

Economic Development, Openness to Trade and Environmental Sustainability in Sri Lanka

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Understanding the impact of economic development and trade liberalization policies on the environmental quality is becoming increasingly important as many environmental problems such as global warming, depletion of ozone layer have reached undesirable levels. Especially in developed countries sustainability of the environment is now among the priority policy items. As indicated in the very recent original report, Environmental Sustainability Index (2002), environmental sustainability can be thought to have five important dimensions: (1) the state of the environmental systems, such as air, soil, ecosystems and water; (2) the stresses on those systems, in the form of pollution and exploitation levels (reducing stresses); (3) the human vulnerability to environmental change in the form of loss of food resources or exposure to environmental diseases; (4) the social and institutional capacity to cope with environmental challenges; and (5) the ability to respond to the demands of global stewardship by cooperating in collective efforts to conserve international environmental resources such as the atmosphere.

Then, environmental sustainability can be defined as the ability to produce high levels of performance on each of these dimensions in a lasting manner. Given this very important data set on the sustainability of the environment we are living in, we will try to identify present conditions of Sri Lanka as well as developed and developing countries, in a comparative way, with respect to overall environmental sustainability index together with the five core components listed above. As the data is provided in a disaggregated format, we will be able to provide interesting and important details not only regarding the current level of core components such as the state of environmental systems, stresses on this system, social and institutional capacity, but also regarding their subcomponents such as air and water quality, pesticide use, soil degradation, deforestation, basic human sustenance, science and technology capacity, civil and political liberties, international commitment etc.(there are 68 such variables). Additionally, the interactions between economic development, openness to international markets and the environmental sustainability in Sri Lanka will be identified comparatively. Understanding the impact of economic development and trade liberalization policies on the environmental quality is becoming increasingly important as general environmental concerns are making their way into main public policy agenda. This is especially important nowadays as the environmental consequences of human activities exceeded certain limits and cannot be considered as negligible. On the other hand, economic development and trade liberalization are among the top priority policies in Sri Lanka as in many other countries. Thus, it is worth studying environmental consequences of economic development and more openness to trade.

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