

# **SOUTH ASIA DISCUSSION PAPERS**

## **THE 2020 PARLIAMENTARY ELECTION: THE ROAD AHEAD FOR SRI LANKA**



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The Institute seeks to promote understanding of this vital region of the world, and to communicate knowledge and insights about it to policymakers, the business community, academia and civil society, in Singapore and beyond.

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South Asian Discussion Papers

The 2020 Parliamentary Election: The Road Ahead for Sri Lanka  
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# CONTENTS

<b>Introduction</b> Roshni Kapur	<b>2</b>
<b>The 2020 Parliamentary Election: The Road Ahead for Sri Lanka</b> Sashikala Premawardhane	<b>5</b>
<b>Parliamentary Election 2020: Impact on Domestic Politics</b> Chulanee Attanayake	<b>17</b>
<b>Off to Pastures New? Impact of the Parliamentary Election on State-Society Relations</b> La Toya Waha	<b>29</b>
<b>Sri Lanka: Economic Challenges for the New Government</b> Amitendu Palit	<b>39</b>
<b>Sri Lanka's Parliamentary Election: International and Security Challenges for the Rajapaksa Government</b> Asanga Abeyagoonasekera	<b>48</b>
<b>About the Authors</b>	<b>60</b>

## Introduction

*Roshni Kapur*

The Gotabaya Rajapaksa government won a landslide victory in the Sri Lanka general election in August 2020. While his administration's victory was expected, securing a two-thirds majority was arguably historic and unprecedented. This election was also a milestone, given that the two oldest major political parties in the country – the United National Party (UNP) and Sri Lanka Freedom Party (SLFP) – were relegated to the background. Rather, their breakaway factions, Gotabaya's Sri Lanka Podujana Peramuna (SLPP) and Samagi Jana Balawegaya (SJB) led by Sajith Premadasa, were the frontrunners. While the SLPP secured 145 seats, the SJB won 54. The UNP, led by former Prime Minister Ranil Wickremesinghe, contested separately from its partner from the previous election, the SLFP, and only won one seat in the new parliament. The SLFP was strategic in forming a loose alliance with the SLPP since they had a similar vote base. Hence, some of its former members were able to enter parliament.

*While his administration's victory was expected, securing a two-thirds majority was arguably historic and unprecedented.*

The key themes of national security, centralised leadership and economic development which dominated the parliamentary polls were similar to those that were brought up during the 2019 presidential election. The government's 'honeymoon period' enabled it to leverage its high political capital following two successive victories in 2019 (presidential election) and 2018 (local elections). Despite the risks posed by the outbreak of the COVID-19 pandemic, the government decided to hold the parliamentary election when its popularity was at an all-time high. It managed to convince voters that it has been receptive to their key issues and plans to include them while proposing bills in the legislature.

The Institute of South Asian Studies (ISAS) at the National University of Singapore and Konrad Adenauer Stiftung (KAS) Regional Programme Political Dialogue hosted an online panel discussion on 'The 2020 Parliamentary Election: The Road Ahead for Sri Lanka' in August 2020. The panel of expert speakers examined the political, economic,

security and social challenges confronting Gotabaya's government following the parliamentary election. This series of papers written by these speakers is an outcome of the ISAS-KAS joint panel discussion.

*The domestic economic recession is expected to aggravate macroeconomic vulnerabilities in Sri Lanka and its external sector.*

The new government faces several key challenges. It will need to address economic imperatives, including both domestic and external macroeconomic challenges. Although Colombo has a lower incidence of COVID-19 infections compared to its South Asian neighbours, the pandemic has resulted in a deeper economic contraction for the country. This is not unexpected in light of the economic ravage the pandemic has created across the world. The domestic economic recession is expected to aggravate macroeconomic vulnerabilities in Sri Lanka and its external sector. The island state holds high external debt to international creditors with significant debt service obligations. The economic contraction could adversely impact the administration's ability to service its external debt.

On the foreign policy front, the government wants to adopt an Asia-centric foreign policy and strengthen multilateral cooperation with regional groupings such as the South Asian Association for Regional Cooperation and the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation. It has created a new post of State Minister of Regional Cooperation. The appointee, Tharaka Balasuriya, is tasked with helping the state strengthen trade relations with Asian countries and regional associations. Sri Lanka's new Foreign Secretary, Jayanath Colombage, said soon after assuming duties that Colombo will focus more on its ties with Asia and reorient its policies which were previously Western centric. Amid its reorientation, the new administration is likely to prioritise India's interests where strategic and security issues are concerned, and China for its economic and development needs. Simultaneously, it wants to maintain an equidistant foreign policy and not get caught in the middle of a geopolitical competition in the Indian Ocean. The government's reorientation reflects a change in the balance of power that is moving eastwards.

There are also challenges to social cohesion, communal harmony and state-society relations. The trend of polarisation along ethnic and communal lines was evident in this election too. The voting patterns suggested a divergence in key priorities for the Sinhalese-dominated districts and the minority-dominated ones. The government will need to restore and build public confidence in the state – necessary for long-term stability, social cohesion and public security. Having withdrawn from the 30/1 United Nations resolution co-sponsored with the United States, the Sri Lankan government will also need to engage minority groups by addressing accountability and reconciliation issues through a home-grown mechanism.

*The voting patterns suggested a divergence in key priorities for the Sinhalese-dominated districts and the minority-dominated ones.*

The newly-elected Gotabaya government faces several challenges on the domestic and foreign policy fronts. These challenges are by no means insignificant and will test the administration in Colombo. The overwhelming majority that the Gotabaya government received in the election on the heel of the presidential victory reflects Sri Lankans' belief that the government will address the challenges facing the country. It is now time for the government to deliver on its promises.



# The 2020 Parliamentary Election: The Road Ahead for Sri Lanka

*Sashikala Premawardhane*

## Summary

*Sri Lanka's parliamentary election in August 2020 saw the emergence of two newly-formed political parties vying for supremacy and, therefore, could be considered a significant break from the past. The Sri Lanka Podujana Peramuna (SLPP), the party represented by President Gotabaya Rajapaksa, emerged victorious, securing a two-thirds majority. A better than expected 71 per cent voter turnout was recorded at the parliamentary election, which was significant, as the election was held amid the COVID-19 pandemic with extensive health guidelines stringently imposed by the government.*

*Gotabaya has advocated "out of the box thinking" in order to meet the country's economic challenges. The idea is to create a people-centric economy, with a focus on strengthening the local economy, increasing export income and attracting foreign direct investment (FDI).*

*The strengthening of national security and the re-establishment of an environment where all citizens can live freely without any fear, has been identified as a key priority of the government.*

*The strengthening of national security and the re-establishment of an environment where all citizens can live freely without any fear, has been identified as a key priority of the government. It is expected that pre-emptive action will be taken against religious, ethnic or other forms of extremism from taking root in the country to ensure that every citizen, regardless of ethnicity or religious belief, is able to live without fear in Sri Lanka.*

*The president has advocated a foreign policy based on neutrality, mutual friendship and trust among nations. Sri Lanka has a long history of cooperation with the international community. Given its geo-strategic location in the Indian Ocean, the island nation is of significant interest to many players. However, the government has reiterated that it does not want Colombo to turn into a playground*

*for power struggles among the major powers. There is also renewed vigour and interest within the international community to work with the new government. Sri Lanka's challenge will be to ensure that it derives what is best for itself in a globally challenging situation.*

## Introduction

The results of the parliamentary election in August 2020 present Sri Lanka with a historic opportunity. Sri Lanka has a robust democratic process and, time and again, the people, exercising their franchise, have voted in governments to represent them. Basically, power has vacillated between the Sri Lanka Freedom Party (SLFP) [Centre – Left] and the United National Party (Right Wing – Centre Right). There have been coalitions, but many of them have been built around these two main political parties of the country. The recently-concluded parliamentary election, however, saw the emergence of two newly-formed political parties – the SLPP and Samagi Jana Balawegaya – vying for power and, therefore, could be considered a significant break from the electoral past. Whilst they revolved around prominent personalities that belonged to the two main political parties, nevertheless, there are significant changes in the platforms that the two new parties represent.

*Whilst they revolved around prominent personalities that belonged to the two main political parties, nevertheless, there are significant changes in the platforms that the two new parties represent.*

The parliamentary election saw the SLPP, the party represented by President Gotabaya Rajapaksa, emerge victorious, obtaining 59.09 per cent of the total valid votes cast and securing 145 out of a total of 225 seats. Together with candidates that contested with the SLPP alliance, it has a two-thirds majority in the parliament. This was said to be impossible to achieve with the existing electoral system of proportional representation.

A better than expected 71 per cent voter turnout was recorded during the election. This is significant since the election was held amid the global COVID-19 pandemic. Extensive health guidelines were stringently imposed and followed. The election was praised as free and fair by all the political parties, including the main opposition

party and the international community. It was the first election to be held successfully amidst the pandemic in South Asia.

The results of the parliamentary election must be analysed by considering the period from the presidential election in November 2019.

### **The New President**

Gotabaya was elected as the seventh executive president of Sri Lanka in November 2019 with over 6.9 million votes, which accounted for over 52 per cent of the total valid votes cast.

*One of the main expectations of people who voted for the president is the introduction of a new political culture in the country.*

One of the main expectations of people who voted for the president is the introduction of a new political culture in the country. The president was supported in his campaign by professionals representing diverse fields. His campaign has been recognised as the world's first carbon neutral election effort by the Sustainable Future Group and certified by the United Nations (UN) Framework Convention on Climate Change. He decided to hold more than 150 public rallies without using polythene, posters, banners or cut-outs and nullify the carbon emitted for rallies by planting a requisite number of trees in the lead-up to the presidential election. Even though hailing from an influential political family, Gotabaya was not involved in active politics prior to being nominated as the presidential candidate by the SLPP. His track record as the Secretary to the Ministry of Defence and the Ministry of Urban Development during Mahinda Rajapaksa's tenure (2005-2015) was also exemplary and positioned him in the minds of the general public as a result-oriented leader and technocrat. In particular, he is credited with ending a 30-year-long conflict with the Liberation Tigers of Tamil Eelam (LTTE) and in changing the landscape of Colombo, modernising urban spaces, addressing long-standing issues of waste management and flooding, and creating a more liveable city. By 2014, the landscape of Colombo saw a phenomenal positive change. These factors propelled the president to the forefront as a leader who could make things happen.

## The New President's Achievements in the Run-up to the Parliamentary Election

The period from November 2019 till the parliamentary election in August 2020 was extremely difficult and challenging. Sri Lanka was just beginning to see signs of recovery following the disastrous Easter Sunday attacks in April 2019. The outbreak of the COVID-19 pandemic resulted in an unprecedented global economic decline and travel restrictions. Sri Lanka, as a country with a high dependence on tourism earnings, foreign worker remittances and exports of garments and other merchandise, was also adversely affected.

Despite the difficulties, the government's response to the COVID-19 pandemic was swift and effective. While the country was put in a lockdown by the end of March 2020, by the beginning of July 2020, the government decided to lift these restrictions. By August 2020, Sri Lanka was able to hold the parliamentary election, making it only a few countries (like Singapore) to do so.

Decisions such as involving the defence forces to be a major actor in the COVID-19 task force proved useful as no other state institution had the manpower and rapid reaction capability to fight against the spread of the pandemic. The trust the president had placed on the national healthcare system to initiate domestic solutions was hailed as a positive approach, which aided the confidence of the healthcare officials. All in all, if the COVID-19 pandemic was a litmus test for the new government, it passed the test with flying colours. The successful containment of the COVID-19 pandemic in Sri Lanka yet again cemented the president's image as a result-oriented leader and a technocrat. The caseload was 2,918 confirmed cases as at 21 August 2020, of which 2,765 had recovered. The mortality rate remained low at 11 individuals.

*The successful containment of the COVID-19 pandemic in Sri Lanka yet again cemented the president's image as a result-oriented leader and a technocrat.*

There were other achievements too during the pandemic-affected past few months. Sri Lanka's exports surpassed the US\$1 billion (S\$1.4 billion) mark in July 2020. The government did a commendable

*Essential services were extended during the lockdown period so that the public could stay at home and minimise the spread of the disease.*

job in helping companies in the garment and other manufacturing sectors by providing direction and creating opportunities to export masks and healthcare protective equipment in considerable volumes. The government was successful in enabling new export products such as poultry to make inroads into markets in the Middle East. The garment industry quickly adapted to producing personal protective equipment and surgical masks. The Sri Lankan airlines continued to run cargo operations to selected destinations, including Singapore. Tax concessions targetting local entrepreneurs were provided. Interest rates were brought down to encourage businesses to invest. Competitive imports were restricted in order to protect local entrepreneurs and industrialists. Other fiscal measures were also taken by the central bank – suspending loan repayments and launching a concessional refinancing programme for activities affected by the pandemic, committing financing for quarantine and containment measures and the setting up of a separate fund under the president to which donors could contribute. Essential services were extended during the lockdown period so that the public could stay at home and minimise the spread of the disease. An early lockdown, as well as testing, tracing and containing all infected persons contributed to the success of the measures taken by the government.

