



SRI LANKA APPAREL EXPORTERS ASSOCIATION



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NEWS IN BRIEF

SRI LANKA FABRIC PARK FOR 'GREENER' APPAREL WITH TRANSPARENT SUPPLY CHAIN

A purpose-built industrial park in Eravur, in eastern Sri Lanka under tight environmental rules and low carbon emissions will produce a 'greener' fabric raw material trail that is transparent to final buyers, officials said while existing industrial zones are being spruced up.

Using fabric and material produced at the Sri Lanka park will provide "end-to-end visibility in the whole supply chain."



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A Roadmap Towards a Greener Apparel Sector



Sustainability of the apparel industry relies on the extent and the efficiency in reducing different footprints in global value chains, primarily related to water, energy, and chemicals, among other things. International brands, therefore, has connected their supply chains to higher standards in reducing emissions and discharges while promoting various technologies, best practices, and sustainable financing options. Specific markets are contemplating to introduce taxes at the import based on footprints to encourage exporting countries to adopt lower footprints and best practices.

“So, we can have and give a guarantee that this is an ethically sourced product to the buyer,” Sanjaya Mohottala, Chairman of Sri Lanka Board of Investment said at the launch of ‘A Road Map to a Greener Apparel Sector in Sri Lanka’.

“Secondly, by bringing the activity to one location we can have high-quality treatment plants, water recovery; learn from each other new technologies to reduce water consumption, experiment new things, shared facilities thereby reducing the carbon footprint, water usage and all the other aspects.

“Also having fabric localized in Sri Lanka will reduce the need and current practices of flying in fabric from countries like China, Taiwan, Indian or Korea; again, reducing the carbon footprint.”



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The report was published by HSBC Sri Lanka and International Union for Conservation of Nature (IUCN) to promote greener manufacturing processes with a focus on small and medium-sized apparel firms.

“The SME companies, in particular, will be the beneficiary of the findings when those thoughts could be converted to a bankable proposal,” Tuli Cooray, Secretary-General, Joint Apparel Associations Forum said.

The report contains findings from an 18-month study and recommends 12 areas that the apparel sector has to focus to make it more eco-friendly.

These include renewable energy, zero-discharges, science-based targets, circularity, and ‘sustainable’ financing.

“The long-term sustainability of the apparel sector, especially in the post-covid-19 era, requires a transformational change to meet the demands by the global brands to reduce energy, water and chemical footprints,” Ananda Mallawatantri, Country Representative, International Union for the Conservation of Nature said.

“Supported by the Government consistent policy commitment, high level of compliance by the industry and extensive stakeholder coordination the Sri Lanka apparel sector could meet these challenges and be competitive.

“In doing so the benefits would extend to other economic sectors too by raising the environmentally friendly image of the country.”



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Supply Push and Market Pull

Sri Lanka exports apparel worth five billion dollars and imports cotton, knitted and crocheted fabric.

Mohottala says Sri Lanka caters to a high-end market whereas countries like Bangladesh supply day-to-day wear low-value items.

The categories it caters to are sportswear, lingerie, loungewear, bridal wear, workwear, swimwear and children's wear.

“These consumers are increasing awareness or are environmentally conscious,” Mohottala said.

“So they are in one way ensuring or asking the brands to make sure that they source in environmentally friendly value chains.

Sri Lanka already has a good image in the global market as one of the most ‘ethical’ sourcing destinations but is strengthening its brand as an environmentally friendly one.

There is a two-way push and pull happening he says a pull for environmentally friendly products from consumers and a push from the legislative side.

“There is a pull happening from the consumer side and there is a push happening from a legislative point of view,” Mohottala said.

“If you look at what European Union has done in the recent past it has companies of EU to look for a certain amount of renewable energy component in the products they import.



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“We saw these trends early on and took steps towards making sure Sri Lanka is in that vertical.”

Sri Lanka will also have to get ready for recycling which will come soon.

“I think one of the bigger trends that are coming on top of this is repurposing used fabrics or recycling,” Mohottala said.

“So once that comes with some of the new technologies, we as a country will be ready to ride that wave as well.”

Broader Zone Push

The BoI has 13 industrial zones and new ones are being added. These zones contribute to about 80 per cent of all industrial exports of the island.

The new Eravur zone was purpose-built with the most advanced environmentally friendly technology available.

The Board of Investment is also upgrading its older industrial zones and experimenting with new processes to deal with waste and meet or exceed standards.

The upgrading of wastewater plants has been Horana, Seethawaka, Koggala and Katunayake have already been completed, Mohottala said.

