

EXPORT TO CANADA NEWS

INFORMATION · ADVICE · CONTACT

ETHICAL GARMENTS AND TEXTILES EDITION

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TRADE RULES FOR GARMENT IMPORTS UNDER THE CANADIAN MARKET ACCESS INITIATIVE FOR LDCS

The Canadian Market Access Initiative, which started in 2003, promotes economic growth in 49 least developing countries around the world. The Initiative expands your trading opportunities with Canada by letting your goods enter duty-free and quota-free. This creates new markets for LDCs goods and gives them a greater competitive edge in Canada.

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UPCOMING WEBINARS

Fruits and Vegetable Dispute Resolution Corporation (DRC): Alternative Dispute Resolution System in North America (English)

Jaime Bustamante, Trading Assistance Manager, FVDR

Date to be confirmed (watch our website for updates)

[Preparing for Trade Show Participation](#)

Clarecia Christie, Project Manager, Trade Information Services, TFO Canada

Feb 16, 2016 at 1pm

View past recordings at:
www.tfocanada.ca/webinars

WHY WE DO WHAT WE DO

It was a cool winter's evening in downtown Toronto. Cold enough, to see your breath. What brought me to Canada's largest city on November 30th was to participate in a rather unique event – The Launch of the Canada-Peru Trade and Branding Initiative. This project is a partnership between the Peruvian and Canadian governments (facilitated in part by TFO Canada), who have joined forces to create a micro trade model whereby Canadian design and marketing experts have collaborated with four Peruvian artisan communities to make products for consumers across the globe.

The Toronto event caused me to take pause and think about TFO Canada's mandate: specifically asking the question: "Why do we do what we do?" Now, I recognize that, while the query might be a little unorthodox in terms of sentence structure and syntax, the answer is far more straightforward. TFO Canada exists to confront the challenge of global poverty by promoting sustainable economic development that is focused on trade between Small and Medium Sized Enterprises (Micro-sized ones too) and International Markets such as Canada.

To fulfill our mandate, we work with many partners such as business support organizations, foreign and Canadian government officials, business associations and many other institutions. Together, we strive to achieve economic prosperity through increased international trade. The cold night in downtown Toronto was a good reminder of our collective potential in this regard.

On behalf of the team at TFO Canada we wish you a happy holiday season and a prosperous 2016 filled with success in international trade.

Steve Tipman

Executive Director
TFO Canada



RESPONSIBLE GARMENT VALUE CHAIN TFO CANADA'S ENGAGEMENT WITH LOW INCOME COUNTRIES

In 2014 TFO Canada committed to work at supporting a cluster of low income countries invested in the garment sector better access the Canadian market.

This decision was coming at a difficult time for the sector that had just suffered a significant blow following the Rana Plaza disaster that cost the life to 1,133 garment workers in Bangladesh on 24 April 2013. This dramatic event highlighted working conditions within the garment supply chain and raised a number of issues that the sector is still struggling with both in terms of image and practices. These challenges touch on the global supply chain, corporate responsibilities and more generally on suppliers and worker's rights also led to a rethink at TFO Canada.

The sourcing of ethical garment becomes more relevant and supports TFO Canada mandate of trade as a mean to contribute to poverty alleviation. Several interesting ideas emerged from our TFO Canada discussions. Firstly it was felt that most low income countries had unique local

skills and knowledges that could become high-value niche markets in Canada. Secondly consumers and Canadian buyers do not know of these local products, skills and producers. Finally, we concluded that an equitable and long lasting business relationship is best achieved Business-to-Business through a balance relationship involving exporters and buyers of comparable weight and size.

These are both exciting and challenging prospects for TFO Canada as we will need to identify and educate Canadian importers whilst helping them assess risks and opportunities within the sector. Meanwhile we will also need to identify and build the capacity of our producer base whilst ensuring that they grow the right skills and commitment towards export and buyers requirements. As we work at modelling our activities we are hopeful that we will be able to initiate sustainable and equitable business relationships through the introduction of 30 emerging exporters from low income countries to Canadian buyers by 2018.



