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Sri Lanka

Background and Historical Setting

The Democratic Socialist Republic of Sri Lanka, known as Ceylon until 1972, is a constitutional democracy in South Asia with relatively high levels of economic and social development. It is strategically located in the Indian Ocean off the southeastern tip of India's Deccan Peninsula. The island nation was settled by successive waves of migration from India beginning in the 5th-century BC. Indo-Aryans from northern India established Sinhalese Buddhist kingdoms in the central part of the island. Tamil Hindus from southern India also settled in northeastern coastal areas and established a kingdom on the Jaffna Peninsula. Beginning in the 16th century, Sri Lanka was colonized in succession by the Portuguese, Dutch, and English.

Although Ceylon gained its independence from Britain peacefully in 1948, succeeding decades were marred by ethnic conflict between the country's Sinhalese majority, clustered in the densely populated South and West, and the largely Hindu Tamil minority living in the North and East. Following independence, the Tamils—who had attained educational and civil service positions under the British—increasingly faced discrimination from the Sinhalese-dominated government, which made Sinhala the sole official language and gave preferences to Sinhalese in university admissions and government jobs. The Sinhalese, who had deeply resented British favoritism toward the Tamils, saw themselves not only as the majority in Sri Lanka, but also as a minority in a larger regional context that includes over 70 million Tamils in southern India.


Civil War and Political Developments

For 26 years, from 1983 to 2009, a Tamil militant separatist group, the Liberation Tigers of Tamil Elam (LTTE) sought to establish a separate state or internal self-rule in the Tamil-dominated areas of Sri Lanka. Political, social, and economic development was constrained by the ethnic conflict and war between the government and the LTTE, which cost an estimated 70,000-130,000 lives. After the civil war's violent end in May 2009, when the military crushed LTTE forces and precipitated a humanitarian emergency in Sri Lanka's Tamil-dominated north, attention turned to whether the government had the ability and intention to build a stable peace in Sri Lanka. Former President Mahinda Rajapaksa (2005-2015) faced criticism for an insufficient response to reported war crimes by government forces, a nepotistic and ethnically-biased government, increasing restrictions on media, and uneven economic development. In the 2015 presidential election, Mahinda lost to Maithripala Sirisena (2015-2019). Parliamentary elections led to a unity government supportive of Sirisena's reform agenda, including efforts to reduce the authority of the executive presidency.

The Rajapaksas

Former President Gotabaya Rajapaksa (2019-2022) of the Sri Lanka Podujana Peramuna (SLPP) party, a

Figure 1. Sri Lanka in Brief

Population: 22 million (2021 est.)	
Area: Slightly larger than West Virginia	
Government: President Ranil Wickremesinghe Prime Minister Dinesh Gunawardena Unicameral parliament, 225 Members	
Ethnic Groups: Sinhalese 74.9%, Sri Lanka Tamils 11.2%, Moors 9.2%, Indian Tamils 4.2% (2012)	
Languages: Sinhalese 87%, Tamil 28.5%, English 23.8% (2012)	
Religions: Buddhist 70.2%, Hindu 12.6%, Muslim 9.7%, Christians 7.4% (2012)	
Literacy: 92% (2020 est.)	
Unemployment: 6.4% (2023 est.)	
GDP: -0.1% growth, \$14,711 per capita GDP in PPP (2023 est.)	
Labor: Agriculture 27%, industry 26%, services 47% (2016)	
Exports: Garments, tea, spices, rubber, gems and jewelry, refined petroleum, fish and coconut products	
Destination of exports: U.S. 24.5%, U.K. 7.5%, India 6.6%, Germany 6% (2023 est.)	

brother of former President Mahinda Rajapaksa, won the 2019 presidential election on a platform of national security, pledging to suppress Islamist extremism. His and his brother's key base of support was the Sinhalese Buddhist majority. Most Tamils, who are largely Hindu, as well as most Muslims, voted for Gotabaya's opponent. Gotabaya selected his brother as prime minister. The Rajapaksa political position was further strengthened in 2020, when the SLPP won 145 of 225 seats in parliament. In October 2020, parliament passed an amendment that strengthened the powers of the president and reversed previous reforms. Observers viewed Gotabaya's election as bringing a return to nepotistic and authoritarian government. The context for the 2019 presidential election was at least partially set by the April 2019 "Easter bombings" that killed over 250 people at several churches and hotels in Sri Lanka. Security was a key theme in the election and played in favor of Gotabaya, a former Secretary of Defense credited by many Sinhalese with the defeat of the LTTE in 2009 and the end of the country's 26-year-long civil war.

Economic, Financial, and Political Crises

Sri Lanka is in the midst of its worst-ever economic crisis. In April and May 2022, Sri Lanka informed its creditors it would not make payments until it was able to restructure its debt. At that time, Sri Lanka reportedly owed \$51 billion. (Sri Lanka's largest external creditors are the Asian Development Bank, China, Japan, and the World Bank.) Flawed agricultural policies, a tax cut, limited foreign exchange, declines in remittances and tourism, and the increasing costs of food and fuel all contributed to the

crisis. Inflation reached over 50% in June 2022 and was 53.2% in January 2023. The Rajapaksas had banned imports of synthetic agrochemicals, including chemical fertilizers and pesticides, as part of a policy to move Sri Lanka to organic agriculture without a transition period. This, along with fuel shortages, led to significantly decreased agricultural yields for the growing season ending in March 2022. Foreign remittances also declined to less than half of 2019 levels, and tourism was down due to the COVID-19 pandemic.

