SRI LANKA'S READY-MADE GARMENTS IN THE SINGAPORE MARKET

Have Sri Lanka's ready made garment exporters gained a foothold in the Singapore market in recent years or have they been losing out to keener competition from the established Far Eastern supplier countries? The Customs data of the two countries are conflicting and it is difficult to assess the situation from the figures, but it appears that over 1982 and 1983 there was an increase in Singapore's imports of our garments and then a drop in 1984.

Sri Lanka Customs data shows that in 1982 the value of exports to Singapore of the three major items, namely: men's and boys's outer garments; women's and children's outer garments; and men's and boy's under garments; which amounted to Rs 36.3 million in 1982 went up to Rs 44.3 million in 1983. (See table below.) Data compiled by the Ministry of Textile Industries reveals that value of ready-made garment exports to Singapore dropped from Rs 33.7 million in 1983 to Rs 7.7 million in 1984.

A UN sponsored research study carried out in 1983 conducted by a private research organization on Singapore's demand for ready made garments listed the various sources of supply. Sri Lanka was an insignificant exporter to this market and according to the Singapore Customs data in 1982 only 2,740 dozen shirts and 480 dozen blouses came from Sri Lanka to the Singapore market. In contrast, Sri Lanka's Customs Returns shows that 13,066 dozen men's and boy's outer garments (mainly shirts) and 43,000 dozen women's and girl's outer garments (mainly blouses and dresses) were exported from Sri Lanka. In addition, exports of 31,340 dozen of men's and boy's under garments are also recorded in the Sri Lanka Customs Returns; though the Singapore research study has not recorded this item. The question is how such glaring discrepancies have arisen in recording of data at the two ends. This discrepancy takes on added significance in view of the allegations that some exporters have inflated their export figures with a view to making false claims on duty rebates on fabrics imported for use in these garments.

More significant, from the point of view of export markets for Sri Lankan manufacturers, are the findings of this study on what importers in Singapore thought of the Sri Lanka garments. The Singapore research organization carried out product tests with Sri Lankan garments among importers and other buyers at that end. Their views if taken constructively could be of benefit to our exporters. Among the comments were:

- products could be purchased if they are suitable and stocks are available from local agents,
- the product/worksmanship is not upto exceptable standard,
- in terms of fabrics and workmanship the quality is exceptable but the products would only be more saleable as 'budget' or lower price ranged items.

Commenting on specific samples from sri Lanka, the following examples of poor quality/workmanship were emphasised:

- button holes not well sewn and sewing of buttons not neat,
- only a single row of stitching done which is not adequate for armholes of men's shirts,
- stitches are too wide apart and not according to standard requirement
- T-shirt is of lower quality in terms of the knitted fabrics, pattern and sewing, in comparison with a T-shirt imported from Hong Kong or Japan at the same or even cheaper price;

In terms of price, together with product quality, the Sri Lankan product could not compete with similar suppliers from Hong Kong, Taiwan and Japan or local manufacturers.

For example, it is estimated that the C & F price of a shirt made in Sri Lanka would be equivalent to approximately $ 7.00 to $ 8.00 including

Table 1

CCCN No	Item	1982 Value Rs mn	1982 Volume Dozen	1983 Value Rs mn	1983 Volume Dozen
61.01	Men's & Boy's Outer Garments	7.8	13,066	6.5	18,000
61.02	Women's, Girls's & Infants Outer Garments	16.8	43,000	19.2	34,590
61.03	Men's & Boy.s Under Garments	11.7	31,340	18.7	32,300
	Total	36.3	87,406	44.3	84,890

Source: *Sri Lanka Customs Returns*

insurance and import handling charges. The cost of a similar shirt (long sleeves) from a local manufacturer would be around $ 4.00 to $ 6.00 or $ 7.00, and the quality of the shirt is much better.

The landed cost of a T-shirt from Hong Kong is around $ 6.50 to $ 7.00. The T-shirt made in Sri Lanka would cost about the same, but the quality is lower. The retailer/importer would therefore prefer to import from Hong Kong, Japan and Taiwan, rather than from Sri Lanka.

The general view was that design of Sri Lanka garments are not keeping in fashion.

It was necessary for Sri Lankan manufacturers to establish an image for quality, fashion, designs styles and competitive prices, for their products to be accepted first by the importers/retail outlets and through them by the consumers.

In assessing the prospects of Sri Lankan garments in Singapore markets the study comments that there is no special preference for imports from any country. Sri Lankan manufacturers/exporters would have to compete on equal terms with producers in other countries as well as the local manufacturers in Singapore. Product quality in terms of fabrics used and workmanship, competitive prices, up-to-date fashion designs or styles, ability to meet delivery dates, etc. are all crucial factors for effective competition. It would appear from the comments received that improvement in these areas is essential for the Sri Lanka garments to be competitive in the Singapore market.

