



# Eravur Fabric Park to muster USD 300 mn investments

Operations to commence from mid 2021

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*BOI Chairman Sanjaya Mohottala*

Fulfilling one of the most urgent needs of the local appeal sector, a Sri Lanka's first ever 'Fabric Park' will commence operations from mid next year in Eravur in Batticaloa. This is one of top priorities for the Board of Investment for 2021, newly appointed Board of Investment (BOI) Chairman Sanjaya Mohottala said.

"The 275-acre plot Park which received the Cabinet approval was planned from early 2020 on, has now reached the final stages and we envisage around US\$ 300 million from five investors who have already committed for this. More Foreign textile manufacturers will be invited to set up factories within this zone," he noted.

Though Sri Lanka's number one forex earner has been apparel, the value addition in Sri Lanka is still low and the industry spends a huge amount to import fabrics and other related material.

“The idea of the ‘Fabric Park’ in Eravur is to produce raw materials, including artificial and natural textiles initially for the local apparel industry and then for exports thus saving a huge amount of forex and also adding a new product to the local export basket.”

In 2019, Sri Lanka imported 255,437 MT of fabric to the value of \$ 2.2 billion both for the export-oriented apparel manufacturers and for use in the local market. Sri Lanka imported more than 50 percent of its fabric from China along with other countries like India. “However, with China and other supplying countries recovering from COVID-19 first wave, Sri Lanka now does not enjoy the ‘exclusivity’ it enjoyed and would have to move back to the traditional niche exports once again”, he said.

Since freight charges are high and supplies are ‘bit tougher’ to get the ‘Fabric Park’ in Eravur would help the industry in a big way and the government will also assist in providing infrastructure for this project and also a water treatment park. Mohottala said that while the first stage of the project will provide over 4,000 employment opportunities there will be more indirect livelihoods created in the transport, accommodation, restaurant and other sectors.

He said that during the first wave of the Corona pandemic, the Sri Lankan garment sector adjusted quickly to stitch protective material (PPE) for export to the global market and collected around USD 750 million last year.”