GSP Plus & Export Market in Sri Lanka

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Abstract

When the globalization was spread, international trade becomes the most important element in the world economy as economists & policy makers wanted to find solutions for various kind of problems that are affected from international trade. There are so many international trade theories & policies, which were made by economists. International trade is very complicated & comprehensive to understand & handle. But all countries used trade policies to protect local industries, as a tool for government survival or control the volume & the composition of trade flows. The set of rules & regulations, which are followed by the government to controls the trade flows, called as a trade policy. So as a developing country, GSP Plus is a relief to the business community in Sri Lanka. Because GSP Plus is a preferential tariff, system, which provide for a formal system of exemption from the more general rules of the World Trade Organization. Sri Lanka is a major beneficiary of the trading opportunities offered by GSP Plus & the most important export products benefiting from these trade preferences were apparel, as well as fisheries products. The EU removed GSP Plus in 2010 as a result of human rights violations by the Sri Lankan government during the last age of the civil war in 2009. In 2015 EU renewed GSP+ quotation for Sri Lanka. In that time period, Sri Lankan export market faced many challenges & fluctuations. So this research mainly sketches out on the fluctuations caused by GSP+ removal with reference to apparel industry & variation of the production level in the industry. And also to identify other factors which effect on export market fluctuations. Quantitative approach is used to carry out this study. The sample was selected as for the case study method while identifying each industry include to apparel industry as a case. And also sample area was limited to Biyagama Export Processing Zone & it included three garment factories. Primary & secondary data were collected to conduct this survey. Questionnaire & personal interviews was done to collect primary data & company records used as secondary data. Statistical graphical representations, descriptive statistics, simple linear regression, correlation used to analyse data. This study resulted in identifying the GSP Plus caused to apparel prices of export market in Sri Lanka & production level of apparel industry.

Keywords : GSP plus, Apparel industry, Export market

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