Mass demonstrations protesting the Rajapaksa government's inability to alleviate food, fuel, and medicine shortages and address power cuts culminated in protesters storming the presidential palace and the prime minister's residence in July 2022. Prime Minister Mahinda Rajapaksa then President Gotabaya Rajapaksa resigned. Gotabaya subsequently fled the country, but has since returned. Ranil Wickremesinghe of the United National Party (UNP) subsequently became president by parliamentary vote. He is to serve out Gotabaya's term, which runs to 2024.

The International Monetary Fund (IMF) approved a \$2.9 billion bailout package over four years in September 2022, pending Sri Lanka's ability to restructure its debt with creditors. President Wickremesinghe reportedly acknowledged that China's reluctance to restructure Sri Lanka's debt had caused delays in approval. Sri Lanka reportedly owes China nearly one-fifth of its total outstanding foreign debt when loans from China's Exim Bank and the China Development Bank are included. China has committed to a two-year debt moratorium on debt service payments, but only for loans from Exim Bank.

IMF austerity measures, such as increased taxes, higher electricity bills, and reduced government expenditures, are unpopular in Sri Lanka. The government has also indicated it plans to cut its army by over a third to 100,000 by 2030, and reduce expenditures of each ministry by 5%; it may privatize Sri Lankan Telecommunications and Sri Lankan Airlines. Such measures may increase political risk for Wickremesinghe, who does not have a direct political mandate. In February 2023, approximately 40 trade unions threatened to strike if tax increases were not withdrawn, and civil society groups demonstrated against reported plans to postpone local elections scheduled for March 9, 2023. Observers view the elections as a test of Wickremesinghe's support, and opposition MPs have accused the government of using the crisis as an excuse to suppress democracy.

Congressional Interest

Congressional interest in Sri Lanka has focused on supporting Sri Lanka's democratic institutions, encouraging economic development and trade, promoting human rights and reconciliation between religious and ethnic groups, and addressing regional geopolitical dynamics. A Congressional Caucus on Sri Lanka was formed in 1998. The United States has provided over \$2 billion in assistance to Sri Lanka since its 1948 independence. Through foreign aid and diplomacy, the United States has supported initiatives intended to strengthen governance, democratic reform, rule of law, and human rights in Sri Lanka. The United States is Sri Lanka's single-largest market, accounting for approximately 25% of Sri Lankan exports. Bilateral military cooperation includes port calls, a partnership to

establish a Sri Lankan Marine Corp and a National Defense College, exercises, and the donation of Coast Guard cutters to the Sri Lankan navy. The Millennium Challenge Corporation (MCC) Compact, which was negotiated with the Sirisena government, approved a five-year, \$480 million Compact in 2019 aimed at reducing poverty in Sri Lanka. The MCC board discontinued the Compact with Sri Lanka in December 2020 following the recommendation of a Sri Lankan special committee to reject the agreement.

The U.N., Sri Lanka, and Human Rights

During Sirisena's term of office, Office of Missing Persons was established, and parliament pass a Right to Information law. The Sri Lankan government also co-sponsored a U.N. Human Rights Council resolution on accountability for human rights abuses during the Sri Lanka civil war that was adopted by the Council in October 2015. The resolution followed the September 2015 publication of the Report of the U.N. Office of the High Commissioner for Human Rights Investigation on Sri Lanka, and at the time many viewed it as a positive step toward justice in Sri Lanka. Following the adoption of the resolution, then-President Sirisena backed away from supporting any significant involvement of international judges in a special judicial mechanism to prosecute war crimes. Then-High Commissioner for Human Rights Zeid Ra'ad Al Hussein noted steps taken by Sri Lanka, but also called for a transitional justice mechanism to deal with past human rights abuses. As President, Gotabaya Rajapaksa was reluctant to fulfill commitments made to the U.N. Human Rights Council relating to a transitional justice agenda.

Strategic Setting

Sri Lanka is situated near strategically important sea lanes transiting the Indian Ocean that link energy-rich Persian Gulf states with the economies of Asia. Sri Lanka and India share close, long-standing, historical, cultural, and religious ties. India became involved in the counter-insurgency war against the LTTE following the 1987 Indo-Sri Lanka Agreement. Between 1987 and 1990, India lost over 1,200 soldiers in this conflict before an LTTE suicide bomber assassinated then-Indian Prime Minister Rajiv Gandhi in 1991. India reportedly provided \$4.5 billion in assistance to Colombo in 2022.

During Mahinda Rajapaksa's presidency, international observers expressed concern over Sri Lanka's deepening relationship with China, particularly China's 2014 naval submarine visit to Sri Lanka. Beijing has significant investments in Sri Lanka's infrastructure sector, and in 2017, Sri Lanka leased port facilities at Hambantota to China for 99 years for an estimated \$1.1 billion. China also is working with Sri Lanka to build a \$13 billion Port City project on 660 acres of reclaimed land in Colombo's harbor. China's activities in Sri Lanka are part of Beijing's Belt and Road Initiative, aimed in part at gaining access to ports in the Indian Ocean to help secure China's interests along vital sea lanes. China's economic presence in Sri Lanka has caused concern among some policymakers in Washington, New Delhi, and other capitals.

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