

# SRI LANKA APPAREL EXPORTERS ASSOCIATION



## NEWSLETTER

FEBRUARY 2024 EDITION

# NEWS IN BRIEF

## Apparel exports show signs of rebound

December performance hits one year high of \$ 415.6 m; orders from UK on the rise

Despite recovery, apparel industry ends 2023 with exports down 18% to \$ 4.5 b  
Exports to all buyers US, EU and UK suffer double digit drop due to unfavorable market conditions

Industry expects uptick in 2H but forecast to end 2024 at same level as 2023  
Stresses cost competitiveness and ease of doing business as key along with macro-economic stability



Apparel exports appear to be showing signs of rebound with December marking the highest ever performance in a year though the industry ended 2023 with negative growth.

Exports in December amounted to \$ 415.6 million as per provisional data from the Joint Apparel Association (JAAF). The December 2023 figure is the highest since December 2022's tally of \$ 451 million.

In 2022, apparel exports averaged over \$ 500 million between June and August, before slump began due to global factors such as reduced spending capacity associated with high inflation and recessionary concerns as well as high inventory in most of the major markets. Total exports in 2013 amounted to \$ 4.5 billion, down 19% from the industry's best year in 2022 when exports soared to \$ 5.6 billion.

"We would expect 2024 exports also to be \$ 4.5 billion with the second half seeing some uptick," a spokesman for JAAF said. "Cost competitiveness and ease of doing business are key along with macro-economic stability," he added.

While overall exports to the USA decreased by 22.32% to \$ 1.8 billion, exports to the EU (excluding exports to UK) were down 17.4% to \$ 1.4 billion. Exports to the UK in 2023 dipped by 12.6% to \$ 627 million and to other countries by 17.7% to \$ 707 million.

In December exports to the USA were down by 4.97% to \$ 175 million, to the EU (excluding UK) by 13% to \$ 121 million. Exports to the UK market saw a welcome but marginal increase of 1.7% \$ 54.4 million whilst to other markets exports were down by 13% to \$ 65 million. In November too exports to the UK improved by 20% year on year to \$ 48 million.

In the first 11 months of last year, imports of textiles and textile articles declined by 23.6% to \$ 2.2 billion.

**Source: DailyFT**



# Apparel industry sees significant performance contraction in 2023



Apparel export earnings: January - December 2023



Source: JAAF

- Apparel sector earnings dip by 19% YoY
- 2023 full-year earnings total US \$ 4.5bn, only slightly higher than performance in 2020
- December export earnings down 8% YoY
- However, an uptick in revenue seen from November 2023, indicating a possible turnaround
- Absolutely vital for offer from Sri Lanka to remain price competitive- JAAF

Sri Lanka's largest industrial exporter, the apparel sector, saw its performance for the whole of 2023 dip significantly, with its earnings contracting by 19 percent year-on-year (YoY).

The local apparel sector saw its export revenue for 2023 reach US \$ 4.5 billion. This is an improvement when compared with US \$ 4.15 billion fetched in 2020, the year of the pandemic but a contraction when compared with the performance recorded in 2021 and 2022. In 2021, the apparel sector generated revenues amounting to US \$ 5.01 billion, whereas in 2022, the revenue expanded to US \$ 5.6 billion.

The provisional data from Sri Lanka Customs shows that exports to all markets saw a contraction in 2023, when compared with 2022.

While the largest contraction is seen in exports to the United States, where exports dipped by 22 percent for the whole of 2023, exports to the European Union, United Kingdom and other markets dropped by 17 percent, 13 percent and 18 percent.

Source: Daily Mirror



When looking at the apparel sector performance in December, the export revenue dipped by 8 percent YoY to US \$ 415 million.

Only exports to the United Kingdom grew by 1.7 percent but exports to the United States, European Union and other markets reduced by 5 percent, 12 percent and 13 percent.

Since September 2022, the apparel export earnings have been on a downward trend, on a YoY basis, primarily due to the economic slowdown in major Western markets.

However, when compared with the performance recorded in November 2023, the apparel sector exports grew by 12 percent month-on-month (MoM). With November 2023 too having recorded a 12.4 percent MoM growth from October 2023, the improvement signals the possibility of the order books slowly but steadily increasing, especially with the seasonal demand.