Axelle
www.decohaiti.com

TIPMAN'S TRADE TIP

"Selling to a foreign market can be complex and choosing the right partners are fundamental in achieving your objectives. Depending on your goals, you may need agents, distributors, bankers, freight forwarders, brokers and other strategic partners to export successfully. For each player along your supply chain, do your due diligence and be sure you feel comfortable with the relationship before proceeding."

TRADE RULES FOR GARMENT IMPORTS UNDER THE CANADIAN MARKET ACCESS INITIATIVE FOR LDCS

Continued from page 1

The Canadian Market Access Initiative, which started in 2003, promotes economic growth in 49 least developing countries around the world. The Initiative expands your trading opportunities with Canada by letting your goods enter duty-free and quota-free. This creates new markets for LDCs goods and gives them a greater competitive edge in Canada.

In 2013, imports from the then 48 Market Access Initiative countries amounted to over CAD\$ 4 billion. Most of these imports are commodities: crude oil, aluminum ore and rubber. Imports of consumer goods are also steadily rising. Textiles, apparel, food products, tableware, kitchenware, headwear, carpets, electrical and electronic equipment, sporting goods and jewellery are increasingly popular items for the Canadian import market.

EXPORTING TO CANADA UNDER THE INITIATIVE: RULES OF ORIGIN (ROO)

Rules of Origin are the criteria needed to determine the national source of a product. This is important under the initiative as duties and restrictions are derived depending on the source of imports (source of the inputs into the final product).

There are two ways to determine whether goods qualify for duty-free entry into Canada: 1) the General Rules of Origin; and 2) the specific Textile and Apparel Rules of Origin (HS 50-63 classification). The second way, addresses garments and textiles, is the specific rules for textile and apparel goods, a good can qualify under the general rules or one of the more specific rules of origin.

Apparel Rule 1: Origin Criteria D

A cotton dress manufactured in Senegal (an eligible LDC) was assembled and cut in Senegal. The fabric was produced in Senegal from yarn spun in China (a GPT beneficiary country) and the cotton yarn has not undergone any further processing outside an eligible LDC or Canada.

The dress fulfills Apparel Rule 1 (Origin Criteria D) and therefore qualifies for duty-free entry to Canada.

Apparel Rule 2: Origin Criteria E

A skirt is manufactured, cut and assembled in Mali (an eligible LDC), made from fabric produced in China (a GPT country) from yarn that was spun in China. The yarn and fabric do not undergo further processing outside an eligible LDC or Canada. Because the skirt uses fabric produced in China, the value of any materials (including packing) that are sourced from outside Mali cannot exceed 75% of the ex-factory price as packed for shipment to Canada.

The skirt fulfills Apparel Rule 2 (Origin Criteria E) and therefore qualifies for duty-free entry to Canada.

Other Made-up Textile Articles Rule: Origin Criteria F

Wool yarn is spun in Lesotho (an eligible LDC) and directly exported to Madagascar (another eligible LDC), where it is made into wool fabric. The wool fabric is then shipped to Nepal (also an eligible LDC), where it is made into wool blankets for export to Canada. The production process in Nepal includes cutting, sewing and assembly of the blankets.

The blankets therefore qualify as Other Made-Up Textile Articles (Origin Criteria F) and are eligible for duty-free export to Canada.



Difference between Criteria D & E

Criterion 'D'	Criterion 'E'
<ul style="list-style-type: none"> • More restrictive • Fabric sourced in any LDC or Canada • Yarns originating from LDC, country identified in schedule 2 or Canada • Yarns & Fabrics further processing in LDC or Canada 	<ul style="list-style-type: none"> • Less restrictive • Fabric sourced in any country identified in schedule 2 • Yarns originating from LDC, country identified in schedule 2 or Canada • Yarns & Fabrics further processing in LDC, country identified in schedule 2 or Canada • Ex-Factory provision

To read the complete Canadian Market Access Initiative Report please access it [here](#).

ETHICAL SOURCING: WHAT WE LEARNED AT WEAR 2015

With the Rana plaza tragedy top of mind, ethical sourcing is gaining momentum in the Canadian market as an alternative to fast fashion. On October 19, 2015, TFO Canada attended the 2nd annual [World Ethical Apparel Roundtable \(WEAR\)](#) hosted by [Fashion Takes Action](#). The event brings together industry professionals and leading organizations to exchange ideas and best practices on how to tackle the social and environmental challenges of the fashion industry.

