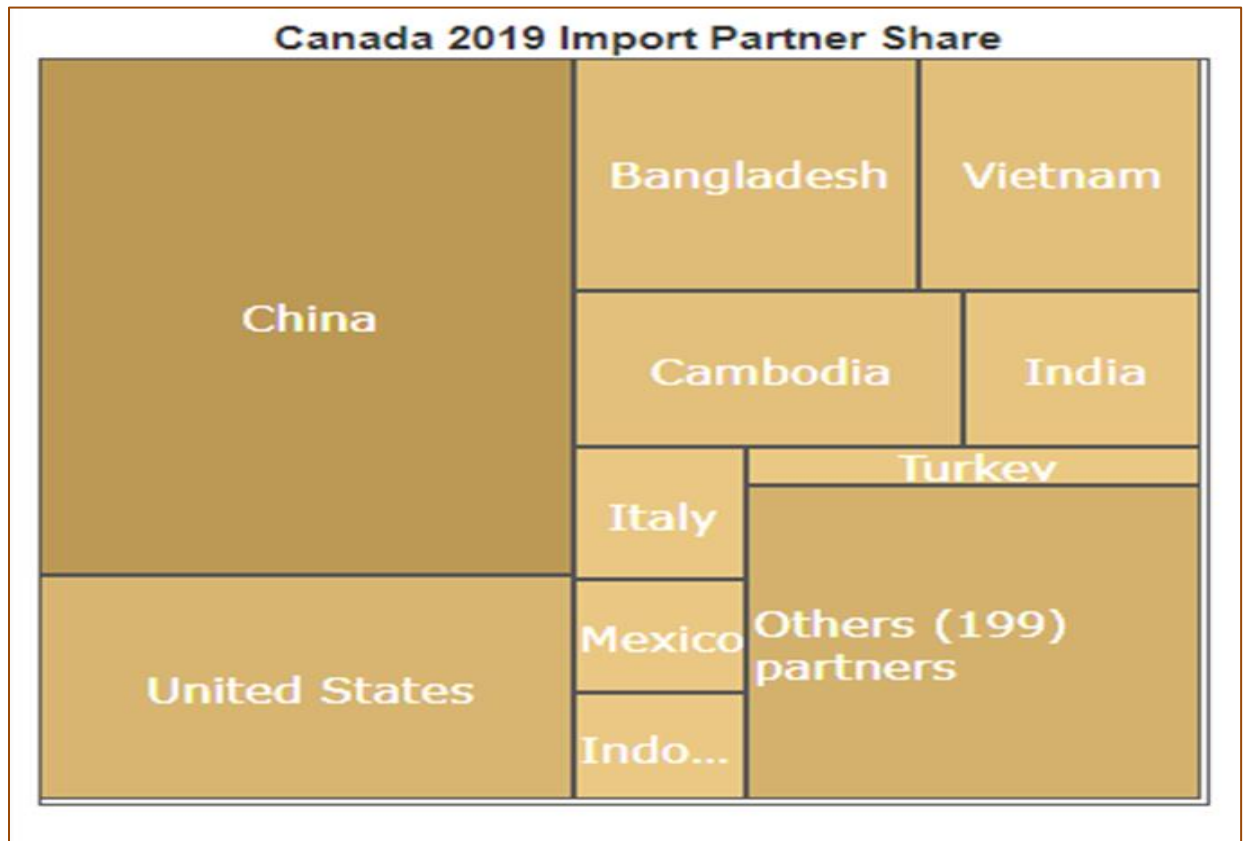
The Following link will provide duties and taxes according to each province in Canada.

<https://www.cbsa-asfc.gc.ca/travel-voyage/dte-acl/est-cal-eng.html>

Also a full list Import Tariffs and Custom requirements needed can be found using the below link.

