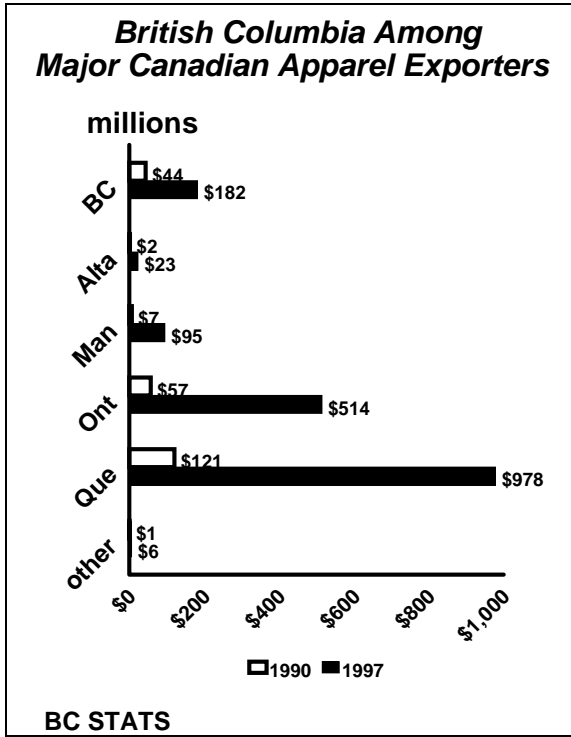


Feature: Apparel Exports Surge For B.C., But Faster For Other Provinces



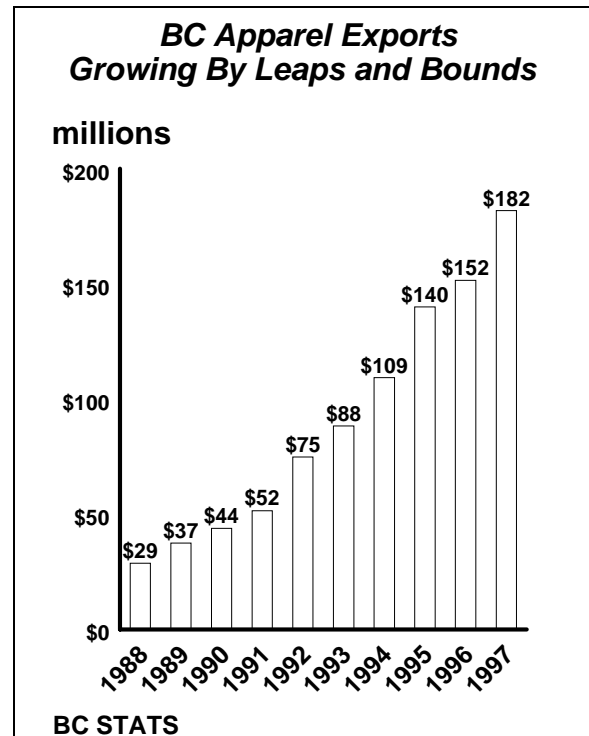
of the province's big export earners in 1997. Membership in Apparel British Columbia, the industry association based in Vancouver, lists over 300 manufacturers, over 130 designer businesses and over 100 suppliers of goods and services to the industry. Apparel exports last year reached \$182 million, up 314 per cent from \$44 million in 1990. By comparison, total exports grew 60 per cent over this period.

But in spite of this impressive growth, British Columbia's apparel exports have not expanded as quickly as those from the rest of Canada. Exports from the other important apparel manufacturing provinces – Quebec, Ontario, Manitoba and Alberta – have all grown faster. Between 1990 and 1997 British Columbia's apparel exports increased at an average annual rate of 23 per cent, as exports from the big central Canadian producers in Quebec and Ontario climbed 35 per cent and 39 per cent, respectively.

The apparel industry across Canada has been enjoying an export boom. Canadian clothing products have been shipped to the United States market in steadily increasing volumes in the 1990s, thanks to a more liberal North American trading environment, a favourable exchange rate, and a surging U.S. economy.

