

# CRS Report for Congress

## **Sri Lanka: Background and U.S. Relations**

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K. Alan Kronstadt  
Specialist in South Asian Affairs  
Foreign Affairs, Trade, and Defense Division



**Prepared for Members and  
Committees of Congress**

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# Sri Lanka: Background and U.S. Relations

## Summary

Sri Lanka is a constitutional democracy with relatively high educational and social standards. Political, social, and economic development has, however, been seriously constrained by ethnic conflict between the majority Sinhalese and minority Tamil ethnic groups. Since 1983, a separatist war costing at least 70,000 lives has been waged against government forces by the Liberation Tigers of Tamil Eelam (LTTE), a rebel group that seeks to establish a separate state or internal self-rule in the Tamil-dominated areas of the North and East. The United States designated the LTTE as a Foreign Terrorist Organization in 1997 and demands the Tigers lay down their arms and forswear the use of force before that status can change.

A Norwegian-brokered peace process begun in the late 1990s produced a February 2002 “permanent” ceasefire agreement. The Colombo government and the LTTE held their first peace talks in seven years in 2002, with the rebels indicating they were willing to accept autonomy rather than independence for Tamil-majority regions. The two sides agreed in principle to seek a solution through a federal structure. Yet the period 2004-2005 witnessed increasing instability within the ranks of both the Colombo government and the LTTE. This was exacerbated by wrangling over administration of foreign aid in response to a massive December 2004 tidal wave that killed up to 35,000 citizens in Sri Lanka’s worst-ever natural disaster.

Political rivalry between the Sri Lankan Freedom Party (SLFP) and the United National Party (UNP) has long hindered peace efforts. The United People’s Freedom Alliance, a coalition of the SLFP and the staunch Marxist People’s Liberation Front (JVP), won a slim majority in 2004 parliamentary elections and defeated the UNP to replace its then-Prime Minister Ranil Wickremesinghe with perceived hardliner Mahinda Rajapaksa, who himself went on to win the presidency in a narrow 2005 electoral victory. Rajapaksa stabilized his position by enticing the defection of several UNP and Muslim party parliamentarians in early 2007, but his government has faced constant pressure from the JVP and from hardline Buddhist-nationalist parties that are part of the ruling coalition. Meanwhile, the LTTE suffered a major schism in 2004 when a top commander in the East known as Colonel Karuna broke away with up to 6,000 cadres and began collaborating with government forces.

Ethnic violence spiked in mid-2006 and, with major government military offensives in 2007 and Colombo’s formal withdrawal from the ceasefire agreement in January 2008, full-scale civil war again appears to be at hand. U.S. policy supports peaceful efforts to reform Sri Lanka’s democratic political system in a way that provides for full political participation of all communities; it does not endorse the establishment of another independent state on the island. Since Sri Lankan independence in 1948, the United States has provided more than \$3.6 billion in assistance funds, about two-thirds of this in the form of food aid. Direct non-food aid for FY2007 is estimated at \$9.4 million. Serious human rights problems in Sri Lanka are blamed on all major parties to the ethnic conflict and have led to some limited U.S. and international aid sanctions. This report will be updated periodically.

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# Sri Lanka: Background and U.S. Relations

This report provides historical, political, and economic background on Sri Lanka and examines U.S.-Sri Lankan relations and policy concerns. Congressional interest in Sri Lanka focuses on renewed and serious violent ethnic conflict in a quarter-century-old civil war, an attendant humanitarian emergency, and efforts to revive a moribund peace process. Terrorist activity, human rights, and U.S. appropriations for food, economic, and military assistance are further congressional interests. A Congressional Caucus on Sri Lanka and Sri Lankan Americans, established in 1998, had two dozen members at the close of 2007.

U.S. attention to Sri Lanka in the late 20<sup>th</sup> century focused mainly on efforts to resolve the country's ethnonational conflict, which centers on an armed struggle between majority Buddhist Sinhalese and a Hindu Tamil minority clustered in the island's north and east. During this time Washington largely deferred to India as the major external actor in Colombo. The Cold War's end served to reduce U.S. interest in both Sri Lanka and in the region more generally. However, in the new century, U.S. engagement with Sri Lanka deepened. As explained by Jeffrey Lunstead, who served as U.S. Ambassador to Sri Lanka from 2003 to 2006,

The enhanced engagement that commenced in 2001 occurred despite the absence of significant U.S. strategic interests in Sri Lanka. Political-military interests are not high, and the U.S. has no interest in military bases in Sri Lanka. From an economic and commercial standpoint, Sri Lanka is unlikely to be a major U.S. trading partner in the near future. There is not a large enough Sri Lankan-origin community in the U.S. to have an impact on U.S. domestic politics. The main U.S. strategic interest in Sri Lanka is in ensuring that a terrorist organization does not obtain its goals through the use of terror.<sup>1</sup>

Lunstead's reference is to the Liberation Tigers of Tamil Eelam (LTTE), the militant separatist group at war with the Colombo government and designated as a Foreign Terrorist Organization under U.S. law since 1997.

## Most Recent Developments

**Renewed Civil War and Attendant Human Rights Abuses.** Sri Lanka's new year opened with yet another political assassination when an ethnic Tamil member of the opposition in Parliament was shot dead outside a Hindu temple in the capital city of Colombo. On January 2, the government of President Mahinda Rajapaksa

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<sup>1</sup> Jeffrey Lunstead, "The United States' Role in Sri Lanka's Peace Process 2002-2006," Supplement to the Asia Foundation Sri Lanka Strategic Conflict Assessment 2005 Series, 2006, at [[http://www.asiafoundation.org/pdf/SL\\_Supplementary\\_to\\_SCA.pdf](http://www.asiafoundation.org/pdf/SL_Supplementary_to_SCA.pdf)].

announced its formal (and unsurprising) withdrawal from a February 2002 ceasefire agreement (CFA). The president's cabinet was unanimous in its decision to withdraw; a spokesman insisted that the move did not mark a declaration of war against the Tigers and came in response to more than 10,000 alleged ceasefire violations by the LTTE. The country's Defense Ministry claimed the withdrawal was necessitated "to protect the territorial integrity and sovereignty of Sri Lanka" in the backdrop of LTTE terrorism and the Tigers' "unwavering intention" to "establish a mono-ethnic, mono-political separate state" on the island's north and east.<sup>2</sup> Colombo rejected subsequent Tiger offers to renew the ceasefire.

Despite a renewal of heavy fighting beginning in 2006, both sides to the conflict had continued to claim adherence to the Norwegian-brokered ceasefire. Government forces saw major success against rebel positions in the island's eastern region in mid-2007 and, by July, they had retaken and pacified areas previously under LTTE control for many years. The Tigers — with a base now almost wholly limited to the Tamil-majority northern region where they retain significant military assets and an administrative structure — appear weakened, but unbowed. They continue to attack the country's economic infrastructure and to make efforts to bring the fight to the country's Sinhalese-majority South and the capital of Colombo. With President Rajapaksa's July vow to "restore democracy to the East and all Sri Lanka," most observers expected major combat and the associated humanitarian crisis to continue, which it did in the latter half of 2007.

The four "Tokyo Donor" members (including the United States, the European Union, Japan, and Norway) — each Co-Chairs of a 2003 donor conference held in the Japanese capital — had in mid-2007 urged parties to the conflict to end violence and re-engage negotiations. Upon Colombo's abrogation of the CFA, the Co-Chairs responded by expressing "strong concerns," and reiterating their consensus view that Sri Lanka's ethnic conflict cannot be settled through military means and requires a negotiated settlement. U.N. Secretary General Ban Ki-Moon expressed being "deeply worried" about increasing violence in Sri Lanka and the need to protect civilians there.<sup>3</sup> The government of neighboring India has maintained a studied distance from Sri Lanka's internal difficulties after New Delhi's armed 1987 intervention to assist in enforcing a peace accord resulted in the deaths of more than 1,200 Indian troops and led to the 1991 assassination of former Indian Prime Minister Rajiv Gandhi by Tamil militants. New Delhi has stated that it is "acutely conscious" of the need for a political-constitutional solution to Sri Lanka's ethnic strife and has echoed the widespread international belief that there can be no military solution.<sup>4</sup>

Almost immediately upon Colombo's announcement, Norwegian ceasefire monitors began leaving and Foreign Minister Rohitha Bogollagama said Oslo's post-CFA role would be "redefined." International human rights groups warned that the

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<sup>2</sup> "Sri Lanka Ends Truce," *BBC News*, January 2, 2008; [[http://www.defence.lk/new.asp?fname=20080117\\_01](http://www.defence.lk/new.asp?fname=20080117_01)].

<sup>3</sup> "Sri Lanka Donors Voice Concern as War Toll Climbs," *Reuters*, January 12, 2008; <http://www.un.org/News/Press/docs/2008/sgsm11357.doc.htm>].

<sup>4</sup> See the January 4, 2008, External Affairs Ministry statement at [<http://meaindia.nic.in>].

CFA's annulment would lead to increased hostilities and more serious human rights abuses.<sup>5</sup> Of particular concern to observers has been an upsurge in reported human rights violations committed in the course of the civil war, along with unlawful killings, "disappearances," and the internal displacement of hundreds of thousands of civilians victimized by the fighting. Independent observers hold all parties to the fighting responsible for such abuses.

**U.S. Policy.** During a May 2007 visit to Colombo, the lead U.S. diplomat for the region, Assistant Secretary of State for South and Central Asia Richard Boucher, outlined key U.S. concerns about "the way things have been heading" in Sri Lanka, concentrating especially on rampant human rights abuses there.<sup>6</sup> In June 2007, **H.Res. 516**, expressing serious concern regarding the worsening situation in Sri Lanka, was introduced in the House (the resolution has not moved out of committee to date). In August 2007 testimony before the House Foreign Affairs Committee, a State Department official offered that Sri Lanka's long-standing ethnic conflict, fragile peace process, and deteriorating human rights conditions continued to cause concern for the United States.<sup>7</sup>

The Bush Administration was "troubled" by the government's decision to withdraw from the CFA and reiterated its calls for a political solution:

The United States is troubled by the Sri Lankan Government's January 2 decision to terminate the 2002 cease-fire agreement. Ending the cease-fire agreement will make it more difficult to achieve a lasting, peaceful solution to Sri Lanka's conflict. We call on both the government and the Liberation Tigers of Tamil Eelam to avoid an escalation of hostilities and further civilian casualties. All parties to the conflict share the responsibility to protect the rights of all of Sri Lanka's people. We urge them to work toward the goal of a just, political solution that ensures the rights of minority communities and benefits all Sri Lankans. Only a peaceful political solution, not a military one, offers a way out of the current cycle of escalating violence.<sup>8</sup>

U.S. assistance to Sri Lanka, already modest in scale, has been conditioned in response to reports of escalating human rights abuses there: An amendment to the Consolidated Appropriations Act, 2008 (P.L. 110-161) halted Foreign Military Financing funding, the issuance of defense export licenses, and the transfer of military equipment or technology to Sri Lanka unless the Secretary of State certifies to Congress that the Colombo government has undertaken a series of actions related to human rights protection there. The provision does not apply to assistance for maritime and air surveillance and communications, which has continued.

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<sup>5</sup> "Peace Group is Leaving Sri Lanka," *Reuters*, January 5, 2008; [<http://www.amnesty.org/en/for-media/press-releases/sri-lanka-amnesty-international-urgent-protection-civilians-return-hostilities-20070116>].

