

Keeping Sri Lanka in the Growth Expressway

Welcome and Introductory Remarks – Dr. Saman Kelegama, Executive Director, IPS

It gives me great pleasure to welcome you all for the launch of the 2012 Sri Lanka State of the Economy Report prepared by the IPS research staff.

The State of the Economy Report of the IPS is the flagship publication of the Institute. It always attempts to provide a broad overview of the Sri Lankan economy while highlighting policy options to move the Sri Lankan economy forward to a higher growth trajectory with a human face. It is a widely quoted report by academics, private sector personnel, parliamentarians, and members of the Civil Society Organizations.

We started this as an annual publication in 1992. So this year we are celebrating the 20th year of publication of this Report. Every year the publication has a theme – they have varied from broad macro topics like ‘Post Conflict Economy’ to sectoral topics like ‘Plantation Sector’ to micro topics like ‘Empowering the Poor’. Last two years we examined Post Conflict Growth and recovery related issues.

2010 – We basically identified post-conflict development issues in the economy.

2011 – We focused on how to make the post-conflict growth more inclusive – especially looking at the labour force.

This year, 2012 – we focused on Sustaining the growth momentum and keeping Sri Lanka on the Growth Expressway.

In this year’s report, we acknowledge that high growth is essential and the recent high growth has pushed Sri Lanka to a lower middle income country. However, sustaining this growth momentum in the longer term is a challenge and calls for bringing about macroeconomic stability and raising Sri Lanka’s total factor productivity growth, i.e., efficiency with which workers and capital are used. With a dwindling working age population, higher long term growth will critically depend among other factors, on technological innovation and availability of a skilled, productive, and flexible work force. Moreover, regional disparities and inequalities could hold back sustained growth, thus this area also needs to be analyzed if growth is to be given a human face. These in fact are the key areas that receive attention in this report.

Each year, the report is planned in late January/early February and the preparation of the report is a collective effort by the entire research staff of the IPS. Each draft chapter is read by a senior researcher and goes through a rigorous refereeing process. The IPS Deputy Director is in charge of compiling the revised chapters, putting the manuscript together and then working on the Key Chapters – Policy Perspectives and Prospects for the Economy – which are the introductory and concluding Chapters.

Then the manuscript goes through another refereeing process via the Executive Director and two Senior Fellows – Once their comments are incorporated in the manuscript, it goes for editing, formatting and final publication. The production period of the report is between 6 to 7 months.

The report this year has 12 chapters. I take great delight in introducing the authors of these individual chapters.

3. Expanding Sri Lanka's Global Economic Reach – Ashani Abeysekera and Chandana Karunaratne assisted by Project Intern from the Department of Economics, University of Colombo, Nipuni Perera

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4. Reducing Inequality amidst Fast Growth – Ganga Tilekeratne, Ayodhya Galappatti, Roshini Jayaweera and Wimal Nanyakkara

5. Optimizing Natural Resources and Agriculture – Parakrama Samaratunge, Dilani Hirimthugoda and Kanchana Wickremasinghe

6. Maximizing Human Resources Potential – Nisha Arunatilake, Priyanka Jayawardena, and Samantha Bandara

7. Stimulating Innovation for Sustained High Growth – Anushka Wijesinha and Nethmini Perera

8. Reinforcing Growth with Better Institutions – Malathy Knight and Buddhika Brahmanage

Talking Economics Insight

9. Leveraging Migration and Development -- Roshini Jayaweera

10. Supporting Growth through Enhanced FDI – Raveen Ekanayake

11. Looking Beneath Global Ranking and SL – Anushka Wijesinghe assisted by Department of Economics, University of Colombo, Project Intern, Kausalya Attygalle

Appendix Tables – G.D. Dayaratne and Mufaris Mohommed

Finally, 1. Policy Perspective, 2. Macroeconomic performance, and 12. Prospects, and overall editing of the Report – Dushni Weerakoon

For refereeing the report, we had the support from Dr. Wimal Hettiarachchi and S.A Karunaratne

Until last year, the IPS State of the Economy report was launched with a press statement soon after it was published. However, since 2011 the report launch was combined with a one day Conference which we have named as the IPS Annual Conference. This became possible as a result of IPS winning a grant from the Think Tank Initiative which is supported by the IDRC Canada and other funders. We believe a conference of this nature could keep stakeholders up-to-date with economic information and disseminate such information to a wider audience. A conference of this nature also allows us to obtain a valuable feedback from a wider spectrum of stakeholders to further improve our report in the coming years.

We are delighted to have with us Prof. Tissa Vitarana, Senior Minister of Scientific Affairs as our Chief Guest at this conference. He was the Chief Guest last year too and I am sure he will find some of the Chapters where reference is made to R&D, patents, innovations, scientific skills, etc., useful for his own work in the Ministry.

Let me take this opportunity to thank the Think Tank Initiative of the IDRC without which we would not have been able to have this conference. In this context, I would like to record my particular thanks to Dr. Samar Varma, Head of the South Asian Region TTI for his presence at this event today. I would also like to thank all the panelists for accepting our invitation and being present here and thank the IPS research and support staff teams for doing all the organizational work for this conference.