“We are already in the process of augmenting and upgrading wastewater treatment plants in our zones to make sure that we meet all the environmental regulations requirements or even exceed,” Mohottala said.



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“There’s a new trial we are doing, once we do the wastewater there is a sludge that is accumulated, in the past some of this sludge was disposed of in dump yards.

“We have taken initiatives to find new mechanisms for the use of this sludge whether it is an alga, fuel for certain furnaces or even use as a brick for certain industries or mix it with a bio-mat mask to use something like coal.”

Attempts at water recovery are also underway with firms in With Joint Apparel Association Forum.

“At the end of the day, I think it’s no longer social responsibility,” Mohottala said.

“The companies who really take environmentally sustainable sourcing or environmentally sustainable production seriously inherit happier workforce but also expand their margins.

“It is no longer a cost item but actually a mechanism to differentiate, a mechanism to have more survivability, and in a cutthroat industry to have a mechanism to expand profitability by upgrading yourself in the value chains.” (Colombo/June30/2021)

Source: EconomyNext



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SAFE AND HEALTHY WORKSPACES BOOSTS BANGLADESH RMG EXPORT ORDERS

With apparel exports growing at 15 per cent in FY21, Bangladesh has emerged as the surprise beneficiary from Myanmar's military crisis and COVID-19 outbreak in India. The country is witnessing rapid surge in orders from European and US buyers owing to better ethical and health protocols maintained by garment factories.

Comparatively, garment factories in Myanmar suspended operations due to the military coup, notes Ahsan H Mansur, Executive Director, Policy Research Institute. India too, is struggling with COVID crisis that has disrupted labor availability and logistical system, Mansur explains. Both factors are responsible for fuelling growth in Bangladesh apparel exports, believes Zahid Hussain, Former Lead Economist, World Bank.



Order surge strengthens market position

Local apparel producers in Bangladesh have been getting additional orders from buyers since the last few months, affirms Mohammad Halem, Managing Director, MB Knit Fashion and Vice President, Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA). His company has also received additional orders from buyers in recent months. Meanwhile, US-based Walt Disney too plans to restart sourcing from India after suspending operations in 2013, informs



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Faruque Hassan, President, Bangladesh Garment Manufacturers and Exporters Association (BGMEA). This will help Bangladesh reinstate its position in the global RMG industry, particularly in areas of workplace safety, social standards and environmental sustainability, he adds.



Safety compliant factories to be Disney's new vendors

As per the agreement signed between two BGMEA and Walt Disney, factories participating in the International Labor Organization's (ILO) Better Work Bangladesh (BWB) program will be added to Disney's new vendor list.

Currently, the BWB program has 277 local RMG factories as members. These factories will also participate in the Nirapon or RMG Sustainability Council along with specific remediation fulfilment criteria, adds Hassan.

The Bangladesh garment industry is making exceptional efforts in maintaining safety standards in garment factories. The industry not only ensures a proper remediation process in garment factories but also works towards creating a safe and healthy workspace for workers, adds Hassan.

Source: Fashionating World



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INDUSTRIAL ADDED VALUE OF CHINA'S GARMENT ENTERPRISES GROWS BY 14.1%

According to the National Bureau of Statistics, from January to April, the industrial added value of garment enterprises above designated size increased by 14.1 per cent year-on-year. Affected by the higher base in the same period last year, the growth rate dropped by 3.4 percentage points from the first quarter; the garment production of enterprises above designated size totaled more than 7.05 billion pieces, up by 23.87 per cent year-on-year, and the two-year average growth reached 4.8 per cent.

Total retail sales of consumer goods amounted to over CNY 13.83 trillion during the four month period, increasing by 29.6 per cent year-on-year. Retail sales of clothing, foot and head wear and knitted goods by major retailers above designated size surged by 52.6 per cent year-on-year to CNY 323.8 billion, reports China Textile Leader.

China's online retail sales grew by 23.1 per cent year-on-year to CNY 3.07 trillion and the two-year average growth reached 15.6 per cent. In the online retail sales of physical commodities, wearing goods increased by 33.8 per cent year-on-year. According to the Customs Newsletters, from January to April, China's garment and accessories exports rose by 51.7 per cent year-on-year to \$44.41 billion.

