

GARMENT INDUSTRY OF SRI LANKA: CHALLENGES AND RESPONSES

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ABSTRACT

During the past twenty years, the export performance recorded by the country's garment industry has been impressive. This feat, however, was achieved under a global trade regime regulated by a quota system. The industry continues to be highly quota-dependent and would face its real test when it has to compete in the quota-free world that dawns after first January 2005. The global apparel trade is characterised by changing customer preferences, increasing competition and rapidly changing technology. The present study, based on a 14-firm survey, shows that the level of sophistication achieved by the industry is very low. Strategy is not company-driven, but driven by foreign intermediaries. They provide all product details to the local manufacturer and then handle the entire overseas marketing operation. The industry lacks a basis of sustainable competitive advantage and is ill-equipped to meet the impending challenge. The study concludes by providing some strategic directions for the industry.