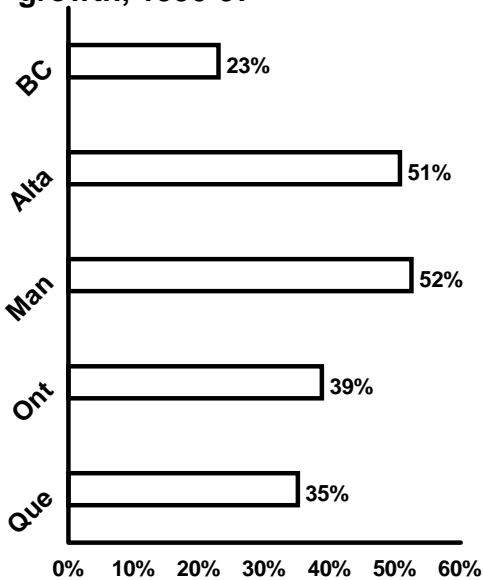
As Canada's third largest apparel exporting province, British Columbia has played a part in this boom. It has benefited more than other parts of Canada from large numbers of new Asian immigrants who brought with them their skills, capital and entrepreneurial drive.

New talent and an unprecedented export surge have transformed the apparel business in British Columbia from a very small industry at the start of this decade into one



But Other Provinces' Apparel Exports Grow Faster

aver. annual growth, 1990-97



BC STATS

The strongest provincial performance for apparel exports was produced by Manitoba. Apparel manufacturers in that province expanded their exports at an average annual rate of 52 per cent between 1990 and 1997. They were closely followed by manufacturers in the much smaller Alberta industry, whose exports grew at an average annual rate of 51 per cent.

Almost all of this trade has been destined for the United States market. Ninety-three per cent of total Canadian apparel exports were shipped to the United States in 1997, up from 87 per cent in 1990. Although very small by comparison, exports to Asia are large enough to be significant. British Columbia apparel exports to Japan grew from \$3 million in 1990 to \$9 million in 1997. Unfortunately economic difficulties in Japan have since led to a 53 per cent drop in British Columbia apparel exports to that

country in the January to March period of this year, on a year over year basis.

There could be a number of reasons why British Columbia apparel exports to the United States have grown less quickly than those from other provinces. One is the young age of the industry in British Columbia. The apparel industry was already well established in other parts of Canada decades ago, and was thus able to respond very quickly when NAFTA and a favourable exchange rate opened continental opportunities for Canadian manufacturers. Whereas in central Canada it was largely a matter of shifting from a national to a continental market, in British Columbia it was more a case of building a very small industry into a larger one that could take advantage of new export opportunities.

Maureen Drew, Executive Director of Apparel British Columbia feels that there are also other reasons why the industry has grown less quickly in British Columbia. She cites high taxes and regulations as another cause of the industries relatively slower export growth in British Columbia. 'Several British Columbia (apparel) companies considering expansion have been looking to Alberta,' she says, 'They intend to keep their British Columbia base but prefer Alberta for expansion because they do not see British Columbia as offering favourable business conditions.'

This is also the view of Mr. Simpson Ma, President and owner of Oceanic Sportswear, who feels that 'the province's business environment has not always been conducive to growth.' As a case in point he observes that environmental regulations in British Columbia have prevented the establishment of a commercial scale textile dyeing operation in the province. He notes that this has sometimes obliged producers

in the British Columbia industry to ship garments to Winnipeg or Montreal.

Whatever the relative difficulties faced by the industry in British Columbia, it has grown rapidly during the 1990s and has taken on something of a distinctive shape. British Columbia apparel producers are noted for their high quality speciality sportswear, a strength developed naturally from the province's wilderness oriented outdoor lifestyle. Maureen Drew identifies high quality, specialised sportswear as one particular strength of the British Columbia industry. The province's extensive outdoor sports industries have provided a home market for manufacturers of survival and kayaking gear, and clothing for runners, cyclists and other outdoor sports people.

Many of the newest apparel manufacturing businesses have been established by immigrants from Asia. Simpson Ma of Oceanic Sportswears arrived from Hong Kong in 1984 and has since built up an apparel

manufacturing business employing about forty people in the lower mainland. Mr. Ma regards British Columbia's Asian links and its relatively close access to materials from Asia as important advantages for the industry in this province. He says that most people in the industry cope with the apparent difficulties of doing business here because they enjoy living in the province.

While the apparel industry in British Columbia has developed its own customer identifiable brands, much of its recent growth has been based on production for private labels. This is work done to order for large (mainly American) companies that retail the product under internationally known labels. In this kind of work British Columbia manufacturers have established a reputation for being able to produce quality work, on short notice and in job lots smaller than those preferred by many of their more long established eastern Canadian rivals.