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AN ANALYSIS OF APPAREL EXPORTERS OF SRI LANKA

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B.Sc Engineering, ACIM



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By

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B.Sc Engineering, ACIM

This thesis was submitted to the Department of Textile and Clothing Technology of the University of Moratuwa in partial fulfillment of the requirements for the degree of M.Sc in Clothing Studies.

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MAY 2008

Declaration

The work included in the thesis in part or whole has not been submitted for any other academic qualification at any institution.

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Dr. NK Heenkenda
Supervisor

ABSTRACT

The global apparel industry is currently undergoing a significant process of transformation. The liberalization of the trade regime governing textiles and apparel with the phase out of the Multi-Fibre Arrangement (MFA) under the Agreement on Textiles and Clothing (ATC), has opened up the market for any apparel supplying country who remains competitive in the global apparel trade. This has given freedom for apparel retailers, to have a choice among the apparel manufacturers. They can source from any country where they can get the best product, which meet their requirements. Therefore global apparel trade has become much competitive in the market.

Although the results of the above transformation are predicted to an increase in global trade, the impact is likely to differ among countries and regions. For each country this represents both an opportunity and a threat. An opportunity for the countries who remains competitive in the apparel trade since markets will no longer be restricted, and a threat for the countries who are not very competitive in the trade of apparel because other apparel manufacturers will no longer be restrained. To get an opportunity from the liberalized apparel market apparel manufacturers should build comparative advantage over the competitors.

The study focuses on Sri Lankan apparel industry and it reviews the most recent market developments in apparel retailer sourcing strategies with the quota removal. The study builds a framework to assess the capabilities of apparel manufacturers, to be successful in the competitive apparel market. It examines the capability of Sri Lankan apparel manufacturers to fulfill the requirements of the apparel retailers in both country level and organizational level. The study applies Porter's Diamond Model in assessing the competitiveness of Sri Lankan apparel manufacturing industry from the data collected under the framework.

The study argues that Sri Lanka which aspires to maintain an export led strategy in textile & clothing need to shift their expertise from basic factors to more value added specialized factors in order to build competitive advantage in the global apparel trade. Also study concludes that Sri Lanka should expand the nation's competitive advantage through internationalization.

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List of Abbreviations

Gross Domestic Product (GDP)
International Trade Center (ITC)
Multi Fiber Arrangement (MFA)
World Trade Organization (WTO)
Short Term Arrangement (STA)
Long Term Arrangement (LTA)
General Agreement on Tariffs and Trade (GATT)
Agreement of Textiles and Clothing (ATC)
Board of Investment (BOI)
Small and Medium Enterprises (SMEs)
European Union (EU)
United States (US)
Textile & Clothing (T&C)
Electronic Data Interchange (EDI)
Electronic Point of Sale (EPOS).
Ethical Trading Initiative (ETI)
Non-Governmental Organizations (NGO)
Codes of Conduct (COC)
Research and Development (R&D)
No Foreign Exchange (NFE)
Freight On Board (FOB)
Landed Duty Paid (LDP)
Code of Conduct (COC)
Standard Garment Sourcing Model (SGSM)
Full Value Sourcing Model (FGSM)
Computer Aided Design (CAD)
Computer Aided Manufacturing (CAM)
Political, Economical, Social and Technological Environment (PEST)
Joint Apparel Association Forum (JAAF)
Clothing Industry Training Institute (CITI)
Textile Training & Service Center (TT&SC)
Chartered Institute of Marketing (CIM)

International Trade Center (ITC)
Freight Trade Agreements (FTA)
Preferential Trade Agreements (PTA)
Generalized Scheme of Preference (GSP)
Generalized Scheme of Preference + (GSP+)
Multilateral Environmental Agreements (MEAs)
Rules Of Origin (ROO)
South Asian Association for Regional Cooperation (SAARC)
Pakistan- Sri Lanka Free Trade Agreement (PSLFTA)
Association of Southeast Asian Nations (ASEAN)
India Sri Lanka Free Trade Agreement (ISLFTA)
Electronic Visa Information System (ELVIS)
Foreign Direct Investment (FDI)
Least developed developing countries (LDDC)
Small and Medium Enterprises (SME)
South Asian Association for Regional Cooperation (SAARC)
Freight On Board (FOB)
Joint Consultive Council (JCC)
Strengths Weaknesses Opportunities Threats (SWOT)
Export Processing Zones (EPZ)
Value Added Tax (VAT)
International Direct Dialing (IDD)

