

Major Sri Lanka apparel company, Next, retrenches 1,500 workers

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Next Manufacturing, one of Sri Lanka's largest apparel plants, located in the Katunayake Free Trade Zone (KFTZ), shut down on Tuesday, resulting in the retrenchment of about 1,500 workers.

Anticipating angry protests, Next management informed employees about the closure via WhatsApp messages on Monday night after they returned to their homes. Management claimed "high operational costs" were responsible for the shutdown.

The company has been operating in the KFTZ since 1978 when the area was established as a cheap labour platform and given sweeping tax concessions to attract foreign direct investments. Next's Katunayake facility is owned by Next UK, one of Britain's high-street fashion retailers and a leading supplier of high-quality knitted and woven wear to foreign markets.

Next has two other plants in Sri Lanka—one at Andigama and the other at Nawgaththegama, 43 and 116 kilometres from Katunayake respectively—employing around 1,000 workers. While these factories are still operating, the company's stated reason for closing its KFTZ facility means mass job destruction hangs over the heads of those workers.

Shocked by the sudden closure, hundreds of Next workers mobilised outside the KFTZ plant on Tuesday morning. The factory entrance was sealed with no factory management personnel present.

While many of these workers are members of the Free Trade Zones and General Services Employees Union (FTZGSEU), no union officials, including its secretary Anton Marcus, came to address workers outside the plant. After waiting for a few hours, the workers went to FTZGSEU's office located nearby.

Marcus told union members that he would speak with factory management to get their jobs back and lodge a complaint with the labour commissioner.

Workers cannot place any confidence in Marcus's promises. Knowing full well that the company had already issued a statement closing the plant and that the labour commissioners would do nothing against this foreign investor, his comments were designed to hoodwink and disperse the angry workers.

A Next employee who has been with the company for about 10 years and went with others to the factory gate, and then the union office, spoke to the *World Socialist Web Site* (WSWS).

"I was shocked to see the WhatsApp message and couldn't believe my eyes. I was given my monthly basic salary of rupees 45,000 (\$US300) and altogether about 60,000 rupees," he said.

The worker explained that he needed 8,000 rupees per month to pay for his two-year-old daughter's day care, and 10,000 rupees monthly for his house rent. Even if paid compensation for termination of employment, the maximum he would receive would be one million rupees, which he said was totally inadequate.

"I went in search of work today and got work as a casual employee. At the end of the day, I was only paid 1,700 rupees," he added.

Next Manufacturing management sent two messages to employees on Monday night. The first was about retrenchment and the second about its compensation scheme. The worker told the WSWS that Next employees had little confidence in the union officials and wanted better compensation payments.

Announcing the closure, Next Manufacturing director David Reay cried crocodile tears, claiming to be "sad" about the decision. He claimed it was the result of "the increasingly high operating cost of the Katunayake Manufacturing Plant" and that it had been unprofitable for "some years."

Reay's claims are undermined by the fact that the UK-owned Next retailer made record profits last year. On March 27 this year Reuters reported that the company increased its profit by 10.1 percent in 2024/25 and "made a pretax profit of 1.011 billion pounds (\$US1.31 billion) in its year to January 25, 2025." Along with supermarket giant Tesco and the Marks & Spencer clothing and food group, Reuters said Next had achieved a "landmark profit figure."

The Katunayake Next factory is notorious for slashing workers' entitlements. In December 2020, factory management called the police to quell a strike that erupted against the reduction of workers' bonus payments. Management declared that the cuts were necessary because the company had lost profits caused by COVID-19 safety measures and workers

infected by the disease. Workers rejected these claims as false.

Threats to Sri Lankan garment workers' jobs and conditions have accelerated following US President Donald Trump's tariff hikes on imports. The US is the single largest market for Sri Lankan garment manufacturers. The sector employs 15 percent of the country's total industrial workforce, with over 350,000 workers and indirectly supports approximately 600,000 more.

On April 8, Vogue Tex garments, which employs around 2,000 workers, refused to pay the Sinhala-Tamil New Year bonus, citing US tariff increases. Workers responded to this attack by holding a powerful sit-in strike on April 8 and 9. While management was shocked by the rapid response, it only agreed to pay half of the outstanding bonus.

The FTZGSEU and its general secretary Anton Marcus have no intention of mobilising garment workers to fight management attacks on jobs, bonuses and conditions. The union bureaucracy is committed to working with the company managements against workers.

Marcus and his union played this role when COVID-19 hit Sri Lanka in 2020. The FTZGSEU and other trade unions directly collaborated with the companies in the Rajapakse government's National Labour Advisory Council to impose mass retrenchments and wage cuts. While 150,000 apparel jobs were lost, the remaining employees were forced to return to work in unsafe conditions.

Asked this week about the closure of Next Manufacturing in Katunayake Free Trade Zone, the Dissanayake government's deputy labour minister Mahinda Jayasinghe told parliament that he would hold discussions with management, trade unions and the Board of Investment.

Jayasinghe said they would discuss a "proposed compensation formula." In other words, they would collaborate to ensure closure goes ahead.

The Janatha Vimukthi Peramuna/National People's Power (JVP/NPP) administration and the Sri Lankan trade unions are fully committed to the International Monetary Fund austerity measures, which includes ongoing tax cuts and concessions to attract and maintain foreign investments.

The closure of the Next garment plant, which was established almost five decades ago, is a warning not just to apparel industry employees but state and private sector workers across Sri Lanka.

In order to stop the closure of Next Manufacturing and defend their jobs, garment workers must organise independently of the FTZGSEU and other apparel industry unions. This means uniting in struggle with the workers at other Next plants and calling on support from all KFTZ and other garment workers. It also means reaching out to their class brothers and sisters at Next's parent company in the UK.

Such a fight can be taken up by workers immediately forming their own action committee that excludes the union bureaucracies, which operate as instruments of the companies. Next Manufacturing workers need to meet and take forward this initiative. The Garment Workers Action Committee (GWAC) in Sri Lanka is fully ready to assist you in this effort. You can contact us through the mobile numbers below or in writing via our email address.

Early last month, that GWAC issued a statement entitled "An appeal to Sri Lankan garment workers: How to fight tariff war attacks on jobs and wages."

Urging garment workers to take up this initiative, the statement said: "These working-class committees can discuss and decide on what actions, including protests, strikes and factory occupations, should be taken to counter employers and the government attacks. They should coordinate with workers elsewhere, throughout private industry and the state sector."

The statement issued the following demands:

- No to job cuts, the slashing of wages and working conditions!
- Oppose all closures, prepare for industrial action, including factory occupations.
- Reject the meagre compensation decided by employers and union bureaucrats. Demand compensation on full pay until new jobs are provided.
- Fully paid medical leave. Decent housing and health facilities.

The statement concluded with the following appeal: "Sri Lankan apparel workers must unite with their international class brothers and sisters. This can only be achieved by joining and building the International Workers Alliance of Rank-and-File Committees, a democratic organisation of international working-class struggle founded on the initiative of the International Committee of the Fourth International."

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