Textiles and Clothing

(NAICS 313, 314, 315 and 316)

Employment outlook

Difficult

Description

- Two thirds of jobs are concentrated in clothing manufacturing and leather and allied product manufacturing and one third in textile mills and textile product mills.
- Among Canadian provinces, Quebec has the highest number of jobs in the textile and clothing sector, particularly in the clothing industry.
- Jobs are concentrated in the Montreal (55.5%), Montérégie (9.9%) and Chaudière-Appalaches (9.9%) economic regions.
- The main occupations include:
  - Industrial sewing machine operators
  - Tailors, dressmakers, furriers and milliners
  - Textile fibre and yarn, hide and pelt processing machine operators and workers

Pre-COVID-19 pandemic profile

Economy

- Textile and clothing industries have seen significant negative employment growth since 1990 as globalization led to increased outsourcing.
- Quebec had a trade deficit in these industries; however, there was growth in clothing exports.
- Clothing companies have specialized in innovative, high-end products and special orders or kept high value-added activities, such as design, pattern creation and product line planning (with manufacturing outsourced).
- The textile industry includes more conventional businesses (particularly, carpets and household linen, and other innovative or speciality textiles).

Workforce

- Data from the Labour Force Survey (LFS) show that the subsector employed 18,700 people in 2019 and that workforce numbers were dropping.
  - The industry has an aging workforce. Nearly a third of workers are over age 55.
  - Almost two thirds of businesses have fewer than 10 employees.
  - Less than 10% of workers in this subsector are self-employed.
- The recent employment trend in the clothing manufacturing sector was negative growth and related to basic apparel production activities facing stiff global competition.
- In the textile sector, the employment dynamic appeared to be stabilizing. However, growth is very slow because new jobs are generated in the innovative fields, which are less labour-intensive.
- The textile and textile products industry had a shortage of skilled workers, and this restricted potential growth potential in a number of companies.

Impact of lockdown and recovery

Estimating the impact of lockdown and recovery on employment

- Most companies in the textile and clothing sector were deemed non-essential and shut down on March 23 following a government order-in-council. Employment levels plummeted dramatically as a result. According to data from the *Survey of Employment*, Payrolls and Hours (SEPH), employment dropped by 44.2% in April on a year-over-year basis.
  - However, many businesses revamped their production to manufacture basic necessities for essential sectors (e.g. masks, face shields, scrub tops, chest guards), which limited job losses.
- The manufacturing sector as a whole was able to reopen in May, initially with restrictions, then fully as of May 25. The recovery has been moderate in the textile and clothing industry. July SEPH data indicated that employment was 14.3% below the July 2019 level, primarily owing to decreased employment in the clothing industry.
  - On the one hand, export firms that concentrate on high-end products were faced with lower demand owing to global economic woes.
  - On the other hand, many major companies in this sector specialized in manufacturing men's suits, and the adoption of telework has led to a very significant drop in demand.
  - Manufacturers of clothing for the domestic market face many challenges because they rely on a largely foreign supply chain and a network of retailers who have their own problems related to the health crisis, and some that are at risk of going bankrupt.
  - In the textile sector, many innovative textile businesses often operate at full capacity to supply fabric for medical protection gear manufacturers. Businesses associated with more conventional textiles intended for the domestic market could face a number of problems. For instance, most office-space fit-up projects are on hold, affecting rug and carpet manufacturers.

Medium-term outlook (2021–2022)

Employment outlook

Difficult

- The industry was already facing slow growth prospects prior to the health crisis.
- Some businesses in the textiles and clothing sector, particularly those that were already in a precarious financial position, or those that will be heavily impacted by bankruptcies in the retail trade, will probably not recover from the crisis.
- Businesses that invest in productivity enhancement and businesses that innovate will be in a better position to navigate this period.
- The pandemic has revealed the risk of relying on imports to fill demand for basic medical equipment.
  - Many businesses have received orders from federal and provincial governments to produce medical protective gear and components, which should enable them to maintain operations over the coming months. These business have made investments that will enable them to manufacture these new products.
  - However, recruitment challenges are still very much an issue, particularly for sewing-machine operators, which could limit production continuity in the medium term.

Note: *The analyses presented in this document are based on information available as of September 15, 2020, and take into account the various support measures announced up to that date. Moreover, given the unprecedented impact caused by the pandemic and the uncertainties that remain, the outlook is based on certain key assumptions, notably that no other widespread or regional lockdown, such as the one announced on March 23, 2020, will significantly reduce Québec's economic activity. In addition, estimates of impacts and prospects was developed using an exponential smoothing method based on historical seasonally unadjusted monthly data from the Statistics Canada* Labour Force Survey.

Note: *In preparing this document, the authors have taken care to provide clients with labour market information that is timely and accurate at the time of publication. Since labour market conditions are dynamic, some of the information presented here may have changed since this document was published. Users are encouraged to also refer to other sources for additional information on the local economy and labour market. Information contained in this document does not necessarily reflect official policies of Employment and Social Development Canada.*

Prepared by: Labour Market Analysis Directorate, Service Canada, Quebec