<sup>6</sup> See [<http://www.state.gov/p/sca/rls/rm/2007/84701.htm>].

<sup>7</sup> Statement of Steven Mann, Principal Deputy Assistant Secretary of State for South and Central Asian Affairs, August 1, 2007, at [<http://www.internationalrelations.house.gov/110/man080107.htm>].

<sup>8</sup> Statement by Spokesman Sean McCormack, January 3, 2008.

## Historical Setting

Once a port of call on ancient maritime trade routes, Sri Lanka is 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 5<sup>th</sup> century BCE. Indo-Aryans from northern India established Sinhalese Buddhist kingdoms in the central part of the island. Tamil Hindus from southern India settled in the northeastern coastal areas, establishing a kingdom in the Jaffna Peninsula. Beginning in the 16<sup>th</sup> century, Sri Lanka was colonized in succession by the Portuguese, Dutch, and English, becoming the British crown colony of Ceylon in 1815. In the late 19<sup>th</sup> century, Tamil laborers were brought from India to work British tea and rubber plantations in the southern highlands. Known as Indian Tamils, the descendants of these workers currently comprise 5% of Sri Lanka's population and are clustered in the south-central "tea country." Descendants of earlier Tamil arrivals, known as Sri Lankan or Ceylon Tamils, constitute up to 12% of the country's population and live predominantly in the North and East. Moorish and Malay Muslims (largely Sunni) account for another 8% of the population. The majority of Sri Lankans (about three-quarters) are ethnic Sinhalese, most of them Buddhist.<sup>9</sup> In 1972, Ceylon was renamed Sri Lanka ("resplendent land"), as it was known in Indian epic literature.

Although Ceylon gained its independence from Britain peacefully in 1948, succeeding decades have been marred by ethnic conflict between the country's Sinhalese majority clustered in the densely populated South and West, and a largely Hindu Tamil minority living in the northern and eastern provinces. Following independence, the Tamils — who had attained educational and civil service predominance under the British — increasingly found themselves discriminated against by the

### SRI LANKA IN BRIEF

**Population:** 20.9 million; *growth rate:* 1.0% (2007 est.)

**Area:** 65,610 sq. km. (slightly larger than West Virginia)

**Capital:** Colombo

**Head of Government:** President Mahinda Rajapaksa (Sri Lankan Freedom Party)

**Ethnic Groups:** Sinhalese 82%; Tamil 9.4%; Moors 7.9%; other 0.7% (2001 government census)

**Languages:** Sinhala (official and national language) 74%; Tamil (national language) 18%; English widely used

**Religions:** Buddhist 69%; Muslim 8%; Hindu 7%; Christian 6%; unspecified 10% (2001 census)

**Life Expectancy at Birth:** female 77 years; male 73 years (2007 est.)

**Literacy:** female 90%; male 95% (2003 est.)

**Gross Domestic Product (at PPP):** \$92.1 billion; *per capita:* \$4,770; *growth rate* 6.1% (2007 est.)

**Currency:** Rupee (100 = \$0.93)

**Inflation:** 17% (2007 est.)

**Military Expenditures:** \$686 million (2.5% of GDP; 2006)

**U.S. Trade:** exports to U.S. \$2.1 billion; imports from U.S. \$228 million (2007 est.)

**Sources:** CIA *World Factbook*; U.S. Commerce Department; Government of Sri Lanka, Economist Intelligence Unit; Global Insight, Military Balance

<sup>9</sup> U.S. Department of State, "Background Notes: Sri Lanka," November 2007, at [<http://www.state.gov/r/pa/ei/bgn/5249.htm>].

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 as the majority, however, but as a minority in a large Tamil sea that includes 60 million Tamils just across the Palk Strait in India's southern state of Tamil Nadu.

## Political Setting

The Democratic Socialist Republic of Sri Lanka has a working multi-party democratic system despite relatively high levels of political violence. The country's political life has long featured a struggle between two broad umbrella parties — the Sri Lanka Freedom Party (SLFP) and the United National Party (UNP) — both dominated by prominent family clusters. Since independence, the two parties have frequently alternated in power. In the simplest terms, the SLFP may be viewed as more Sinhala nationalist, statist, and social democratic, while the UNP may be viewed as more Western-oriented, liberal, and open to free market economics.<sup>10</sup> Initially, Sri Lanka followed the Westminster parliamentary model. In 1978, however, the UNP instituted a strong executive presidential system of government. Under this French-style system, the popularly elected president has the power to dissolve the 225-member unicameral parliament and call new elections, as well as to appoint the prime minister and cabinet. The Colombo government operates a Secretariat for Co-ordinating the Peace Process.<sup>11</sup> The LTTE maintains its own Peace Secretariat.<sup>12</sup>

Chandrika Kumaratunga — longtime leader of the SLFP and daughter of two former prime ministers — was re-elected to a second six-year term in December 1999, three days after she lost vision in one eye in a Tamil separatist suicide bombing that killed 26 people. Although Kumaratunga's People's Alliance (PA) coalition went on to win a narrow victory in the 2000 parliamentary elections, a year later she was forced to dissolve parliament and call for new elections in order to avoid a no-confidence vote. In the resulting 2001 parliamentary elections, the UNP won 109 seats (to 77 for the PA) and formed a majority coalition — called the United National Front (UNF) — with the much smaller Tamil National Alliance and the Sri Lanka Muslim Congress. UNP leader and new Prime Minister Ranil Wickremesinghe pledged to open talks with the Tamil rebels and to resuscitate the ailing Sri Lankan economy.<sup>13</sup>

**2003 Political Crisis.** A year-long political crisis began in November 2003, when President Kumaratunga suspended Parliament, declared a state of emergency,

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<sup>10</sup> David Rampton and Asanga Weilikala, "The Politics of the South," Asia Foundation Sri Lanka Strategic Conflict Assessment 2005 Series, 2005, at [[http://www.asiafoundation.org/pdf/SL\\_Politics\\_of\\_the\\_South.pdf](http://www.asiafoundation.org/pdf/SL_Politics_of_the_South.pdf)].

<sup>11</sup> See [<http://www.peaceinsrilanka.org>].

<sup>12</sup> See [<http://www.ltteps.org>].

<sup>13</sup> "New Sri Lanka Premier Sworn In Pledging Peace," *Reuters*, December 9, 2001.

and dismissed key ministers responsible for peace talks with the LTTE. Kumaratunga's ongoing feud with then-Prime Minister Wickremesinghe — she believed his conciliatory approach toward the rebels was allowing them to consolidate their positions and rearm — likely spurred her surprise move.<sup>14</sup> The shakeup undermined existing peace efforts by the prime minister and cast doubt on his ability to follow through on peace negotiations with the LTTE. Kumaratunga's ensuing February 2004 dismissal of Parliament, and the LTTE's claim that this was a "grave setback" to negotiations, cast a further pall on the future of the peace process.

**2004 Parliamentary Elections.** As UNP leader Wickremasinghe, who served as prime minister from 2001 to 2004, was relatively more open to talks with the Tamil rebels, his bitter personal rivalry with President Kumaratunga reportedly hampered progress in peace negotiations. An April 2004 national election was held to restore the Parliament dissolved by Kumaratunga. In those polls, the United People's Freedom Alliance (UPFA) coalition, composed of the populist SLFP and the staunch Marxist-Leninist, Sinhalese nationalist People's Liberation Front (JVP), took a plurality of the seats in parliament and so ousted the UNP. The UPFA won 105 seats and nearly 46% of the vote as compared to the UNP, which won 82 seats and about 38% of the vote. The UNP's defeat was attributed in part to a perception among voters that too many concessions were being made to the LTTE in peace negotiations. An EU Election Observation Mission noted some problems with the conduct of the 2004 polls, but called them a "vast improvement" in comparison to past exercises.<sup>15</sup>

**2005 Presidential Election.** A November 2005 presidential poll saw SLFP stalwart Mahinda Rajapaksa barely defeat Wickremasinghe in an election marked by an LTTE-engineered boycott affecting much of the Tamil community (the LTTE was accused of using intimidation tactics to enforce the boycott). The United States expressed "regret" that many Tamil voters were deprived of the opportunity to make their views known and it condemned LTTE "interference in the democratic process."<sup>16</sup> Unlike Rajapaksa, Wickremasinghe was not beholden to Sinhala nationalist parties, and many analysts believe he would have won the election with the votes of a large majority of Tamils.<sup>17</sup>

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<sup>14</sup> "Woman Behind Sri Lanka's Turmoil," *Christian Science Monitor*, November 7, 2003.

<sup>15</sup> See [http://ec.europa.eu/external\_relations/human\_rights/eu\_election\_ass\_observ/sri\_lanka/final\_%20report04.pdf].

<sup>16</sup> Adam Ereli, "Sri Lanka - Presidential Election," State Department Press Statement, November 18, 2005.

<sup>17</sup> Chandra de Silva, "Sri Lanka in 2005," *Asian Survey* 46, 1, January 2006, p. 116.

**Table 1. Selected 2004 Parliamentary Election Results**

| Party/Coalition                                                                                                                                 | Total votes won | Percentage of total vote | Total seats won | Percentage change from previous Parliament |
|-------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|--------------------------|-----------------|--------------------------------------------|
| <b>United People's Freedom Alliance</b><br>(mainly the Sri Lankan Freedom Party and the Janatha Vimukthi Peramuna or People's Liberation Front) | 4,223,970       | 45.6                     | 105             | +12                                        |
| <b>United National Front</b> (mainly the United National Party)                                                                                 | 3,504,200       | 37.8                     | 82              | -27                                        |
| Tamil National Alliance (backed by Tamil separatists)                                                                                           | 633,654         | 6.8                      | 22              | +22                                        |
| Jathika Hela Urumaya (JHU or National Heritage Party, led by Buddhist monks)                                                                    | 552,724         | 6.0                      | 9               | +9                                         |
| Sri Lanka Muslim Congress                                                                                                                       | 186,876         | 2.0                      | 5               | —                                          |
| Other                                                                                                                                           | 136,353         | 1.5                      | 2               | -15                                        |
| Total                                                                                                                                           | 9,262,732       | —                        | 225             | —                                          |

**Source:** International Foundation for Election Systems

Separatist-related violence escalated during 2006 and, as the October date for renewed peace negotiations approached, President Rajapaksa sought to find common ground with the country's main opposition UNP. A resulting three-page memorandum of understanding signed by Rajapaksa and opposition leader Wickremesinghe gave the peace process a boost with the two leaders agreeing to adopt a bipartisan approach to conflict resolution. The pact represented a rare expression of political unity, especially among the fractious Sinhalese of the country's Sinhala-dominated South.<sup>18</sup> Rajapaksa also at this time constituted an All Party Representative Committee (APRC) as part of an effort to create constitutional proposals that would represent a political consensus on power-sharing between the island's majority and minority ethnic communities.

