

Sri Lanka: State of the Economy 2017

Demographics, Labour Markets and Growth

The IPS' annual flagship report *Sri Lanka: State of the Economy* provides a critical assessment of the country's economic performance and near term outlook for growth and macroeconomic stability. Each year, the report also examines crucial medium term policy priorities to achieve sustained growth and strengthen socio-economic development outcomes for the country.

Amidst sluggish global economic growth and trade performance, and growing populist sentiment against globalization across the US and Europe, Sri Lanka is positioning itself to raise domestic economic competitiveness and integrate more closely with the rest of the world. With a limited consumer market of 20 million, reviving and sustaining growth to address its troubling debt overhang will clearly depend on generating demand for Sri Lanka's goods and services abroad. To achieve this, efficiency and competitiveness of the economy must be raised through a concerted reform effort to tackle macroeconomic and institutional constraints. Against this backdrop the *Sri Lanka: State of the Economy 2017* report draws attention to 'Demographics, Labour Markets and Growth' as its main thematic focus. Stringent employment protection laws and a low female labour force participation rate are two of the biggest constraints holding back labour market efficiency. The availability of skilled workers and the related large number of Sri Lankan workers annually exiting the labour market in search of employment overseas is also dampening labour market productivity.

The report also examines key topical policy issues on:

- Fuelling Tourism to Move Forward
- Revisiting Land Policy: Reforms to Match Evolving Economic Needs
- Managing Natural Disaster Risks: A Need of the Hour
- Exploring Sustainable Development Goals: What is Ahead for Sri Lanka?
- Confronting Food Security in Sri Lanka: A Formidable Challenge
- Battling NCDs for a Healthier Population