Speaking to Mirror Business, Joint Apparel Association Forum (JAAF) Secretary General Yohan Lawrence said the industry expects 2024 to remain relatively flat, with some growth later in the year.

“It’s absolutely vital that the offer from Sri Lanka remains price competitive, making positive steps in trade facilitation to avoid losing to competitor countries,” he said.

The competitors such as Bangladesh, for example, saw revenue from apparel expand by around 3 percent in 2023, while Sri Lanka lost 20 percent.

Apparel is Sri Lanka’s largest industrial export and it earned US \$ 5.95 billion in 2022. The country’s apparel sector has about 300,000 employees, most of whom are women.

**Source: Daily Mirror**



# SRI LANKA'S APPAREL INDUSTRY PREPARES FOR FIRST EVER TEXTILE & APPAREL ROADSHOW IN THE UK

The Sri Lanka Export Development Board (EDB), in collaboration with the Sri Lanka Apparel Sourcing Association (SLASA), the Sri Lanka High Commission in the UK, and the Joint Apparel Association Forum (JAAF), is organizing the 'Sourced Sri Lanka – Textile & Apparel Roadshow' scheduled to take place June 2024 in London.

This event, set to take place in early June in the city of London, will feature fifty exhibitors and is expected to attract a diverse audience of a thousand foreign buyers and Sri Lankan trade visitors. The collaboration aims to establish new connections and strengthen existing ties with UK buyers in order to reach a historic milestone for Sri Lanka's apparel export industry.

- **Addressing Challenges in the Industry**

Sri Lanka's apparel export sector has faced challenges, including declining demand in high-end markets like the United States, the United Kingdom, and European countries over the past two years. In response, the "Sourced Sri Lanka – Textile & Apparel Roadshow" emerges as a strategic initiative to identify new markets and build relationships with new buyers.

- **Strategic Growth Plans**

This roadshow is particularly significant as Sri Lanka has not had a stand-alone show in any country for over two decades to promote exports starting in the UK in 2024; the plan is to expand the roadshow to Germany, Japan, the USA, and Australia in the coming years. The ambitious goal is to increase apparel exports to the UK by USD 1 billion by 2026, leveraging the benefits of the UK Developing Countries Trading Scheme (DCTS).

- **Showcasing Excellence and Building Relationships**

The roadshow provides a unique platform for Sri Lankan apparel manufacturers to exhibit their products, emphasizing the unique blend of craftsmanship, creativity, and sustainability that sets them apart. Direct interactions between Sri Lankan businesses and potential UK buyers, retailers, and distributors are expected to build trust and collaboration, aiming to establish strong ties in the UK market.

Source: EDB



- **Sustainable Fashion in Focus**

With a global shift towards sustainable fashion, Sri Lanka, known for its commitment to ethical manufacturing practices and eco-friendly initiatives, aims to position itself as a preferred choice for environmentally conscious consumers in the UK. The roadshow will be an opportunity to communicate these values and dispel any misunderstandings about Sri Lankan apparel.

- **Educating the UK Market and Adapting to Trends**

Despite the quality of Sri Lankan apparel, awareness in the UK market may be limited. The roadshow presents an opportunity to educate potential buyers about the unique selling points of Sri Lankan garments. Additionally, by participating in the event, Sri Lankan apparel businesses can gain direct insights into current trends, consumer preferences, and market demands in the dynamic UK fashion industry.

- **A Bold Step towards Success**

In conclusion, the "Sourced Sri Lanka – Textile & Apparel Roadshow" in the UK is not just an event; it is a strategic necessity for the industry's growth and success. It provides a platform to showcase the excellence of Sri Lankan craftsmanship, establish meaningful business relationships, and adapt to the evolving dynamics of the global fashion market. By taking this bold step, Sri Lanka aims to position itself as a significant player in the UK fashion landscape, unlocking new avenues for collaboration, growth, and success.

**Source: EDB**





# SRI LANKA'S APPAREL EXPORTS TO REACH \$4.5 BILLION IN 2024: JAAF

The Joint Apparel Association (JAAF) expects Sri Lanka's apparel exports to reach \$4.5 billion in 2024, with a potential uptick in the second half. The association emphasizes the importance of maintaining cost competitiveness, improving ease of doing business, and achieving macro-economic stability for sustained growth.