<https://www.trade.gov/textile-and-apparel-market-report-canada>

Main Competitors in the Canadian Apparel Market



According to the data shown in the table above, the 2019 import market share of comprises of China with a 32.05% market share as the country which dominates the market followed by the US with a market share of 13.84%, Bangladesh with a market share of 9.31%, Vietnam with a share of 7.63%, Cambodia with a share of 7.13%, India with a share of 4.37% followed by the rest of the world holding a market share of 25.67%. (Canada Import Partner Share - 2019, 2019)

Market Opportunities for Sri Lanka

Sri Lanka as a leading apparel manufacturing country in the world with comparatively lower labor costs can benefit from the recent market trends in Canada. Even though it is comparatively hard to compete using economies of scale with countries like China in this market, Sri Lankan apparel manufacturers can take a different approach towards the market promoting high end/ handmade products as well as targeting upcoming trends such as being environmentally cautious.

Also exploring high end niche markets such as silk products as well as 100% cotton products which Sri Lanka is famous for, can be identified as a good market opportunity as these markets

are not fully saturated. According to the market segment research, Sri Lanka also has the potential to target Style Seekers in the Canadian fashion market collaborating with fashion designers found locally.

Opportunities for Market Interaction

Many trade shows as well as conventions are held across Canada throughout the year where potential buyers and sellers interact. Some of the main trade shows in Canada include,

- **Trends Apparel Show** – September 09th to 11th 2022 at the Edmonton Expo Centre, Edmonton Canada
- **MODE Show** – August 7th to 9th 2022 at the International Centre in Mississauga, Canada
- **METRO Vancouver** – August 5th to 9th 2022 at the F X Fashion Exchange in Vancouver Canada
- **Apparel Textile Sourcing** – August 22nd to 24th 2022 at the Toronto Congress Centre.

Also the below mentioned website provides a list of events where potential suppliers from Sri Lanka has the opportunity to interact with Canadian wholesalers/retailers.

<https://10times.com/canada/apparel-fashion/tradeshows>

Also below mentioned are the Major Canadian Importers of apparel. The 'Major Importers' listed comprise those which collectively account for up to 80% of all imports (in terms of \$ value) for the selected city. This list does not include individuals or importers whose importer numbers are unavailable. The importer is not necessarily the end-user of the product (The importers listed below are under the HS code 6114200000 Garments, nes, of cotton, knitted or crocheted).

Number of companies: 54			
Company name	City	Province	Postal code
12577445 CANADA INC.	Lasalle	Quebec	H8R 3A4
ADIDAS CANADA LIMITED	Concord	Ontario	L4K 5B2
AFH CANADA STORES CO.	New Albany	Ohio	

AMERICAN EAGLE OUTFITTERS CANADA CORPORATION/CORPORATION DE	Mississauga	Ontario	L5W 1Y6
ASH CITY	Richmond Hill	Ontario	L4B 0B4
BALLET MAKERS, INC.	Totowa	New Jersey	
BOARDRIDERS CANADA CORP.	North Vancouver	British Columbia	V7P 3T7
BOOTLEGGER CLOTHING INC.	Winnipeg	Manitoba	R3T 1N6
BOUTIQUE MARIE CLAIRE INC	Anjou	Quebec	H1J 1K6
CENTRIC CANADA APPAREL & ACCESSORIES ULC	Montréal	Quebec	H3L 1Z8
CHANEL CANADA ULC	Candiac	Quebec	J5R 1B6
COZY COMFORT COMPANY LLC	Cave Creek	Arizona	
DISTRIBUTION STOCKLOTS INC. /STOCKLOTS DISTRIBUTION INC.	Dorval	Quebec	H9P 1J1
DIVERSE GROUP	Vancouver	British Columbia	V6A 1E3
ECLIPSE STORES INC.	St. John's	Newfoundland and Labrador	A1C 5W8
FBA PROGRAM	Seattle	Washington	
FIELDS STOREA DIV. OF HUDSONS BAY	Toronto	Ontario	M5H 2Y4
G-III APPAREL CANADA ULC	Burnaby	British Columbia	V5C 6A8
GAP CANADA INC.	Toronto	Ontario	M4W 3B8
GROUPE DYNAMITE INC.	Mont-Royal	Quebec	H4P 1M2

