

NEWSLETTER

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NEWS IN BRIEF

SRI LANKAN APPAREL EXPORTS IN 2024: MIXED TRENDS AMID ONGOING CHALLENGES



Sri Lanka's apparel sector, a cornerstone of the country's export economy, has experienced a mix of achievements and challenges in 2024.

Renowned globally for its commitment to ethical production and sustainable practices, the industry has seen fluctuating export revenues, reflecting both global economic uncertainties and shifting market dynamics.

This analysis delves into the year's key trends, highlighting the sector's resilience and areas for improvement.

In November 2024, apparel exports grew marginally by 1% year-on-year (YoY) to US \$375 million. This marked the lowest monthly export figure since April's \$293 million and was notably below October's \$397 million.

In contrast, August saw exports surge to \$511.13 million—the first time in two years that monthly revenues surpassed the \$500 million mark. Despite these fluctuations, cumulative apparel exports during the first nine months of 2024 grew by 5.27% to \$4.33 billion.

However, the first half of 2024 recorded a 1.4% decline in garment exports, totaling \$2.2 billion compared to the same period in 2023.

The industry remains vital to Sri Lanka's economy, with the domestic apparel market projected to generate \$1.7 billion in revenue by the end of 2024.

This market is expected to expand at an annual growth rate of 2.14% from 2024 to 2029. Sri Lanka continues to gain recognition for its sustainable and ethical apparel production practices, home to pioneering initiatives like the world's first eco-friendly "Green Garment Factory."

Growing global demand for sustainable fashion presents opportunities for the country's apparel manufacturers to maintain their competitive edge.

Market-specific performance has been mixed. In November, exports to the USA increased by 2.05% to \$144 million, while exports to the EU (excluding the UK) fell by 8.6% to \$115.7 million.

Exports to the UK, however, rose by 4.74% to \$60.6 million, and exports to other markets recorded a significant 17.31% increase to \$64.6 million.

Compared to the industry's benchmark year of 2019, November exports showed declines across most major markets, with drops of 18% overall, including a 31% decrease to the USA and 9.4% to the EU.

However, diversification efforts have borne fruit, as exports to other markets grew by 6%. Year-to-date analysis reveals positive YoY growth across all major markets except the EU. Exports to the USA rose by 6.25% to \$1.73 billion, to the UK by 9.37% to \$626 million, and to other countries by 9.4% to \$702.5 million.

Despite this, total exports in the first nine months of 2024 remained 10.5% lower than in 2019, emphasizing the need for strategic initiatives to reclaim lost ground.

As Sri Lanka's apparel sector navigates a challenging global landscape, its strengths in sustainability and market diversification remain crucial for future growth.

Source: LNW





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ITC's GTEX Project conducts textile and clothing program phase II



ITC's GTEX Project in Sri Lanka, funded by the Swiss State Secretariat for Economic Affairs (SECO), held a training-of-trainers session followed by a training workshop on Circular Economy Business Models for the Textile and Clothing (T&C) industry from 16 to 19 December.

This workshop, attended by over 60 participants, is designed to provide an in-depth introduction to textile circularity across two days. It begins by explaining the core concepts, principles and components essential for designing for circularity in the textile and clothing industry. Next, it explores how to maximise the efficiency of reverse logistics in the fields of textile reuse and recycling, with a particular focus on textile value chains.



In the second day, the workshop takes a “deep dive” into the textile recycling value chain, examining the various technologies, procedures, and quality requirements to make textile recycling a valuable business prospect. Eventually, the workshop concludes with a look at textile recycling business models, discussing the main challenges to value creation for industry stakeholders.

Together, these insights equip companies as well as the T&C-related support ecosystem in Sri Lanka with a comprehensive understanding to implement circular business models, enabling them to navigate the textile industry’s shift toward sustainability and gaining a competitive edge on international markets.

The workshop was preceded by an intensive two-day training-of-trainers, attended by 19 Sri Lankan academics, textile industry professionals and government officials to scale knowledge and circular practices. As a result, the skills required to teach the training workshop on Circular Economy Business Models for the Textile and Clothing Industry have been embedded within Sri Lanka, ensuring its perennity and setting the stage for several future sessions to be planned and implemented locally, throughout 2025 and beyond. GTEX Sri Lanka expects to train about 500 industries professional and T&C-students in 2025 on this new key aspect of the T&C value chain.