Source: Fashionating World



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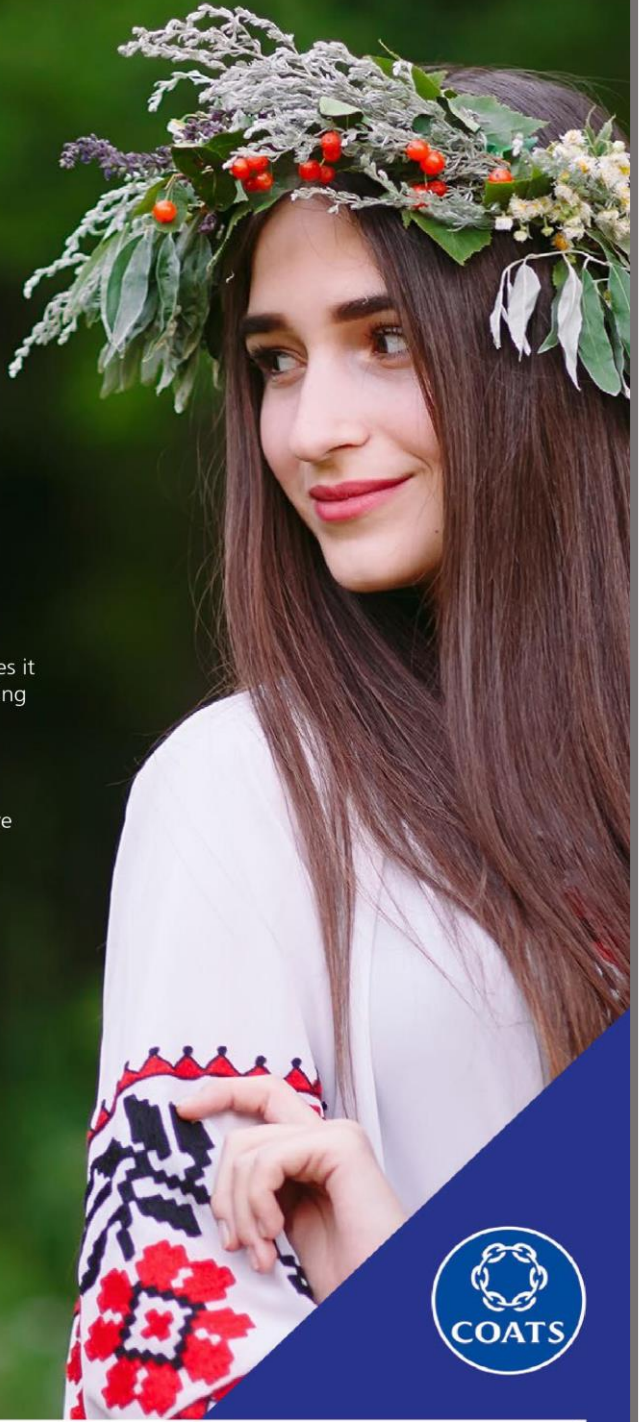


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BODY INCLUSIVITY AND DIVERSITY TO BE KEYS TO BRANDS' FUTURE SUCCESS

Victoria's Secret's delay in embracing inclusivity and body positivity has proved to be a boon for other brands who have slowly made way to the top slot in the global lingerie market. In the past 10 years, Victoria's Secret's share in the global intimates market has halved from 30 per cent to 15 per cent, says Austin Moldow, Analyst, Canaccord. On the other hand, shares of its parent company L Brands have doubled and S&P has increased by 14.3 per cent for the year.

To regain lost market share, Victoria's Secret has decided to break its association with Bath & Body Works and operate as a standalone brand. However, the journey ahead is quite challenging as other companies have already made their mark in the plus-size apparel market. Market intelligence platform Edited advises Victoria's Secret to adopt body inclusivity to catch up on the race.



Plus size to reach \$697 million by 2027

Analysts predict, fuelled by Gen Z companies and retailers seeking to embrace size-diverse fashion, the global plus-size apparel market is predicted to grow to \$697 billion by 2027. With its separation from L Brands Inc, Victoria's Secret will not only get a new brand but its name too will be changed to Victoria's Secret & Co. The company will also reorganize its panel to include soccer star Megan Rapinoe, author/actress/producer Priyanka Chopra Jonas, model and body-positive advocate Paloma Elsesser, and journalist and equality advocate Amanda de Cadenet.

A stronger competitor to Victoria's Secret in the intimates market will be American Eagle Outfitters brand Aerie. The brand aims to reach \$2 billion value in the next few years by focusing on leggings, swimwear, and other categories sold by Victoria's Secret. A growing demand for its products is driving higher sales, margins and profitability for the parent company, says Michael Mathias, Chief Financial Officer, American Eagle.

Another brand on the rise is Gap Inc.'s brand Athleta. The brand expanded its sizes from 18 to 26 earlier this year and aims to include these sizes in 70 per cent of its collection by Spring.