After the October peace talks with the rebels talks failed to make progress, President Rajapaksa changed his political strategy and in January 2007 was able to secure a simple (113-seat) parliamentary majority for his coalition by offering ministerial positions to lure 19 parliamentarians from the UNP and another 6 from the Muslim Congress into defection from the opposition benches. The cross-overs put a damper on bipartisanship in Colombo by spurring the UNP's withdrawal from the APRC and served to further deepen the SLFP-UNP rift. The adjustment did, however, ease Rajapaksa's previous dependence on his hardline and oftentimes unpredictable Marxist JVP and Buddhist JHU allies, potentially making a deal with

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<sup>18</sup> "S. Lanka Parties in Unity Pact Ahead of Peace Talks," *Reuters*, October 23, 2006.

the rebels more attainable. The JHU, in particular, has been at the forefront of a resurgent Sinhalese Buddhist nationalism that adamantly opposes Tamil autonomy in the North and that has played a role in some recent human rights violations.<sup>19</sup> By the end of 2007, some senior members of Rajapaksa's cabinet were openly calling for a blanket ban on the LTTE and a formal end to the 2002 truce.<sup>20</sup> JVP leaders, convinced that a UNP administration would only deepen the country's woes, have rejected opposition efforts to bring down the SLFP-led coalition government.<sup>21</sup>

The Rajapaksa government vowed to hold local-level elections by the end of 2007 as part of a controversial devolution plan. However, the preference of President Rajapaksa and his party is to devolve power at the district level only, not at a higher level as demanded by the Tigers. In the absence of compromise by the ruling coalition on this key point, a cross-party effort to forge consensus is unlikely to succeed. Moreover, serious doubt has been cast on the ability of the APRC, which has not included representatives of the Tamil National Alliance, to reach consensus on any proposals that could win the requisite two-thirds parliamentary majority for passage. An APRC report due in January 2008 is expected to call for a unitary Sri Lanka state "in the sense ... it shall be deemed to be an undivided, integrated, and interdependent state structure" with power shared between Colombo and the provinces and among those provinces.<sup>22</sup>

**LTTE Schism.** Like the Colombo government, the separatist Liberation Tigers of Tamil Eelam (LTTE) rebel group has experienced its own instability and factional disagreements. In March 2004 there was a major rupture within the LTTE ranks: Vinayagamoorthis Muralitharan, alias Colonel Karuna (who, as Special Commander, Batticaloa-Amparai District, was in charge of the LTTE's military operations in the Eastern Province) split with the Northern command of the LTTE headed by the supreme commander of the LTTE (Velupillai Prabhakaran) and took an estimated 6,000 soldiers with him. Colonel Karuna then called for a separate truce with the government. Factional fighting ensued between Karuna's splinter group and the Northern faction of the LTTE, resulting in Prabhakaran's reassertion of control over the eastern areas where Karuna had previously operated. The Karuna faction's ongoing influence has done significant damage to the longstanding LTTE claim to be the sole representative of Sri Lanka's Tamil people.

Since the 2004 schism, Colonel Karuna and those loyal to him apparently have fought in cooperation with government forces, although Colombo continues to deny any link with the breakaway faction.<sup>23</sup> Karuna himself was arrested in London in November 2007 while traveling on a forged passport possibly supplied by the

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<sup>19</sup> "Buddhist Nationalism Behind Sri Lanka's Violent Surge," *Christian Science Monitor*, June 18, 2007.

<sup>20</sup> "Ban LTTE, End Truce," *Daily News* (Colombo), December 29, 2007.

<sup>21</sup> "JVP Won't Support Govt Ouster," *Daily News* (Colombo), August 31, 2007.

<sup>22</sup> "Political Battles," *Frontline* (Chennai), February 1, 2008.

<sup>23</sup> See "Colonel's Control," *Outlook* (Delhi), March 27, 2007.

Colombo government.<sup>24</sup> The Karuna group (along with the LTTE and sometimes government forces) is widely accused of abusing human rights in the course of its struggle, especially through the recruitment of child soldiers. The United States has called on Colombo to exert control over paramilitary groups such as Karuna's that are believed to commit human rights abuses against the Sri Lanka people.<sup>25</sup>

## Ethnic Conflict and Civil War

A combination of communal politics (as practiced by both Sinhalese and Tamil political leaders) and deteriorating economic conditions created deep schisms in Sri Lankan society through the early decades of independence. By the 1970s, the government was facing Tamil unrest in the North and East, while the Sinhalese Marxist JVP waged a terrorist campaign against Tamils in the central and southern regions. Periodic rioting against Tamils in the late 1970s and early 1980s, culminating in the devastating communal riots of 1983, spawned the creation of several militant Tamil groups that sought to establish by force a Tamil homeland to include the Northern and Eastern provinces. The Liberation Tigers of Tamil Eelam, led by its charismatic founder and chief strategist Velupillai Prabhakaran, was established in 1976 and emerged as the strongest and best organized of these groups.

A full-scale separatist war broke out in the North following July 1983 riots in which several thousand Tamils were killed in retaliation for the slaying of 13 Sinhalese soldiers by separatist Tamil militants. More than two decades of ensuing war have claimed some 70,000 lives and displaced between 800,000 and 1.6 million people, most of whom remain in transit camps with little hope of returning to their homes in the foreseeable future. Each of four major attempts at a peaceful settlement has ended in failure and further violence. A ceasefire agreement (CFA) brokered by the Norwegian government in February 2002 was formally abrogated by the Colombo government in January 2008.

According to the Colombo government's Secretariat for Coordinating the Peace Process, nearly 4,200 ceasefire violations occurred from February 2002-April 2007 (when the list was most recently updated), the great majority of these (about 92%) being committed by the LTTE. More than half of all reported LTTE violations involve child recruitment and abduction of adults.<sup>26</sup> However, international human rights groups have criticized both the government and the Tigers for widespread abuses and, in 2006, the Norwegian general overseeing the ceasefire asserted that he could distinguish "no significant difference in the gravity" of truce and human rights violations by either side.<sup>27</sup> According to the Sri Lankan Ministry of Defense, the period December 2005 to October 2007 saw a total of 5,888 Sri Lankans killed in the country's ethnic conflict, including 3,696 LTTE members, 1,322 security forces, and

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<sup>24</sup> "Tamil Warlord Entered UK on Forged Passport," *Guardian* (London), December 21, 2007.

<sup>25</sup> See [<http://www.state.gov/p/sca/rls/rm/2007/84701.htm>].

<sup>26</sup> See [<http://www.peaceinsrilanka.org/peace2005/Insidepage/AtaGlance/Ceasefire.asp>].

<sup>27</sup> "Sri Lanka, Rebels As Bad As Each Other - Monitor," *Reuters*, September 26, 2006.

870 civilians.<sup>28</sup> Determining the true situation on the ground in conflict zones is difficult, given a fierce propaganda campaign being fought by both the government and the rebels. Both sides routinely block ceasefire observers from inspecting battle sites.<sup>29</sup>

## Parties to the Military Conflict

**Sri Lankan Security Forces.** The Sri Lankan military, with a budget believed to exceed \$1 billion in 2007, is comprised of about 151,000 active personnel. The quality of equipment (mostly outdated Soviet- and Chinese-made weaponry) and training has generally been poor. Morale has suffered with an inability to decisively defeat a long-running insurgency and with sometimes embarrassing tactical level defeats at the hands of tenacious Tamil Tiger forces. Since 2002, however, the Colombo government has focused on efforts to improve its defense capabilities and levels of training have improved. Morale, too, has been bolstered, likely contributing to battlefield successes in 2006 and 2007, which themselves further burnished the military's self-image. Over the decades of Sri Lankan independence, the country's military has become increasingly dominated by ethnic Sinhalese, meaning that in much of the northern and eastern provinces it is now widely regarded as a foreign force. This perception is reinforced by reported human rights abuses against civilians in these Tamil-dominated areas, a problem that the Colombo government has with only mixed success sought to address.<sup>30</sup>

A Sri Lankan army of nearly 118,000 active personnel is armed with 62 tanks, 217 armored personnel carriers, and 157 towed artillery tubes. The navy operates 123 patrol and coastal combatants, most of them inland and riverine, but also possesses 2 missile boats, along with a very modest amphibious capability. The air force flies 2 fighter/ground attack squadrons — one notable for its 4 MiG27s, another made up of 10 Israeli-made Kfir jets — as well as 14 Russian-made Hind and attack helicopters and 28 American-made Bell utility helicopters. Paramilitary forces include a 30,000-person active police force and a 13,000-person home guard.<sup>31</sup> Sri Lanka's 2008 defense budget is set to increase by nearly 20% over the previous year to about \$1.5 billion (overall government spending is to rise by 11%).<sup>32</sup>

**The Tamil Tigers.** LTTE forces have been estimated at up to 7,000-15,000 armed combatants, roughly half of them trained in combat. The actual number could be considerably lower, especially given significant battlefield losses in 2007. Arms include long-range artillery, mortars, anti-aircraft weaponry, and captured armored vehicles. A small but effective naval contingent, known as the Sea Tigers, includes

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<sup>28</sup> See [<http://www.nationalsecurity.lk/statistics.php>].

<sup>29</sup> "Who's Winning Sri Lanka's War?," *BBC News*, May 25, 2007.

<sup>30</sup> "Executive Summary: Sri Lanka," *Jane's Sentinel Security Assessment - South Asia*, April 26, 2007; "Armed Forces: Sri Lanka," *Jane's Sentinel Security Assessment - South Asia*, July 25, 2007.

<sup>31</sup> *The Military Balance 2007* (Institute for International and Strategic Studies, London, 2007).

<sup>32</sup> "Sri Lanka Defense Budget to Soar," *BBC News*, October 10, 2007.

speedboats, fishing vessels, mini-sub of indigenous construction, and underwater demolition teams. The LTTE air wing also reportedly has constructed an airstrip at Iranamadu in the North and acquired at least two light aircraft to go along with a few pre-existing helicopters and gliders.<sup>33</sup>

The LTTE's weapons reportedly have been obtained through illegal arms markets in Burma, Thailand, and Cambodia, and from captured Sri Lankan forces. Financial support for the LTTE reportedly comes from the worldwide diaspora of some 600,000-800,000 Tamil emigres (especially the Tamils in Canada and Western Europe), as well as from smuggling and legitimate businesses. There are numerous reports that the government of North Korea has provided arms and possibly training to Tiger forces.<sup>34</sup> The LTTE has been criticized for alleged campaigns to extort and coerce funds from overseas Tamils, especially in Canada and Britain. International efforts to restrict financial flows to terrorist groups have contributed to a reported 70% decline in overseas fund-raising by the LTTE. Still, current estimates have the Tigers able to raise \$200-300 million per year from various licit and illicit businesses.<sup>35</sup>

The Bush Administration has continued efforts to restrict overseas funding sources for the Tigers, including by banning contributions to and freezing the assets of international charitable organizations determined to have links with the LTTE.<sup>36</sup> Successful U.S. efforts to interdict aid to the LTTE have included the arrest and conviction of Sri Lankan and Indonesian nationals who sought to transfer defense supplies to the terrorist group. In April 2007, authorities in New York reported having arrested a "senior U.S. representative" of the LTTE.<sup>37</sup>

The United States designated the LTTE as a Foreign Terrorist Organization under U.S. law in 1997. The European Union followed suit in 2006, thus depriving the rebels of funds collected from members and supporters in Europe. The move also made untenable the position of Norwegian and Danish truce monitors who could no longer maintain neutrality.

According to the U.S. State Department's Counterterrorism Office,

LTTE has integrated a battlefield insurgent strategy with a terrorist program that targets key personnel in the countryside and senior Sri Lankan political and military leaders in Colombo and other urban centers. It also has conducted a sustained campaign targeting rival Tamil groups and figures.... LTTE is most

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<sup>33</sup> "Kumaratunga's Dilemma on Joint Mechanism," *Asian Tribune*, April 23, 2005.

