

ISAS Brief

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Challenging Times in Sri Lanka: A Reality Check for Maithripala Sirisena

A slowing economy, ballooning debt and new political challenges, which include an increasingly agitated electorate and divided party loyalties, have put the spotlight on Sri Lanka's President Maithripala Sirisena and his coalition government. The government is struggling to deal with these issues and there are no clear signs yet on how the president intends to address these mid-term issues.

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Introduction

It was little over two years ago that Sri Lankans elected a new President, Maithripala Sirisena, replacing Mahinda Rajapaksa, who was widely seen as an authoritarian figure.² Sirisena's election was seen by some observers as a victory for liberty, justice and democracy, as against the perceived autocracy and nepotism of the Rajapaksa era of the previous decade.

The current coalition government, led by Sirisena, leader of the Sri Lanka Freedom Party (SLFP), and Prime Minister Ranil Wickremesinghe, head of the United National Party (UNP),

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² "Profile: Mahinda Rajapaksa", *BBC Online*, 16 June 2017

has an overwhelming majority in the country's parliament. Although they lead groups with historical political rivalries, the two leaders were able to forge an alliance and sweep to power in 2015 on the promise to establish accountability and transparency in governance. A significant early achievement was the approval of the 19th Amendment to the Constitution which curtailed the power of the president by restricting his ability to make important appointments such as judges of the Supreme Court and limiting presidents to serve a maximum of two terms, each usually for five years.

In two years, the Sinhalese-dominated government has enacted legislation to safeguard human rights, ethnic reconciliation with the minority in Tamil-dominated north and eastern regions, and minority protection, which includes the Muslim population, another minority group. Examples of these efforts include the Right to Access to Information Act approved in June 2016 and the establishment of an Office of Missing Persons.³ The latter was set up to help family members from all communities to determine the fate of those who mysteriously 'disappeared', usually alleged opponents, during Rajapaksa's rule. There was also continued restoration of land taken over by the armed forces during the civil war, which ended in 2009. However, there still remain thousands of acres of private land in Jaffna, located in the northern tip of the country which is retained by the armed forces.

Political Scene

The current regime is facing a number of formidable political challenges. Some of these arise from the very nature of power sharing between erstwhile opponents.⁴ It does not help that Sirisena has had to deal with obstacles from within the SLFP-UNP alliance. Many party members in the SLFP retain political loyalties to Rajapaksa, who himself became an elected member of parliament under the SLFP in August 2015. Sirisena's challenge, since the beginning of his term, has been how to limit Rajapaksa's influence.

On his part, Rajapaksa has remained firmly in the public eye since losing the presidency two years ago. His 2017 May Day rally speech, given at Colombo's historic Galle Face seaside

³ Chandra de Silva, "Sri Lanka has made progress but faces formidable challenges", South Asia@LSE blog, 10 June 2017.

⁴ Ibid.

promenade, drew a huge crowd, as he launched a withering attack on the current government and its failures to deliver on its electoral promises. Some of these attacks have pushed Sirisena on the back foot. For example, Rajapaksa accused the government of trying to lease large swathes of land in the strategic port district of Trincomalee, located to the east of the island, to India. Stung by this, as well as the long-held local opposition to India's strategic interest in the area, Sirisena attempted to play down the high profile visit to Sri Lanka by India's Prime Minister Narendra Modi in May, saying it was only aimed at participating in spiritual and Buddhist religious ceremonies and not related to trade and investments. As things stand, the two sides have yet to formalise an agreement to run the port.

It is arguable that a large gathering at a rally speech may not necessarily translate into votes at an election. However, as an SLFP minister conceded in a recent local media report, it demonstrated the "anti-government feeling in the country",⁵ or, in other words, the Sirisena-Wickremesinghe alliance has arguably become unpopular. Moreover, the media reports have speculated that the Sri Lanka Podujana Peramuna Party, Rajapaksa's alternative to the SLFP, now has a substantial following, particularly among the poorer rural masses.