GUESS? CANADA CORPORATION/CORPORATION GUESS? CANADA	Montréal	Quebec	H1Z 4K2
H&M HENNES & MAURITZ INC.	Toronto	Ontario	M5G 1Z3
HATLEY - P'TITE MAISON BLEUE INC/HATLEY - LITTLE BLUE HOUSE	Lasalle	Quebec	H8R 3A2
LA MAISON SIMONS INC	Québec	Quebec	G1R 3V9
LE GROUPE LEMUR INC./LEMUR GROUP INC.	Saint-Laurent	Quebec	H4N 2E1
LES PLACEMENTS ARDEN INC/ARDEN HOLDINGS INC	Saint-Laurent	Quebec	H4S 1W8
LOBLAWS INC.	Brampton	Ontario	L6Y 5S5
LULULEMON ATHLETICA CANADA INC.	Vancouver	British Columbia	V6J 1C7
MANHATTAN INTERNATIONAL CONCEPTS INC.	Saint-Laurent	Quebec	H4T 1X5
MARK'S WORK WEARHOUSE LTD.	Edmonton	Alberta	T5M 1Y6
MODE CHOC DOLBEAU LTEE	Dolbeau-Mistassini	Quebec	G8L 3K6
NORDSTROM CANADA RETAIL, INC.AND IN ITS FRENCH LANGUAGE FOR	Toronto	Ontario	M5B 2L9
NORTHERN REFLECTIONS LTD./REFLET BOREAL LTEE	Toronto	Ontario	M9B 6J8
OLD NAVY CANADA INC.	Toronto	Ontario	M4W 3B8
PUMA CANADA INC.	Toronto	Ontario	M9W 0C9
PVH CANADA, INC.	Toronto	Ontario	M5V 3B1
REITMANS INC	Toronto	Ontario	M5V 3J7

ROOTS CORPORATION	Toronto	Ontario	M6B 4N4
SELECTED DENIM GROUP INC. GROUPE SELECTION DENIM INC.	Montréal	Quebec	H2N 2E7
SNS ACTIVEWEAR CANADA INC.	Anjou	Quebec	H1J 2G3
SOCIETE EN COMMANDITE CANADELLCANADELLE LIMITED PARTNERSHI	Saint- Léonard	Quebec	H1R 1Z4
STUDIOS SPARK FACTORY INC.	Anjou	Quebec	H1J 3A1
THE CHILDREN'S PLACE CANADAL P	Mississauga	Ontario	L5R 4J2
THE GENUINE CANADIAN CORP.	Mississauga	Ontario	L5W 0G2
UNIQLO CANADA INC.	Saint John	New Brunswick	E2L 2A9
URBAN OUTFITTERS WHOLESALE, INC.	Philadelphia	Pennsylvania	
URBN CANADA RETAIL, INC.	Toronto	Ontario	M5K 0A1
VETEMENTS SCOTTISHTRADERS INC./ SCOTTISHTRADERS CLOTHING INC	Montréal	Quebec	H2V 4K5
VF IMAGEWEAR CANADA CO.	Edmonton	Alberta	T5B 1G2
WAL-MART CANADA CORP/LA COMPAGNIE WAL- MART DU CANADA	Mississauga	Ontario	L5N 1P9
WAREHOUSE ONE CLOTHING LTD.	Winnipeg	Manitoba	R3T 1N6
WINNERS DIVISION OF WINNERS MERCHANTS INT. LP.	Mississauga	Ontario	L5R 0G1
YATES & COMPANY ENTERPRISES LTD.	Vancouver	British Columbia	V6A 4J6
ZARA CANADA INC	Montréal	Quebec	H3B 4G7

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