<sup>34</sup> See CRS Report RL30613, *North Korea: Terrorism List Removal?*

<sup>35</sup> "Expert Criticizes Canada for Not Banning LTTE," *Island* (Colombo), September 15, 2003; Human Rights Watch, "Tamil Tigers Extort Diaspora for 'Final War' Funds," March 15, 2006; "Feeding the Tiger," *Jane's Intelligence Review*, September 1, 2007; "LTTE Crippled Financially, Fund Raising Activities on Decline," *Press Trust of India*, October 22, 2007; "Sri Lanka rebel Arms - Buying Goes Global," *Associated Press*, November 5, 2007.

<sup>36</sup> See, for example, [<http://srilanka.usembassy.gov/pr-15nov07.html>].

<sup>37</sup> See [<http://newyork.fbi.gov/dojpressrel/pressrel07/terroristsupport042507.htm>].

notorious for the Black Tigers, its cadre of suicide bombers. Political assassinations and bombings were commonplace tactics prior to the cease-fire and have increased again since mid-2005.<sup>38</sup>

The U.S. Federal Bureau of Investigation has listed the Tamil Tigers “among the most dangerous and deadly extremists in the world,” crediting the rebels with inventing the suicide belt and perfecting the use of suicide bombers, murdering some 4,000 people since 2006, and being the world’s only terrorist organization to assassinate two world leaders.<sup>39</sup>

The LTTE has been a prolific employer of suicide bombing, with one report calling it responsible for fully half of all suicide attacks worldwide in the early years of this century.<sup>40</sup> Tamil Tiger suicide bombers are believed responsible for the assassination of numerous Sri Lankan political leaders, including Sri Lankan President Ranasinghe Premadasa in May 1993, and many moderate Tamil leaders who opposed the LTTE. Former Indian Prime Minister Rajiv Gandhi — whose efforts to assist Colombo in enforcing a peace accord with the Tamils in 1987 ended in the deaths of about 1,200 Indian troops — was assassinated in May 1991 by a suspected LTTE suicide bomber. Many Indians insist that top LTTE leaders, including Prabhakaran, be extradited to India to stand trial for Rajiv Gandhi’s death.

## Peace Initiative Falters, Civil War Resumes

The Norwegian-brokered peace effort, which began in 1999, produced notable success after then-Prime Minister Wickremasinghe revived the process upon taking office in late 2001. A permanent ceasefire agreement (CFA) was reached in February 2002 and, despite incidents of alleged violations, was for several years generally observed by both sides. In addition, confidence-building measures called for under the ceasefire were implemented. A Sri Lanka Monitoring Mission (SLMM) comprised of members from Nordic countries was created to investigate reported violations of the CFA. In April 2002, LTTE leader Prabhakaran emerged from hiding for his first press conference in 12 years and made the unprecedented suggestion that the LTTE would be willing to settle for less than full Tamil independence. Five months later, Sri Lanka lifted its 1998 ban on the LTTE, a move which the Tigers had demanded as a pre-condition for peace talks. However, Buddhist clerics and their political party, the JHU, have staunchly and consistently opposed negotiating with the LTTE.<sup>41</sup>

**Peace Talks Progress, 2002-2003.** In September 2002, at a naval base in Thailand, the Colombo government and the LTTE held their first peace talks in seven

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<sup>38</sup> See [<http://www.state.gov/s/ct/rls/crt/2006/82738.htm>].

<sup>39</sup> “Taming the Tamil Tigers,” January 10, 2008, at [[http://www.fbi.gov/page2/jan08/tamil\\_tigers011008.html](http://www.fbi.gov/page2/jan08/tamil_tigers011008.html)].

<sup>40</sup> Cited in “Suicide Bombing Masters: Sri Lankan Rebels,” *New York Times*, January 14, 2003.

<sup>41</sup> “Sri Lanka Lifts Ban on Tigers Ahead of Thai Talks,” *Agence France Presse*, September 4, 2002.

years. The meeting, which resulted in an agreement to establish a joint task force for humanitarian and reconstruction activities, was deemed successful by both sides. On the third day, the LTTE announced that it would settle for “internal self-determination” and “substantial regional autonomy” for the Tamil population rather than full independence — a major shift in the rebels’ position. A second round of talks brought another breakthrough when the two sides agreed on a framework for seeking foreign aid to rebuild the country (officials estimated that repairing the war-damaged infrastructure in the island’s northeast could cost as much as \$500 million).<sup>42</sup> A multilateral “donor conference” in Oslo in late November brought numerous pledges of external assistance, with the United States promising to “play its part” toward implementation of a peace plan.<sup>43</sup>

In what appeared to be yet another meaningful breakthrough, talks in the final month of 2002 ended with the issuance of a statement that “the parties have agreed to explore a solution founded on the principle of internal self-determination in the areas of historical habitation of the Tamil-speaking peoples, based on a federal structure within a united Sri Lanka.”<sup>44</sup> This language marked a significant concession from both parties: the Colombo government for the first time accepted the idea of federalism and the rebels, in accepting a call for *internal* self-determination, appeared to have relinquished their decades-old pursuit of an independent Tamil state.

A fifth round of negotiations took place in Berlin in February 2003, but made no notable progress. Renewed armed conflict had the potential to disrupt the engagement: the meetings began only hours after three LTTE rebels incinerated themselves at sea when Norwegian truce monitors boarded their weapons-laden craft. Although an apparent violation of the ceasefire, the incident did not derail the peace process; it did, however, serve to erode international confidence, especially among potential donor nations. The United States called the Tigers’ arms smuggling effort “highly destabilizing” and urged the LTTE to “commit itself fully to peace and desist from arms resupply efforts.”<sup>45</sup>

Talks in Japan in March 2003 produced no major breakthroughs on political or human rights issues. A Japanese participant suggested that the promise of major external assistance — anticipated at some \$3 billion over three years — is all that kept the disputing parties at the negotiating table.<sup>46</sup> As with earlier talks, violence

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<sup>42</sup> “Sri Lankans in Reconstruction Talks,” *BBC News*, November 18, 2002. Large numbers of Tamil refugees began returning to the war-torn region after the 2002 ceasefire (“100,000 Refugees Return to Sri Lanka,” *Associated Press*, September 20, 2002).

<sup>43</sup> “Transcript: U.S. Prepared to ‘Play Its Part’ to Further Peace in Sri Lanka,” U.S. Department of State Washington File, November 25, 2002.

<sup>44</sup> “Sri Lanka to Explore a New Government,” *New York Times*, December 6, 2002.

<sup>45</sup> “Sri Lankan Peace Talks Start in Berlin,” *Reuters*, February 7, 2003; “Suicide Bomb Blunts Sri Lanka’s Peace Momentum,” *Agence France Presse*, February 10, 2003; “U.S. Criticizes Tamil Tiger Smuggling,” *BBC News*, February 12, 2003.

<sup>46</sup> “Sri Lanka Negotiators Leave Japan With Little Progress, But Cash Hopes Alive,” *Agence* (continued...)

again threatened to derail the process: On March 10, 2003, a Sri Lankan Navy vessel sank what the Colombo government described as an attacking Tiger boat, killing 11. The Tigers condemned the attack, claiming that their unarmed “merchant vessel” was not a threat. Norwegian truce monitors criticized both sides while refraining from ruling who was at fault.<sup>47</sup>

In the spring of 2003 the Colombo government said it was considering holding an island-wide non-binding referendum to endorse its current peace negotiations with Tamil rebels. A public opinion poll found that 84% of all Sri Lankans believed peace could be achieved through dialogue, including more than 95% of Tamils.<sup>48</sup> Yet the LTTE pulled out of the peace negotiations in April, just days before a seventh round of peace talks was set to begin in Thailand. The Tigers issued a statement protesting their exclusion from a scheduled June 2003 donor conference in Japan and expressing unhappiness with slow progress in efforts to improve the quality of life for the country’s Tamil minority.<sup>49</sup>

In September 2003, Norway and Japan led an effort to revitalize the peace process and prevent its devolution back into further conflict. These initiatives followed a meeting of the Tigers with constitutional experts in Paris, a meeting that was part of the Tigers’ effort to respond to a Sri Lankan government proposal for an interim administration in the northeast of Sri Lanka (a major concession by the government to Tiger demands which were a prerequisite for further talks).<sup>50</sup> For their part, the LTTE had previously made the key concession that it would settle for an autonomy agreement rather than its previous goal of a separate state. Despite such concessions by both sides, a peace agreement was not guaranteed. The LTTE indicated that it would once again seek secession and an independent state if substantial autonomy was not achieved through the negotiation process.<sup>51</sup>

The Colombo government was at that time split between a more conciliatory faction represented by President Chandrika Kumaratunga and a more hardline faction represented by the JVP. The UNP opposition was regarded as the major party most willing to negotiate with the LTTE in order to end the conflict. Many observers believed this was due to the fact that a large portion of UNP political support comes from Sri Lanka’s business classes, whose success in turn depends on limiting the impact of uncertainty and instability which the conflict creates.

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<sup>46</sup> (...continued)

*France Presse*, March 22, 2003.

<sup>47</sup> “Sri Lanka Monitors Chide Both Sides Over Sea Clash,” *Reuters*, March 17, 2003.

<sup>48</sup> “Sri Lanka Ponders Peace Vote,” *BBC News*, April 4, 2003; “Overwhelming Support for Peace Talks - Poll,” *Daily News* (Colombo), March 24, 2003.

<sup>49</sup> “Sri Lanka’s Tamil Tigers Pull Out of Peace Talks,” *Reuters*, April 23, 2003.

<sup>50</sup> “Norway to Make Fresh Bid to Revive Sri Lanka Peace Process,” *Agence France Presse*, September 3, 2003.

<sup>51</sup> “Sri Lanka to Explore a New Government,” *New York Times*, December 6, 2003.

It was hoped that the LTTE would respond to the government's offer and rejoin peace negotiations by the end of September 2003. An earlier proposal for an interim administration was rejected by the LTTE. The government continued having difficulty making offers as some observers noted that a constitutionally viable solution would require the consent of the more hardline faction in the government led by the JVP, which was on record as opposed to further concessions to the LTTE.<sup>52</sup>

The international community made an effort to support the dialogue process by offering inducements for peace. The international donors conference held in Tokyo in June 2003 obtained aid pledges for Sri Lanka totaling \$4.5 billion (nearly one-quarter of the package was pledged by Japan). Some 51 nations and 20 international institutions participated in the conference, though it was boycotted by the LTTE.<sup>53</sup> At the same time, the World Bank approved a loan of \$125 million to assist Sri Lankan poverty reduction and reconstruction in the northeast, and to support the peace process.<sup>54</sup> Then-U.S. Deputy Secretary of State Armitage expressed support for the peace process at the Tokyo conference by asking the LTTE to end its boycott of the talks and offering \$54 million in U.S. aid.<sup>55</sup> Yet both the government and the rebels remained intransigent in their positions, and the LTTE refused to rejoin Norwegian-sponsored peace negotiations.

**Peace Process Stalemated, 2004-2005.** Despite international inducements, the peace process remained deadlocked for more than two years, with the LTTE continuing to insist on interim self-rule in the Tamil northeast as the basis of resumption of negotiations. The government expressed a desire that the LTTE restate its willingness to explore a federal solution to the conflict, and Colombo also requested that discussion of an Interim Self Governing Authority (ISGA) be part of a comprehensive peace discussion and not a precondition of such negotiations. Moreover, divisions within both the government and the LTTE cast pervasive doubt on the eventual outcome of the peace talks.