In his own May Day rally in Kandy, Sirisena expressed his desire to transform the SLFP into a corruption-free, progressive and democratic political force that could emerge victorious during the next election.⁶ In doing so, Sirisena is attempting to position the SLFP as a political party that represents the working class and an advocate of 'clean politics'.⁷

Rajapaksa has served two terms and is constitutionally unable to seek re-election to the presidency. However, he is trying to capitalise on his recent momentum. In an interview in the local media earlier this month, he positioned himself as "the leader of the political movement that would form the next government",⁸ adding that his backing for the opposition candidate at the next election could prove decisive. It is widely believed that the former president's brother, Gotabaya Rajapaksa, could contest the next presidential election, although he has, so far, remained coy on entering politics.⁹ Not only is he credited with ending Sri Lanka's bitter three-

⁵ "Galle Face Blues: Rajapakse May Day force jolts Govt", *The Sunday Times*, 8 June 2017.

⁶ "I have turned a defeated party, into one growing in strength", *Asia Tribune*, 9 June 2017.

⁷ Ibid.

⁸ "SLFP unity a matter for the President to decide", *Daily Mirror*, 10 June 2017.

⁹ "Gotabaya denies war crime allegations", *The Hindu*, 11 June 2017.

decade long civil war, the former defence secretary is also viewed as a progressive leader who gets things done.

Debt Trap

On the economic front, the priority remains the repayment of foreign loans negotiated by the previous government for major infrastructure projects, mainly with China. The statistics here make for grim reading. National debt increased from S\$40 billion in 2010 to S\$85 billion in 2016, one of the highest amongst emerging economies.¹⁰ Recent reports have revealed that the official foreign reserves were only S\$7.6 billion in January 2017, a fall of half a billion dollars over the previous 12 months. Foreign direct investment halved to S\$415 million in 2016, from S\$830 million in 2015.¹¹

It is estimated that, in the next few years, several billion dollars in debt repayments could be due to Chinese state interests alone. The current government has negotiated the transfer of 80 per cent of the Hambantota port to the south of the island for S\$1.1 billion as part of the settlement,¹² a move that has raised apprehension, not just domestically, where locals have accused its leaders of compromising the country's sovereignty, but also in New Delhi. At the moment though, the government does not have much space to negotiate. According to a recent British Broadcasting Corporation report, the island's total debt stands at S\$85 billion and about 95 per cent of all government revenues go towards debt repayment.¹³

In a bid to restore confidence in the economy, Sirisena switched the finance and foreign ministers in a cabinet reshuffle last month. Mangala Samaraweera, who has been foreign minister since January 2015, was appointed as finance and media minister. The previous finance minister, Ravi Karunanayake, took over at external affairs. The International Monetary Fund, which extended a S\$2 billion loan last year to Colombo, has long urged Sri Lanka to boost tax revenue through a revamp of its fiscal system, which the government has been struggling to implement because of political opposition.

¹⁰ Central Bank of Sri Lanka, Annual Report 2016 (12 June 2017), accessed from http://www.cbsl.gov.lk/pics_n_docs/10_pub/_docs/efr/annual_report/AR2016/English/5_Chapter_01.pdf. Accessed on 15 June 2017

¹¹ Ibid.

¹² "Sri Lanka: A country trapped in debt", *BBC Online*, 6 June 2017.

¹³ Ibid.

Conclusion

Sri Lanka is a country saddled with ballooning debt, while healthcare, housing and the lack of jobs remain vexing issues. There are persistent protests across the country, a sign of the many issues that require urgent attention. Perceptions are growing that this government needs to do more to follow through on its poll promises. Furthermore, despite the talk of reconciliation, it is arguable that the country has yet to effectively shape a policy aimed at reconciliation and coexistence between the majority Sinhalese and minority Tamil and Muslim populations. It leaves the SLFP-UNP alliance with formidable challenges on the economic, political and foreign policy fronts, just three years from the next presidential election.

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