As per the Edited report, though the plus-size market in the US is growing rapidly, it still faces certain challenges. Firstly, shoppers feel intimidated and alienated by 'plus-size' tag. Plus-sized items are also more expensive and often left out of trends. Brands and retailers need to address these issues to expand reach to these plus-size shoppers.



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Nearly 25 per cent respondents to the NPD Group's March 2021 Trend Tracker survey believe, brands and companies need to include diversification and inclusivity in their marketing and advertising initiatives. Around 20 per cent also believe inclusive and diverse representation is important among company leadership.

To be truly inclusive, brands need to adopt a common style trends across sizes, says the Edited report. Their unwillingness to adopt inclusivity and diversity may distort their image in the consumers' mind besides threatening future profits.

Source: Fashionating World



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VIETNAM'S GARMENT AND TEXTILE EXPORT REVENUE INCREASES BY 21.2%

Vietnam's revenue from garment and textile exports increased 21.2 per cent year on year to about \$15.2 billion during the first five months of 2021, reveal from Vietnam Textile and Apparel Association (VITAS). During January-May 2021, Vietnam's fiber and yarn exports soared 60.1 per cent year-on-year to \$2.1 billion while fabric exports increased 26.4 per cent to \$947 million As per Vietnam Plus, the country's garment and textile imports increased by 33.4 per cent to \$10.2 billion during the period.

The Ministry of Industry and Trade attributed growth to positive signals from the country's major export markets as well as domestic businesses' effective

utilization of opportunities from free trade agreements (FTAs) which have been signed and put in place. The US remained the largest importer of Vietnam's garments and textiles with imports increasing 24.4 per cent to \$6.02 billion and accounting for 49.2 per cent of the sector's total revenue.

Japan was the second largest importer with imports worth \$1.31 billion followed by the European Union with \$1.21 billion worth of imports and the Republic of Korea with \$1.07 billion imports.

Source: Fashionating World



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US' GARMENT IMPORTS RISE BY 22.19 PER CENT DURING JANUARY-MAY 2021

From January-May 2021, US' imports of garments increased rapidly and are expected to soon reach pre-COVID levels.

As per Textile Value Chain, the United States imported \$ 29.22 billion in clothes from January to May of this year, representing a 22.19 percent year-on-year increase and an 11.75 percent drop from January to May of last year. Its imports declined by \$11.93 million to \$6.14 billion in May '21.

US' garment imports in May this year rose by 8.28 percent rise compared to April, when the country imported only \$5.67 billion in clothing. In terms of volume, the United States experienced an increase in import numbers in May, with 2,280.22 million SMEs of apparel arriving in the nation, up from 2,066 million SMEs in April of this year.

Source: Fashionating World



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EXPORT OF APPAREL STATISTICS

Export of Apparel for the Month of May 2016 - 2021

	2016 US\$. Mn	2017 US\$. Mn	2018 US\$. Mn	2019 US\$. Mn	2020 US\$. Mn	2021 US\$. Mn	2020/2021 Change %	2019/2021 Change %
Total Exports	362.02	344.00	376.00	400.00	204.78	344.12	68.04	-13.97
US	163.68	141.00	153.00	160.00	99.02	136.05	37.40	-14.97
EU	152.67	152.00	171.00	187.00	82.94	158.24	90.79	-15.38
Other	45.67	51.00	52.00	53.00	22.82	49.83	118.36	-5.98

Export of Apparel January - May (Cumulative)

	2016 US\$. Mn	2017 US\$. Mn	2018 US\$. Mn	2019 US\$. Mn	2020 US\$. Mn	2021 US\$. Mn	2020/2021 Change %	2019/2021 Change %
Total Exports	1,998.86	1,900.00	1,968.00	2,139.00	1,452.88	1,941.66	33.64	-9.23
US	906.42	842.00	867.00	934.00	651.03	789.64	21.29	-15.46
EU	836.89	794.00	842.00	906.00	600.39	863.82	43.88	-4.66
Other	255.55	264.00	259.00	299.00	201.46	288.20	43.06	-3.61

Export of Apparel in the Month of May 2016 - 2021 to All Countries

	2016 US\$. Mn	2017 US\$. Mn	2018 US\$. Mn	2019 US\$. Mn	2020 US\$. Mn	2021 US\$. Mn
Chapter 61	208.80	198.00	205.00	225.00	116.26	215.60
Chapter 62	147.53	140.00	163.00	166.00	72.79	119.24
Chapter 63	5.71	6.00	8.00	9.00	15.73	9.28
Total	362.04	344.00	376.00	400.00	204.78	344.12



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