The crisis continued beyond the April 2004 elections and was exacerbated in 2005 by a number of factors, including tensions between the SLFP and its JVP coalition partners over the privatization of the university educational system and the petroleum sector; the possibility of a joint government-LTTE distribution mechanism for foreign aid (to LTTE controlled areas) in response to the December 2004 Indian Ocean tsunami; and the prospect of a peace agreement that would grant greater autonomy to the Tamil-controlled North and East. The JVP strongly opposes each of these options and has made numerous threats to withdraw from the United

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<sup>52</sup> "Sri Lanka Peace," Voice of America Federal News Dispatch, June 20, 2003.

<sup>53</sup> See the Tokyo Conference Declaration at [<http://www.mofa.go.jp/region/asia-paci/srilanka/conf0306/declaration.html>].

<sup>54</sup> "World Bank Gives \$125 Million," *Agence France Presse*, June 18, 2003.

<sup>55</sup> "U.S. Asks Tamil Tigers to Resume Talks with Sri Lankan Government," *BBC Monitoring South Asia*, June 13, 2003.

People's Freedom Alliance, a move that would deprive the ruling coalition of its parliamentary majority.<sup>56</sup>

Following the mid-2004 LTTE schism there were numerous instances of political and military operatives being killed by each side as they jockey for power in the East. The LTTE accuses Colonel Karuna and those loyal to him of cooperating with Sri Lankan Army (SLA) paramilitaries and special forces in raids and targeted killings of forces under their command, which the SLA denies. Karuna later withdrew to a fortified base in the jungles of eastern Sri Lanka where his forces were able to repel LTTE attacks.<sup>57</sup> During the first half of 2005 there were several reported instances of serious ceasefire violations. First was the February death of a high-level LTTE political officer, followed by an increase in targeted, politically-motivated killings throughout the eastern provinces.<sup>58</sup>

April 2005 saw a much-publicized incident when a Sea Tiger unit attacked a Sri Lankan Navy vessel carrying a peace monitor, slightly wounding him. This led to a formal censure of the LTTE by the ceasefire monitoring group, the Sri Lanka Monitoring Mission (SLMM), and marked a particularly brazen attack as the Sri Lankan Navy vessel was flying the SLMM flag to indicate that monitors were aboard.<sup>59</sup> By the middle of 2005, politically-motivated killings reportedly were taking one life per day and, following the LTTE's August 2005 assassination of Foreign Minister Lakshman Kadirgamar, an ethnic Tamil, Parliament passed a state of emergency regulation that has been renewed every month since.<sup>60</sup>

**Civil War Resumes in 2006.** The narrow November 2005 election victory of perceived hardliner President Rajapaksa led to a further escalation of violence between government security forces and LTTE cadres. One month later, a pro-LTTE Tamil National Alliance parliamentarian was assassinated inside a government high security zone in the eastern town of Batticaloa. In February 2006, Colombo and the LTTE voiced renewed commitment to the CFA and violence waned until April, when an explosion at a Sinhalese market in Trincomalee led to a limited backlash against Tamils. Shortly after, an LTTE suicide bomber attacked a major army compound in Colombo, killing eight soldiers and seriously wounding the army's top general. The government retaliated with air strikes on Tiger positions. In June 2006, an LTTE suicide bomber succeeded in killing the army's third highest-ranking general in a suburb of Colombo. Mutual animosities intensified.

A dramatic surge in violence in early August 2006 was sparked by a water dispute: the Sri Lankan military had moved to reopen a sluice gate in Tiger-controlled territory after negotiations failed to resolve the quarrel (in closing the gate, LTTE forces had cut water supplies to thousands of mostly Sinhalese farmers south

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<sup>56</sup> "JVP Threatens to Bring Down Lanka Govt. Over LTTE Tsunami Deal," *Hindu* (Chennai), April 20, 2005.

<sup>57</sup> Press Trust of India, March 21, 2005.

<sup>58</sup> "Batticaloa LTTE Leader Killed," *Hindu* (Chennai), February 7, 2005.

<sup>59</sup> "Tamil Tiger 'Breached Ceasefire,'" *BBC News*, April 8, 2005.

<sup>60</sup> "Sri Lanka: Political Killings Escalate," Human Rights Watch, August 16, 2005.

of Trincomalee). Rather than employ a small force for the operation, the government launched large-scale airstrikes on nearby Tiger positions in tandem with a ground offensive. The LTTE's political wing called the attacks a "declaration of war."<sup>61</sup> The four Tokyo Donor countries (including the United States) issued a statement calling on both sides to immediately end hostilities and re-engage negotiations, but the LTTE said that Colombo's military operations made further talks impossible.

By the late summer of 2006, the Sri Lankan army was pressing a major offensive in the area around the Tiger stronghold of Trincomalee, the LTTE was declaring that the ceasefire appeared to have ended, and human rights groups were demanding that both sides allow humanitarian supplies to reach civilians who had been trapped in the crossfire and who were unable to obtain food and other basic commodities. Hundreds of thousands of these civilians were displaced by the fighting. Battles in August became so fierce that more than 800 rebels and security personnel were reported killed in one week alone. Under heavy air bombardment, the Tigers retreated from their positions near the strategic Trincomalee harbor in September, while their naval forces lost a series of fierce battles off the northern Jaffna Peninsula.<sup>62</sup> In displacing the Tigers from Trincomalee's environs, the government carried out the first major seizure of enemy territory by either side since the 2002 ceasefire.

In a now weakened position, the LTTE changed course and agreed to engage in new and unconditional negotiations with Colombo. Some observers opined that, as in the past, dwindling financial resources were a primary motive for the government's decision to re-engage the peace process as called for by international aid providers.<sup>63</sup> A new round of talks was set for October 2006 in Oslo, Norway, even as the government's ongoing military offensives brought fierce battles in the both the North and East. Possible overconfidence in the army ranks may have led to serious reversals during the course of the month as their units were repulsed around Jaffna at considerable cost.<sup>64</sup> The Tigers also retaliated with a series of suicide attacks, including a truck bombing that left 99 Sri Lankan sailors and civilians dead in the north-central city of Harbrane; and the detonation of "suicide boats" that left a sailor and 15 rebels dead near the Sri Lankan Navy Headquarters in Galle, a major tourist destination some 70 miles south of Colombo.

In the lead up to October peace talks, President Rajapaksa moved to establish a common negotiating position that would include the country's main opposition UNP. A resulting pact was widely hailed as a rare expression of political unity,

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<sup>61</sup> "Strategic Questions in Sri Lanka," *BBC News*, August 4, 2006.

<sup>62</sup> "Fighting Escalates in Northern Sri Lanka," *Associated Press*, August 17, 2006; "Sri Lanka Battles a Weakened Tamil Tigers," *Christian Science Monitor*, September 5, 2006.

<sup>63</sup> "Lack of Cash Pushes Sri Lanka to Peace Talks: Analysts," *Agence France Presse*, September 13, 2006.

<sup>64</sup> "Tigers Strike Back," *Outlook* (Delhi), October 14, 2006; "Sri Lanka Clashes Kill 129 Troops," *BBC News*, October 12, 2006.

especially in the country's Sinhala-dominated South.<sup>65</sup> However, and despite low expectations, the talks were a conclusive failure: The government rejected a key rebel demand to reopen the strategically vital A-9 highway that crosses LTTE-controlled territory leading to Jaffna, and the two sides failed even to agree on a timetable for future meetings. Renewed exchanges of artillery fire began hours after the talks adjourned.<sup>66</sup>

Fighting continued during the final months of 2006. LTTE leader Prabhakaran blamed President Rajapaksa for the conflict's resurgence and he called the CFA "defunct." The U.S. State Department expressed being "disturbed" by such claims, and it condemned the Tigers for "fueling violence and hostility," and urged both sides to honor the CFA and return to negotiation.<sup>67</sup> The LTTE disregarded the admonition and declared a renewed struggle for independence. Tiger cadres subsequently attempted to assassinate the defense secretary — who is also President Rajapaksa's brother — by bombing his motorcade, but he escaped unharmed.

**Government Military Successes in 2007.** Government forces took control of the LTTE's eastern stronghold of Vakarai in January 2007, resulting in up to 20,000 more internally displaced persons (another 15,000 Tamil civilians were described as being "trapped" by the fighting). From Colombo's perspective, the "liberation" of Vakarai saved these civilians from being used as "human shields" by the rebels.<sup>68</sup> Although the Norwegian government insisted that its effort to end the civil war had not failed — and the British government offered to play a greater role in the peace process, including a willingness to talk directly with the terrorist-designated LTTE — there developed a growing consensus among independent observers that full-scale civil war had returned to the island.

By March 2007, the government was claiming to have completely cleared LTTE forces from the island's east coast. Later that month, Tiger rebels launched an unprecedented air attack, using two crude planes to bomb an air force base adjacent to Colombo's main airport. While damage reportedly was light, the ability of the Tigers to penetrate Sri Lankan air defenses and return safely to their base 250 miles away was a major embarrassment to the Colombo government. Further Tiger air raids in April — one killing at least six soldiers at the main army base in Jaffna, another destroying fuel facilities in Colombo — spurred acute security concerns among commercial airline companies serving the island, and caused analysts to identify an even greater threat perception among residents of the southern provinces.<sup>69</sup>

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<sup>65</sup> "S. Lanka Parties in Unity Pact Ahead of Peace Talks," *Reuters*, October 23, 2006.

<sup>66</sup> "Heavy Shelling In North Sri Lanka After Talks Fail," *Reuters*, October 30, 2006.

<sup>67</sup> Daily Press Briefing, November 28, 2006.

<sup>68</sup> "Sri Lanka Says Captures Tiger Lines, Kills 30 Rebels," *Reuters*, January 16, 2007; "Forces Liberate Vakarai Civilians," *Daily News* (Colombo), January 20, 2007.

<sup>69</sup> "Sri Lankan Separatists Take Fight to the Air," *Christian Science Monitor*, March 28, 2007; "Airlines Cancel Sri Lanka Flights," *BBC News*, April 30, 2007.

The Tigers appeared to have been evicted from their last major bastion in the Eastern Province in July 2007 and the Colombo government claimed to be in full control of the region for the first time in 13 years. Following its military victories in the East, the government vowed to devote more than \$50 million toward infrastructure programs designed to win hearts and minds in the region and to establish a credible civil administration there by holding local elections before 2008.<sup>70</sup> The LTTE responded to government declarations with threats to cripple the country's economy with attacks on military and economic targets. The Rajapaksa government asserted openness to resuming negotiations with the rebels even as it pressed ahead with military operations in the North.

