

SRI LANKA APPAREL EXPORTERS ASSOCIATION



NEWSLETTER

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NEWS IN BRIEF

ILO LAUNCHES APPAREL SCHEME IN SRI LANKA

Better Work aims at strengthening the resilience of Sri Lanka's apparel industry. Better Work will leverage its extensive experience, tools and partnerships to this end. Better Work is an initiative launched by the International Labor Organization (ILO).

Better Work concentrates on occupational safety and health, gender diversity and inclusion including leadership skills, training and career development for women workers, empowering small and medium enterprises with leadership and financial literacy training and a factory improvement toolkit.

Better Work will partner with local and international stakeholders to strengthen the commitment of ensuring decent work environments built on gender equality, safety, health, inclusion and holistic empowerment.



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The apparel industry is Sri Lanka's largest exporter, employing nearly one million both directly and indirectly, across 350 manufacturing plants island wide.

With the onset of the pandemic, and the subsequent economic crisis, the apparel industry implemented a range of initiatives to ensure that the welfare of workers and their families was a top priority.

These included providing additional meals for employees to take-home in order to feed their families, distribution of dry rations, and provision of schoolbooks for children, free medical facilities and transport and customized food packages for expectant women.

Approximately 80 per cent of apparel manufacturers make cost-of-living adjustments to salaries over and above annual increments.

Source: Fashionating World



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Sri Lanka's progress on GSP+ commitments: top EU officials says report due soon



The European Union will assess progress made on Sri Lanka's commitments for the 500 million US dollar GSP+ trade concession "very soon", with a report due to be released later this year or early 2023, European Commission President Ursula von der Leyen has said. Sri Lanka President Ranil Wickramasinghe's office said Monday October 03 morning that von der Leyen had made this reference to the EU's assessment of Sri Lanka's commitments in a statement she had made on Sri Lanka.

Sri Lanka's access to the Generalized Scheme of Preferences Plus (GSP+) concession has been under review for extension as the country failed to adhere to several of the commitments it had made, mainly with regard to human rights. GSP+ is an annual trade concession worth over 500 million US dollars which has boosted Sri Lanka's exports to EU member states over the years mainly in the garments sector, a top forex earner for the island nation.

The president's media division (PMD) said that von der Leyen had congratulated President Wikramasinghe on his election and has assured the EU's support to the government of Sri Lanka for its efforts to successfully overcome the country's prevailing currency crisis.

According to the PMD, the EU commission chief's statement has said that, at a time of unprecedented challenges faced by the people of Sri Lanka, the European Union remains committed to support Sri Lanka's efforts to overcome the crisis successfully, including the necessary reforms that will bring the country back to a path of inclusive prosperity and lasting national reconciliation.



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She had said that, this process, freedom of expression and assembly, dialogue among all stakeholders, as well as respect for the rule of law and fundamental rights will remain essential.

The EU has stressed on several occasions that Sri Lanka needs to uphold its commitments, particularly with regard to eradicating human rights violations in the country. Of particular concern to the EU has been Sri Lanka's controversial Prevention of Terrorism Act (PTA), an anti-terror law that critics have called draconian.

In June 2021, the European parliament adopted a resolution calling for the repeal of the PTA and inviting the EU Commission to consider temporarily withdrawing Sri Lanka's access to GSP+.

More recently, a spate of arrests of anti-government protestors by police since the election of President Wikramasinghe has drawn international criticism, especially with regard to the detention of three activists under provisions of the PTA. The government, however, maintains that all arrests so far have been legal and were of individuals accused of offences such as damaging public property.

The PMD statement said von der Leyen had "commended the success in the efforts to introduce and steer policies that will ensure the short and long-term interests of all Sri Lankans and address the devastating effects of the unprecedented economic downturn as well as the negotiations with international financial institutions and creditors."

She has also expressed an interest in working closely to strengthen further the ties and cooperation, based on commitments to shared values and common interests, the statement said.

In August, British High Commissioner to Sri Lanka Sarah Hulton said Sri Lanka will benefit from the UK's new trade concessionary scheme Developing Countries Trading Scheme (DCTS) that will replace the GSP+ in that country and will be in force from 2023.

Source: Ecomynext (October 3, 2022)



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BANGLADESH AIMS FOR GULF MARKET



Bangladesh's garment makers are looking to expand their trade with the Gulf countries.

As of now three countries, China, India and Pakistan, currently control the Gulf market. Bangladesh's garment manufacturers' sales in their established markets, the EU and the US, are declining amid the political crisis in Europe due to Russia's invasion of Ukraine.

So to grow their business they also want to focus on the Gulf markets. For one delivery times to the Gulf are shorter. To meet demand in the Middle East, however, the industry would first need to diversify its production, which is previously limited to the production of shirts and jeans. The GCC market is diverse and Bangladesh will undoubtedly need to put in a lot of effort. Of Bangladesh's apparel exports 60 per cent goes to the European Union and 20 per cent to the US.

The current market situation in the Gulf, where imports have been increasing for the past few years, could present an opportunity for Bangladesh. Bangladesh will have opportunities to enter it, but needs to diversify on the supply side and also needs to improve its competitiveness. About 2.5 million Bangladesh expatriates live and work in Saudi Arabia, and another 7,00,000 in the United Arab Emirates.

