

NEWSLETTER

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NEWS IN BRIEF

Sri Lanka sees rise in garment exports led by UK, EU



Exports from Sri Lanka's garment sector increased 5.2% year over year in June 2025, hitting US \$ 439.39 million from US \$ 417.71 million in June 2024.

The expansion is credited by the Joint Apparel Association Forum (JAAF) to strong results in the UK and the EU.

The UK saw a 20.4% increase in exports to US \$ 67.33 million, while exports to the EU (without the UK) increased by 23.1% to US \$ 142.92 million. These advances successfully countered lower exports in other markets, which decreased 9.3% to US \$ 64.75 million, and the United States, where exports fell 5.7% to US \$ 164.39 million.

Total apparel exports increased by 8.95% for the six-month period from January to June 2025, from US \$ 2,258.81 million in 2024 to US \$ 2,460.94 million this year. During this time, exports to the USA increased by 4.1% to US \$ 910.92 million, while exports to the EU increased by 16.7% to US \$ 769.89 million. While other destinations witnessed an 8.9% increase to US \$ 413.60 million, the UK reported a 6.45% boost to US \$ 366.53 million.

According to JAAF, these findings show positive momentum in important markets, especially in Europe. The association emphasised how efforts to diversify the market and steady consumer confidence in Sri Lankan clothing production have contributed to the industry's ongoing resilience in the face of global problems.

Source: AdaDerana



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Apparel sector must brace for possible U.S. origin-based tariffs - Kananathan



Sri Lanka's apparel sector — the country's largest export earner — may soon face a significant challenge if the United States shifts to an origin-based tariff regime, said former Diplomat Kana Kananathan.

Under such a system, tariffs would be calculated based on where the raw materials are sourced, not merely where the finished product is assembled.

Unlike the current system, where duties are applied based on the country of final assembly, an origin-based framework calculates tariffs on where the raw materials come from. For Sri Lanka, this shift would be a serious blow.

Our apparel sector relies heavily on imported fabrics, mainly from China and India, that already face steep U.S. tariffs 50% in certain categories. If these origin-based rates were applied to apparel made in Sri Lanka, even garments cut and sewn locally could be subjected to punitive tariff levels.

The potential proposed introduction of a 20% U.S. tariff on Sri Lankan apparel — calculated with origin rules in mind — would erode our competitive advantage in one of our most important markets. Margins in the apparel trade are already tight, and any sharp cost increase could push Sri Lankan suppliers out of lucrative contracts with major American retailers.



Ambassador Kananathan said that under an executive order issued by Trump few days ago goods imported into the U.S. face a punitive 40% tariff, plus penalties and any applicable country-of-origin duties, if U.S. Customs and Border Protection determines they have been “transshipped.” This raises a new and serious risk for our exporters, who could face not only origin-based tariffs.

Kananathan called for Exporters and policymakers must act now to restructure supply chains, build local capacity, and strengthen global competitiveness.

Failure to prepare could turn this policy shift into a crippling blow — but with foresight, collaboration, and innovation, Sri Lanka can turn a looming threat into an opportunity for resilience.

Global trade is shifting rapidly, and reactive strategies will not suffice. To safeguard our apparel industry, the country should move decisively — before trade rules change in ways that leave us disadvantaged.

Source: DailyMirror





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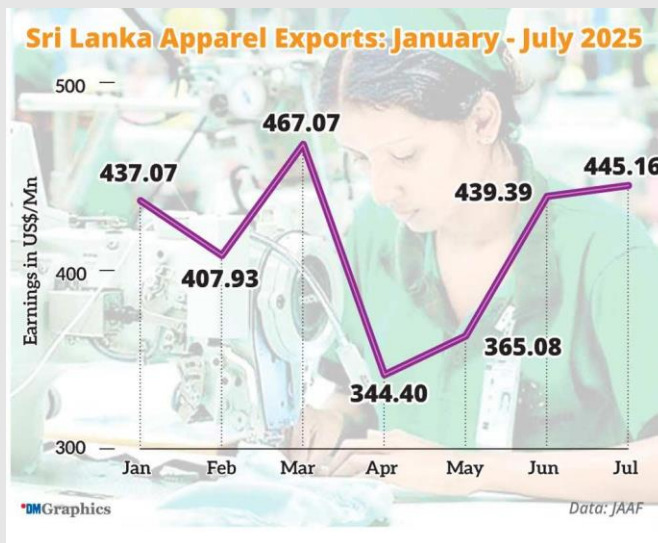
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SUPPLY CHAIN



Sri Lanka's apparel exports record 9% growth in July 2025



Sri Lanka's apparel exports recorded steady growth in July 2025, rising by 9.84 percent to US\$ 455.16 million compared with US\$ 414.38 million in July 2024.

Exports to the EU (excluding the UK) posted the strongest gain of 26.69 percent, while shipments to "Other" markets grew by 24.24 percent. The UK market saw only a marginal increase of 0.72 percent, and exports to the USA declined by 2.7 percent during the month.

For the cumulative period of January to July 2025, total apparel exports reached US\$ 2,916.10 million, up 9.09 percent from US\$ 2,673.19 million in the same period of 2024. Growth was broad-based across markets, with exports to the EU (excluding the UK) rising by 18.2 percent, to "Other" markets by 11.02 percent, to the UK by 5.65 percent, and to the USA by 2.91 percent.

Commenting on the performance, a spokesperson for the Joint Apparel Association Forum (JAAF) said, "The growth seen in July and over the first seven months of 2025 highlights the adaptability of Sri Lanka's apparel industry and its firm position in key markets such as the EU.

This performance reflects manufacturers' ongoing efforts to meet buyer expectations on speed, quality, and compliance. Sustaining momentum will require expanded trade opportunities, supportive policies, and a stronger focus on value addition across the supply chain."

Source: DailyMirror



EXPORT OF APPAREL STATISTICS

Export of Apparel for the Month of July 2020 - 2025

	2020 US\$. Mn	2021 US\$. Mn	2022 US\$. Mn	2023 US\$. Mn	2024 US\$. Mn	2025 US\$. Mn	2024/2025 Change %
Total Exports	441.93	425.75	522.14	401.18	414.38	455.16	9.84
US	181.08	182.72	213.65	173.70	183.21	178.26	-2.70
EU	139.42	116.62	154.29	117.16	114.63	145.22	26.69
UK	63.84	57.98	74.98	51.50	55.72	56.12	0.72
Other	57.59	68.43	79.22	58.82	60.82	75.56	24.24

Export of Apparel January - July (Cumulative) 2020 – 2025 to All Countries

	2020 US\$. Mn	2021 US\$. Mn	2022 US\$. Mn	2023 US\$. Mn	2024 US\$. Mn	2025 US\$. Mn
Chapter 61	1,233.84	1,659.21	1,983.57	1,582.35	1,563.87	1,715.86
Chapter 62	904.34	1,023.54	1,262.72	1,047.82	1,048.65	1,131.99
Chapter 63	138.91	69.51	68.46	56.78	60.66	68.24
Total	2,277.09	2,752.26	3,314.75	2,268.95	2,673.18	2,916.09

Export of Apparel in the Month of July 2020 - 2025 to All Countries

	2020 US\$. Mn	2021 US\$. Mn	2022 US\$. Mn	2023 US\$. Mn	2024 US\$. Mn	2025 US\$. Mn
Chapter 61	251.84	257.02	319.77	253.43	257.40	285.59
Chapter 62	152.45	158.43	193.62	140.18	148.83	159.30
Chapter 63	37.64	10.30	8.74	7.57	8.14	10.27
Total	441.93	425.75	522.13	401.18	414.37	455.16