The overwhelming victory of the SLPP in the parliamentary election should, therefore, be analysed against the backdrop of the performance of the government in the last nine months.

Despite the economic woes caused by the spread of the COVID-19 pandemic, the general public overwhelmingly voted in favour of the political party represented by the president. This is an indication that the president's handling of the pandemic situation in the country has been widely recognised.

The president's approach towards canvassing support for his party during the parliamentary election justified his promise of introducing a new political culture, where he did not address any rallies but met with people and listened to their needs. As mentioned earlier, the

government undertook immense efforts to conduct a campaign which was environmentally friendly.

There also appears to be a gradual change in voting patterns in the North and East of the country. The SLPP and its allies made gains in the provinces in these regions which came as a surprise to many.

The Tamil National Alliance secured 10 seats in the northern electoral districts. However, its support base declined compared to the previous parliament in which it had 16 seats. Interestingly, the Eelam's People Democratic Party (EPDP), led by Douglas Devananda, a supporter of the SLPP, secured two seats. The SLPP won a parliamentary seat in the Jaffna District. Both the EPDP and SLFP, although contesting separately, were part of the SLPP alliance. Rathnapriya Bandu, a retired military official who previously headed the rehabilitation programme of ex-LTTE combatants, also contested at the general election. Although he could not secure a seat in the parliament, he was able to secure a significant number of votes in the Vanni district under the Northern province, which has a predominantly Tamil and Muslim population.

Therefore, the SLPP and its allies gained ground in the Northern and Eastern provinces, indicating a sense of confidence in the current government which did not perform well in these provinces during the presidential election. It is also an indication that voters in these two provinces want to move forward with economic and social development.

Key cabinet portfolios have been assigned to several Tamil and Muslim parliamentarians. The most significant is the appointment of Mohamed Ali Sabri as the Cabinet Minister of Justice. This is seen as a positive move in garnering the support of the moderate Muslim community in the country and bringing it towards the common cause of peace and development. Other key appointments include that of Devananda as the Minister of Fisheries and Jeevan Thondaman as the State Minister of Estate Housing and Community Infrastructure Facilities.

*There also appears to be a gradual change in voting patterns in the North and East of the country.*

As the people have voted for positions in the executive and legislature for candidates from the same political party by a clear majority, the expectations of a quick turnaround of major domestic issues in a short period of time cannot be ruled out.

## Revival of the Economy

*When considering the way forward for Sri Lanka, the key domestic issues will be inter alia reviving the economy, strengthening national security and implementing constitutional amendments.*

When considering the way forward for Sri Lanka, the key domestic issues will be *inter alia* reviving the economy, strengthening national security and implementing constitutional amendments. The key international challenges will be to garner international support for the country's development while maintaining a balanced foreign policy.

The National Policy Framework of the Gotabaya government contains 10 key policies:

1. Priority to National Security;
2. Friendly, Non-aligned Foreign Policy;
3. An Administration Free from Corruption;
4. New Constitution that Fulfills the People's Wishes;
5. Productive Citizenry and Vibrant Human Resources;
6. People-centric Economic Development;
7. Technology Based Society;
8. Development of Physical Resources;
9. Sustainable Environmental Management; and
10. Disciplined, Law-abiding and Values-based Society.

These 10 policies demonstrate the government's domestic priorities and its path towards foreign affairs. Understandably, the most prominent domestic priority of the government will be the revival of the economy.

From the statement made by Gotabaya at the inaugural session of the 9<sup>th</sup> Parliament of Sri Lanka on 20 August 2020, it is evident that the emphasis will be on developing a production economy by reviving domestic and rural agriculture and industries. The president has

advocated “out of the box thinking” in order to meet the economic challenges posed in the new normal context. The idea is to create a people-centric economy, with a focus on fields such as agriculture, plantations, fisheries, traditional industries and promotion of self-employment. The basic aim is to strengthen the local economy and increase export income. Whilst reviving the tea, coconut and rubber sectors, the focus will also be on the promotion of export crops such as cinnamon and pepper. Measures are afoot to add value to the export of natural resources such as gems and minerals. Methodical development of the country’s traditional industries such as batik, local apparel, brass, cane, pottery, furniture, gems and jewellery will pave the way for the country to promote self-employment, generate new employment opportunities as well as build businesses that can earn a large amount of foreign exchange. One third of the country’s population depends on agriculture, plantation and fisheries for their livelihood. The development of these industries requires a new approach based on technology that goes beyond traditional methods.

There are several new ministerial portfolios which have been introduced with the objective of reviving the manufacturing sector. One such appointment is the new state ministerial portfolio of pharmaceutical production, supply and regulation, created in line with the government’s plan of producing pharmaceuticals to primarily meet domestic needs and, thereafter, for the purposes of export. Several state ministerial portfolios have been allocated for traditional industries such as batik, handlooms and rural industries such as clay and brass works, infusing much needed capital and impetus towards the development of rural communities. As a country that possesses a large Exclusive Economic Zone, the promotion of blue economy industries has also become a priority.

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The government’s election manifesto targetted an average gross domestic product (GDP) growth of 6.5 per cent or higher, up to 2025. In the context of the global pandemic, there will be a review of these figures. However, the current performance of the export sector is promising. One of the key challenges for the new government is to



attract adequate foreign direct investment (FDI). Without substantial FDI inflow, maintaining a 6.5 per cent GDP growth will be challenging. In this regard, attracting investments for the Colombo Port City project and the Hambantota Harbour Industrial Zone should be given due attention.

## **A Stable Government and the Introduction of a New Constitution**

*In order to restore public confidence that was severely dented due to the 2019 Easter Sunday attacks, the president firmly established his administration's prime policy to be national security.*

In order to restore public confidence that was severely dented due to the 2019 Easter Sunday attacks, the president firmly established his administration's prime policy to be national security. He restructured the security apparatus and intelligence services, eliminating public fears, thereby restoring the country's security, re-building an environment where all citizens can live freely without any fear for the safety of themselves and their families. He launched efforts to protect the people against social evils, including the activities of the underworld and the drug menace that have been a hindrance to the day-to-day lives of the people. These measures have increased the confidence of the public.

With a two-thirds majority in parliament, the government is expected to go about the task of introducing the 20<sup>th</sup> Amendment to the Constitution, for which cabinet approval was recently obtained. On 20 August 2020, the president stated while addressing parliament:

*"The basis of the success of a democratic state is its constitution. Our Constitution, which has been amended 19 times, from its inception in 1978, has many ambiguities and uncertainties, presently resulting in confusion. As the people have given us the mandate we wanted for a constitutional amendment, our first task will be to remove the 19<sup>th</sup> Amendment to the Constitution. After that, all of us will get together to formulate a new constitution suitable for the country. In this, the priority will be given to the concept of one country, one law for all the people.*

*An unstable Parliament that cannot take firm decisions and succumbs to extremist influences very often is not suitable for a country. While introducing a new constitution, it is essential to make changes to the current electoral system. While retaining the salutary aspects of the proportional representation system, these changes will be made to ensure stability of the Parliament and people's direct representation.”<sup>1</sup>*

The government is expected to engage widely in order to draft a new constitution. As the adoption of the 19<sup>th</sup> Amendment to the Constitution resulted in the disruption of the smooth functioning of the government, the new constitution is expected to address the negative effects of the 19<sup>th</sup> Amendment while strengthening the positive ones. It is expected that protecting the unitary status of the country and protecting and nurturing the Buddha *sasana* (teaching) will form an integral part of the proposed new constitution. The freedom of any citizen to practise the religion of his or her choice is expected to be better secured as well.

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Some of the other measures the government intends to introduce relate to aid reconciliation and religious harmony. It proposes to include the establishment of an Inter-Religious Advisory Council under the chairmanship of the president in order to prevent any tensions that may arise between religious and ethnic groups and ensure that such tensions do not develop into major issues.

The government has identified the use of land as one of the main factors contributing to tensions among the communities. Therefore, the proposal is to establish a National Land Commission to prepare a proper land use policy, taking into consideration historical and archaeological factors, location of natural resources, requirements for urbanisation, infrastructure development and future development needs, among others. All these will be factored in arriving at a viable land use policy at the national, provincial, district and local government levels.

1 “Policy Statement made by President Gotabaya Rajapaksa at the inauguration of the first session of the ninth Parliament”, Ministry of Foreign Affairs, Sri Lanka, 20 August 2020. <https://mfa.gov.lk/the-policy-statement-made-by-h-e-the-president-at-the-inauguration-of-the-first-session-of-the-ninth-parliament/>.

Making it mandatory for Sinhalese-medium students to learn Tamil and Tamil-medium students to learn Sinhalese, with the fullest support of the state, is another important step which will contribute towards reconciliation and national harmony.

It is expected that pre-emptive action will be taken against religious, ethnic or other forms of extremism from taking root in the country to ensure that every citizen, regardless of ethnicity or religious belief, is able to live without fear in Sri Lanka.

## International Challenges

The president has advocated a foreign policy based on neutrality, mutual friendship and trust among nations. The president stated after his election:

*“As a policy, we will maintain an equidistant and yet cordial relations with all countries and remain neutral in the power struggles amongst nations. I also appeal to all global leaders to respect the sovereignty and unitary status of Sri Lanka.”<sup>2</sup>*

*There is also renewed vigour and interest within the international community to work with the new government in Colombo.*

Sri Lanka has a long history of cooperation with the international community, and Gotabaya, in the past few months, has remained engaged with partners despite the restrictions placed in the wake of the pandemic on face-to-face engagement. There is also renewed vigour and interest within the international community to work with the new government in Colombo. The country's challenge would be to ensure that it derives what is best for Sri Lanka in a globally challenging situation.

Most critically, Sri Lanka, given its geo-strategic location in the Indian Ocean, is of significant interest to many players. However, the government has reiterated that it will not be a playground for power struggles among the major powers. The government has reiterated

<sup>2</sup> “Xi congratulates Gotabaya, speaks of new chapter in ties”, *Outlook India*, 20 November 2019. <https://www.outlookindia.com/newscroll/xi-congratulates-gotabaya-speaks-of-new-chapter-in-ties/1667297>.

that Sri Lanka would not allow another country to use its soil to attack the interests of a third country.

The government has said that Sri Lanka is open to anyone wanting to bring foreign investments to the country. However, the president has also categorically stated that he will not give total control of a national strategic asset to any foreign country.

In the United Nations Human Rights Council, the government withdrew its co-sponsorship of resolutions 30/1 and 40/1 in February this year.<sup>3</sup> At the time, Foreign Minister Dinesh Gunawardena said that while following a non-aligned, neutral foreign policy, the government is committed to examining issues afresh, to forge ahead with its agenda for 'prosperity through security and development', and to find home-grown solutions to overcome contemporary challenges in the best interest of all Sri Lankans.

The new government is in place in Colombo. It has its sights set on addressing the pressing issues facing the country. It has been dealing with the COVID-19 outbreak in a systematic and organised manner. Beyond the pandemic, it has identified the key socio-economic and foreign policy imperatives. With a proud track record, Gotabaya is well placed to tackle the challenges facing Sri Lanka.

*The government has said that Sri Lanka is open to anyone wanting to bring foreign investments to the country.*

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<sup>3</sup> The two resolutions focused primarily on Sri Lanka making commitments to promote reconciliation, accountability and human rights in the country.

## Parliamentary Election 2020: Impact on Domestic Politics

*Chulanee Attanayake*

### Summary

*Sri Lanka held its parliamentary election in August 2020 after months of uncertainty and postponement due to the outbreak of COVID-19. The resounding victory of the Sri Lanka Podujana Peramuna (SLPP), led by President Gotabaya Rajapaksa, was historic and unprecedented for a multitude of reasons. Even though the SLPP's victory was expected, there was no certainty as to whether it would secure a two-thirds majority in the parliament.*

*Against this backdrop, this paper explains the political configurations during the parliamentary election and explores their impact on domestic politics.*

### Overview

*Sri Lanka was the first country in South Asia to hold elections amidst the COVID-19 global pandemic.*

Following months of uncertainty and postponement, Sri Lanka held its parliamentary election on 5 August 2020. The parliament was dissolved on 3 March 2020, with the election set on 25 April 2020 and the nomination period ending on 18 March 2020. The Election Commission had to postpone the parliamentary elections on two occasions due to the rising number of COVID-19 cases before finalising the new date. The island experienced the longest hiatus without a functioning parliament amidst a global crisis.

Sri Lanka was the first country in South Asia to hold elections amidst the COVID-19 global pandemic. The general election was a novel experience. Strict health guidelines were issued for campaign rallies.<sup>1</sup> The Election Commission staged multiple rounds of mock elections to

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<sup>1</sup> "Sri Lanka issues strict health guidelines for election campaigning", *The Hindu*, 18 July 2020. <https://www.thehindu.com/news/international/sri-lanka-issues-strict-health-guidelines-for-election-campaigning/article32123198.ece>.

familiarise voters on health guidelines on which to adhere to during voting day.<sup>2</sup> In an unprecedented measure, the ballot boxes were kept overnight under special security before the counting began the following day. Despite skepticism over election violation due to the ballot boxes being kept overnight, Sri Lanka experienced one of the most peaceful elections in recent history.