Source: Fashionating World



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RISE IN APPAREL EXPORT TO US RINGS IN CHEER, FUTURE UNCERTAIN



The pandemic rang in bad tidings for apparel exporters in Asia and South East Asia as the dip in US' imports was significant. Compared to imports worth USD 111.033 billion in 2019, in 2020 imports worth USD 89.596 billion were registered. The trend took an upward turn in 2022 as The US Department of Commerce released figures for the first half of this year. The latest import figures indicate that US economy is witnessing fast recovery, and the world's largest economy is continuing to support economic recovery in developing countries.

The import of textiles and apparel by the US continues grew at high rate and rose by 30.97 per cent to USD 66.308 billion in the first six months of 2022, compared to \$50.626 billion in the same period of 2021. With 26.80 per cent share China continues to be the largest supplier of textiles and clothing to the US, followed by Vietnam with 13.87 per cent. According to the Major Shippers Report, "Apparel constituted the bulk of textiles and garments imported by the US in January-June 2022, and were valued at \$49.578 billion, while non-apparel imports accounted for \$16.729 billion." In contrast, import of apparel to the EU experienced a dramatic drop of 80%.

Man-made fibres constituted the largest chunk at USD 33.4 billion, with cotton coming in second at 29.5 billion. Products from silk and vegetable fibres accounted for USD 1721.6 million whereas wool products stood at USD 1648.5 million.



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China retains its pole position as the largest exporter to the US. The US textile and apparel imports volume from China in Jul 2022 reached 3.21 billion, down by 9% year-on-year. The imports value reached 3.59 billion USD, up by 26.7% year-on-year.

US apparel imports value from China in Jul 2022 topped 1.27 billion USD, up by 22.7% year-on-year. The textile industry of China is the largest manufacturer and exporter in the world with an export turnover of USD 266.4 billion.

Low-cost production, raw material quality, industrial structure, modern high-tech machinery, label development and work process in domestic consumer and global market contribute to China's unshakeable leadership in this sector. The output volume of China textile industry accounts for more than half of the global market.

Other gainers have been Bangladesh up by 60.3%, Indonesia up by 60.27 %, India up by 57.2%, Cambodia up by 52.5% and Pakistan up by 50% year-on-year. The non-apparel sector also experienced a growth surge as Cambodia's exports rose by 73%, Vietnam by 29% and Italy by 27.5%.

Turkey was the only nation that lost ground up to 8%. However, with all figures released, the ASEAN countries collectively experienced the best in this growth surge whilst India and Bangladesh did not.

It should be noted that US apparel imports enjoyed a decent growth but started to face softening demand. Thanks to consumers' spending, in the first half of 2022, US apparel imports went up 40% in value and 24% in quantity from a year ago.

However, the US economy remains highly uncertain in the medium term and it might see many US fashion companies to turn more conservative in placing orders.

Source: Fashionating World



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EXPORT OF APPAREL STATISTICS

Export of Apparel for the Month of August 2017 - 2022

	2017 US\$. Mn	2018 US\$. Mn	2019 US\$. Mn	2020 US\$. Mn	2021 US\$. Mn	2022 US\$. Mn	2021/2022 Change %
Total Exports	412.00	444.00	472.60	416.69	449.28	534.85	19.05
US	172.00	209.00	214.78	179.13	194.17	229.91	18.41
EU	108.49	117.70	134.72	121.54	125.63	156.38	24.48
UK	84.08	59.49	64.47	54.29	58.10	60.18	3.58
Other	47.43	57.81	58.63	61.73	71.38	88.38	23.82

Export of Apparel January - August (Cumulative) 2017 - 2022

	2017 US\$. Mn	2018 US\$. Mn	2019 US\$. Mn	2020 US\$. Mn	2021 US\$. Mn	2022 US\$. Mn	2021/2022 Change %
Total Exports	3,140.00	3,281.00	3,544.90	2,693.78	3,201.53	3,849.63	20.24
US	1,381.00	1,442.00	1,557.65	1,190.70	1,304.58	1,641.47	25.82
EU	757.64	873.93	938.45	745.04	966.50	1,119.63	15.84
UK	580.91	532.50	551.34	386.85	443.70	515.65	16.22
Other	420.45	432.57	497.46	371.19	486.75	572.88	17.69

Export of Apparel in the Month of August 2017 - 2022 to All Countries

	2017 US\$. Mn	2018 US\$. Mn	2019 US\$. Mn	2020 US\$. Mn	2021 US\$. Mn	2022 US\$. Mn
Chapter 61	237.00	242.00	295.78	246.72	280.10	341.13
Chapter 62	165.00	194.00	168.58	142.85	159.50	185.52
Chapter 63	10.00	8.00	8.23	27.12	9.68	8.20
Total	412.00	444.00	472.59	416.69	449.28	534.85



EVENTS

ANNUAL GENERAL MEETING SRI LANKA APPAREL EXPORTERS ASSOCIATION 22ND NOVEMBER 2022

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