

# Farming 'wokeness' and Sri Lanka's economic crisis

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**T**he sudden transition to organic farming was the final blow that contributed to the ongoing economic crisis in Sri Lanka.

The unprecedented economic crisis in Sri Lanka has been doing the rounds across mainstream media, academia, policy circles as well as the global political dispensation. From the recent resignation of Mahinda Rajapaksa from the post of Prime Minister to the appointment of the new Prime Minister, Ranil Wickremesinghe, new dynamics are unfolding in the island nation almost every day, making it a challenging task to keep track of the political and economic effects of this conundrum.

Sri Lanka has a long history of economic challenges, which includes the repercussions of the 30-year long civil war in the country, successive loans from the International Monetary Funds (IMF), the excessive increase of money supply in an attempt to douse its fiscal deficits—the economy's money supply has increased by approximately 42 percent in the last four years, deep tax cuts that were enacted a few months before the pandemic hit, and, of course, the soaring external debts that the country owed to other powers such as China and Japan. However, the myopic switch to organic farming in Sri Lanka could be declared as the final nail in the coffin that led to a series of economic disasters which will remain a lesson in the history of agricultural policy, especially for the Global South.

## Organic farming

After the 2019 Presidential Election, the newly appointed President Gotabaya Rajapaksa outlined a 10-year vision for transition into complete organic farming in Sri Lanka.

According to a report in News18, it was based on the advice of an Indian environmentalist and anti-modern agrarianism activist, Vandana Shiva, and her organisation Navdanya International, that the Sri Lankan government decided in April 2021 to completely ban the import of agrochemicals to mitigate



the health impacts of chemical fertilisers and pesticides in farming, and also to promote eco-friendly sustainable agricultural systems. This was also a measure to keep a check on Sri Lanka's rapidly depleting foreign exchange reserves from various imports at that point.

Even though the transition towards organic farming seemed like an environmentally sustainable step forward, the sudden switch was a time bomb waiting to explode. As the new methods of production seemed to be more expensive with lower yields, this unprecedented agricultural policy led to serious impacts on the Sri Lankan economy. Twenty percent of rice production fell, leaving nearly 33 percent of its agricultural land unused and increasing rice prices by 50 percent in about seven months. This disrupted the economy's earlier achieved self-sufficiency in rice production, and they had to import rice from countries such as Myanmar and China to derail the impending food crisis in the economy.

The conditions got so bad that the country had to import rice, sugar, and various other commodities including intermediate goods. The tea industry which was a major commodity of exchange incurred losses to the tune of US\$ 425 million which further worsened the foreign exchange situation in the economy.

The foreign exchange crisis was further aggravated by a host of other reasons that unfortunately played themselves during the same period leaving no time for any economic recovery. The economy lost foreign exchange reserves due to a

series of coordinated suicide bomb blasts by Islamist terror groups, which took a toll on the tourism sector months before the outbreak of the pandemic. The tourism sector, which accounted for nearly 10 percent of its GDP and was also the third-largest foreign exchange earner, was hit hard, resulting in a dramatic decline in total revenues by a whopping 81 percent from 2019 to 2020. The situation was further worsened due to the ongoing war between Russia and Ukraine leading to a worldwide supply chain issue.

## Sustainable Development Agenda

Indeed, the Sri Lankan crisis teaches us two very important lessons in the domain of developmental policies that the world is undertaking in current times. Firstly, the contemporary Sustainable Development Agenda has its flaws, where one aspect of development often induces a negative externality to another. For instance, in terms of the UN Sustainable Development Goal framework, there is no doubt that knee-jerk policies on organic farming will help advance the targets of SDG 13 (Climate Action), but will put a huge burden on achieving SDG 8 (Decent Work and Economic Growth)—as evident from the Sri Lankan case. The SDG framework is presented with some inherent challenges that not only make it difficult to operationalise directed policy action, but also the comprehension of their outcomes.

Secondly, Sri Lanka is a classic case of how a one-size-fits-all approach toward sustainable devel-

opment is detrimental to inclusive progress. Not all policies can be absorbed at the same pace for developing nations in comparison to the Global North. This is mainly because of the resource gap in the foundations of the economy. For example, when organic farming was introduced to Sri Lanka, the sudden transition was extremely problematic due to the lack of farming infrastructure, dependence on imported agrochemicals, lack of access to modern techniques, and agricultural illiteracy amongst others. The transition would undoubtedly be easier (if not seamless) in an advanced economy in comparison to Sri Lanka.

In November 2021, the ban was lifted following the backlash from the industry due to reduced productivity, soaring inflation, and therefore continuous protests to abandon the policy. Despite this step, the country experienced a sharp increase in prices for all commodities, as farmers were unable to access imported fertiliser due to dwindling forex reserves.

In response, Sri Lanka's closest neighbour, India, delivered 100 tons of Nano Nitrogen liquid fertiliser to Sri Lanka immediately after. However, as evident now, lifting this ban was not quite helpful in saving the island nation from the mess it had already run into. Now, it is time to tell how Sri Lanka charts out its recovery in the next few months, and more importantly provide lessons to the entire South Asian neighbourhood on the policy directions to take in the post-pandemic recovery phase.

- Observer Research Foundation



Shortage of fertilizer hampers paddy harvest

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