The day laid bare many of contradicting challenges the garment industry poses in developing and emerging markets. Places like Bangladesh and Cambodia have experienced an economic boom from fast fashion, but continue to face low wages and poor working conditions. Competition and globalization are also driving a race to the bottom, with

Myanmar and Cuba slotted as the next low-cost destinations for garment production.

Within this model, producers often face a losing battle of unsustainable costing and sourcing practices. But if there was one takeaway message from WEAR 2015, it is that innovation is creating a wave of new opportunities to break out of the fast fashion cycle. Focusing on innovation allows manufacturers to compete on other value factors including quality, workmanship, unique materials, design, flexibility and turnaround time. Harnessing the artisanal talent of local producers and using natural, reclaimed or recycled materials offer some of the most promising avenues.

The second theme of the day was collaboration. It is clear that responding to the challenge of fast fashion will

require efforts from consumers, companies, government and civil society. With momentum growing, many companies are already moving to publicly disclose their suppliers, while others are turning to third-party certification through organizations like the [Better Cotton Initiative](#), [Responsible Sourcing Network](#) and [Fairtrade Canada](#). As consumer awareness around ethical sourcing continues to grow in Canada, companies will need to consider new ways to improve their sourcing activities.



SOCIAL AND ECONOMIC BENEFITS OF SOURCING MANUFACTURING SERVICES IN THE DEVELOPING WORLD

Supporting Freedom (Azadi) through Opportunity, Empowerment & Agency By Fizza Mir

When my business partner and I began brainstorming a name for our new start-up, we sought to find a word that captured the essence of everything we hoped to achieve, convey and inspire through our work. **Azadi** is the Persian word for "Freedom" - a deeply complex and simultaneously simple human desire to exercise agency over one's own choices, life and future.

The ways in which **Azadi Project** aspires to promote freedom are threefold: 1) it enables us, as women of colour, to engage in meaningful work that reflects our values and supports other women in the process; 2) it provides alternative choices to conscious consumers who often feel conflicted and powerless when purchasing garments that aren't ethically produced; 3) and it supports the work of women in rural Bangladesh, helping them sustain a viable income while remaining in their ancestral villages.

Through their stunning embroidery techniques, intricate crochet work and hand-loomed expertise, the women we work with take great pride in their indigenous craft and their ability to contribute to their household incomes. At a time when countless rural communities are forced to migrate to urban slums due to extreme poverty and limited economic prospects, Azadi Project is proud to support the work of

these tireless women who have not only established self-sustaining cooperatives, but have further developed numerous social services to support the health, education and overall well-being of their families. From providing maternity leave, pensions, domestic violence counselling and even support for former sex workers who have bravely fled a violent and exploitative industry; the conglomerate of groups we work with are actively engaged in uplifting themselves out of poverty and forging a prosperous future for themselves.

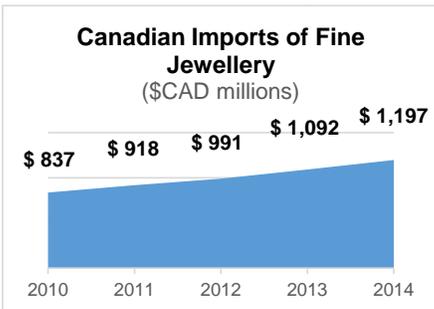
By making the conscious choice to patronize companies that prioritize social values over profit, you are supporting strong women who not only help themselves but uplift entire communities.

For more information visit www.azadiproject.com



CANADIAN MARKET FOR JEWELLERY AND FASHION ACCESSORIES

The total market for jewellery and fashion accessories in Canada reached \$4.8 billion in 2014, with average annual 4% growth in sales over the past five years. Volatile world prices for gold and silver have squeezed profit margins for fine jewelers. Going forward, costume jewellery is expected to gain market share as price-conscious consumers follow the fast fashion trend. Sales of fashion accessories have grown steadily at 8% annually over the past five years (2010-2014) led by gloves/mittens, handbags and scarves/shawls, with smaller markets for belts, ties and hats.