The GTEX/MENATEX program phase II is a technical assistance program that will support the T&C sector in Egypt, Jordan, Morocco, Tunisia as well as Sri Lanka to increase its export competitiveness by focusing on sustainability and circularity aspects as key competitiveness drivers. In order to comply with increasing sustainability requirements imposed by governments as well as international buyers, a transformational change of the industry is required. In order to achieve this, while fostering the sector’s potential for job creation and poverty reduction through export expansion, the program works directly with enterprises as well as with the institutional ecosystem in the partner countries. Recognising the critical need for sustainable and inclusive practices, the program aims to drive systematic change within the industry, aligning with the mission of advancing the United Nations (UN) Sustainable Development Goals (SDGs).

GTEX very closely collaborates with key institutions that support the sector in Sri Lanka such as EDB, JAAF, the Central Environmental Authority, SLITA, Moratuwa University, National Cleaner Production Centre and others.

This is a five-year program that includes Egypt, Jordan, Morocco, Tunisia and Sri Lanka. GTEX2 will support SME companies in T&C industry to improve their operational capacities, including social norms and environmental sustainability, add value to existing products and services and expand exports to traditional and new markets.



EDB in collaboration with Swiss Import Promotion Program (SIPPO) conducted a comprehensive market research study for value added textile products of Sri Lanka for selected EU countries. Findings of the market study was disseminated to the apparel industry by publishing in the EDB website, circulating among industry and conducting webinars in collaboration with SIPPO.

With the success of this market research, Switzerland Government included Sri Lanka for the second phase of Global Textile and Clothing program (GTEX2). First phase of Global Textile and Clothing (GTEX 1) has been carried out in Jordan, Egypt, Morocco, Tunisia, Kyrgyzstan and Tajikistan. The second phase of the program will be carried out in Egypt, Morocco, Tunisia, Jordan and Sri Lanka.

In this regard, EDB signed a project agreement with SECO to implement the GTEX2 in Sri Lanka from 2024 to 2027 for the benefit of the Sri Lankan apparel sector.

The main stakeholders of the GTEX2 Sri Lanka program are EDB and the JAAF. The Swiss Government will fund towards this program and International Trade Centre (ITC) will provide the technical assistance.

Source: Daily FT





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EXPORT OF APPAREL STATISTICS

Export of Apparel for the Month of December 2019 - 2024

	2019 US\$. Mn	2020 US\$. Mn	2021 US\$. Mn	2022 US\$. Mn	2023 US\$. Mn	2024 US\$. Mn	2023/2024 Change %	2019/2024 Change %
Total Exports	460.00	425.59	493.90	451.42	415.65	424.18	2.05	-7.79
US	216.00	177.43	212.67	184.08	174.94	167.43	-4.29	-22.49
EU	119.97	134.79	149.53	139.32	121.43	132.07	8.76	10.09
UK	55.93	51.30	60.31	53.52	54.45	48.80	-10.38	-12.75
Other	68.10	62.07	71.39	74.50	64.83	75.88	17.04	11.42

Export of Apparel January - December (Cumulative) 2019 - 2024

	2019 US\$. Mn	2020 US\$. Mn	2021 US\$. Mn	2022 US\$. Mn	2023 US\$. Mn	2024 US\$. Mn	2023/2024 Change %	2019/2024 Change %
Total Exports	5,306.69	4,156.27	5,071.31	5,591.69	4,535.49	4,761.02	4.97	-10.28
US	2,365.01	1,792.97	2,114.01	2,332.18	1,811.59	1,906.39	5.23	-19.39
EU	1,423.21	1,205.78	1,529.13	1,683.14	1,390.30	1,401.50	0.81	-1.53
UK	784.59	591.33	681.33	717.30	626.74	674.70	7.65	-14.01
Other	733.88	566.19	746.84	859.07	706.86	778.43	10.13	6.07

Export of Apparel in the Month of December 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	258.00	263.53	309.30	261.25	241.90	249.60
Chapter 62	194.00	148.87	175.51	181.31	165.78	166.23
Chapter 63	8.00	13.20	9.09	8.86	7.96	8.35
Total	460.00	425.60	493.90	451.42	415.64	424.18



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