

Sri Lanka getting poorer: ESCAP

Sri Lanka faces the risk of getting poorer both in the short and long term, according to the [Economic and Social Survey of Asia and the Pacific \(ESCAP\) 2008](#) in its 60th report. 'Thailand and Vietnam would also reduce the incidence of poverty as would Indonesia and the Philippines. Poverty would however increase in Bangladesh, India, the Russian Federation and Sri Lanka in both the short and long run. India would suffer the most with 7.2 mn new poor due to the negative impact on the real wages of the unskilled labourers,' it says.

Chronic neglect of the agricultural sector in Asia and the Pacific is condemning 218 million people to continuing extreme poverty, and widening the gap between the region's rich and poor, according to the report. "Governments must show greater political will to address decades of policy neglect and failure in the agricultural sector," said Noeleen Heyzer, UN Under-Secretary-General and the Executive Secretary of ESCAP.

"It is simply unacceptable that at a time when the economic growth of Asia and the Pacific has surpassed all expectations, we are not doing all that we can to improve the lives of more than 200 million people living in such poverty."

This year's survey, entitled "Sustaining Growth and Sharing Prosperity," says 218 million – a third of the region's poor, largely living in rural areas – could be lifted out of poverty by raising agricultural productivity.

The survey also calls for a comprehensive liberalisation of global trade in agriculture, as this would take a further 48 million people out of poverty in the region.

"Agriculture provides employment for 60 per cent of the working population, mostly poor, in Asia and the Pacific, but decades of neglect by policy-makers have weakened the sector's capacity to lower poverty and inequality," said Ravi Ratnayake, the director of ESCAP's Poverty and Development Division, which produces the Survey.

"Growth and productivity in agriculture have been slowing, and the 'green revolution' that boosted agriculture yields in the 1970s has bypassed millions

Sri Lanka's GDP growth in 2007 remained strong despite high international oil prices and an unsettled security situation. The country's gross domestic product (GDP) is estimated to have grown by 6.7% in 2007, down from 7.7% in 2006.

Growth in the industrial and services sectors slowed slightly, but these sectors still expanded by over 7%. Agricultural growth fell sharply due to adverse weather conditions. On the demand side, investment rose and is estimated to have reached 29% of GDP in 2007, compared with 28% in 2006.

Sri Lanka's GDP growth is likely to remain about 7% in 2008, with productivity improvements in all three sectors of its economy.

Several large planned infrastructure projects are expected to boost aggregate demand and output if speedily implemented. But the outlook for Sri Lanka remains vulnerable to any further escalation in the country's ethnic conflict, the report said.