IMPORTS

Canada imported a total of \$2.4 billion worth of jewellery and fashion accessories in 2014. Fine jewellery accounts for half of imports (\$1.2 billion), followed by fashion accessories (\$1 billion) and costume jewellery (\$264 million). The United States and Europe remain major sources, while lower-cost items are dominated by Asia and especially China. Developing and emerging countries are also making gains led by Mexico, Thailand, Vietnam, Sri Lanka, Indonesia, Bangladesh and Turkey.

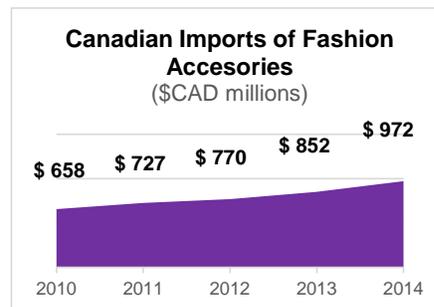


INNOVATION

The use of technology is driving innovation in this sector, including wearable tech, automated design and 3D printing. Jewellery and accessories made from eco-friendly, recycled/upcycled, or natural materials is also a bright spot in the market. Canadians also look for personalization and versatile designs that allow them to wear pieces in more than one way.

CONSUMER TRENDS

While working-age women are the largest purchasers of jewellery and fashion accessories, men's fashion has become the fastest growth category with males paying increasing attention to their style and appearance. Fine jewellery and designer accessories are sold in Canada's relatively small luxury market and often purchased as gifts for holidays and special occasions. Costume jewellery and mass produced accessories are available at a much wider range of styles and price points.



ROUTE-TO-MARKET

Exporters must comply with strict regulations regarding lead and cadmium content in children's jewellery. Canada also sets out detailed rules for marketing and labeling of precious metals and textile fibres. Most retailers purchase through a Canadian wholesaler or distributor, while some may source directly. Potential buyers include specialty retailers (e.g., jewellery shops, bridal shops, and accessory stores), fashion boutiques, department stores, clothing stores, and mass merchandisers.

SNAPSHOT OF TFO CANADA ACTIVITIES

EXPORTER'S GATEWAY INTO THE CANADIAN MARKET

TFO Canada has successfully completed hosting the final three sessions of its Canadian Market Familiarization Tour and Training Program in Toronto and Montreal. The goal of each five-day training session is to strengthen the capacity of our partner organisations to better support exporters from their country in accessing the Canadian market.

TRAINING PROGRAM GROUP 3 SEPTEMBER 28-OCTOBER 2, 2015

The third training session was attended by trade support institution representatives from Bolivia, Ecuador and Honduras.



Training participants visit the Grocery Innovations Trade Show in Toronto

TRAINING PROGRAM GROUP 4 OCTOBER 5-9, 2015

The fourth training session was attended by trade support institution representatives from Morocco and Tunisia.



Market familiarization tour to major grocery stores and retailers in Toronto

TRAINING PROGRAM GROUP 5 OCTOBER 19-23, 2015

The fifth and final training session was attended by trade support institution representatives from Dominican Republic, El Salvador, Honduras and Nicaragua.



Visit and briefing from the Ontario Food Terminal in Toronto

TFO CANADA VISIT TO PHILIPPINES AND INDONESIA

OCTOBER 19-30, 2015

As part of the Canada-Indonesia Trade & Private Sector Assistance (TPSA) project (sub-contracted by Conference Board of Canada (CBoC)), TFO Canada's Executive Director-Steve Tipman and Project Manager-Asia travelled to Jakarta Indonesia during the week of October 19-23. During the week Steve and Zaki met worked with the CBoC field Director Greg Elms and his team in Jakarta, jointly with CBoC met with Canadian Embassy and DGNEED officials at the Tradexpo and presented on Exporting to Canada to a group of 70 exporters at the Tradexpo.