An October 2007 attack by 21 rebel "suicide commandos" caused serious damage to the Anuradhapura air force base in the Northwest province and was a major embarrassment for government and military officials. Eight Sri Lanka air force planes were reported destroyed, including an expensive surveillance platform. Fourteen soldiers died battling the rebel force. Retaliatory government air strikes on LTTE training camps reportedly killed dozens of rebels in the country's north. Still, the Anuradhapura attack was viewed as a stunning short-term psychological victory for the rebels which served to boost their morale following debilitating military losses of the previous summer.<sup>71</sup>

Colombo was not deterred, however, and pressed ahead with offensive military operations. Among those killed in November 2007 government airstrikes was S.P. Tamilselvan, the leader of the Tigers' political wing widely believed to be Prabhakaran's topmost deputy. This was followed by the violent death of the purported chief of the Tigers' intelligence wing, alias "Colonel Charles," in a January 2008 government military ambush on his vehicle at the island's far northern tip. Some observers view these apparent targeted killings as further evidence of a new government intent to decisively defeat the rebels through use of force.<sup>72</sup> Sri Lankan military officials claim that their operations in the latter months of 2007 destroyed about half of the Tigers' forces and that the "remaining 3,000" were in complete disarray and near to final defeat.<sup>73</sup>

**Current Status.** During a March 2007 visit to Washington, Sri Lankan Foreign Minister Rohitha Bogollagama told Secretary of State Condoleezza Rice that Colombo was committed to a negotiated solution to the conflict and to constitutional reforms that would enable an enduring settlement and address the "concerns of the minorities."<sup>74</sup> President Rajapaksa himself repeatedly insists that ongoing military operations are aimed only at combating terrorism. His government claims to seek

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<sup>70</sup> "With Tanks, Jets, Sri Lanka Fetes Fall of Rebel East," *Reuters*, July 19, 2007.

<sup>71</sup> "Sri Lanka Rebel Attack Further Detailed," *Associated Press*, October 24, 2007; "Despair in the Air," *Frontline* (Chennai), November 3, 2007.

<sup>72</sup> See, for example, Ajai Sahni, "Shattered Haven," *Outlook* (Delhi), November 8, 2007.

<sup>73</sup> "Sri Lanka Army Chief Says Rebel Force Halved, Bases Surrounded," *Daily News* (Colombo), December 31, 2007.

<sup>74</sup> See Embassy of Sri Lanka Press Release, March 16, 2007, at [[http://www.slembassyusa.org/press\\_releases/spring\\_2007/fm\\_says\\_sl\\_16mar07.html](http://www.slembassyusa.org/press_releases/spring_2007/fm_says_sl_16mar07.html)].

only a “negotiated and sustainable” settlement through the All Party Representative Committee. Yet, in late December 2007, the Sri Lankan president reportedly stated that military victories “will surely pave the way to push the LTTE to seek a political solution to the problem.”<sup>75</sup>

Faced with a choice between scaling back army operations and resuming peace negotiations or pressing ahead with military offensives, President Rajapaksa appears to have concluded the Tigers could be decisively defeated on the battlefield. The risk of alienating key hardline coalition supporters likely has played a central role in this calculation.<sup>76</sup> Thus, despite heavy material and political costs — including the alienation of more negotiation-minded political allies, severe economic damage, cuts in foreign aid, and censure from foreign governments and international human rights groups — Rajapaksa appears to be pursuing an all-out effort to defeat the LTTE by use of force.<sup>77</sup>

Increased strife has been costly for Sri Lanka on the world stage. In May 2007, the British government cited human rights concerns in suspending about \$3 million in debt relief aid to Colombo. In the same month, a U.S. official cited like concerns in explaining why Millennium Challenge Corporation (MCC) funding has not been forthcoming, saying the island’s security circumstances continued to preclude finalizing a compact under that program (Sri Lanka subsequently was “deselected” for MCC eligibility). The United States and other international donors suspended aid or withheld new commitments for similar reasons in 2007. President Rajapaksa has responded with defiance, saying his country is not dependent on foreign aid and can go it alone, if necessary. Defense Secretary Gotabaya Rajapaksa, the president’s brother, has decried the “international bullying” on human rights.<sup>78</sup>

## Obstacles to Peace

Even during a period of relative peace from 2002 to 2005, peace negotiators have faced great difficulty as they attempt to craft a political system that maintains Sri Lanka’s unity while addressing the LTTE’s desire for substantive autonomy.<sup>79</sup> A variety of federal models has been put under consideration, including those that

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<sup>75</sup> “Negotiated End to Conflict Govt’s Aim,” *Daily News* (Colombo), September 27, 2007; “Sri Lanka Open to ‘Negotiated’ Solution to Conflict,” *Agence France Presse*, October 13, 2007; “Military Victories Will Pave the Way to Political Solution - President,” *Daily News* (Colombo), December 27, 2007.

<sup>76</sup> “Sri Lanka’s President Poised Between War and Peace,” *Financial Times* (London), January 9, 2007.

<sup>77</sup> “Back to the Gun,” *India Today* (Delhi), May 28, 2007.

<sup>78</sup> “Sri Lanka President Shuns Aid Suspension by UK, US,” *Reuters*, May 16, 2007; “Aid Weapon Used Against Sri Lanka,” *Financial Times* (London), May 22, 2007; “Sri Lanka Accuses ‘Bullying’ West,” *BBC News*, June 12, 2007.

<sup>79</sup> A Tamil state in the northern areas is considered to be a *fait accompli* by many, given the LTTE’s establishment of well-organized police, court, and prison systems, a law college, motor vehicle registry, tax and customs departments, health clinics, and even a forestry division (“In Some Ways, Rebels Without a Cause,” *Washington Post*, January 14, 2003).

have seen success in Switzerland and Canada, among others.<sup>80</sup> In addition to questions of power-sharing, numerous other highly contentious issues to be settled include geographical boundaries, human rights protection, political and administrative mechanisms, public finance, law and order, and LTTE accountability for past actions. Sinhala nationalism, rooted in the British colonial period, is seen to be a major, overarching obstacle to resolution of the ethnic conflict.<sup>81</sup> While sizeable majorities of Sri Lanka's Tamil and Muslim communities appear to favor a negotiated settlement to the civil war, perhaps half of the country's Sinhalese citizens are reported to favor the pursuit of the LTTE's military defeat.<sup>82</sup>

A key unresolved shorter-term issue under the CFA had been the decommissioning of LTTE weapons, which the Tigers repeatedly stated will not occur until a permanent settlement is reached. The SLFP had long claimed that the rebels must disarm as part of the negotiation process.<sup>83</sup> Also, there are reported to be many thousands of government troops controlling parts of the Jaffna Peninsula at the island's northern tip. The Tigers have refused to make peace while part of the country remains under "army occupation," but the Sri Lankan military is concerned that any resettlement of civilians would be used as cover by the Tigers to better position themselves should fighting resume. Colombo has refused to open up these "high security zones" until the rebels lay down their arms, an action the Tigers have called "non-negotiable."<sup>84</sup> Some analysts express certainty that the Tigers will be unwilling to disarm in the foreseeable future, and even some Sinhalese intellectuals reportedly have sympathized with the rebels' hesitation to disarm, given their perceived need for "leverage" against a Sinhalese-dominated government that "has given no reason to the LTTE to trust it."<sup>85</sup>

Former Prime Minister Ranil Wickremesinghe, leader of the opposition UNP, views the government's January 2008 abrogation of the CFA as part of a politically expeditious decision to placate hardline Marxist and Buddhist parties in return for their continued support of the ruling coalition.<sup>86</sup> A potential obstacle to any peace deal in the near- and middle-term is the continuing political division between the JVP and the SLFP as regards any settlement of autonomy or self-governing aspects of any eventual peace deal. The JVP has threatened to withdraw from the current ruling coalition if any agreement is reached which they allege might impinge national

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<sup>80</sup> See Teresita Schaffer and Nisala Rodrigo, "Sri Lanka: Finding the Start of a Long Road," *South Asia Monitor* 54, Center for Strategic and International Studies, January 1, 2003.

<sup>81</sup> See International Crisis Group Asia Report No. 141, "Sri Lanka: Sinhala Nationalism and the Elusive Southern Consensus," November 7, 2007, at [<http://www.crisisgroup.org/home/index.cfm?id=5144&l=1>].

<sup>82</sup> See, for example, public opinion survey findings at [[http://www.cpalanka.org/research\\_papers/PCI\\_November\\_2007\\_PR.pdf](http://www.cpalanka.org/research_papers/PCI_November_2007_PR.pdf)].

<sup>83</sup> "Tamil Tigers 'Must Disarm,'" *BBC News*, December 13, 2002.

<sup>84</sup> "Sri Lanka Talks Face Hurdle," *BBC News*, January 4, 2003.

<sup>85</sup> "No to War Isn't Yes to Peace," *Business Line* (Chennai), April 8, 2003.

<sup>86</sup> "All-Out War," *Frontline* (Chennai), February 1, 2008.

sovereignty, and the JHU represents an virulent and influential form of Sinhalese majoritarianism:

The capacity of these nationalist actors to mobilize Sinhala nationalist sentiments poses deep problems for the future of the peace process as it threatens to draw mainstream political actors back into more nationalist strategies for political survival. It also serves to challenge the legitimacy of governing coalitions or, through the use of a coalitional veto, bring about governmental collapse for those attempting to move the peace process forward.<sup>87</sup>

Moreover, the SLFP has expressed concerns that the Norwegian mediators have exhibited bias in favor of the rebels.

In seeking to explain the apparent collapse of the most recent peace process, many analyses are critical of an allegedly narrow focus on two parties — the Colombo government and the LTTE — to the exclusion and at the expense of other key stakeholders such as non-LTTE-affiliated Tamils and the country's sizeable Muslim minority. President Rajapaksa has been faulted by many for his apparent belief that the LTTE is the chief source of the country's ethnic strife and that only their military defeat would open the space in which to effectively address Tamil grievances. Rather, many analysts contend, the Tigers are only one manifest aspect of a greater ethnic problem.<sup>88</sup> Moreover, a process too heavily reliant on economic incentives may have been undermined by political opposition to Colombo's reform program.<sup>89</sup>

The LTTE, for its part, has stated that peace is not possible so long as President Rajapaksa is in power, and there are ongoing fears that the rebels will be successful in their efforts could again seek to bring the war to the country's capital.<sup>90</sup> The Tigers reject new negotiations in the absence of Colombo's adherence to the terms of the now-defunct CFA. Yet the government is unlikely to agree to such terms as doing so would require ceding control of territories taken from the LTTE in 2007. Excluded from international political fora due to their designation as a terrorist group, the Tigers have sought creation of a formal venue in which to argue their case that the Colombo government engages in ethnic cleansing and serious human rights violations and must be pressured to accept a resolution based on the Tamils' claimed right to self-determination.<sup>91</sup>

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<sup>87</sup> David Rampton and Asanga Weilikala, "The Politics of the South," Asia Foundation Sri Lanka Strategic Conflict Assessment 2005 Series, 2005, at [[http://www.asiafoundation.org/pdf/SL\\_Politics\\_of\\_the\\_South.pdf](http://www.asiafoundation.org/pdf/SL_Politics_of_the_South.pdf)].

<sup>88</sup> See, for example, "Resting on Laurels," *Frontline* (Chennai), November 3, 2007.

<sup>89</sup> International Crisis Group, "Sri Lanka: The Failure of the Peace Process," November 28, 2006, at [<http://www.crisisgroup.org/home/index.cfm?id=4523>]. See also reports from the Asia Foundation Sri Lanka Strategic Conflict Assessment 2005 Series at [[http://www.asiafoundation.org/Locations/srilanka\\_publications.html](http://www.asiafoundation.org/Locations/srilanka_publications.html)].

<sup>90</sup> "Target Colombo," *Outlook* (Delhi), July 19, 2007.

<sup>91</sup> "Sri Lanka Rebels Decry 'Genocide' Before U.N. Address," *Reuters*, September 25, 2007.

