

Q. Discuss the reasons behind Sri Lanka crisis and its impact. 10 Marks

The 21st century world is impacted by the rising threat of neo-imperialism, capitalism, global epidemics like COVID and distorting trade policies and protectionism highlighting the failure of WTO.

Therefore, countries like Sri Lanka are facing civil unrest guided by above factors.

[A Map of South Asia and Sri Lanka showing the effect of globalization on Sri Lanka like trade, etc.]

Sri Lanka Crisis has been the result of various socio-economic and global factors:

- Domestic Factors – (a) Poor federal government. (b) ethnic conflicts between groups like Sinhalese and Tamils, Christians and Muslims. (c) Poor Government policies like converting whole country into an organic farming country to cut fertilizer costs. (d) High corruption and over-trust on China.
- Global Factors – (a) COVID and destruction of Tourism Industry. (b) Protectionism in Europe and USA which were the major markets for Sri Lanka. (c) Chinese debt trap looting their FOREX reserves.

Therefore, since 2021, Sri Lanka faces the problems related to:

- Oil and Natural Gas
- High inflation
- Joblessness
- Ignorance by Government
- High inequality
- The Sri Lanka crisis provides awareness to the world countries regarding China's One Belt One Road policy and a lesson to the G7 and G20 countries that they should try to revive the Doha deadlock of WTO. Even moving away from the policy of protectionism.
- Further the Japanese concept of Asia Africa Economic Corridor provides hope to revive the economy of these nations.