Presentation on Exporting to Canada for Indonesian exporters

Philippines was added to TFO Canada's list of Priority Countries (26th one) and TFO Canada's Executive Director-Steve Tipman and Project Manager-Asia travelled to Philippines during October 26-30 to facilitate Exporting to Canada seminars and meet with trade support institutions. Working closely with Export Management Bureau-Department of Trade & Industry (EMB-DTI), Export Development Council (EDC) and Philippines Exporters Confederation, Inc. (Philexport) and Agribusiness & Marketing Assistance Service, Department of Agriculture, they facilitated 03 half-day seminars (Cebu on October 27, Makati on October 29 and Quezon on October 30) for a total of 179 participants from Filipino SME exporters and TSIs. They also met with 22 TSIs during the week.



Presentation on Exporting to Canada in the Philippines

EXPORT-IMPORT SEMINAR BY PERUVIAN CANADIAN CHAMBER OF COMMERCE

NOVEMBER 4, 2015

TFO Canada Regional Representative for Toronto presented on TFO Canada Services to over 50 Canadian importers and exporters from Ontario at the PCCC breakfast seminar entitled "Latin America, Your Trading Partner".



Alma Farias presents on TFO Canada's services at seminar in Toronto

SNAPSHOT OF TFO CANADA ACTIVITIES

HONDURAN AGRO-FOOD TRADE MISSION TO CANADA

OCTOBER 31-NOVEMBER 7, 2015

TFO Canada's senior project manager Lidia Karamaoun, accompanied by FIDE Representative Rosalina Cobos, led a group of five Honduran SMEs in a week-long trade mission to Canada to meet with Canadian buyers in two sub-sectors: fresh produce and processed foods. SMEs had the opportunity to have meetings in both Toronto and Montreal. This mission represents a follow-up visit for four of the five SMEs who are part of a market access program which included participation in two trade shows the previous year, SIAL for the processed foods and CPMA for fresh fruits and vegetables. The products that were offered by the participating SMEs included melons, Persian limes, okra, rambutan, mangosteen and frozen pre-cooked sweet plantain and yucca (manioc). The products were complementary and covered conventional, specialty (Asian vegetables), exotic and ethnic varieties.



Visit to a major fresh produce importer's warehouse in Toronto

TFO CANADA MARKET VISITS IN SOUTHERN AFRICA: MADAGASCAR, LESOTHO AND MALAWI

OCTOBER 28-NOVEMBER 15, 2015

TFO Canada's Project Manager Africa Amandine Gakima conducted a number of Exporting to Canada seminars in Southern Africa as part of its program for Least Developing Countries. The countries visited were Madagascar's market visit was organised in partnership with our partner TSI the International Board of Trade Madagascar, who facilitated meetings.

The exporting to Canada seminar took place in Antananarivo on November 4th it was opened by the Minister of Commerce and was attended by 90 participants, including TSIs with great representation of women owned SMEs.



Women entrepreneurs show off their products at the seminar in Lesotho

Lesotho's market visit included the exporting to Canada Seminar took place in Maseru on November 9th where the Federation of Lesotho Women Entrepreneurs actively participated and contributed to the large number of Women SMEs of the 70 participants.

The visit in Malawi was conducted with the assistance of World University Services Canada, which has an office in the country. Meetings were held with the Ministry of Industry and Trade, the Malawi investment and Trade Center and the Farmers Union of Malawi. Two exporting to Canada where the first seminar took place in Lilongwe on November 12th and was mainly attended by representatives of TSIs active in all sectors there were 24 participants.

The second seminar took place in Blantyre on November 13th, specifically for the tea sector in Malawi, and with the collaboration of the Tea Association of Malawi. The industry was represented at level from the producers, the packers and the exporters amounting to 20 participants.

WORKSHOP ON LABELLING FOR AGRO PROCESSED SECTOR IN EL SALVADOR

NOVEMBER 24-25, 2015

TFO Canada Associate, Bertrand Walle, delivered a workshop in San Salvador related to the regulatory framework to enter the Canadian market and more

specific in the labelling subject in the processed food sector.

This capacitation activity is part of the program "Exporta Más" implemented by the "Organismo Promotor de Exportaciones e Inversiones de El Salvador" – PROESA.

Twenty companies with different export readiness level attended the seminar on the 24th in the morning and ten export ready companies had individual assessments with TFO Canada Associate to evaluate their product offer and their labels.