The voter turnout was recorded at 71 per cent, a reduction from the general election held in 2015, and the most recent presidential election in 2019. The voter turnout has never passed 78 per cent in the last 20 years in a parliamentary election. Hence, the turnout at the recent election was commendable, given the prevailing COVID-19 environment and internal party politics that had been brewing for months, which may have dissuaded some voters from exercising their right to vote. The fact that a large majority saw the need to come to the polls signalled the interest Sri Lankans have concerning their democratic rights.

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Against this backdrop, the Rajapaksa brothers (Gotabaya and Mahinda) and the SLPP made the biggest comeback of any political party in Sri Lanka's history. The Gotabaya government secured a 'super-majority' by winning 59.09 per cent of the votes contrary to popular opinion, which had believed that Gotabaya and Mahinda would only secure a simple majority. They won 145 seats in the parliament, requiring only five seats to get a two-thirds majority.

## Understanding the Election Result

The general election indicated a seismic shift in Sri Lanka's electoral map coupled with a change in the balance of power in parliament.<sup>3</sup> For the first time in Sri Lanka's recent political history, a single party obtained nearly a two-thirds majority under the current proportionate electoral system. Even though the SLPP's victory was a foregone conclusion prior to the election, the possibility of it obtaining an

2 "Sri Lanka holds coronavirus-proof test vote ahead of election", *BBC*, 14 June 2020. <https://www.bbc.com/news/world-asia-53042755>.

3 Jayadeva Uyangoda, "A Major Shift In Sri Lanka's Politics", *Colombo Telegraph*, 8 August 2020. <https://www.colombotelegraph.com/index.php/a-major-shift-in-sri-lankas-politics/>.

overwhelming majority in the parliament was deemed to be slim. The prediction was for the SLPP to win a stable simple majority of 120 to 130 seats, still short of the 150 seats required for a two-thirds majority.<sup>4</sup> However, the results proved otherwise.

A total of 13.38 million Sri Lankans voted in the presidential election in November 2019. However, only 12.34 million cast their votes in the parliamentary election. Another 744,373 votes were rejected in the parliamentary election as opposed to 135,452 votes during the presidential election. It is possible that the rejected votes were from the traditional supporters of the United National Party (UNP). They may have nullified their votes due to their disappointment with the UNP, yet their loyalty may have at the same time forced them not to vote for the SLPP.

## Historical Parallels

*The SLPP's victory can be contrasted with two historical elections – the Sri Lanka Freedom Party's (SLFP) victory in 1956 and the UNP victory in 1977.*

The SLPP's victory can be contrasted with two historical elections – the Sri Lanka Freedom Party's (SLFP) victory in 1956 and the UNP victory in 1977. In 1956, former Sri Lankan Prime Minister S W R D Bandaranaike's SLFP, a breakaway of the UNP, won a landslide victory in an electoral coalition called Mahajana Eksath Peramuna, relegating the ruling UNP to merely eight seats.<sup>5</sup> The SLFP was still a relatively new party during the 1956 election and it ran its campaign through a popular socialist platform. It promised to make Sinhala the official language in 24 hours and take strong action against religious and social injustices to the village community. This attracted the non-English speaking teachers, ayurvedic practitioners, peasants and *bhikkhus* (monks) behind Bandaranaike's new political party. On the other hand, the UNP's poor economic performance, neglect towards the Sinhala rural community and brand of elitism contributed to its defeat.

4 Arjuna Ranawana, "Opinion: Sri Lanka ruling party is ahead with 12 days to go for Parliamentary polls", *EconomyNext*, 25 July 2020. <https://economynext.com/opinion-sri-lanka-ruling-party-is-ahead-with-12-days-to-go-for-parliamentary-polls-72348/>.

5 S W R D Bandaranaike was formerly with the UNP. He defected from the party to form the SLFP in 1951.

In the 1977 parliamentary election, the UNP made a comeback by winning 140 seats and relegated the SLFP to only eight seats in the legislature. Both these electoral victories were a result of the first-past-the-post system. This system created a disparity between the actual votes polled by each party and the number of seats they acquired in the parliament. For instance, during the 1977 election, the UNP won 50.9 per cent of the popular votes as opposed to the SLFP which won 29.7 per cent of the votes. Yet, the UNP obtained 140 seats, securing a two-thirds majority, in contrast to the SLFP's bleak performance of winning only eight seats.

The closest parallel to the recent general election under the proportionate electoral system is the 2010 parliamentary election, in which the United People's Freedom Alliance (UPFA), a coalition led by Mahinda Rajapaksa, and the SLFP secured 140 seats. The election result was expected as it was soon after Mahinda's government militarily defeated the terrorist group, the Liberation Tigers of Tamil Eelam. Moreover, voter turnout was one of the lowest at 61 per cent since many civilians were still dwelling in internally displaced camps and could not cast their vote. Thus, it is not an exaggeration to state that the SLPP's victory at the 2020 parliamentary election is unprecedented.

## Political Configurations

The 2020 parliamentary election was a continuation of the political configurations from the 2019 presidential election. Despite being a multi-party political system, both elections were a bipolar contest between two main parties. Unlike previous parliamentary elections, this general election saw the emergence of two new parties. It was a competition between the SLPP and the Samagi Jana Balawegaya (SJB), break-away parties from the SLFP and UNP respectively. While this election saw the demise of two old parties (SLFP and UNP), it strengthened the political position of their breakaway groups.

*The 2020 parliamentary election was a continuation of the political configurations from the 2019 presidential election.*



### **The SLPP's Popularity**

The SLPP leveraged its popularity wave following its two consecutive victories (the 2019 presidential election and 2018 local elections). Even though the SLPP's total votes were 100,000 less than what Gotabaya received in the 2019 presidential election, when the votes of its allies are combined, the SLPP camp increased its fortunes by more than 150,000 votes over last year's presidential election.

*The general election was held at a time when the political landscape was extremely advantageous to Gotabaya's government.*

The SLPP's increased popularity was the result of its performance in the first few months of its tenure amidst challenging circumstances. The general election was held at a time when the political landscape was extremely advantageous to Gotabaya's government. His presidency was on a honeymoon period and his government's response to public concerns and demands were at an all-time high. However, the prompt response to emerging global and local challenges highlighted his administration's efficiency and efficacy.

Gotabaya managed to deliver the promises made during the 2019 presidential election. For instance, he issued orders to limit gallantries and unnecessary spending on government festivities. Measures were also taken to display only the national emblem at government offices and use minimal security and vehicles, which gained public praise. His administration also focused on reviving local industries by re-opening Valaichchenai Paper Mill,<sup>6</sup> Kantale Sugar Factory<sup>7</sup> and Oddusudan porcelain factory.<sup>8</sup> It also imposed import restrictions on food items, fruits, vegetables, spices and other commodities which could be produced locally. This resulted in the country's exports revenue overtaking imports for the first time since the opening of the economy in 1977.<sup>9</sup> The government also made calls to expedite investigations

6 Sara Hannan, "Restoring Valaichchenai Paper Mill: A new chapter opens", *The Sunday Morning*, 23 August 2020. <http://www.themorning.lk/restoring-valaichchenai-paper-mill-a-new-chapter-opens/>.

7 "Plans to re-open Kantale sugar factory", *Daily News*, 29 December 2019. <https://www.dailynews.lk/2019/12/28/local/206837/plans-re-open-kantale-sugar-factory>.

8 "Oddusudan factory belonging to Ceramic Corporation resumes production", *Hiru News*, 3 July 2020. <https://www.hirunews.lk/english/244580/oddusudan-factory-belonging-to-ceramic-corporation-resumes-production>.

9 In June 2020, Sri Lanka's exports revenue topped US\$1,020 million (S\$1380.16 million) while US\$961 million (S\$1300.32 million) have been spent on imports, saving US\$59 million (S\$79.83 million). See: [http://www.dailymirror.lk/breaking\\_news/Export-revenue-exceeds-imports-for-the-first-time-in-SL/108-191591](http://www.dailymirror.lk/breaking_news/Export-revenue-exceeds-imports-for-the-first-time-in-SL/108-191591).

into the 2019 Easter Sunday attacks and start fresh inquiries at the request of Cardinal Albert Malcolm Ranjith.

Most importantly, the swift and timely response to curb the outbreak of the COVID-19 pandemic demonstrated the SLPP's ability to effectively respond to an unprecedented crisis. From establishing a task force as early as January 2020 to imposing a lockdown and a curfew to control the spread of the virus within the country, these measures enabled Sri Lanka to contain and keep the infected numbers and mortality rate at manageable levels.

As the anti-incumbency feelings against the previous regime were still fresh, the current administration's performance was further magnified. Even though the SJB attempted to re-brand itself as an independent party that did not have an affiliation to the UNP, the fact that many of its members belonged to the previous administration which responded poorly to economic, security and social issues did have an adverse impact on its performance at the election.

### **Divided Opposition**

The divisions within the opposition which were apparent in the 2019 presidential election were more visible during the parliamentary election. Following the blame game against each other for the poor performance and the defeat at the presidential election, the frictions within the UNP became more apparent.

Moreover, multiple conflicts within the UNP arose since the formation of the SJB in March 2020. The two parties fought over the party's symbol, in which the UNP refused to let the SJB contest under its sign. The SJB members announced that they would take over the parent party once they won the general election. The UNP Working Committee also cancelled the membership of members who sought nominations to contest under the SJB ticket. However, no decision was made to revoke the membership of Premadasa and Ranjith Madduma Bandara, who are the coalition leader and general

*The divisions within the opposition which were apparent in the 2019 presidential election were more visible during the parliamentary election.*

secretary of the SJB. The friction resulted in the Premadasa camp and Ranil Wickremesinghe camp parting ways and contesting the election separately. This resulted in voters' disappointment and contributed to the subsequent defeat of both the SJB and UNP.

The SJB was able to secure only 2.27 million votes (23.9 per cent) as opposed to the 5.56 million votes polled during the presidential election. Its vote base was reduced by less than half within nine months. While part of the reduced votes could be attributed to the number of voters who decided to abstain, around 800,000 votes were divided among the UNP, Sri Lanka Muslim Congress (SLMC), Tamil National Alliance (TNA) and other small minority parties. Moreover, the Janatha Vimukthi Peramuna which decided to contest separately after 20 years, as opposed to being part of a coalition, also eroded some of the opposition's votes.

*Some Tamil parties in the North and East contested independently, unlike previous elections where they contested under the TNA.*

The Tamil parties used to contest as part of coalitions and put up a united front. However, they were divided this time. Some Tamil parties in the North and East contested independently, unlike previous elections where they contested under the TNA. The division may have resulted in the unseating of some sitting Tamil members of parliament. Ilankai Tamil Arasu Kadchi, the main Tamil party, performed poorly and only secured 10 parliamentary seats as opposed to 16 seats at the 2015 general election. At the same time, a large number of Tamils in the Northern Province voted for parties aligned with the SLPP.

### **Emergence of the SJB as the Main Opposition**

The SJB under Premadasa's leadership has effectively replaced the UNP as the main opposition following the 2020 parliamentary election. Some traditional UNP supporters may have cast their votes for the SJB, demonstrating that Premadasa is viewed as a stronger contender than Wickremesinghe. Premadasa's popularity among the grassroots and the SJB's projection as a political force that brings together a diverse range of ideologies, political interests and perspectives has placed them ahead of the UNP.

The SJB contested in a coalition with 12 political parties and civil society organisations, including the Jathika Hela Urumaya (JHU), SLMC, United Left Front and the Tamil Progressive Alliance (TPA). However, there were concerns on how Premadasa would be able to resolve the competing and conflicting interests of its coalition members. The SJB's election manifesto, released on 20 July 2020, reiterated the party's commitment to protecting Buddhism's special place along with the rights of other religions in the country. Yet, the minority parties who formed an alliance with the SJB did not subscribe to this idea due to perceptions that it might be discriminatory towards other religions.

There were also ideological differences between the various parties that formed an alliance with the SJB. The JHU, for instance, is a right-wing Sinhala Buddhist nationalist party that advocates for the strengthening of the unitary state as opposed to a federal system which is promoted by the minority parties. Moreover, the JHU has opposed any foreign involvement in the post-civil war reconciliation efforts. However, the TPA, along with the TNA, wants the international community to set up a mechanism for accountability and reconciliation.

*There were also ideological differences between the various parties that formed an alliance with the SJB.*

## Impact of the Election Results

The SLPP's landslide victory has implications for Sri Lanka's domestic political landscapes.

### Shift in the Party System

The general election has not only resulted in the SLPP's emergence as a single dominant party in the country but has also led to the demise of the two oldest parties in the Sri Lankan polity – the SLFP and UNP.

Although Sri Lankan politics have undergone dramatic changes in the last few decades, the UNP and SLFP have not only survived but also contributed to major developments in the nature of their political practices and traditions, popular mobilisation and state-society relations. As the oldest party, the UNP produced six heads of

*The party has lost two presidential, three parliamentary and several provincial and local government elections under his helm.*

government in post-independence Sri Lanka under its pro-conservative capitalist ideology. However, it was unable to produce a leader for over two decades after 1993, owing to a leadership vacuum created by the assassination of its key leaders and members during the civil war. Wickremesinghe, who took over its leadership, was ineffective and lacked the ability to mobilise the masses to support him. The party has lost two presidential, three parliamentary and several provincial and local government elections under his helm. The UNP could only secure 2.15 per cent of the votes in the recent election.

