

Impact of bilateral and multilateral trade agreements on Sri Lankan economy

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A developing country can involve in international trade with developed countries and developing countries through bilateral and multilateral trade agreements. Liberalization made Sri Lanka more open to international relations based on multilateral and bilateral trade agreements.

The study problem based on analysis to identify the impact of multilateral and bilateral trade agreements on the economic development of Sri Lanka with the objective of assessing various policy measures taken by the government to develop external trade of the country. Research was mainly based on primary data gathered through interviews from relevant institutions for international trade agreements and secondary data from various sources.

Multilateral and Bilateral trade agreements create benefits by increasing imports and exports of goods. In addition to creating a more liberal trade environment, they contributed to the provisions and charters creating rules for employment, commodity agreements, restrictive business practices, international investments, technology and services. And also trade agreements are seen as having a positive impact on economic growth in Sri Lanka.

Findings recognized some negative impacts of multilateral and bilateral trade agreements on Sri Lankan economy. They have affected the small scale industry and domestic products, inflation as well as food consumption patterns in Sri Lanka.

Key words: Bilateral, Multilateral, Trade, Inflation, Domestic demand, Consumption

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