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Boosting of exports only way to reach 6%-7% GDP growth: CB Governor

Without export transformation, Sri Lanka will not be able to achieve its potential growth rate. Exports are the only way to reach 6%-7% GDP growth, says Central Bank Governor Dr. Indrajit Coomaraswamy.

Increasing revenue through exports is the only way out from the debt position the country is trapped in now. "We can raise money and do our best for the country. But that is merely buying time - not solving the problem. That is the way to buy time and create space for the exporters to do their work," he told a CEOs meeting organised by the National Chamber of Exporters last week. "Now it is up to the government to create a policy

framework by giving a competitive exchange rate."

Para tariff is one of the issues why we have not been able to penetrate regional and global supply chain which is the most dynamic component of the international trading system. When there's para tariff between exports and imports you are not competitive. The government is taking off a lot of para tariff and with para tariff being eliminated the regional and global supply chains more aggressively and be a part of cross border production networks," he added. It is encouraging that in 2017 and 2018 in absolute terms exports reached record levels and the export sec-

tor is improving. However, the sector needs to speed up while the government should show more consistency and predictability in terms of providing policy framework to build the economy, Dr. Coomaraswamy said.

The governor told the exporters to look at the massive potential in terms of markets, supply chains and regional and global production networks. "Our potential is huge. That's why people are going to lend 10-year



Dr. Indrajit Coomaraswamy

money to us even now, despite all other issues. They look at the potential of the country and the access we have to large growing economies within 20 miles, access to Middle East, ASEAN, East Africa and China. We are also sitting on China's Silk Route."

Exports came down from 32% of GDP in 2000 to 12-13% of GDP in 2014/15. Today, Export performance is improving and the National Export

Strategy (NES) would further encourage exporters to step up their exports. "In my view it is a good one. The government's trade policy and trade agreements are encouraging. I am a big fan of trade agreements. I still have difficulty in understanding why people have such a problem with it. I mean they need to be negotiated very, very vigorously to ensure that our interests are met."

"The Singapore Agreement is one of the best agreements a South Asian country has made. "But we have problems with it. I still have not seen anything in the agreement to say that professionals are coming. May be I am not reading it properly," he said. The governor said that the dis-

cussions on trade policies and agreements should be based on evidence and facts and emotions should be kept out. If Sri Lanka is able to complete the negotiations with China and also able to improve the goods, services and investments agreement with India, Sri Lanka would be the only country with preferential access to India, China and Europe under GSP. "Hope we will not lose GSP," he added. "Provided we have GSP and complete negotiations with China, there is no other country with preferential access to those three markets and there are a very few countries in the world with the location advantages we have," he said.