Similarly, the SLFP, since its inception, emerged as one of the main political parties in the country's electoral landscape since independence. It created a strong voter base, especially among the majority Sinhalese community in the last six decades. However, the party's legitimacy was eroded under President Maithripala Sirisena's ineffective leadership which led to the return of the Rajapaksas under the SLPP.

While the UNP is now completely absent in the parliament, the SLFP, having contested in coalition with the SLPP, still has some presence in mainstream politics. Yet, its power vis-à-vis the SLPP is limited and has been completely absorbed by the SLPP. At the time of the election, the SLFP demanded a 30 per cent quota in the nomination for its contestants, co-leadership in the party and a common symbol which did not represent either party. However, it had to backpedal on its earlier terms and conditions, and agreed to a coalition on the SLPP's terms.

There is complete dominance of the SLPP in the cabinet and the ministerial portfolios. Sirisena, who has returned to parliament with a higher number of popular votes, has not been given any ministerial portfolio or a position despite him being the SLFP leader and a senior politician.

## **Political Stability**

The general election result invariably strengthens the government's position and has brought political stability to the country through one party getting a resounding majority. This will provide the opportunity for the government to implement policies and make constitutional amendments as it had planned.

There are questions regarding political stability under the 19<sup>th</sup> Amendment to the Constitution due to ambiguity in power-sharing between the executive and the legislature. However, the fact that the president and the prime minister are brothers<sup>10</sup> and that they have proven to be a good team (particularly in the management of the civil war and economic challenges during Mahinda's government) offer assurances for the future. Political stability will invariably translate into strengthening national security and facilitate economic development.

*Political stability will invariably translate into strengthening national security and facilitate economic development.*

## **Constitutional Amendment**

The SLPP is likely to perceive the election result as a mandate to make constitutional and policy amendments. It has been clear of its intention to make constitutional changes and hence required a two-thirds majority to do so.

The 20<sup>th</sup> Amendment to the Constitution has been presented to the parliament at the time of writing this paper. While some amendments in the 19<sup>th</sup> Amendment, including the president's term limit and right to information will remain, several other key amendments have been revoked.<sup>11</sup> The draft 20<sup>th</sup> Amendment proposes to restore full legal immunity to the president and the direct or indirect involvement of the president in independent commissions. Constitutional councils established to appoint members to independent commissions will be replaced by parliamentary councils that are allowed to exercise observational powers, and would be void of the president's

10 Sri Lankan President Gotabaya Rajapaksa has appointed his brother, Mahinda Rajapaksa, as the prime minister.

11 "What you need to know about the Draft 20th Amendment to the Constitution", *NewsFirst.lk*, 3 September 2020. <https://www.newsfirst.lk/2020/09/03/draft-20th-amendment-gazetted-dual-citizens-allowed-to-enter-parliament/>.

representatives and three civil representatives who were in the Constitutional Council.<sup>12</sup> The proposed amendments indicate the government's intention to strengthen the executive presidency and powers of the president.

*A government with a super majority in the past has proven to use its power to advance personalised political powers.*

A government with a super majority in the past has proven to use its power to advance personalised political powers. In 1977, Prime Minister J R Jayewardene not only introduced a new constitution after winning a majority but also introduced 16 out of 19 amendments to the constitution without holding democratic elections and extending term limits through referendum. In 2010, Mahinda, then president, implemented the 18<sup>th</sup> Amendment to remove term limits for the president and resisted the establishment of the Constitutional Council that would have allowed independent commissions to keep a check on the judiciary and police. It enabled the centralising of power to the executive that garnered criticism and resistance among the public, leading to his defeat in the 2015 election. In 2015, the *Yahapalana* (Good Governance) government introduced the 19<sup>th</sup> Amendment with many ambiguities in its effort to consolidate power between the president and the prime minister. However, constitutional changes brought out of personal interest have not sustained and recent history indicates the voters' response to such changes is much stronger than in the past.

Even though the 19<sup>th</sup> Amendment to the Constitution (19A) has many ambiguities which need to be rectified to restore the power balance between the executive and the legislature, the new amendment would need to guarantee democratic rights while ensuring a balance of power. Failure to do so could lead to anti-incumbency and defeat in future elections.

### **Ethnic Polarisation**

The trend of ethnic polarisation in the electoral districts that was apparent during the 2019 presidential election continued in the 2020 general election. While the SLPP managed to secure an overwhelming

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<sup>12</sup> Ibid.

majority in the Sinhala-Buddhist majority districts, it was not able to make inroads into the minority dominated districts. On the contrary, the SJB managed to gain significant support from the minority community.

There is also a new trend in ultra-nationalist Sinhala Buddhist parties gaining momentum in Sri Lanka's political landscape. For instance, Our Power of People Party, which is associated with Bodu Bala Sena, a radical Sinhala Buddhist group, gained 67,758 votes (a considerable number) and secured a parliamentary seat from the national list. This development will affect any effort the SLPP plans to make to progress with the minority parties and may have some impact on the moderate Sinhala Buddhist voters' mindset in the future elections.

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## Conclusion

Sri Lanka's 2020 parliamentary election is historical and unprecedented for a multitude of reasons. The SLPP's two-thirds majority is the first of its kind under a proportionate electoral system and the first time since independence that two new parties dominated the electoral map. The election result seems to have brought some political stability to the country and has created a conducive environment for the new government to make necessary constitutional and policy changes.



# Off to Pastures New?

## Impact of the Parliamentary Election on State-Society Relations

*La Toya Waha*

### Summary

*Old and new threats to social cohesion, stability and public security cast their shadows on the election and will continue to challenge the political leaders and society alike.*

*The parliamentary election in Sri Lanka in August 2020 took place during an unprecedented crisis. However, it is not only the COVID-19 pandemic and its consequences for the well-being of the people and economy which pose a severe challenge to the newly-elected parliament and government of President Gotabaya Rajapaksa. Old and new threats to social cohesion, stability and public security cast their shadows on the election and will continue to challenge the political leaders and society alike.*

*This paper examines the impact of the parliamentary election on relations between state and society and how the newly-elected government can cope with these challenges.*

### Introduction

During the campaigns of both the presidential election last year and the parliamentary election in August this year, several challenges pertaining to relations between the state and society loomed large. Among these are the question of trust in the political leaders and the state, the question of how to deal with the polarisation of society, and the question of a new constitution. If these questions are properly addressed by the government, the notable change in the political party landscape, in which the United National Party (UNP) and Sri Lanka Freedom Party (SLFP) are no longer the dominant forces, might not be the only one which will find a prominent place in the history books of tomorrow.

## The Question of Trust

The 2015 presidential and parliamentary elections enabled the opponents of the Rajapaksas to replace their regime with a hitherto unseen coalition of the UNP and SLFP under the leadership of Maithripala Sirisena. The coalition gave the promise to restore democratic rule and good governance, strengthen the minorities and to end corruption. However, corruption scandals, the failure in preventing the 2019 Islamist attacks, alleged links of Muslim government members to the radical Islamic scene and political infighting for power between Sirisena and former Prime Minister Ranil Wickremesinghe weakened the trust in major figures of the UNP, SLFP and their coalition partners and, as a consequence, in state institutions.

In the face of terrorism rising again in Sri Lanka, Gotabaya was trusted to being able to handle the issue – in sharp contrast to his predecessor; and this trust in leadership and problem-solving skills played a major role in his victory in the presidential election. With the COVID-19 crisis, there was a similar picture during the parliamentary election. Many people trusted Gotabaya to handle the crisis better than his political opponents, and sought to elect a Sri Lanka Podujana Peramuna (SLPP)-dominated parliament which would enable him to govern without major disturbances. However, while the trust in his leadership and problem-solving skills appears widespread, the trust in his commitment to democracy as well as in his rejection of nepotism and clientilism is not. For some, the prospect of a majority for the SLPP raised the fears of a return of the former Rajapaksa regime (2005-2015), and with it, allegations of human rights violations and forced disappearances, expansion of power, abrogation of democratic principles, nepotism, corruption and suppression of dissent.

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Even supporters of the SLPP fear that a successful parliamentary election could mark the end of the government's honeymoon phase, and that once the Rajapaksas receive their parliamentary majority, they would start to expand their powers and place their supporters in central positions of state, economy and educational institutions.

A central challenge for the new government (and the parliamentary opposition) will be to restore public confidence. The threat that the loss of trust in political figures poses to state-society relations is significant. Major figures in the government, the parliament and state institutions stand for the otherwise faceless state. Their behaviour is inextricably linked to that of trust in the state and its institutions. If they are not trusted, the trust in the state will also decline. A lack of trust will have a severe impact on the citizens' compliance and their obedience to rules, the mobilising capacity of extremist fringes and organisations and the likelihood of violence.

While trust is easier lost than won, the government can make a change. Thereby, transparency will be essential to build and restore trust in the government as well as in the state. This includes publicly explaining why and how decisions are taken, explaining why and to whom positions are given, and to be open to the media – even in the face of criticism (be it justified or unjustified). It furthermore includes the punishment of wrong-doers in parliament and state institutions irrespective of their party membership or affiliation.

### **Dealing with a Polarised Society**

*The contentious issue of national identity and the state's relation to the diverse population have escalated several times.*

Sri Lankan society has rarely stood united. Even before independence, ethnic and religious identities mattered, for instance, on questions of representation and constitutional reform. The contentious issue of national identity and the state's relation to the diverse population have escalated several times. Most prominently, it escalated into the civil war between the Liberation Tigers of Tamil Eelam (LTTE) and the Sri Lankan government and cost the lives of thousands of citizens. While the civil war ended in 2009, identity politics have persisted.

Also, in the recent parliamentary election, long-burning issues have returned to public debate. Even today, the issue of competition between Tamil and Sinhalese nationalisms has not been resolved. Since the contentious question of a separate Tamil state has been settled militarily, disagreement between Tamil and Sinhalese political

agents revolves around questions of accountability for war crimes and human rights violations during the war. Thereby, the perspectives on who should be held accountable, and how, are quite diverse. One side demands to punish the military and the then-central political figures of the military campaign, most notably, Gotabaya. Others demand the surviving LTTE members – former leaders and fighters – to be punished too. The latter questions the demand by the former to hold only the army and government accountable while letting the LTTE members off the hook without any punishment.

At the same time, reports about LTTE activities abroad and about failed LTTE attacks in Sri Lanka<sup>1</sup> severely challenge the relations between Sinhalese and Tamils as well as the relations between the state and the Tamil population. While, on the one hand, it will be essential for the government to retain and build the trust of the Tamil population, on the other, it will be crucial to prevent LTTE attacks and tensions escalating into violence. The government is faced with the task of preventing indiscriminate measures against the Tamil population while at the same time preventing the recurrence of broader support for violent acts by agents acting in the name of the LTTE.

Similarly challenging is the issue of increasing alienation and radicalisation of the Muslim population in Sri Lanka. The contestation of Muslim identity is not a new phenomenon. It already manifested in the Muslim elite's rejection of Tamil-speaking Muslims being subsumed under Tamil identity, and the tensions between the Muslim and Tamil elites arising from this rejection in the early 20<sup>th</sup> century. The politicisation of Muslim identity has increased significantly with the introduction of proportional representation in 1978. The ground for wider radicalisation of certain segments of the Muslim communities was laid in the course of the peace negotiations in the early 2000s between the LTTE and the government. The radicalisation of Muslims gained a boost after the 2004 tsunami and the expansion of Muslim aid organisations which spread radical versions of Islam, most notably Wahhabism. This resulted in a growing distrust of the Muslim political elite. The relations of different Muslim communities

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1 Camelia Nathaniel, "Resurrection of LTTE's agenda of violence", *Daily News*, 9 July 2020. <http://www.dailynews.lk/2020/07/09/features/222749/resurrection-ltte%E2%80%99s-agenda-violence>.

with the other communities in Sri Lanka have worsened significantly in recent years.

The issue of Muslim radicalisation has long been kept under the carpet by subsequent governments. Political and economic dependencies on Muslim majoritarian countries, financial incentives, the need for Muslim minorities' political support and international pressure on the governments regarding the treatment of minorities have set the framework for a lack of political action. The lack in recognition of the issue as well as the suppression of criticism in this regard have furthered the radicalisation of members of the other communities. Several Buddhist organisations, for example, claim to have emerged to 'create awareness' around the issue and to defend the Buddhist people against Islamism. Since 2012, confrontations between the Buddhists and Muslims have increased in intensity and numbers, and have frequently escalated into communal violence.

While the Islamist attacks on Christian churches and hotels in April 2019 are a symptom rather than the cause of these developments, they served as a catalyst to expand the conflict into the wider society. Despite the call for restraint, provocations in the aftermath of the attacks escalated into communal violence and indiscriminate attacks.

