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RESEARCH ARTICLE

HOW SRI LANKAN FOOD EXPORTERS CAN CAPITALIZE COVID-19 AFFECTED WORLD ECONOMY

Werawatta, Rangamini

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Abstract

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Introduction:-

The current world economy has created an immense number of opportunities for businesses to capitalize. World has become a global village with a population of 7.7 billion people as at 2019 (United Nations, 2019). This concept of globalization creates a market of over 7 billion customers for any business to tap in to and seize. According to World Bank, the global economic growth is projected at 2.5% in 2020 and inflation in low-income countries has dropped to 3% in mid-2019 (World Bank, 2020). The latest developments with COVID-19 pandemic spreading across the world at rapid speed and countries and economies going in to locked downs, the world economic growth will be further reduced and inflation will be increased and there will be a recession. The World Bank identifies 04 areas that should be focused in year 2020 (World Bank, 2020);

1. Increasing productivity growth
2. Addressing price control measurements in emerging markets
3. Rapid debt builds up
4. Inflation in low income countries

With regards to the above factors, what can be noticed is that there is a need for production and manufacturing of food related products as there are more mouths to feed and people are looking for affordable and quality food products which caters to their budgets and preference. As the world has become globalized the geographic location or distance is no longer a barrier for selling, purchasing or distributing products. As the price control measurements, trade barriers are considered to be lifted off or relaxed in many countries to open the economy for foreign companies, Sri Lankan Food Exporters can capitalize the present economic condition and environment.

During the last two decades, globalization was very rapid due to the advancements in transportation and communication technology and removal of trade barriers between borders and nations has formatted global markets very feasibly and quickly. Though there are cultural and social factors are associated, globalization is considered mainly as an economic process of integration and interaction where goods, services, technology, economic resources and even data can be involved in globalization (Albrow& King, 1990).

The access to food is a basic human right and food is considered one of the most basic and required need for humans (United Nations, 1966). As the world has become industrialized, the more focuses have been on technological advancements and traditional industries such as food manufacturing is not the primary focus of many countries. Therefore, most food related products are imported to countries which creates an opportunity for Sri Lankan Food Manufacturers to go international and food exporters to capitalize the global market.

Since Sri Lanka is a member nation of the United Nations (UN) and South Asia Association for Regional Cooperation (SAARC), there are many opportunities Sri Lankan companies can explore through the foreign trade agreements between Sri Lanka and other countries. Sri Lankan Food Exporters can utilize such opportunities through the Export Development Board of Sri Lanka when going global with its operation which will provide the company tax relaxations, concessions and trade relations and Government security and assurance.

As the transportation has developed immensely with air and sea, the logistical services operating world-wide connecting Sri Lanka with other economies, Sri Lankan Food Exporters can benefit from these latest developments. This provides the companies fast distribution channels and affordable prices for logistical services and deliveries. The strategic location of Sri Lanka and access to trade routes is an advantage Sri Lankan Exporters can capitalize in international trade.

The current world economy has created companies based on technological platforms such as Amazon who provides retail and logistical services on behalf of other companies globally. Sri Lankan Food Exporters can also explore such partnerships and strategic alliances when setting up their operations globally.

One aspect of globalization is the localization of products. The current economy has created opportunities for foreign companies to enter into foreign markets and localize their products according to the country's preference, cultural and social conditions as well. Sri Lankan Food Exporters can utilize such approaches during their global expansion.

Technology also plays a vital role in current world economy. It has created a bridge between the consumers and manufacturers cutting the middleman. Online stores provide consumers access to directly purchase products from the manufacturer bypassing retailers, whole sellers and distributors. This drastically lowers the cost and affects the price of the product. Also, this provides direct insight to customer needs, preferences and requirements which is vital information for a company in product development and marketing strategies. Sri Lankan Food Exporters can capitalize this opportunity in using technology for their global expansion.

The world is currently facing a global crisis with COVID-19 epidemic. The World Health Organization has declared COVID-19 as a global pandemic and many countries have gone to lockdown (World Health Organization, 2020). The global economy is also affected due to this situation as many countries have locked down their country and economy declaring a state of emergency. Many people are trapped inside their houses. Manufacturing is decreased and people will require food products for consumption and many countries which manufactured food products are affected drastically by COVID-19 pandemic. Sri Lankan Food Exporters manufacturing products with over a period of one year or more life time, will be able to support the countries with food shortage at this point.

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