

## Globalization, Export-led Industrialization and Economic Growth: Evidence from Sri Lanka's Experience

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**Abstract:** Globalization plays a major role in developing countries in the process of export-oriented industrial transformation. Sri Lanka was the first country in the South Asian region to adopt, rather fully, a liberal outward-looking policy package. The promotion of foreign investment, especially in export-oriented manufacturing, has been pivotal to Sri Lanka's market-oriented liberal reforms since 1977.

This study examines the export-led industrial transformation, which has taken place since the 1977 policy reforms, and which has led to the acceleration of overall growth in Sri Lanka. The study shed some light on the process of export-led industrial transformation in Sri Lanka and its potential contribution to overall growth. A simple growth model is used to analyze the impact of foreign direct investment (FDI) on the gross domestic product (GDP). The study also brings together fragmentary evidence on the subject from the limited available studies to document and evaluate the export-oriented economic performances.

The Sri Lankan experience over the past three decades shows that export-oriented industries have become the visible growth-oriented sector in the Sri Lankan economy since 1977. The study supports the argument that export-led industrial transformation has stimulated overall growth in Sri Lanka. Export-led industrialization has effectively ended Sri Lanka's historical primary commodity dependence.

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