*International attention and pan-Islamic support might further worsen relations between the Muslims and the state and other communities in Sri Lanka.*

International attention and pan-Islamic support might further worsen relations between the Muslims and the state and other communities in Sri Lanka. Since the conflict among the communities began to grow, narratives of large-scale discrimination of the Muslims in Sri Lanka have come up and been broadcasted internationally. Issues between Muslims and other communities are blown out of proportion, while inner-Muslim conflicts – like Wahhabi attacks on Sufis, their shrines, homes and lives – remain unmentioned.

Fuel further fired tensions between the Muslims and Buddhists with the proposed reform of the Muslim Marriage and Divorce Act (MMDA). In the course of the process of the European Union granting Sri Lanka favourable trade conditions under the Generalised

Scheme of Preferences, the MMDA required a reform to bring the law in accordance with international human rights standards. In 2016, several Muslim groups protested against the reform of the MMDA on the grounds that raising the minimum age for girls' marriage was not feasible, among others. On the other hand, Buddhist groups protested against special laws for any community and demanded one law for all.

Also, during the run up to the recent parliamentary election, allegations of the state discriminating against Muslims were made public. In the course of the COVID-19 crisis, a gazette was issued which required the corpses of all persons who had died or were suspected to have died from the virus to be cremated. This had led to national and international outcry that cremation went against Islamic traditions, and it was claimed that the order was a discrimination of Muslims in Sri Lanka by the state.<sup>2</sup>

It has become apparent – not the least from the shared election manifesto of Gotabaya and the SLPP – that both are supportive of long-standing Buddhist demands. Already, the election manifesto showed that they seek to strengthen Buddhism's place in society by means of state support; for example, strengthening and funding temples and the *sangha* (monastic community), including a funding programme for the *bikkhuni* (nun) order. This provides the opportunity to end the Sinhalese Buddhist majority's insecurities and permanent threat perception, which might, in turn, serve as the basis for a more resilient majority. This resilient majority is needed for stability and overcoming identity politics. However, the question remains whether the newly-elected government, with all its baggage from the past, is considered neutral enough to facilitate reconciliation between the different communities in Sri Lanka.

*However, the question remains whether the newly-elected government, with all its baggage from the past, is considered neutral enough to facilitate reconciliation between the different communities in Sri Lanka.*

The challenges that remain are manifold. Questions of accountability, the Tamil language's place in the state and society and the special representation of Tamils in the state have long been asked, but no answers have been considered satisfactory till date. The case of

<sup>2</sup> "Sri Lanka makes cremations compulsory for coronavirus deaths", *Aljazeera*, 12 April 2020. <https://www.aljazeera.com/news/2020/04/sri-lanka-cremations-compulsory-coronavirus-deaths-200412135710164.html>.

the controversy around the cremation of infected people's corpses during the pandemic suggests not only the increasing politicisation of Muslim identity but also that the Muslims' trust in government and the Sri Lankan state has faded.

However, the increasing polarisation of Sri Lankan society is not limited to ethnic or religious identities. Caste, class, gender, income and education also matter in the society's divisions. One example is the stated fear that the new Colombo port city, one of the Rajapaksas' favourite projects, will attract the wealthy and turn the rest of Colombo into an abode of the poor. The new government will need to engage in a dialogue to address these rifts.

## A New Constitution?

*Fears have been raised that the revocation of this amendment, which limits, among others, the powers of the president, will enable the Rajapaksas to expand their powers.*

Much attention has been given to the SLPP's plans to repeal the 19<sup>th</sup> amendment to the Sri Lankan constitution. Fears have been raised that the revocation of this amendment, which limits, among others, the powers of the president, will enable the Rajapaksas to expand their powers. Far less attention, however, has been given to the plan to write a new constitution as outlined in the shared election manifesto first published by Gotabaya during the presidential election and reiterated by the SLPP during the parliamentary election. That the new constitution remains a central aim of the president and his party was confirmed by Gotabaya's address to the new parliament's inaugural session on 20 August 2020.

Central elements of the new constitution, according to the election manifesto,<sup>3</sup> will be the foremost place of Buddhism, the unitary state and one law for one people. These elements have been contested issues for decades between different ethnic communities.

Buddhism's foremost place in the constitution is not new. It has been demanded by Buddhist figures since colonial rule and regained saliency in the 1950s. Buddhism's foregrounding role in the state was

3 Gotabaya Rajapaksa, 2019. *Vistas of Prosperity and Splendour*. <https://gota.lk/sri-lanka-podujana-peramuna-manifesto-english.pdf>.



first introduced in the constitution of 1972, and was retained in the constitution of 1978, Sri Lanka's current constitution.

Similarly, the unitary state is an essential Sinhalese Buddhist demand. In the cognitive models of political Buddhism in Sri Lanka, the unity of the state is considered central to the survival of the Sinhalese people on the island and Buddhism in the world.<sup>4</sup> But Tamils see the decentralisation of power to the provinces and the turning of the unitary state into a federal state as an important means to secure their specific Tamil culture and identity. In 1987, the constitution was amended with the 13<sup>th</sup> Amendment, which induced the creation of Provincial Councils (and thus, the decentralisation of power) and made Tamil a national language, among others. The amendment was passed with substantial pressure from India and has since then been seen as a thorn in the flesh by Sinhalese Buddhists. However, also among the then-active Tamil separatists, this compromise was not accepted and as such could not prevent the civil war for a separate Tamil state. Since the independent Tamil state in the north and east of the country receded into the distance, for some Tamil political agents, autonomous provinces in a federal state are the best possible option.

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The demand for 'one law for one people' has also come up in recent conflicts between the Buddhists and Muslims. Particularly during the contention of the earlier mentioned MMDA, the question has been raised on why the Muslims needed a special law while other communities conform to one. Even from within the Muslim communities, the reform of the Act was demanded, most notably as it institutionalised the lower status of women and gender inequality in Muslim society. The rejection of even minor reforms – for example, regarding women's rights – was demanded from within the community, and the protests against the reform of the MMDA in 2016 suggest that the principle of 'one people, one law' will be met with stiff resistance.

While identity politics will surely impact the constitution-making process, the proposed constitution provides the basis for overcoming

<sup>4</sup> La Toya Waha, *Religion and State-Formation in Transitional Societies – Sri Lanka in a Comparative Perspective* (Baden-Baden: Nomos, 2018).



identity politics in the long run. The SLPP and Gotabaya likewise have made it clear that certain elements, which are central to the Buddhist majority, can and will not be negotiated. Again, the implementation of such central demands, such as the unitary state, can reassure the Sinhalese Buddhist majority and thus enable the majority's resilience to mobilisation on identity lines. This resilience of the majority is a necessary condition to overcome identity politics. Moreover, the implementation of one binding law for all citizens – irrespective of ethnicity, religion, caste or gender – serves as the central basis for overcoming communal rifts and for turning members of ethnic or religious communities into equal citizens of the state. It also provides the basis for gender equality before the law irrespective of women's membership to communities and the latter's understanding of the worth and place of women.

However, hopes for improvements with the new constitution are darkened by the experiences of the past and the prospect of conflict in the near future. The success of the constitution with regard to building social cohesion in Sri Lanka will depend on the process of writing it and the legitimacy it will enjoy, once it is passed.

*The past has already shown that the process of drafting the constitution is likely to be conflict-ridden.*

The past has already shown that the process of drafting the constitution is likely to be conflict-ridden. Earlier attempts to replace the constitution laid bare the Gordian knot of enabling all groups and communities, their different perspectives and the diverse streams within them to participate in the process. Various attempts at constitution making in Sri Lanka in the past have also shown the sheer incompatibility of demands by various groups and communities in the country. Efforts to find compromises have failed repeatedly and were rejected by all sides. The current government has set out a clear agenda, whose central elements are already incompatible with demands related to identity interests of various communities and sub-groups, and it appears unlikely that the participation of representatives of other groups would make a difference herein.

The constitution outlined by the SLPP touches upon issues which for long have been contentious among members of different communities. The introduction of such proposed changes – which cater widely to Buddhist interests – will not be accepted by the other groups without objection. The discrepancy between their identity-based interests and the values of the new constitution is likely to lead to conflict in the short run. In face of the already tense situation with the LTTE returning and Islamist organisations gaining ground in Sri Lanka, it is not unlikely that violence will be part of such communal tensions.

Given these difficulties, the trust in the government as well as in the new constitution will be essential for the success of this promising endeavour. The baggage that many members of the new government as well as the president bring with them is linked to distrust and suspicion by those society members likely to object to the constitutional change, and this cannot be overcome easily. The government needs to be transparent about the process of constitution making and needs to explain the decisions made and paths taken and shunned. The government needs to provide proper change management, explaining to the people how and why changes will be made and what will remain the same and what will change in their daily lives.

*The government needs to be transparent about the process of constitution making and needs to explain the decisions made and paths taken and shunned.*

## Conclusion

State-society relations face several significant challenges. To overcome these challenges, the new government needs to strengthen and rebuild trust in itself and the state. The government has plans which serve as the basis to overcome identity politics and social rifts, but at the same time, these plans go against many groups' identity interests. That it is a necessity to put an end to identity politics is clear, not only in the face of much-needed capacities to cope with the looming economic crisis. The basic means that the government has to restore and to build trust in the state – needed for stability, social cohesion and public security – appear to be continuous dialogue and transparency.

# Sri Lanka: Economic Challenges for the New Government

*Amitendu Palit*

## Summary

*The new government in Sri Lanka faces serious economic challenges. Apart from the overall economic downturn produced by the outbreak of COVID-19, Colombo is encountering considerable problems in managing its external debt liabilities. The structural problems of the economy, which led to heavy borrowing and accumulation of large external debt, cannot be addressed unless Sri Lanka makes major reforms in its state-owned enterprises.*

*This paper analyses the three contexts and aspects of Sri Lanka's economic challenges. It concludes that the new government needs to seriously consider the possibility of approaching multilateral institutions for fresh loans to manage its debt problems. Otherwise, the much-needed foreign private investments for economic recovery and export growth may not materialise, given the current low credit rating for Sri Lanka.*

## Introduction

*The new administration needs to address these economic imperatives, which include both domestic and external macroeconomic challenges.*

The Sri Lanka Podujana Peramuna (SLPP) and its allies were elected to form a new government in Sri Lanka with a convincing majority in the parliamentary elections held on 5 August 2020. The new government, under the leadership of President Gotabaya Rajapaksa and Prime Minister Mahinda Rajapaksa, faces an economy saddled with serious problems. The new administration needs to address these economic imperatives, which include both domestic and external macroeconomic challenges.

The macroeconomic challenges facing Sri Lanka can be broadly divided into three groups. The first is the deep economic contraction

created by the outbreak of the COVID-19 pandemic since early 2020. The contraction, most visibly reflected in the onset of recessionary conditions through a negative rate of gross domestic product (GDP) growth, is not unexpected, given the economic ravage COVID-19 has created across the world. For Sri Lanka, however, the domestic economic recession is expected to aggravate macroeconomic vulnerabilities in its external sector. The country holds high external debt with significant debt service obligations to account for in the foreseeable future. The economic contraction can impact the ability of the government to service external debt. Exigencies of domestic recession and external indebtedness are also going to impact Sri Lanka's efforts to implement structural reforms in the economy. Colombo needs to urgently introduce deep and far-reaching reforms to manage external debt, reduce government expenditure and enhance aggregate demand through investments.

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This paper explores the economic challenges confronting the new government in Sri Lanka and discusses some of the options it could take recourse to address these difficulties.

## COVID-19 and the Economic Recession

Sri Lanka has a lower incidence of COVID-19 infections compared to the other major economies of the South Asian region. Compared with India, Pakistan and Bangladesh, which as on 14 September 2020 had around 4.7 million, 300,000 and 336,000 cumulative COVID-19 infection cases respectively, Sri Lanka had only 3,200 confirmed infections.<sup>1</sup> The lower number of cases also resulted in much lower fatalities in Sri Lanka. Only 12 deaths from COVID-19 were reported in the country till 14 September 2020, compared with nearly 8,000, 6,300, and 4,700 deaths in India, Pakistan and Bangladesh respectively.<sup>2</sup>

The commendable performance in limiting the spread of COVID-19, however, has not been able to prevent Sri Lanka from suffering a

1 "Coronavirus Disease: Weekly Epidemiological Update", 14 September 2020, World Health Organization (WHO). [https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200914-weekly-epi-update-5.pdf?sfvrsn=cf929d04\\_2](https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200914-weekly-epi-update-5.pdf?sfvrsn=cf929d04_2).

2 Ibid.

*Compared to the rest of the South Asian region, the projection, while worrying, does not, however, make Sri Lanka the worst performer.*

severe economic downturn. The latest forecasts released by the Asian Development Bank in its Asian Development Outlook (ADO) expect GDP growth in Sri Lanka to be -5.5 per cent for the year 2020.<sup>3</sup> Compared to the rest of the South Asian region, the projection, while worrying, does not, however, make Sri Lanka the worst performer. Indeed, India – the largest economy of the region – is projected to suffer a larger contraction in GDP growth by -9.0 per cent according to the ADO, while the Maldives and Afghanistan are expected to contract by -20.5 per cent and -5.0 per cent respectively.<sup>4</sup> Bangladesh, Bhutan and Nepal are forecast to grow at positive rates of 5.2 per cent, 2.4 per cent and 2.3 per cent respectively, notwithstanding COVID-19, making them the better performers in South Asia, while Pakistan is expected to contract marginally by -0.5 per cent.<sup>5</sup>

South Asia, as a whole, is projected to experience a contraction of -6.8 per cent. Compared with other Asian regions, such as Southeast Asia and Central Asia, which are projected to contract by -3.8 per cent and -2.1 per cent respectively, South Asia's economic decline is much larger.<sup>6</sup> While this is primarily due to the deep contraction expected for India, Sri Lanka's economic decline has also contributed to the poor economic prospects for South Asia.

