Sector Overview – Textile and Apparel Sector

1. Introduction

Textile and clothing industries has been the Sri Lanka's largest gross export earner since 1986 and accounted for more than 52% of total export earnings of the country. It is also the country's largest net foreign exchange earner since 1992.

Sri Lanka's apparel industry began to grow significantly in the 1980s as an alternative to India's garment manufacturers, because of its open economic policy as well as the trade and investment friendly environment. Under the Multi Fibre Agreement, quota regime Sri Lanka became an attractive new venue for businesses. In 1985, Martin Trust, one of the pioneers in the development of " speed sourcing" for the American fashion retail sector, began working with Sri Lankan textile and apparel companies.

In 1986 and 1987 he established joint venture partnerships with The Omar Group (formerly known as LM Apparels and part of the Brandix group) and The Amalean Group which helped make the country more competitive through knowledge transfers and technology, attracting further foreign investors. These were the first of nearly two dozen joint venture companies in Sri Lanka which made the country competitive in the garment sector. Including Trust's partnership with German brassiere maker, Triumph International, and Sri Lankan company, MAS Holdings, to create a new venture called Bodyline.

When the US and other countries eliminated quantitative restrictions on garments produced in China, many garment facilities in Sri Lanka were consolidated. As of 2010, most of the exports to the US are from MAS, Brandix and Hirdaramani Group with smaller amounts coming from Jay Jay Mills Groups. Together, these three companies account for a majority of the value of exports of garments to the US market.

1.1 Subsectors

Textile
Apparel

1.2 Institutions operating under the subsectors

1.Textile – Non BOI

Sector	No. of Factory
Knitting factory	10
Weaving factory Powerloom Handloom	 8 20

2. Garments

Sector	No. of Factory		
	MOI	BOI	Other
Local garment factories	534		1200
Export garment factories	287	300	
Non Manufactures Export Traders	195		

1.3. Number of employees (local/ foreign/Gender wise)

There are around 300 manufacturers of apparel in the sector. The industry provides direct employment for about 362,500 people and indirect employment for about 1.0 million people in support activities which include a substantial number of women in Sri Lanka.

1.4. Contribution to GDP by the Sector – 7%

2. Production and Consumption

2.1. Product types

No.	Product
01	Knitted Garments
02	Knitting & Weaving
03	Sarees, Shirtings, Suitings
04	Batiks Dyeing
05	Dress Fabric, Sarees, Sarongs, Shirtings, Towels
06	Fishing Nets , Nylon Fishing Twine
07	Suitings, Towels
08	Garments, Shirts, T-shirts, Sanitary Towels, Ladies Under Wears
09	Screen printing for T-shirts

10	Sweaters
11	Embroidery Stitches
12	Polyester Textile Yarn
13	Cotton & Cot. Blended Textiles
14	Sewing Thread
15	Cotton Yarn, Finished Fabrics
16	Sewing Thread
17	Grey Cloths
18	Socks
19	Yarn
20	Batik
21	Elastic, Ribbons, Bonding tape, & pleats
22	Children's Wear, ladies Wear, Men's Wear

2.2. Required raw materials needed to be imported

Main raw materials (Import) – USD 90,574

		Imports		
HS Code	Description	2019	2020	2021
5007	Woven fabrics of silk or of silk waste	4,437,995,715	2,627,657,998	4,095,718,654
5111	Woven fabrics of carded wool or of carded fine animal hair.	176,867,017	650,323,707	229,939,037
5112	Woven fabrics of combed wool or of combed fine animal hair.	349,169,804	310,141,513	725,490,294
5205	Cotton yarn (other than sewing thread),containing 85% or more by weight of cotton not put up for retail sale.	21,485,870,462	18,213,491,540	29,096,826,359
5208	Woven fabrics of cotton, containing 85% or more by weight of cotton, weighing not more than 200 g/m2	27,484,023,715	19,345,614,796	22,764,080,977
5209	Woven fabrics of cotton, containing 85% or more by weight of cotton, weighing more than 200 g/m2 ..	43,521,479,492	35,025,776,454	47,101,878,934
5402	Synthetic filament yarn (other than sewing thread) not put up for retail sale, including synthetic	32,331,978,632	28,994,214,596	52,640,009,749

	monofilament of less than 67 decitex.			
5407	Woven fabrics of synthetic filament yarn, including woven fabrics obtained from materials of headig 54.04.	11,632,443,292	11,215,371,158	18,131,852,337
5509	Yarn (other than sewing thread) of synthetic staple fibres, not put up for retail sale.	7,240,119,313	5,818,632,359	8,437,975,638
5512	Woven fabrics of synthetic staple fibres, containing 85% or more by weight of synthetic staple fibres.	30,687,193,286	20,643,396,152	30,220,383,252
6116	Gloves, mittens and mitts, knitted or crocheted.	1,255,185,836	1,495,643,103	1,644,552,779
6117	Other made up clothing accessories, knitted or crocheted; knitted or crocheted parts of garments or of clothing accessories.	2,840,381,621	2,265,959,686	2,487,890,232
6302	Bed linen, table linen, toilet linen and kitchen linen.	3,975,715,563	2,788,052,890	2,633,227,022

3. Turnover

3.1. Local sales – Rs. 180,000 Mn

3.2. Export earnings - USD 5.63 billion

Year	Total Export Revenue of Apparel Industry (in million. USD)
2019	USD5,577
2020	USD4,406
2021	USD5,415
2022	USD5,630

8. SWOT Analysis

Strengths	Weaknesses
▪ Existing Industries and emerging industries	▪ Lack of Skilled labor force ▪ absence of accredited certification body

Opportunities	Threats
▪ Reaching the global Market	▪ USD Crisis ▪ Global Market crisis ▪ Freight issues ▪ Hap hazard policy changes ▪ Rising unprecedented Electricity tariffs ▪ Tax policy changes

9.Risks associated with proper functioning of the sector

Main risk the industry exposed to right now is production under a heavy market-demand drop amidst escalating production costs.