While Sri Lanka's apparel exports faced challenges in 2023, ending the year with a 19 per cent decline compared to 2022's record high, there were promising signs of rebound in December. The final month saw the highest export figure since December 2022, reaching \$415.6 million.

The industry's slowdown was attributed to global factors like inflation and recessionary fears impacting consumer spending and leading to high inventory in major markets. However, December's strong performance suggests a potential turnaround.

Despite the overall decline, there were some bright spots in terms of export destinations. While exports to the US and EU (excluding UK) saw significant decreases, the UK and 'other countries' categories showed marginal improvements in December. Notably, exports to the UK rose for the second consecutive month, increasing by 20 per cent in November and 1.7 per cent in December.

The decline in imports of textiles and textile articles further suggests a shift towards domestic production and potentially increased competitiveness for Sri Lankan apparel exports.

Overall, while 2023 presented challenges, the final months of the year and early indications for 2024 suggest a potential recovery for Sri Lanka's apparel industry. Continued efforts to improve cost competitiveness, ease of doing business, and macro-economic stability will be crucial for long-term success.

**Source: Fashionating World**



# EXPORT OF APPAREL STATISTICS

## Export of Apparel for the Month of February 2019 - 2024

	2019 US\$. Mn	2020 US\$. Mn	2021 US\$. Mn	2022 US\$. Mn	2023 US\$. Mn	2024 US\$. Mn	2023/2024 Change %
<b>Total Exports</b>	<b>441.73</b>	<b>442.52</b>	<b>419.69</b>	<b>468.13</b>	<b>397.76</b>	<b>398.52</b>	<b>0.19</b>
<b>US</b>	197.13	195.44	172.16	205.25	156.12	165.40	5.94
<b>EU</b>	110.23	106.97	127.30	130.82	113.41	112.22	-1.05
<b>UK</b>	69.30	73.40	61.77	62.55	52.37	64.21	22.61
<b>Other</b>	65.07	60.41	58.46	69.51	75.86	56.69	-25.27

## Export of Apparel January - February (Cumulative) 2019 - 2024

	2019 US\$. Mn	2020 US\$. Mn	2021 US\$. Mn	2022 US\$. Mn	2023 US\$. Mn	2024 US\$. Mn	2023/2024 Change %
<b>Total Exports</b>	<b>893.73</b>	<b>888.23</b>	<b>817.30</b>	<b>955.73</b>	<b>794.39</b>	<b>756.25</b>	<b>-4.80</b>
<b>US</b>	402.13	391.92	336.96	419.71	318.34	298.61	-6.20
<b>EU</b>	221.44	227.73	255.77	270.08	226.51	241.69	-5.22
<b>UK</b>	137.13	139.35	105.08	124.02	108.71	116.66	7.31
<b>Other</b>	133.03	129.23	119.49	141.92	140.83	126.99	-10.32

## Export of Apparel in the Month of February 2019 - 2024 to All Countries

	2019 US\$. Mn	2020 US\$. Mn	2021 US\$. Mn	2022 US\$. Mn	2023 US\$. Mn	2024 US\$. Mn
Chapter 61	229.17	239.24	249.29	269.60	230.61	225.27
Chapter 62	204.76	194.48	158.97	187.12	158.76	163.95
Chapter 63	7.80	8.80	11.43	11.40	8.39	9.30
<b>Total</b>	<b>441.73</b>	<b>442.52</b>	<b>419.69</b>	<b>468.12</b>	<b>397.76</b>	<b>398.52</b>





# Avery Dennison

## Retail Branding and Information Solutions

Avery Dennison is a global leader in physical and digital labeling solutions. Driving circularity, innovation and agility for the apparel industry in the long term.

We task ourselves with the invention of products that serve the evolving needs of brands, retailers, and manufacturers from source to home, and beyond.

- External Embellishments
- In-Plant Printing Solutions
- Digital Solutions
- Brand Protection
- Compliance
- Permanent Branding
- Graphic Tags
- Packaging
- Price Tickets and Pressure Sensitive Labels

Together we can advance a more circular apparel industry and reduce the industry's environmental impact.

[rbis.averydennison.com](http://rbis.averydennison.com)