The ADO forecasts developing Asia as a whole to suffer a decline in growth rate of GDP by 0.7 per cent in 2020. This would be the first contraction for developing Asia in several decades. However, the coming year, 2021, is expected to witness a sharp turnaround for most regional economies. Sri Lanka, too, is expected to record a positive GDP growth rate of 4.1 per cent.<sup>7</sup> Much, though, would depend on the prolongation of COVID-19 in Sri Lanka, South Asia, developing Asia and the rest of the world. If the pandemic persists and continues to resurface in various regions and countries at regular intervals and

3 The statistics reported here are from the Asian Development Outlook Update, September 2020, of the Asian Development Bank. <https://www.adb.org/what-we-do/economic-forecasts/september-2020>.

4 Ibid.

5 Ibid.

6 Ibid.

7 Ibid.

new bursts, the risks to economic recovery will remain significant. For a relatively small economy like Sri Lanka, these risks can have a substantial impact on the economy. Shipping, tourism and exports are vital for Sri Lanka, as are the worker remittances it receives from overseas. Prospects for all these sectors and remittances will remain depressed as long as COVID-19 prevails, restricting overall broad-based turnaround for the Sri Lankan economy.

One of the most severe impacts of the COVID-19-induced economic downturn has been on the domestic labour markets. Millions of jobs have been lost across the world in industries that drive local and national economies, including manufacturing, and employment-intensive sectors like tourism, travel, aviation, shipping, entertainment and construction. The situation has been exacerbated by the lockdowns imposed by various governments to control COVID-19. Official statistics show that Sri Lanka's unemployed population has increased by 100,000 in early 2020 with more retrenchments and job losses expected thereafter, particularly for temporary and contractual employees.<sup>8</sup>

The downturn in economic growth and the loss of jobs has created a situation where the economy is unable to discover opportunities to revive demand. This will persist as long as COVID-19 and its effects continue. A serious problem for Sri Lanka, at this juncture, is its inability to capitalise on opportunities presented by the outside world for economic revival. As such possibilities themselves are limited, with the rest of the world trying to come to terms with COVID-19. The only option for economic recovery appears to be reviving demand through internal stimulus. Such actions again are difficult for the government to implement at a time when it is struggling to manage external debt and unable to generate sufficient revenues from the domestic economy.

*The only option for economic recovery appears to be reviving demand through internal stimulus.*

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8 Priyanka Jayawardena, "COVID-19 and Sri Lanka's Labour Market Gaps: Permanent Protection for Temporary Employees", *Talking Economics*, Institute of Policy Studies (IPS), Sri Lanka, 9 September 2020. <https://www.ips.lk/talkingeconomics/2020/09/09/covid-19-and-sri-lankas-labour-market-gaps-permanent-protection-for-temporary-employees/>.

## Managing External Debt

The external debt situation in Sri Lanka is precarious and poses one of the toughest economic challenges for the new government.

*The debt has been rising sharply, as a part of the rise in the overall government debt of Sri Lanka, which was estimated at 87 per cent of the GDP in 2019.*

Sri Lanka's external debt, as a proportion of GDP, was 67.6 per cent in 2019. The external debt to GDP ratio is rather high compared with the two largest economies in South Asia – India and Pakistan, which have external debt to GDP ratios of 20.6 per cent and 42.7 per cent respectively.<sup>9</sup> The debt has been rising sharply, as a part of the rise in the overall government debt of Sri Lanka, which was estimated at 87 per cent of the GDP in 2019.<sup>10</sup>

The sharp rise in Sri Lanka's external debt has drawn considerable attention from various experts. While many feel that the high debt is due to the economy's exposure to debt-financed infrastructure funds flowing into Sri Lanka from China, as part of the construction of the Hambantota port and other major infrastructure projects, much greater accrual of debt has arisen from other factors.

A major part of Sri Lanka's external debt is held through international sovereign bonds. While China held less than 10 per cent of Sri Lanka's total external debt at the end of 2017, a much larger proportion, amounting to one-third of the total external debt, was accounted for by loans raised through external sovereign bonds and foreign currency term financing facilities.<sup>11</sup> Such accruals, again, were a result of the specific policies followed by the government since the middle of the last decade. The liberal policy of allowing corporates and state-owned enterprises (SOEs) to raise resources directly from external financial markets contributed to the aggregation of loans.

9 "Sri Lanka External Debt: % of GDP", *CEIC Data*. <https://www.ceicdata.com/en/indicator/sri-lanka/external-debt-of-nominal-gdp>. India and Pakistan's estimates are for 2020.

10 "SL debt ratio rises to 86.8 per cent against GDP", *News 1st*, 8 June 2020. <https://www.newsfirst.lk/2020/06/08/sl-debt-ratio-rises-to-86-8-against-gdp/>.

11 Dushni Weerakoon, "Managing Sri Lanka-China Economic Relations: BRI, Debt and Diplomacy", Talking Economics, Institute of Policy Studies, Sri Lanka, 22 January 2019. <https://www.ips.lk/talkingeconomics/2019/01/22/managing-sri-lanka-china-economic-relations-bri-debt-and-diplomacy/>.

In what could be described as a serious concern for the new government, contributing to wider concerns about its ability to service debt, the bulk of loans raised by the SOEs were backed by government guarantees, leading not just to a sharp increase in external borrowings but also external indebtedness of the state. While the policy of allowing SOEs to liberally access the international market was ostensibly to reduce their dependence on budgetary support from the central government, it has had major macroeconomic implications. The unchecked accumulation of external debt has led to a concomitant rise in Sri Lanka's debt burden and debt-service obligations. The borrowings have also led to a higher share of non-concessional loans in the composition of total external debt resulting in larger interest repayments and stress on government finances.<sup>12</sup>

*The unchecked accumulation of external debt has led to a concomitant rise in Sri Lanka's debt burden and debt-service obligations.*

Unfortunately, the debt-service obligations are committed and cannot be renegotiated. Beginning from 2021 till 2025, Sri Lanka's debt-servicing obligations are going to progressively increase as debts mature. On an average, the obligations are expected to result in annual payouts of more than US\$4 billion (S\$5.3 billion).<sup>13</sup> The obligations might further increase if the Sri Lankan currency depreciates against major global currencies of the world, leading to a further appreciation in the nominal value of the external debt held in different currencies and their associated payout obligations, when it comes to repaying the principal debt amounts.

## Structural Reforms: Urgent Necessity

The contraction in GDP growth following the outbreak of COVID-19, and the alarming prospects of debt-servicing obligations stretching beyond the financial means of the government, have led to a revision in the credit ratings on Sri Lanka. The Fitch Ratings downgraded the sovereign rating of Sri Lanka from 'B' to 'B-' in April 2020. The concerns behind the downgrade, which came a few months before the 2020

12 Amitendu Palit, "Sri Lanka's Presidential Election 2019: Managing External Debt a Top Priority", Institute of South Asian Studies-NUS, 23 November 2019. <https://www.isas.nus.edu.sg/papers/sri-lankas-presidential-election-2019-managing-external-debt-a-top-priority/>.

13 "Sri Lanka's External Strains Set to Persist beyond Elections", Fitch Ratings, 24 June 2020. <https://www.fitchratings.com/research/sovereigns/sri-lankas-external-strains-set-to-persist-beyond-elections-24-06-2020>.



*Coupled with the GDP contraction, the government debt to GDP ratio is likely to expand to beyond 90 per cent in the current year.*

parliamentary elections, were the severity of the macroeconomic challenges facing the country, primarily in managing external debt, and its prospects of successfully addressing those. The negative outlook was reaffirmed later in June 2020, as the possibility of government revenues declining further due to the pandemic-induced recession led to the prospect of a larger budget deficit.<sup>14</sup> Coupled with the GDP contraction, the government debt to GDP ratio is likely to expand to beyond 90 per cent in the current year. The increase might not mean a commensurate increase in fresh external debt, as the government would be very hesitant to approach external markets to raise more funds. However, Sri Lanka's current low level of foreign exchange reserves are a major worry, as they might be insufficient for servicing the upcoming debt repayments.

As mentioned earlier, there is precious little room to defray the current debt obligations. However, looking ahead in the medium term, structural reforms must be a priority for the government. These reforms need to address a couple of major macroeconomic objectives. First, there is a need to create a conducive climate for external private investment inflows into the country. This is essential to reduce the economy's reliance on debt flows to finance domestic investment expenditures. The current government's plans to pursue an Asia-centric foreign policy and invite more investors can contribute to the goal. More non-debt creating capital, that is, foreign direct investment (FDI) and foreign portfolio investment (FPI) need to emerge as the main source of external finance for the investment needs of the country, particularly in infrastructure. Second, along with enhancing investor confidence in the economy to encourage foreign investment inflows, it is also essential to implement structural reforms to control domestic expenditure. This particularly pertains to reducing inessential government expenditure, including those by SOEs. Encouraging SOEs to directly access global capital markets has led to sharp borrowing, as discussed earlier. The policy needs to be reversed with the objective of disciplining expenditures across government enterprises and departments.

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<sup>14</sup> Ibid.

The problem for the new government would be to proceed on the necessary structural reforms at a time when the growth prospects are abysmally weak. Taking difficult decisions, like shutting down perpetually loss-making SOEs to reduce overall government expenditure, are almost impossible when the labour market impacts of the pandemic have been devastating in exacerbating unemployment and job losses. On the other hand, advancing on structural reforms can send positive signals to potential long-term investors about the government's seriousness in pursuing long-term reforms and inviting private investments. Unless these decisions are taken and are backed by other policies reflecting the government's commitment to revive economic growth, FDI and FPI are unlikely to increase. Indeed, it is important to note that the political uncertainty in the country beginning with the dismissal of Prime Minister Ranil Wickremesinghe in October 2018 and compounded by the catastrophic Easter Sunday attacks in April 2019 had already affected long-term plans that investors might have had for the economy, which have now been further pushed back by COVID-19 and its effects.

## Looking Ahead

After the end of the civil war in 2009 and the rapid growth in GDP in the years immediately thereafter, the Sri Lankan economy found it hard to sustain high economic growth. The ADO, as mentioned earlier in the paper, expects Sri Lanka to recover in 2021 by recording a GDP growth of 4.1 per cent. The growth, if achieved, will be better than Sri Lanka's decadal (2011-2020) average growth of 3.9 per cent.<sup>15</sup> For the new government, reviving the rate of economic growth is a top priority. From a regional perspective too, a recovery in the Sri Lankan rate of growth will improve the region's overall economic prospects. However, all expectations in this regard depend upon the prolongation of COVID-19 and the risks associated with it.

*For the new government, reviving the rate of economic growth is a top priority.*

Sri Lanka's economic challenges are amplified by the fact that even without COVID-19, the country was encountering problems of low GDP growth, high external debt and the imperatives of structural

15 Sri Lanka Real GDP growth, CEIC Data. <https://www.ceicdata.com/en/indicator/sri-lanka/real-gdp-growth>.

reforms. In this respect, the task of the new government is clearly cut out. However, COVID-19 complicates the prospects of progress on achieving the objectives, particularly managing external debt and implementing major structural reforms.

Sri Lanka needs to seriously consider the prospect of obtaining concessional loans from the International Monetary Fund (IMF) or other multilateral agencies. Such loans will augment foreign exchange reserves and help in meeting the sovereign debt obligations. Sri Lanka had an extended fund facility support from the IMF for three years, which began in June 2016 and ended earlier this year due to the government's deviation on tax policies and revenue consolidation measures.<sup>16</sup> Fresh IMF assistance would entail tough compliance and hard structural reform conditions. However, that perhaps might be exactly what the Sri Lankan government and economy need at this point in time. COVID-19 and the comfortable victory in the parliamentary election can offer the government the right context and political comfort to take difficult decisions that are vital for reviving the medium-term growth prospects of the economy.

*Infrastructure-building efforts of a similar scale might need to be undertaken again to revive aggregate demand and impart the much-needed push to economic growth.*

The rapid rise in the GDP growth after the end of the civil conflict was due to an upsurge in economic activity powered by reconstruction. Infrastructure-building efforts of a similar scale might need to be undertaken again to revive aggregate demand and impart the much-needed push to economic growth. However, such investments would require resources, which a depleted government treasury struggling to service debt obligations cannot easily afford. This is where again additional resources mobilised from multilateral agencies or domestic and foreign banks can be critical. Once such support materialises and the pressing macroeconomic difficulties are addressed enabling the implementation of investment-enhancing policies, long-term FDI should begin flowing into key sectors. Combined with flexible management of the exchange rate, steps to enhance exports and measures designed to attract export-oriented FDI, Sri Lanka's balance of payments and macroeconomic conditions should improve over time.

