

## Abstract

### **IPS Releases its “Sri Lanka: State of the Economy 2009” Report**

The “Sri Lanka: State of the Economy 2009” is an annual publication of the Institute of Policy Studies of Sri Lanka (IPS) devoted to a rigorous analysis of Sri Lanka’s economic outlook and emerging key areas of policy concern. The 2009 report focuses on the “Global Economic Crisis: Issues, Impacts and Outlook”. It examines the path of the current global economic crisis, the impacts that have been visible in Sri Lanka, and discusses policy concerns that need to be addressed to mitigate downside effects.

In 2009, world output is estimated to contract for the first time in 60 years, with growth in global export volumes forecast to plummet by 10 per cent after 30 years of uninterrupted growth. Sri Lanka too has not been immune to the unfolding crisis. A sharp drop in earnings of key export sectors has been the most obvious downside effect. On the other hand, a marked reduction in international oil prices, and reduced demand for imports in general, helped the country to avert a looming foreign exchange crisis in the latter part of 2008 and into the first quarter of 2009.

The net adverse impact of the global economic crisis on Sri Lanka is apparent from a much reduced rate of GDP growth as of the 4<sup>th</sup> quarter of 2008. The economic slowdown holds wider implications – job lay-offs and rising unemployment, the potential to disrupt access to job opportunities for migrant workers, etc. Whilst there is an optimism that the global economy will begin to turn around towards a gradual recovery in 2010, there is still considerable uncertainty regarding the final economic cost. For developing countries like Sri Lanka, the socio-economic costs can be high. The adverse impacts are felt through channels with direct linkages to the poor – migrant workers, estate labour, etc., – where loss of livelihoods in the presence of low levels of social protection can push people into poverty.

The IPS report examines these and other related issues in detail through a series of analytical chapters and policy briefs as set out below:

#### Chapters

- The Global Economic Crisis: Issues, Impacts and Outlook
- The Global Economic Crisis and Sri Lanka’s Economic Outlook
- How Will the Sri Lankan Labour Market Withstand the Global Economic Crisis?
- Global Economic Crisis and Agriculture Sector in Sri Lanka
- Economic Crises and Poverty: Special Focus on Sri Lanka’s Estate Sector
- Global Economic Crisis and Energy Dependence of Sri Lanka
- Global Financial Crisis: Regulatory and Policy Challenges for Sri Lanka

### Policy Briefs

- The Global Economic Crisis and Possible Impact on Sri Lanka's Health Sector
- Crises and Vulnerability: Improving the Nutritional Levels of Children
- Impact of the Global Economic Crisis on Migration and Remittances
- Global Financial Crisis and Microfinance in Sri Lanka
- Impact of the Global Economic Crisis on Sri Lanka's Fishery Industry
- Economic Crises and Sustainable Resource Management: Community Forestry in Sri Lanka
- SAARC Food Bank: Dealing with Food Insecurity during Crises
- The Global Economic Crisis and ICT