

This month's highlights:

- New IPS publication on *'Trade Policy Effects on Global Value Chain Participation of South Asian Countries: Implications for Bangladesh-Sri Lanka Trade Negotiations'* by Dr Asanka Wijesinghe and Chathurrdhika Yogarajah provide insightful findings on whether or not a preferential trade agreement between Sri Lanka and Bangladesh will be beneficial for development.
- Blog by Lakshila Wanigasinghe explains the gender disparities in Sri Lankan policymaking and proposes steps to increase female participation in Sri Lanka.
- Blog by Dilani Hirimuthugodage and Piyumi Rasangi calls for a robust Geographical Indication (GI) system by expanding local registration systems.
- Blog by Dr Asanka Wijesinghe examines the impact of the ongoing conflict between Russia and Ukraine on the Sri Lankan economy.
- 'Inside IPS' segment featuring Research Assistant Chathurrdhika Yogarajah.
- Latest videos featuring insights from Dr Asanka Wijesinghe on the 'EU Indo-Pacific Strategy Through Sri Lanka's Lens' and Dr Bilesha Weeraratne on the 'Impact of Rupee Float on Remittances to Sri Lanka'.

We hope you find this issue informative and welcome your feedback.

IPS Communications Team
communications@ips.lk

Saman Kelegama Memorial Research Grant 2022

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The Institute of Policy Studies of Sri Lanka (IPS) invites proposals for the Saman Kelegama Memorial Research Grant 2022.

The Grant was established in 2018 to honour Dr Saman Kelegama's legacy of independent research and public policy engagement in the arena of socio-economic development in Sri Lanka and the wider South Asian region. Dr Kelegama was the Executive Director of the IPS from 1995 to 2017.

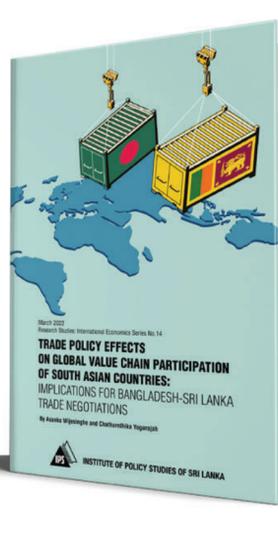
The Saman Kelegama Memorial Research Grant is an annual, merit-based grant awarded to an outstanding undergraduate student in a university in Sri Lanka. The Grant aims at promoting policy entrepreneurs amongst undergraduate students by encouraging policy-relevant, rigorous and innovative socio-economic research.



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Despite a crop of Free Trade Agreements (FTAs) in the South Asian region, intra-regional trade has not achieved the full potential predicted by gravity model-based analyses. The strategically used sensitive lists and complex Rules of Origin (ROO) are blamed for the underperformance. Notwithstanding this scenario, the countries in the region are in negotiations on more bilateral FTA/PTAs. Negotiations for a PTA between Sri Lanka-Bangladesh are one among these.

In this paper, the effect of the existing trade policy of the region on the South Asian countries' trade and its Global Value Chain (GVC) components are estimated to draw lessons for future trade negotiations, including the Bangladesh-Sri Lanka PTA. Then, as the next step, offensive lists are generated which can be used to bargain for concessions. In addition, the outcomes of empirical analysis (gravity model with the GVC components as dependent variables) and proposed ex-ante trade policy evaluation (producing offensive lists and partial equilibrium simulation) can be a basis for negotiation of any other future regional trade agreement (RTA).



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New Publication

Inside IPS

Special interview featuring:

Chathurrdhika Yogarajah

Research Assistant at IPS with research interests in macroeconomics and trade policy.

Q: Tell us about yourself and your role at IPS:

I am a Research Assistant working on macro and trade policy research at IPS. I hold a BSc (Hons) in Agricultural Technology and Management, specialised in Applied Economics and Business Management from the University of Peradeniya. I am currently reading for a Master's in Agricultural Economics at the Postgraduate Institute of Agriculture, Peradeniya.

Q: Tell us about your new publication co-authored with Dr Asanka Wijesinghe:

This study examines the effects of the existing regional trade policy on trade between South Asian countries. The global value chain (GVC) components are estimated to draw lessons for the proposed Bangladesh-Sri Lanka preferential trade agreement (PTA). We generated offensive lists which can be used to bargain for concessions. In addition, the outcomes of the empirical analysis using the gravity model with the GVC components as dependent variables and proposed ex-ante trade policy evaluation by the partial equilibrium simulation can be a basis for negotiation of any other future regional trade agreement (RTA).

Q: What are you currently researching?