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<sup>16</sup> Fitch Ratings, op. cit.

# Sri Lanka's Parliamentary Election: International and Security Challenges for the Rajapaksa Government

Asanga Abeyagoonasekera

## Summary

*Sri Lanka is going through a major constitutional amendment with the aim of bringing back more power to the executive president. The Sri Lanka Podujana Peramuna (SLPP), the party of President Gotabaya Rajapaksa's brother, Mahinda, won convincingly in the parliamentary election in August 2020 and now has a two-thirds majority in parliament. The new government of the siblings should avoid drifting towards a semi-autocratic administration with tight economic conditions and maligning mercantilism. The constitutional amendment should include devolution of power, strengthening checks and balances as well as ensuring a separation of powers of the executive, legislature and judiciary to sustain democracy in the island nation.*

*The new government of the siblings should avoid drifting towards a semi-autocratic administration with tight economic conditions and maligning mercantilism.*

*Sri Lanka is facing immense geopolitical pressure and a triangular power projection by the United States (US), India and China is taking place in Colombo's surrounding ocean sphere. While Gotabaya's wish is not to be entangled in the global power struggle, will the powers leave Sri Lanka alone? It is likely that Gotabaya will continue to follow former president Mahinda's foreign policy with a recalibration of the Indo-Lanka relationship.*

*This paper explores the following eight areas: intense Indo-China and US-China power rivalry; Gotabaya's leadership amidst a global pandemic; Millennium Challenge Cooperation Compact (MCC), Status of Forces Agreement (SOFA), East Container Terminal (ECT) and Mattala Airport; the Rajapaksas' foreign policy; Indo-Lanka relations; Hambantota, the next financial capital; debt trap diplomacy; as well as triple security threats and balancing the triple spheres of influence.*

## Introduction

*It is unprecedented in the island's history that two siblings have taken over the executive and legislature, winning 145 seats out of a 225-member parliament.*

Following Gotabaya's presidential victory in November 2019, his brother, Mahinda, became Sri Lanka's prime minister after a historical landslide victory in the August 2020 parliamentary election. It is unprecedented in the island's history that two siblings have taken over the executive and legislature, winning 145 seats out of a 225-member parliament. The United National Party (UNP) under former Prime Minister Ranil Wickremesinghe secured only one seat in the parliament.

Geopolitical analyst Parag Khanna argues that politics is about sovereignty and transparency. He opines that the slightest manoeuvre to threaten sovereignty can bring down a government.<sup>1</sup> Mahinda's return to power in Sri Lanka after the 2015 defeat was to re-establish the threatened national security and protect the sovereignty of the country. National security was eroded by the Easter Sunday bombing in 2019, Sri Lanka's largest-ever terrorist attack following the end of the civil war. Sovereignty was a hot topic during the presidential and parliamentary elections. Mahinda's party, the SLPP, raised the issue of the threat to the country's sovereignty leading up to and during the election. Other than the defining moment of the Easter Sunday attack, the co-sponsored 30/1 United Nations Human Rights Council (UNHRC) resolution by the Maithripala Sirisena-Wickremesinghe government to promote reconciliation, accountability and human rights in the country; the 99-year lease of Hambantota port to the Chinese; and the two US agreements (SOFA and MCC) were among the issues relating to the island's sovereignty that were raised during the election.

With Mahinda's victory, several questions arose within the international arena on democracy, rule of law, human rights, devolution of power, national reconciliation process, protecting minority communities and the China factor in Sri Lanka's foreign policy.

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<sup>1</sup> Parag Khanna, "All Roads Need Not Lead to China", *Noema*, 13 July 2020. <https://www.noemamag.com/all-roads-need-not-lead-to-china/>.

This paper discusses the international and security challenges for Gotabaya's government and Sri Lanka's relationship with the triple spheres of influence – China, the US and India – in a competitive geopolitical environment.

### **Intense Power Rivalry: Indo-China and US-China**

The incumbent administration's foreign policy is calibrated in a dissimilar and competitive environment in comparison to his brother Mahinda's presidential term from 2005 to 2015. There is now an intense triangular power projection from China, India and the US in Sri Lanka's vicinity. China has managed to make inroads into the Indian Ocean, which is far from its traditional ocean space. Similarly, the US and India are also venturing beyond their immediate ocean spaces. India has gone beyond the Aden and Malacca choke points and has begun to make naval forays into the Pacific Ocean, as assessed by C Raja Mohan in his book, *Samudra Manthan: Sino-Indian Rivalry in the Indo-Pacific*. For the objective of maritime strategic expansion, it requires allies and littorals that are strategically located. Several scholars have argued that Sri Lanka was mapped by Beijing's strategic circle to facilitate the Chinese expansion into the Indian Ocean. Sri Lanka, an island nation sitting in a strategic location at the sea lines of communications in the Indian Ocean, is directly influenced by external power rivalry.

*Sri Lanka, an island nation sitting in a strategic location at the sea lines of communications in the Indian Ocean, is directly influenced by external power rivalry.*

Heightened Indo-China tension in India's northern border is not limited to the region. In the Indian Ocean space in the south of India, a maritime arms race is also slowly building up. Tension is brewing among the great powers, particularly in the Indian Ocean. The US did not win the Cold War on its own. It formed strong alliances with its Western partners in the North Atlantic Treaty Organization (NATO) and used containment as the primary foreign policy strategy. In the current status quo, there is a militarisation of the Quad (the US, India, Australia and Japan). Moreover, the Quad is expanding to a 'Quad Plus' with the inclusion of South Korea, Vietnam and New Zealand. From quadrilateral security arrangements and joint military exercises to the signing of military logistics agreements such as that between

India and Australia, it seems apparent that Containment 2.0 against China is at full play.

*The external geopolitical tension has had a direct impact on the domestic affairs of the South Asian nations, including Sri Lanka.*

Several Indian scholars have argued for the need for a NATO-like military alignment in the Indian Ocean. There is a significant danger in formulating such containment strategies against China as this will not bring stability to the existing order but will further destabilise the region and further strain the relationship between the US and China. Sri Lanka has felt the triangular power projection of the US, China and India in its surrounding Indian Ocean space due to the containment strategies and growing mistrust among the great powers. The external geopolitical tension has had a direct impact on the domestic affairs of the South Asian nations, including Sri Lanka.

According to Chinese Foreign Minister Wang Yi, the US-China axis is going on a downward spiral. He states, “This is a political virus” designed by the US against China.<sup>2</sup> According to Indian professor Srikanth Kondapalli, “Chinese assertive and aggressive responses have been a bid to cover up the COVID-19 disaster”.<sup>3</sup> China is expanding its geopolitical footprint in different geographies and retaliating in a ‘tit for tat’ fashion as a show of its strength. The closing of the US consulate in China this year by the Chinese government in response to the earlier shutting down of the Chinese embassy in Houston is an example of this strategy.

The heightened security environment cannot be contextualised as a ‘Cold War’. Singaporean academic Kishore Mahbubani explains in his new book, *Has China Won?: The Chinese Challenge to American Primacy*, “In the Cold War, America’s heavy defence expenditures proved prudent as they forced the Soviet Union, a country with a smaller economy, to match America’s military expenses”.<sup>4</sup> The context is different with China. Wang Yi rightly explains, “We reject any

2 “Chinese FM denounces Pompeo’s assertion of failure of engagement with China”, *Xinhuanet*, 5 August 2020. [http://www.xinhuanet.com/english/2020-08/05/c\\_139267464.htm](http://www.xinhuanet.com/english/2020-08/05/c_139267464.htm).

3 Srikanth Kondapalli, “Beijing’s season of all-round assertion”, *Deccan Herald*, 13 June 2020. <https://www.deccanherald.com/opinion/beijing-s-season-of-all-round-assertion-849286.html?fbclid=IwAR1dVULuJ->.

4 Kishore Mahbubani, “Has China Won?: The Chinese Challenge to American Primacy”, *Public Affairs*, New York, 2020. <https://books.google.com.sg/books?id=bKmnDwAAQBAJ&pg=PT7&lpg=PT7&dq=Has+China+Won?>.



attempt to create a so-called 'new Cold War', because it contravenes the fundamental interests of the Chinese and American peoples and the global trend toward development and progress."<sup>5</sup> Sri Lanka will have to navigate its foreign policy in such a context.

## Gotabaya's Leadership amidst a Global Pandemic

Shortly after the parliamentary election victory, the Chargé d'affaires of the Chinese Embassy in Colombo, Hu Wei, met Prime Minister Mahinda Rajapaksa<sup>6</sup> and passed on a congratulatory letter from the Central Committee of the Communist Party of China pledging continuous support to the SLPP, requesting to expedite the Belt and Road Initiative projects, especially the Colombo Port City inaugurated by Chinese President Xi Jinping and then-President Mahinda Rajapaksa in 2014.<sup>7</sup>

Sri Lanka has received assistance in the fight against COVID-19 from China, and both nations have worked together to strengthen their bilateral ties during the pandemic. Sri Lankan authorities have neither accused nor viewed China as the cause of the pandemic. Gotabaya's successful leadership and management of the COVID-19 pandemic were well-received by the general public and contributed to the parliamentary election victory.

*Sri Lankan authorities have neither accused nor viewed China as the cause of the pandemic.*

## The MCC, SOFA, ECT and Mattala Airport

There are several infrastructure and logistics agreements that were held up during Gotabaya's presidency. An estimated S\$682 million from the US MCC grant to construct a transport corridor was held up after a presidential committee appointed by Gotabaya concluded in its report that the project would threaten national security and impede the sovereignty of the nation.<sup>8</sup> Another US agreement, the

5 "China rejects any attempt to create so-called 'new Cold War': FM", *Xinhuanet*, 5 August 2020. [http://www.xinhuanet.com/english/2020-08/05/c\\_139267517.htm](http://www.xinhuanet.com/english/2020-08/05/c_139267517.htm).

6 "China congratulates Mahinda on election win", *Ada Derana*, 9 August 2020. <http://www.adaderana.lk/news/66314/china-congratulates-mahinda-on-election-win>.

7 Wu Jiao and Zhang Yunbi, "Presidents launch port city project", *China Daily*, 18 September 2014. [https://www.chinadaily.com.cn/world/2014xisco/2014-09/18/content\\_18617323.htm](https://www.chinadaily.com.cn/world/2014xisco/2014-09/18/content_18617323.htm).

8 Uditha Jayasinghe, "Govt. has option not to sign MCC agreement, says committee", *Daily FT*, 4 July 2020. <http://www.ft.lk/front-page/Govt-has-option-not-to-sign-MCC-agreement-says-committee/44-702621>.



SOFA, which is a military logistics initiative, was put on hold since it was deemed a national security threat. The two US agreements are likely to be on hold for some time due to domestic nationalist political constraints.

In another development, the Indian-led tripartite memorandum with the Japanese and Sri Lankan governments to develop Colombo Port's ECT, concluded during the previous Sri Lankan administration, is under review.<sup>9</sup> The Chinese have built an international airport in Mattala. The new developments could be misconstrued as a pro-China position taken by the government and a drift away from Sri Lanka's balanced foreign policy. However, there is no China consideration in the decisions made by the government. Rather, there is a greater nationalist sentiment on protecting the sovereignty of the nation.

### The Rajapaksas' Foreign Policy

*The construction of the southern port followed by many other Chinese infrastructure projects in the island was a clear indication of the Mahinda government's strong relationship with China.*

Mahinda introduced his political manifesto, *Mahinda Chinthanaya* (Mahinda's Vision), during his 2005 presidential campaign. In the manifesto, he spelt out a 'non-aligned' foreign policy during his tenure. During his two terms in office, there were two significant achievements that received much attention in the international arena. The first was ending the almost three-decade war with the Liberation Tigers of Tamil Eelam (LTTE) in 2009.<sup>10</sup> The second was a Chinese-built port in the southern shores of the island known as the Hambantota port. The construction of the southern port followed by many other Chinese infrastructure projects in the island was a clear indication of the Mahinda government's strong relationship with China. This was further cemented with Xi's visit to the island in 2014, where the two sides signed multiple bilateral agreements and inaugurated the Colombo Port City project.<sup>11</sup> India was concerned with the growing Chinese influence in Sri Lanka. The Chinese submarine visits to

9 Munza Mushtaq, "Sri Lanka's India ties strained as Rajapaksa rethinks port deal", *Asia Nikkei*, 10 July 2020. <https://asia.nikkei.com/Politics/International-relations/Sri-Lanka-s-India-ties-strained-as-Rajapaksa-rethinks-port-deal>.

10 Matthew Weaver and Gethin Chamberlain, "Sri Lanka declares end to war with Tamil Tigers", *The Guardian*, 19 May 2009. <https://www.theguardian.com/world/2009/may/18/tamil-tigers-killed-sri-lanka>.

11 "Presidents launch port city project", op. cit.