## December 2004 Indian Ocean Tsunami<sup>92</sup>

The tsunami (tidal wave) that devastated much of coastal South and Southeastern Asia on December 26, 2004, hit Sri Lanka particularly hard some 90 minutes after its launch by an earthquake centered west of Sumatra, Indonesia. The massive wave caused some 35,000 deaths, fully or partially destroyed at least 100,000 homes, and displaced nearly 600,000 Sri Lankans in the country's worst-ever natural disaster. The island's east coast was most affected and there was some evidence that the tsunami weakened the LTTE through the destruction of many of its naval assets and the loss of at least 1,000 of its cadres.<sup>93</sup> The Sri Lankan navy also saw significant damage to some of its southern coastal facilities. The single most costly event in terms of human lives was the complete destruction of a train traveling along a coastal railroad track. More than 2,000 people died in this single incident.<sup>94</sup> Fortunately, a projected outbreak of disease following the tsunami never materialized.

President Bush expressed condolences to the Sri Lankan people over the "terrible loss of life and suffering," and the U.S. government moved quickly to provide assistance to those nations most affected.<sup>95</sup> USAID oversaw a total of about \$135 million in relief and reconstruction aid for Sri Lanka, devoted especially to the provision of emergency relief supplies, transitional housing, livelihoods restoration, and psychological and social support.<sup>96</sup>

There were hopes that the human costs of the disaster would bring about an opportunity to reinvigorate the stalemated peace process, but negotiations on how to disburse relief aid reflected existing political obstacles. After much wrangling, in June 2005 the Colombo government and the LTTE reached an agreement to share some \$3 billion in international tsunami aid under a Post-Tsunami Operational Management Structure (PTOMS). However, the agreement was challenged in court and was never implemented, leaving both parties more distrustful than before. In the words of one analysis, "Protracted negotiations about the institutional arrangements for delivering tsunami assistance to the North-East mirrored earlier peace talks and exposed the deep underlying problems of flawed governance, entrenched positions, and patronage politics."<sup>97</sup>

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<sup>92</sup> See also CRS Report RL32715, *Indian Ocean Earthquake and Tsunami*.

<sup>93</sup> Chandra de Silva, "Sri Lanka in 2005," *Asian Survey* 46, 1, January 2006, p. 116.

<sup>94</sup> "Sri Lanka: Railroad Line Closed by Tsunami Reopened" *Associated Press*, February 21, 2005.

<sup>95</sup> "Bush Sends Condolences to Asia, Offers Aid," *Associated Press*, December 27, 2004.

<sup>96</sup> See [<http://www.usaid.gov/press/releases/2008/pr080118.html>].

<sup>97</sup> Jonathan Goodhand and Bart Klem, "Aid, Conflict, and Peacebuilding in Sri Lanka 2000-2005," Asia Foundation Sri Lanka Strategic Conflict Assessment 2005 Series, 2005, at [[http://www.asiafoundation.org/pdf/full\\_sr\\_report.pdf](http://www.asiafoundation.org/pdf/full_sr_report.pdf)].

## Economic Issues

Formerly a colonial economy based on plantation crops (tea, rubber, coconut, sugar, and rice), modern Sri Lanka's manufactured products now account for about four-fifths of the country's exports, including garments, textiles, gems, as well as agricultural goods. Tourism and repatriated earnings of Sri Lankans employed abroad are important foreign exchange earners. The first country in South Asia to liberalize its economy, Sri Lanka began an ongoing process of market reform and privatization of state-owned industries in 1977. Many observers attribute the ability of the national economy to thrive even in the midst of civil war to these successful reforms. Privatization efforts have slowed in recent years, however. Since 2001, both tourism and investor confidence, previously on the rebound, have been negatively affected by major LTTE terrorist attacks and renewed political instability. Sri Lanka's entire economy has also suffered as a result of a recent prolonged drought (the worst in two decades), related hydroelectric power shortages, and the worldwide economic downturn around the turn of the century. The country experienced its first ever recorded recession in 2001, with a negative GDP growth rate of -1.4%.

The UNP-led coalition government that came to power under then-Prime Minister Wickremesinghe in late 2001 sought to institute a program of sweeping economic reforms and liberalization. Stabilization efforts were based on reduced government expenditures, while structural reforms included downsizing the bureaucracy, selling off state-owned businesses, and reforming labor and land laws to encourage the freer operation of market mechanisms. The United States and other external donor countries sought to support this reform effort with greatly increased aid: according to one source, external aid rose more than four-fold from 2002 to 2003. However, this same analysis is among those that fault the Wickremesinghe government for pursuing this tack while failing to link it to the ongoing peace process. From this perspective, the stalemating of that process — and the UNP's 2004 election defeat — could be traced to an economic reform program that “alienated many social classes within a short period of time, without offering any benefits in return.”<sup>98</sup>

Despite the existence of considerable obstacles, not least being renewed civil war, current statistics show Sri Lanka's economy to be performing relatively well. The economy grew by an estimated 6.1% in 2007, led by a services sector that accounts for more than half of GDP. Short-term projections are generally positive, but still mixed: optimistic analyses foresee further expansion above 5% in 2008, with a rebounding agricultural sector and rapid growth in India (one of Sri Lanka's main trading partners) buoying the economy. Others stress that a winding down of tsunami-related base effects, fragile export performance, and inflationary pressures will keep annual GDP growth rates well below 5%, even as the middle- and longer-term potential is seen to be considerable. Another important future variable will be levels of U.S. and European demand for textiles. Consumer price inflation has been

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<sup>98</sup> Sunil Bastian, “The Economic Agenda and the Peace Process,” Asia Foundation Sri Lanka Strategic Conflict Assessment 2005 Series, 2005, at [[http://www.asiafoundation.org/pdf/SL\\_Economics\\_of\\_Peace.pdf](http://www.asiafoundation.org/pdf/SL_Economics_of_Peace.pdf)].

a major burden at an estimated 17% for 2007. Near-term inflation is likely to remain high, but is expected to ease somewhat in 2008. Sri Lanka is highly dependent on foreign assistance, with the World Bank, the Asian Development Bank, Japan, and other donors disbursing loans totaling \$912 million in 2006. Foreign grants amounted to another \$301 million during that year.<sup>99</sup>

In November 2006, the Colombo government issued a discussion draft of its 10-year development framework, *Mahinda Chintana [Mahinda's Thoughts]: Vision for a New Sri Lanka*. According to a January 2007 World Bank report,

The vision sets out ambitious growth targets (over 8% by 2010) aimed at reducing poverty incidence to 12% of the population by 2015 (from 23% in 2002). The rapid growth scenario assumes the continuation of a favorable external environment and implies improved security conditions. A key target is to raise total investment from 28-30% of GDP in 2006 to 34% in 2010, with the largest contribution coming from the public sector. Public sector savings (currently negative) are expected to contribute 5 percentage points of GDP to gross domestic savings by 2010. FDI is projected at around 2% of GDP (compared to less than 1% in the past decade).<sup>100</sup>

Nearly all commentators agree that continued escalation in ethnic violence will negatively impact the economy, especially by reducing investor confidence and by further damaging the vital tourism sector. The civil war continues to place a heavy burden on the country's economy, as well as to hinder its future potential. Defense expenditures as a percentage of GDP have doubled since 1980. Aside from defense spending, other costs of the war include damage to infrastructure and expenditures for humanitarian relief. Several analyses have asserted that annual growth rates over the past 24 years could have been 2-3 percentage points higher in the absence of protracted ethnic conflict. International donors say the Mahinda plan for poverty reduction is dependent upon peace.<sup>101</sup>

Tourist arrivals in Sri Lanka plummeted by 24% during the first half of 2007. The tourism sector, which accounts for about 3% of Sri Lanka's total GNP, had been recovering from the December 2004 tsunami and its attendant massive infrastructural damage, but optimism was dashed following October 2007 government military operations inside the country's most popular wildlife sanctuary — in a relatively pacific area of the island's southeast — and a subsequent U.S. State Department travel warning.<sup>102</sup>

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<sup>99</sup> U.S. State Department Bureau of South and Central Asian Affairs, "Background Notes: Sri Lanka," May 2007, at [<http://www.state.gov/r/pa/ei/bgn/5249.htm>].

<sup>100</sup> See [<http://siteresources.worldbank.org/SRILANKAEXTN/Resources/SLDFReport2007Final.pdf>].

<sup>101</sup> "Sri Lanka: Executive Summary," Global Insight, May 14, 2003; "Sri Lanka Development Hostage to War, Say Donors," *Reuters*, January 29, 2007.

<sup>102</sup> "Sri Lanka Tourism a Casualty of Tamil Tiger War," *Christian Science Monitor*, October 24, 2007; travel warning at [[http://travel.state.gov/travel/cis\\_pa\\_tw/tw/tw\\_3011.html](http://travel.state.gov/travel/cis_pa_tw/tw/tw_3011.html)].

With its location on major sea-lanes, excellent harbors, and high educational standards, Sri Lanka has long been viewed as a potential regional center for financial and export-oriented services. For decades, Sri Lanka has invested heavily in education, health, and social welfare, maintaining high living standards compared to much of South Asia. The U.N. Development Program ranked Sri Lanka 99<sup>th</sup> out of 177 countries on its 2007/2008 human development index (between Azerbaijan and Maldives), down from 93<sup>rd</sup> the previous year, but still higher than any other South Asian country.

## **U.S. Relations and Policy Concerns**

According to the U.S. State Department, a history of cordial U.S.-Sri Lanka relations has been based in large part on shared democratic traditions. U.S. policy supports efforts to reform Sri Lanka's democratic political system in a way that provides for full political participation of all communities; it does not endorse the establishment of another independent state on the island. The Bush Administration has vowed to play a role in multilateral efforts to settle the conflict and to assist in the rebuilding of war-torn areas. The United States and Sri Lanka signed a new Trade and Investment Framework Agreement (TIFA) in 2002. However, the political instability of subsequent years set back the time frame for any possible Free Trade Agreement (FTA), and relevant negotiations were put on hold pending positive developments in peace negotiations. The United States also maintains a limited military-to-military relationship with the Sri Lanka defense establishment.

In July 2002, President Bush met with then-Sri Lankan Prime Minister Wickremesinghe at the White House and pledged U.S. support for peace and economic development in Sri Lanka. It was the first visit to Washington by a Sri Lankan leader since 1984.

During a May 2007 visit to Colombo, the lead U.S. diplomat for the region, Assistant Secretary of State for South and Central Asia Richard Boucher, outlined key U.S. concerns about "the way things have been heading" in Sri Lanka. First among these was the negative impact that armed ethnic conflict was having on the people, both directly through terrorism and human rights abuses, and indirectly by harming the country's economy. In the area of human rights, Secretary Boucher placed special emphasis on the increased incidence of abductions and unlawful killings, as well as on widespread reports of government attempts to intimidate the press. He acknowledged that the government of President Rajapaksa had voiced a commitment to upholding human rights, but said "a lot more needs to be done" both in dealing with the behavior of government security forces and in controlling "paramilitaries" (often a euphemism for the Karuna faction, which broke away from the LTTE in 2004). He conveyed to Sri Lankan political leaders of all stripes the U.S. position that consensus through the All Parties Representative Committee — "a consensus that identifies for the Tamil community their role in the island, their

place, their control over various levels of government and their own lives” — represented the best basis for future progress toward conflict resolution.<sup>103</sup>

In August 2007 testimony before the House Foreign Affairs Committee, a State Department official offered that

Sri Lanka’s long-standing ethnic conflict, fragile peace process, and deteriorating human rights conditions continue to cause concern for the United States and the international community.... Our top policy priorities for Sri Lanka remain restoration of good governance and respect for human rights leading to an eventual negotiated settlement. We believe that finalizing a credible devolution of power proposal, together with ending human rights violations and improving government accountability, are essential steps toward a lasting peace.<sup>104</sup>

He went on to review the ways in which the United States is supporting peace efforts, including through the four-member Tokyo Conference mechanism, through USAID projects to promote inter-ethnic dialogue, and by helping to fund humanitarian relief programs overseen by Save the Children, the U.N. Children’s Fund, the World Food Program, and the International Committee of the Red Cross.

