



Wednesday 3rd of November 2021



HOME NEWS FEATURES SPORTS BUSINESS OPINION EDITORIAL FASHION

*BUSINESS*

# IPS' Sri Lanka: State of the Economy 2021 Report launched virtually

Published 3 weeks ago on 2021/10/13





The Institute of Policy Studies of Sri Lanka (IPS) hosted the first of a three-part webinar to launch its annual flagship report 'Sri Lanka: State of the Economy 2021' on Monday, October 2021. The first webinar was on 'COVID-19 and the Sri Lankan Economy: Fiscal Choices and Trade-offs'. It featured presentations by Dr Dushni Weerakoon and Dr Asanka Wijesinghe from the IPS with expert insights from Dr Missaka Warusawitharana, Fellow Economist, Johns Hopkins University, USA. Tharindu Udayanga from IPS moderated the discussion.

Dr Weerakoon stated that a V-shaped recovery is likely as predicted in last year's State of the Economy report. She noted that a growth rate of 4% this year will take the economy back to the pre-pandemic output level, but the challenge is to lift the growth rate to 5-6% to maintain that in the medium term. Debt monetisation is not the answer beyond it being a temporary measure; rather building policy credibility to firm up access to capital markets is critical. The government must commit to strengthen revenue mobilisation, reduce expenditure and improve the efficiency of existing expenditure, she said.

Dr Asanka Wijesinghe opined that Sri Lanka should capitalise on trade diversion resulting from the China-US trade war and increase both forward and backward global value chain participation. He explained that producing goods with a low comparative advantage and as such, import substitution is not an appropriate long-term policy for Sri Lanka, a country that does not have all the raw materials. The way forward is to step away from 'anti-trade bias', secure GSP+, integrate with GVCs and restructure existing regional trade agreements, Dr Wijesinghe outlined.

#### RELATED TOPICS:



##### DON'T MISS

Daraz celebrates 5 successful years of revolutionizing Sri Lanka in many ways than one

##### UP NEXT

Macroeconomic considerations have investors worried

#### YOU MAY LIKE

[CLICK TO COMMENT](#)