Sri Lanka during the last years of the Mahinda government were a turning point of a strained Indo-Lanka relationship. India's strategic community assessed the Chinese submarine visits as a direct national security threat to New Delhi. The relationship with India was then deteriorating, with Rajapaksa himself accusing the Indian spy agency, the Research and Analysis Wing, for his election loss.<sup>12</sup>

Gotabaya's manifesto, 'Vistas of Prosperity and Splendor', outlined a balanced and equidistant foreign policy for the island.<sup>13</sup> However, projecting equal distance in its relationship to all nations will be challenging due to the island's geographical proximity to India, a much larger geographical power in the region. A more 'multi-aligned' foreign policy will be visible in practice as Sri Lanka would like to work with all powers, thereby maintaining a balanced foreign policy in the coming years.

In November 2019, Gotabaya rightly explained, "We don't want to get in between the power struggles of superpowers ... We are so small and we can't survive to get into [these] balancing acts."<sup>14</sup> While Gotabaya may not want Colombo to be caught in the global power struggle, the question is, will these powers leave the country alone? Several analysts<sup>15</sup> have already cautioned of a possible China-centric tilt due to an unmatched, continuous volume of assistance from China to Sri Lanka. It is more likely that Gotabaya's foreign policy will continue on a similar trajectory as that of Mahinda, with a closer and stronger Chinese footprint. However, it might recalibrate its Indo-Lanka relationship which was strained in the last years of the Mahinda presidency.

*While Gotabaya may not want Colombo to be caught in the global power struggle, the question is, will these powers leave the country alone?*

12 "India's spy agency RAW behind my poll defeat, says former Sri Lankan president Mahinda Rajapaksa", *India Today*, 13 March 2015. <https://www.indiatoday.in/world/story/sri-lanka-president-mahinda-rajapaksa-blames-india-raw-for-his-election-defeat-244216-2015-03-13>.

13 <https://gota.lk/sri-lanka-podujana-peramuna-manifesto-english.pdf>.

14 "Don't want to get between India-China power struggle": Sri Lanka president", *Hindustan Times*, 26 November 2019. <https://www.hindustantimes.com/world-news/don-t-want-to-get-between-india-china-power-struggle-sri-lanka-president-gotabaya-rajapaksa/story-2dP8rSFDCwOtEal>.

15 Saravanamuttu P, "Needed: A Foreign Policy Beyond the Shackles of Necessity", *Ground Views*, 31 October 2020. <https://groundviews.org/2020/10/31/needed-a-foreign-policy-beyond-the-shackles-of-necessity/>.

## Indo-Lanka Relations

Indian Prime Minister Narendra Modi was the first global leader to congratulate Mahinda.<sup>16</sup> “India is our friend and relation”, said Mahinda,<sup>17</sup> hoping to strengthen bilateral cooperation between India and Sri Lanka. With India’s ‘Neighbourhood First’ policy, India could increase its assistance to the Sri Lankan economy and infrastructure. As academic Constantino Xavier explains, India cannot take promises for granted and should “deepen economic interdependence with Sri Lanka”, as the island nation will “continue to welcome China’s enthusiastic, generous and reliable financing for critical infrastructure.”<sup>18</sup>

*Enhancing regional connectivity is presently one of India’s top foreign policy priorities, whether it is with Nepal, Bhutan, Myanmar, Bangladesh or Sri Lanka.*

Enhancing regional connectivity is presently one of India’s top foreign policy priorities, whether it is with Nepal, Bhutan, Myanmar, Bangladesh or Sri Lanka. Building infrastructure to facilitate trade and enhance connectivity with these countries is a key element of New Delhi’s ‘Neighbourhood First’ and ‘Act East’ policies, initiated by Modi when he assumed leadership.<sup>19</sup> India’s Minister for External Affairs, S Jaishankar, explained, “From the era when there were charges of [India] being overbearing, today the complaints are of doing too little ... Investing in South Asian connectivity is today the smartest move we can make. This is not just an issue of intent; it is even more of delivery. For good measure, that will be compared with the performance of China.”<sup>20</sup>

16 “Modi 1st to congratulate Mahinda for his victory”, *India Times*, 7 August 2020. <https://timesofindia.indiatimes.com/india/modi-1st-to-congratulate-mahinda-for-his-victory/articleshow/77404562.cms>.

17 “Sri Lanka polls: Mahinda Rajapaksa thanks PM Modi for congratulatory phone call”, *Zee News India*, 7 August 2020. <https://zeenews.india.com/world/sri-lanka-polls-mahinda-rajapaksa-thanks-pm-modi-for-congratulatory-phone-call-2301139.html>.

18 Aditi Phadnis, “India ‘can’t take promises made to new Lanka govt for granted’: policy expert”, *Business Standard*, 5 December 2019. [https://www.business-standard.com/article/current-affairs/india-can-t-take-promises-made-to-new-lanka-govt-for-granted-policy-expert-119113000881\\_1.html](https://www.business-standard.com/article/current-affairs/india-can-t-take-promises-made-to-new-lanka-govt-for-granted-policy-expert-119113000881_1.html).

19 Constantino Xavier and Riya Sinha, “When Land Comes in the Way: India’s Connectivity Infrastructure in Nepal”, *Brookings India*, August 2020. [https://www.brookings.edu/wp-content/uploads/2020/08/When-land-comes-in-the-way\\_M-1.pdf](https://www.brookings.edu/wp-content/uploads/2020/08/When-land-comes-in-the-way_M-1.pdf).

20 Ibid.

With Gotabaya's inaugural foreign visit to India, he has successfully managed to recalibrate the Indo-Lanka relationship to a positive trajectory. During the last several months, Modi had several productive phone conversations with both Gotabaya and Mahinda, pledging assistance to Sri Lanka that is undergoing a difficult turn since the Easter Sunday terror attack. The Sri Lankan government has sought assistance from its Indian counterpart, including a S\$1.5 billion special currency swap facility to add to the S\$545 million South Asian Association for Regional Cooperation Fund to deal with the foreign exchange issue the country is facing right now. The Indian premier assured, "We are ready to help under terms that are favourable to Sri Lanka."<sup>21</sup> The Sri Lankan economy has contracted, and the growth rate has slowed to less than three per cent of the gross domestic product, one of the lowest growth rates in South Asia.<sup>22</sup>

For the Indo-Lanka relationship to maintain its positive direction, there are several domestic political challenges the Sri Lankan government needs to address. These include the Tamil grievances on the devolution of power by the 13<sup>th</sup> Amendment of the Constitution. While the 13<sup>th</sup> Amendment Plus,<sup>23</sup> a rhetorical political promise to go beyond the existing devolution of power, was made during Mahinda's presidency, it did not materialise due to strong alt-right ultra nationalists backing the government. Sri Lanka's commitment to the 30/1 UNHRC resolution on reconciliation and accountability and diaspora re-engagement are both concerns for the Tamil polity in India and the larger Tamil diaspora in the West.

*For the Indo-Lanka relationship to maintain its positive direction, there are several domestic political challenges the Sri Lankan government needs to address.*

The growing Chinese footprint on the island is a concern for India's security and strategic community. In addition, the US and India are concerned with the manner in which Gotabaya will balance the Chinese sphere of influence in Sri Lanka with that of the other powers, the evolving domestic political landscape, the preservation of democratic values and not drifting towards a semi-autocratic regime.

21 Meera Srinivasan, "Gotabaya seeks additional \$1.1 billion SWAP facility from Modi", *The Hindu*, 24 May 2020. <https://www.thehindu.com/news/international/gotabaya-seeks-additional-11-billion-swap-facility-from-modi/article31662546.ece>.

22 The World Bank in Sri Lanka. <https://www.worldbank.org/en/country/srilanka/overview>.

23 Nirupama Subramanian, "'13th Amendment Plus': India sceptical of Sri Lankan promise", *The Hindu*, 26 March 2011. <https://www.thehindu.com/news/the-india-cables/13th-Amendment-Plus-India-sceptical-of-Sri-Lankan-promise/article14962436.ece>.

## Hambantota: The Next Financial Capital

In the domestic political arena, while discussing the importance of the Chinese built and operated southern port of Hambantota in Sri Lanka during a recent interview, Mahinda's son, Namal Rajapaksa, who contested from his father's previous electorate, explained, "Hambantota will become the next commercial city in the island with highways, strategic port, international airport and all the logistics ready, we will make this happen."<sup>24</sup> Namal's long-term view is to continue his father's vision of converting Hambantota into a modern city under his leadership, which has been perceived as a difficult and unachievable task by many in Colombo.

When looking at the massive Chinese infrastructure diplomacy carried out with two global connection hubs – the Hambantota port and Mattala airport, with other ancillary infrastructure, including an international convention centre, cricket stadium, highways, hotels and much more to come – this strategy of building another commercial city in the deep south perhaps could be achieved under the leadership of the Rajapaksas.

## Debt Trap Diplomacy

*China's volume of lending to Sri Lanka for its infrastructure projects was perhaps comparable to Djibouti.*

Although the issue of the 99-year lease agreement of Hambantota Port, signed during the previous administration of Sirisena-Wickremesinghe, was raised during the 2019 presidential election, it is very unlikely that the signed agreement will be amended. Hambantota is not Djibouti and it is under Sri Lankan jurisdiction and control, while Djibouti was leased out initially as a multi-base facility to several other nations before it was leased to China for the latter's military purposes. China's volume of lending to Sri Lanka for its infrastructure projects was perhaps comparable to Djibouti. However, unlike Djibouti, the Chinese have assured the Sri Lankan government that the port will not be used for any military purpose.

<sup>24</sup> Namal Rajapaksa interview on National TV Rupawahini, 17 July 2020. <https://www.youtube.com/watch?v=CvuDf8WJnDQ>.

The growing Chinese debt in Sri Lanka is widely discussed. Beijing has been accused of trapping Sri Lanka through its large-scale lending. It should be noted that the international sovereign bond debt percentage is much higher than overall Chinese loans. However, the conditionality and transparency of Chinese loans is a concern. Sri Lanka has further agreed to borrow to sustain its economy due to its low foreign reserves from China.<sup>25</sup>

China needs a strategic location in the Indian Ocean to secure its energy transportation. The centralised nature of governance in Colombo left little room for a competitive bidding process or public opinion on the matter. Sri Lanka now needs to move out from these earlier practices. It can and should use its strategic location as a bargaining advantage for better terms with China. If Sri Lanka had more fall-back options in place,<sup>26</sup> it would certainly have obtained a better deal from China. The absence of alternatives gives China the upper hand. Sri Lanka can use the facilitation of infrastructure projects by China or any other nation as a bargaining tool to obtain additional benefits. Of course, these would be at the expense of strategic and political risks associated with increased competition in the Indian Ocean.

*It can and should use its strategic location as a bargaining advantage for better terms with China.*

The Gotabaya government claims that the surrounding land of the Hambantota port and port operation should not have been given on a 99-year lease to China. "We were never to give control of the port [Hambantota] to China; that was a mistake", according to Gotabaya.<sup>27</sup>

## Triple Security Threats and Balancing the Triple Spheres of Influence

Gotabaya's government is likely to face three security challenges. First, there is growing extremist terrorism in the region as demonstrated

25 Meera Srinivasan, "Sri Lanka in talks to secure \$500 mn in Chinese loans", *The Hindu*, 12 October 2020 <https://www.thehindu.com/news/international/sri-lanka-in-talks-to-secure-500-mn-in-chinese-loans/article32837581.ece>.

26 Referring to Nash Bargaining Theory, Nash, J F, 1950. Bargaining Problem. *Econometrica*, April, 18(2), pp. 155-162.

27 "President Rajapaksa says leasing H'tota port was a 'mistake', calls for renegotiation with China", *DailyFT*, 26 November 2019. <http://www.ft.lk/front-page/President-Rajapaksa-says-leasing-H-tota-Port-was-a-mistake-calls-for-renegotiation-with-China/44-690388>.

by the deadly 2019 Easter Sunday attacks. Second, the LTTE ideology, which triggered cyber-attacks on several government websites, including the public administration by Tamil Eelam Cyber Force,<sup>28</sup> remains active. Third, there are external geopolitical fissures to Sri Lankan foreign policy. Balancing India, China and the US will be a top priority.

*Working on the post-conflict reconciliation process and building a genuine diaspora re-engagement strategy are important to ensure social cohesion in the country.*

Gotabaya's challenges are daunting. In addition to balancing the triple spheres of influence from China, India and the US and preserving geopolitical equilibrium, Colombo will need to balance the infrastructure diplomacy carried out by external powers on the island. On the proposed 30/1 resolution, instead of withdrawing from its own co-sponsored resolution, Sri Lanka should have engaged the UNHRC. Working on the post-conflict reconciliation process and building a genuine diaspora re-engagement strategy are important to ensure social cohesion in the country.

Preserving and sustaining a transparent and democratic political environment will be integral to the government's success. Similarly, protecting sovereignty and ensuring national security are crucial to preventing a drift towards a semi-autocratic regime with tight economic conditions and malignant mercantilism. The constitutional amendment, which will take place in due time, should include a devolution of power to the provinces. There should be checks and balances and separation of powers of the executive, legislature and judiciary to sustain democracy in the country.

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28 "2 Government Websites hacked", *Newswire*, 30 May 2020. <http://www.newswire.lk/2020/05/30/2-government-website-hacked/>.

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