I am engaged in three research studies on: (1) effects of import controls on Sri Lanka's exports and the economy during the pandemic; (2) the impact of GSP+ withdrawal on Sri Lanka's exports to the EU; and (3) a survey of stakeholder perceptions on China's Belt and Road Initiative in Sri Lanka.

Q: How might the recent import ban on certain 'non-essential goods' impact the Sri Lankan economy?

The gazette notification dated 09 March 2022 has imposed import restrictions on 367 non-essential items. Reduction in the availability of these items and the increase in the price are the sequels. There are firms and businesses which require these items for their production processes and other operations. Therefore, the government cannot define what is non-essential and essential. This may also harm the input supply and the export performance leading to market distortions, which will result in lower economic output and income levels, and higher unemployment rates.

Q: How do you assess the economic impact of the Russia-Ukraine conflict, especially on the food security of Sri Lankans?

Russia and Ukraine are two of the major exporters of wheat to Sri Lanka. They are also two important export destinations for our black tea. In addition, they export oilseed products such as soybeans and sunflower seeds, and oil. Due to the Russia-Ukraine conflict, there is inflationary pressure in the European market. But because of the foreign exchange crisis, currently, Sri Lanka is not in a position to face such unforeseen shocks. Therefore, now Sri Lanka should secure its access to the aforementioned food commodities by entering forward contracts and via negotiations.

Q: What do you enjoy most in your work?

I enjoy working with data; especially learning new methodologies and quantitative analysis. IPS provides a platform to develop policy recommendations ultimately aimed at improving the lives of all Sri Lankans.

Q: What are some of the challenging aspects of working as a researcher?

I would say the biggest challenge is to gain the attention of policymakers and to convince them on the required policy changes.

Q: Apart from your current field of research, what are your other pursuits?

My other pursuits include travelling and culinary art. I enjoy my free time exploring different cuisines.

Q: What other disciplines would you like to work on, given the opportunity?

I would also like to work on poverty and social welfare policy as this focuses on the social protection and well-being of citizens by upholding a certain standard of living for all.

Q: What is the one book you recommend to an aspiring economist?

Freakonomics by Steven D. Levitt and Stephen J. Dubner.

Blogs

Breaking the Bias: Increasing Women's Political Participation in Sri Lanka

By Lakshila Wanigasinghe

Although Sri Lanka elected the world's first female Prime Minister in 1960, over six decades later, the country's political arena continues to be male-dominated. Sri Lanka currently ranks at 179 out of 189 countries for the percentage of women in national parliaments. This is far below the country's South Asian counterparts. Women represent over 52% of the country's population, yet men continue to play a dominant role in the national legislature. Insufficient female representation is a prominent weakness in Sri Lanka's political landscape. The 2019 Presidential Election recorded the highest number of contestants in a Sri Lankan presidential election. Of the 35 presidential candidates, only one was female. With an overwhelming majority of the current administration being male, the current share of female members of parliament stands as low as 5.33%. This blog explores the gender disparities in Sri Lankan policymaking and outlines actionable steps to increase the share of women in politics.

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Geographical Indications (GIs) for Sri Lankan Products: The Need to Expand Local Registration

By Dilani Hirimuthugodage and Piyumi Rasangi

Sri Lanka obtained its first-ever Geographical Indication (GI) certification on 02 February 2022 for 'Ceylon Cinnamon' from the European Union following a nine-year-long struggle. Ceylon Cinnamon is now in the register of Protected Designations of Origin and Protected Geographical Indications (PGI) and it was published in the Official Journal of the European Union. Can we similarly market and protect distinctive Sri Lankan products such as Ceylon Tea, Ceylon Blue Sapphire, Ruhunu Curd, Dumbara Mats, Ambalangoda Masks and so on? Yes, marketing and protecting geographically unique products are possible by implementing a robust GI system with local registration to support obtaining international registration and protection.

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Russia-Ukraine Conflict: Economic Implications for Sri Lanka

By Dr Asanka Wijesinghe

The Russian invasion of Ukraine deepens the existing global economic woes – persistent supply chain bottlenecks and associated rising inflation – clouding the prospects of a smooth economic recovery from the pandemic. The ongoing military conflict in Europe could not have come at a worse time for Sri Lanka given its own prevailing high inflation, rising energy costs, and scarcity of foreign exchange. Against this backdrop, this article discusses the economic impact of the European conflict on Sri Lanka, the sectors that will be hit hard, and ways to mitigate the negative impact.

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Dr Bilesha Weeraratne | 'Impact of Rupee Float on Remittances to Sri Lanka'

Sri Lanka has been struggling to attract worker remittances in recent months. How will the decision to float the rupee impact remittances to Sri Lanka?

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Dr Asanka Wijesinghe | 'EU Indo-Pacific Strategy Through Sri Lanka's Lens' Conference

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