Bertrand Walle leading the workshop in San Salvador

SEMINAR ON INTEGRATING WOMEN IN INTERNATIONAL TRADE

DECEMBER 7, 2015

TFO Canada's Project Manager Clarcia Christie planned its annual seminar for the high commissioners and trade representatives of the countries it serves based in Ottawa, which took place on December 7, 2015. This year it hosted over 70 persons including Canadian bureaucrats addressing the topic of "Integrating Women into International Trade" which examined the new SDGs on gender inequality, women economic empowerment and Canada's involvement and best practices within the countries TFO Canada promotes Canada market access.



Panel discussion on the results of encouraging women to go global

FROM AID TO TRADE: ETHIOPIAN LEATHER ATTRACTS CANADIAN BUSINESS

Brook Debebe is not your average businessman. A career diplomat who previously served as Ethiopia's Ambassador to Belgium, Brook is supporting his country in a new way these days— as General Manager of [Ethio-Leather Industry \(ELICO\)](#). Established in 1997, ELICO is a leather goods company that operates three manufacturing units in Ethiopia's capital city Addis Ababa. The company provides sustainable livelihoods to over 30 local suppliers, producing leather hides, shoes, belts, bags and jackets of world class quality.

Ethiopia boasts the [largest](#) population of cattle in Africa and is recognized as the 10th largest in the world. Like many developing countries, Ethiopia is pursuing a growth strategy that focuses on diversifying its export base and increasing the production of value-added goods. Despite the high potential for leather products within this strategy, finding foreign buyers is no easy task. With the economic downturn in Europe, Brook knew he needed to expand ELICO's sales to new markets. Already exporting to the U.S., the company quickly turned its sights to Canada.

TFO Canada in partnership with the Ethiopian Embassy organized a Leather Products and Footwear Trade Mission to Toronto in fall 2014. ELICO was among a group of exporters selected to participate in this trade mission. The two-day mission began with a retail tour to better understand market conditions and competition for leather goods in Canada. Supported by TFO Canada Associate Phil Zwibel, Brook showcased ELICO's products at the [Canada-Africa Business Summit 2014](#) and attended B2B meetings with potential buyers.

TFO Canada confronts the challenge of global poverty by promoting sustainable economic development through export information, advice and contact. We facilitate access to the Canadian marketplace and share Canadian trade expertise for the benefit of smaller male and female owned/managed exporters from developing countries and for the men and women they employ. Founded in 1980, TFO Canada is a non-governmental, non profit organization.

This newsletter is produced with the financial support of the Government of Canada provided through Global Affairs Canada.

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Women work in ELICO's leather factory in Addis Ababa to add design details to leather bags destined for export

The results? ELICO secured an order for \$100,000 worth of shoes from a Canadian company specializing in comfort footwear. Brook is also pursuing two other leads to bring ELICO's leather jackets and handbags to Canada. "I have attended the B2B meetings and am very satisfied by the outcome," said Brook at the end of the mission.

In addition to contacts, Brook also returned with insight on how to target his products for the Canadian market. Recommendations from Canadian buyers spurred ELICO's plans to add more designs for the middle market and expand its offering of leather boots to accommodate Canada's famously long winter. "Getting into the Canadian market would allow us to hire more workers," says Brook. His company is looking to open two new plants in the coming years to increase production capacity for leather shoes and gloves.

Companies like ELICO are ushering in a new era of relations between Ethiopia and Canada. Ethiopia's President Mulatu Teshome [recently](#) pointed to ELICO as one of the companies leading this shift from aid to expanding economic opportunities. While Canada's [\\$25 million](#) imports from Ethiopia in 2014 still pale compared to the [\\$186 million](#) in Canadian development assistance, there are signs of change to come. As Ethiopia moves closer to its goal of becoming a [middle-income country](#) by 2025, TFO Canada will continue to work with exporters like ELICO to expand their horizons in Canada.

"TFO Canada has helped to create our initial contact with buyers in Canada. I am optimistic that we will finalize some if not all of the deals in the coming months."

Read more success stories on our website at www.tfocanada.ca



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