It would be difficult for the Sri Lankan manufacturers/exporters to export to the leading departmental stores in Singapore as most of them already have their established sources of supply, both overseas and local, and they also do not have a favourable view about the Sri Lankan products.

If the exporters are really keen to export to Singapore, one approach is to set up their own importing agency in Singapore to import and distribute their products to the smaller retail establishments. Alternatively, they may wish to find an existing importer in Singapore to distribute their products.

C.G.

COMMODITIES

TEA: Downward Trends in Prices

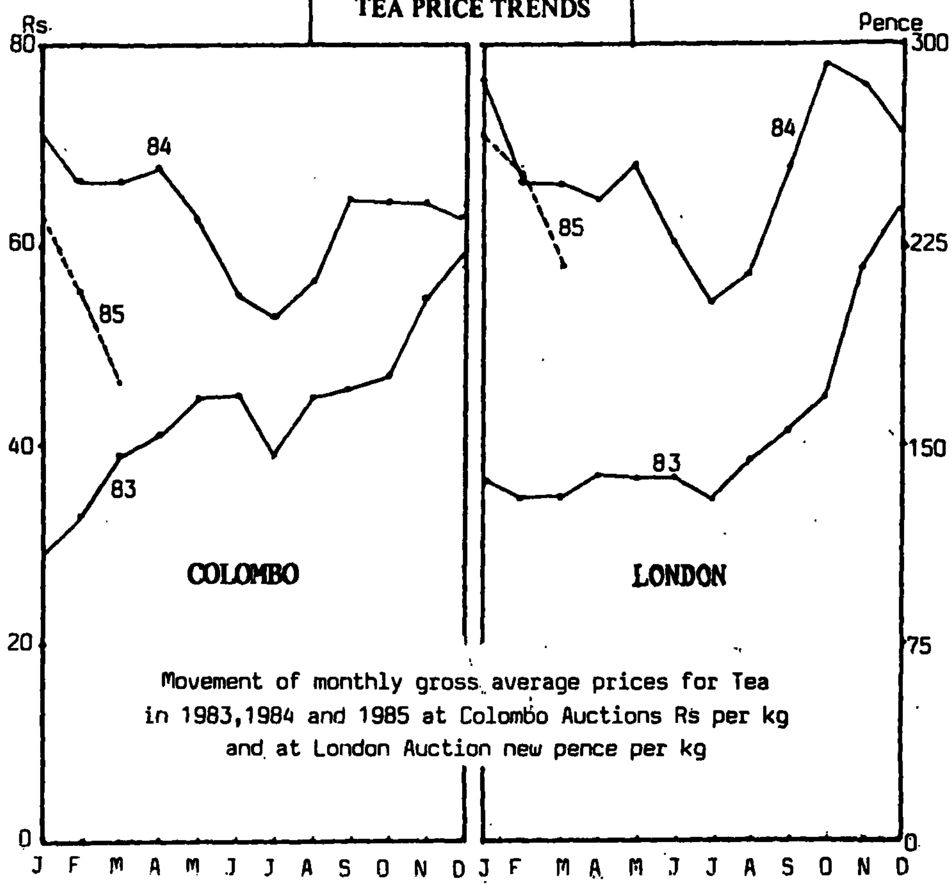
Tea prices at the Colombo Auctions recorded a continuing downward trend over the first three months of this year. Cumulative sales averages up to the end of March 1985 stood at Rs 54.11 per kg (gross) as against Rs 68.56 per kg over the same period in 1984. Possibilities of closing the gap between the monthly average of Rs 71.30 per kg in January 1984 seemed more distant by the end of March 1985. Prices were moving in sympathy with international market prices, particularly the London auctions, where in October 1984 prices which had reached 292 new pence per kg came down to 217 pence per kg by end of March 1985. (See diagram).

The value of gross turnover at the Colombo Auctions also dropped steeply in the first quarter of 1985 and there was concern that the anticipated Government Revenues from tea export levies would not materialise. Gross Turnover which reached Rs 3,693.5 million in the first three months of 1984 had come down to Rs 2,590.1 million in the same period of 1985.

The quantities sold at the Colombo Tea Auctions also showed a marked decline during this period, dropping from 53.8 million kgs in January - March 1984 to 47.8 kgs in the same period this year.

G.J.

TEA PRICE TRENDS



Movement of monthly gross average prices for Tea in 1983,1984 and 1985 at Colombo Auctions Rs per kg and at London Auction new pence per kg