The U.S. State Department first designated the LTTE as a Foreign Terrorist Organization in 1997.<sup>105</sup> In 2003, then-Deputy Secretary of State Armitage reiterated that

if the LTTE can move beyond the terror tactics of the past and make a convincing case through its conduct and its actual actions that it is committed to a political solution and to peace, the United States will certainly consider removing the LTTE from the list of Foreign Terrorist Organizations, as well as any other terrorism-related designations.<sup>106</sup>

The LTTE has rejected calls that it renounce violence, saying it will do so only when the aspirations of the Tamil people are met by a political settlement. The U.S.-led global anti-terrorism campaign, which reportedly has resulted in the international withholding of several billion dollars from the LTTE and made it more difficult for the group to acquire weapons, was a likely factor in the rebels’ decision to enter into peace negotiations in late 2001.<sup>107</sup>

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<sup>103</sup> See [<http://www.state.gov/p/sca/rls/rm/2007/84701.htm>].

<sup>104</sup> Statement of Steven Mann, Principal Deputy Assistant Secretary of State for South and Central Asian Affairs, August 1, 2007, at [<http://www.internationalrelations.house.gov/110/man080107.htm>].

<sup>105</sup> See the FTO list at [<http://www.state.gov/s/ct/rls/crt/2006/82738.htm>].

<sup>106</sup> “Transcript: Armitage Says U.S., Other Nations Have Role in Ending Sri Lankan Conflict,” U.S. Department of State *Washington File*, February 14, 2003.

<sup>107</sup> “U.S. Seeks to Allay Sri Lanka Fears on Rebel Ban,” *Reuters*, April 19, 2002; “Smiles That Conceal the Worries - Sri Lanka’s Civil War,” *Economist* (London), July 20, 2002.

## Trade, Investment, and Aid

**U.S. Trade and Investment.** The United States is by far Sri Lanka's most important trade partner, accounting for more than one-quarter of the country's total exports. In 2007, U.S. imports from Sri Lanka were valued at an estimated \$2.1 billion (virtually unchanged from 2006). About two-thirds of this value came from imports of apparel and household goods, most of them cotton. U.S. exports to Sri Lanka in 2007 were valued at an estimated \$228 million (also roughly equal to the 2006 figure), led by drilling and oil field equipment, which accounted for about one-third of the 2007 export value.<sup>108</sup> Sri Lanka's Board of Investment reports that some 90 U.S.-based companies operate in Sri Lanka with a total estimated investment of more than \$500 million.<sup>109</sup>

During Prime Minister Wickremasinghe's 2002 visit to Washington, the United States and Sri Lanka signed a new Trade and Investment Framework Agreement (TIFA) to establish "a forum for Sri Lanka and the United States to examine ways to expand bilateral trade and investment." The agreement

creates a Joint Council to enable officials to consider a wide range of commercial issues, and sets out basic principles underlying the two nations' trade and investments relationship." The Council also will "establish a permanent dialogue with the expectation of expanding trade and investment between the United States and Sri Lanka."<sup>110</sup>

That year, several teams of U.S. officials traveled to Sri Lanka to explore avenues for cooperation. During a November 2002 trip to Colombo, then-U.S. Deputy Trade Representative Jon Huntsman asserted that the island must make its investment regime more transparent and predictable if it was to attract greater U.S. private investment. One month later, then-Assistant Secretary of Commerce for Trade Development William Lash was in Colombo to encourage increased bilateral ties in the areas of information technology, education, and infrastructure. In February 2003, then-Deputy Secretary of State Armitage asserted that "Sri Lanka is already a solid exporter to the United States and has the potential with peace and the right reforms to become a significant trade partner."<sup>111</sup> In March 2003, the second round of TIFA Joint Council meetings were held in Washington. The tenor of these meetings was reportedly positive and "progress was made on issues of concern to both

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<sup>108</sup> U.S. Census Bureau, Foreign Trade Statistics.

<sup>109</sup> See [<http://www.boi.lk/InvestorSite/content.asp?content=us&SubMenuID=54>].

<sup>110</sup> "Trade and Investment Framework Agreement Between the U.S. and Sri Lanka," at [<http://www.slembassyusa.org/investment/tifa.html>].

<sup>111</sup> U.S. Trade Representative, "United States and Sri Lanka Sign Trade and Investment Framework Agreement," July 25, 2002; "U.S. Encourages Peacetime Sri Lanka to Diversify," *Reuters*, November 21, 2002; "U.S., Sri Lanka to Work on Economic Ties," *Reuters*, December 20, 2002.

countries.”<sup>112</sup> In May 2003, then-U.S. Trade Representative Zoellick stated that Sri Lanka showed potential as a future free trade partner of the United States.<sup>113</sup>

The U.S. government continues to urge Colombo to curb its large budget deficit, simplify the tax code, and expand the tax base. It further urges the removal of non-tariff barriers and restrictive, even discriminatory, import fees and levies to facilitate greater trade.<sup>114</sup> A resurgence of violent ethnonational conflict has precluded most major U.S.-Sri Lanka economic initiatives since 2006.

**U.S. Assistance.** A total of nearly \$3.7 billion in U.S. economic and military assistance went to Sri Lanka from 1947 through 2006, about two-thirds of this in the form of food aid. Direct U.S. non-food aid included more than \$14.5 million for FY2006 and an estimated \$9.4 million in FY2007 (see **Table 2**). About half of this was aimed at supporting the peace process through democracy and governance programs. When funding for disaster relief, Food for Peace, and U.S. disbursements to the International Committee of the Red Cross and the U.N. High Commissioner for Refugees are included, total U.S. humanitarian assistance to Sri Lanka exceeded \$26 million in FY2007. Other U.S. aid to Sri Lanka has focused on increasing the country’s economic competitiveness in the global marketplace; creating and enhancing economic and social opportunities for disadvantaged groups; promoting human rights awareness and enforcement; providing psychological counseling to communities in the conflict zones; tsunami recovery efforts, and demining (the FY2006 total included a significantly boosted demining fund).

From 2003 to 2005, USAID ran a two-year program intended to generate greater support for a negotiated peace settlement to end the long-standing ethnic conflict. About three-quarters of the FY2007 aid is to be used to support democracy, economic growth, and humanitarian assistance in Sri Lanka. USAID works to “foster political reconciliation” and participates in “joint reconstruction programs [with the Colombo government] that foster economic reintegration as well as social reconciliation.”<sup>115</sup> The Administration’s FY2008 request also included a modest, but unprecedented INCLE program that would use \$350,000 in U.S. aid to support law enforcement reforms in Sri Lanka.

The Millennium Challenge Corporation (MCC, authorized by Congress in 2004) designated Sri Lanka as an eligible country, and the country’s Finance Ministry has posted a \$590 million, multi-year proposal for poverty reduction and economic growth initiatives, but no compact was signed.<sup>116</sup> MCC eligibility largely is based on a country’s record measured by 17 performance indicators related to the three categories of good governance, economic freedom, and investing in people. Sri Lanka presently “passes” on 13 of the 17 indicators, with fiscal policy and education

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<sup>112</sup> Author interview with U.S. Trade Representative official, April 9, 2003.

<sup>113</sup> “Thailand Near Top of U.S. List for Next Free Trade Pact,” *Bangkok Post*, May 10, 2003.

<sup>114</sup> Richard Boucher, “Remarks to the American Chamber of Commerce Colombo, Sri Lanka,” U.S. Department of State, June 1, 2006.

<sup>115</sup> See [<http://www.state.gov/documents/organization/60655.pdf>].

<sup>116</sup> Proposal at [<http://www.treasury.gov.lk/FPPFM/ddf/programs.htm>].

expenditures being notable weak areas.<sup>117</sup> The MCC previously reported an expectation that a compact with Colombo could be signed for FY2008, but Sri Lanka's deteriorating security circumstances led to the country's "de-selection" in 2007 and have thus far precluded U.S. aid under this program.<sup>118</sup> (See also CRS Report RL32427, *Millennium Challenge Account*).

## Security Relations

The United States and Sri Lanka have maintained friendly military-to-military and defense relations. According to the U.S. State Department, senior Sri Lankan military officers continue to strongly support U.S. strategic goals and programs, and Sri Lanka continues to grant blanket overflight and landing clearance to U.S. military aircraft, and routinely grants access to ports by U.S. vessels. Modestly funded U.S. military training and defense assistance programs have in recent years assisted in professionalizing the Sri Lankan military and provided the country with basic infantry supplies such as boots, helmets, radios, flack vests, and night vision goggles, along with maritime surveillance and interdiction equipment for the navy and communications and mobility equipment to improve the army's humanitarian and U.N. peacekeeping missions.<sup>119</sup> The Bush Administration insists that U.S. military assistance to Sri Lanka does not support Colombo's efforts to expand the country's ethnic conflict, but rather is focused on bolstering the country's ability to defend itself against terrorism.<sup>120</sup>

In 2002, a U.S. defense assessment team was sent to examine the training needs of the Sri Lankan military, and then-State Department Coordinator for Counterterrorism Francis Taylor went to Colombo to discuss ways to integrate "intelligence, law enforcement, legal and diplomatic efforts against terrorism."<sup>121</sup> The two countries later signed an agreement to provide demining training to the Sri Lankan military. The program cost roughly \$2.2 million and ran for six months in 2003-2004.<sup>122</sup>

The United States and Sri Lanka held their ninth consecutive joint military exercises in early 2003, with training focused on combined arms operations and medical techniques. The U.S. and Sri Lankan navies also participated in a

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<sup>117</sup> See [<http://www.mcc.gov/documents/score-fy08-srilanka.pdf>].

<sup>118</sup> See [<http://www.mcc.gov/documents/csr-srilanka.pdf>]. During a May 2007 visit to Sri Lanka, Assistant Secretary of State for South and Central Asia Boucher said that "the security situation and the human rights situation" had cast doubt on the ability to carry out planned road building projects, which remain on hold given "the current circumstances" (see [<http://www.state.gov/p/sca/rls/rm/2007/84701.htm>]).

<sup>119</sup> See annual Congressional Budget Justifications at [<http://www.state.gov/s/d/rm/rls/cbj>].

<sup>120</sup> See [<http://www.internationalrelations.house.gov/110/man080107.htm>].

<sup>121</sup> "United States Help to Modernize Sri Lanka Military," *Agence France Presse*, August 30, 2002; "U.S. Counterterrorism Official to Visit Sri Lanka," *Reuters*, September 24, 2002

<sup>122</sup> "U.S. Government Provides Sri Lankan Army with Demining Training," U.S. Department of State Press Release, August 22, 2003.

multilateral search and rescue exercise off the coast of Madras.<sup>123</sup> Also in 2003, Sri Lanka joined the U.S. Customs Container Security Initiative aimed at preventing shipping from being used to transport weapons of mass destruction.

In June 2004, the U.S. Coast Guard transferred the donated USCG Cutter *Courageous* offshore patrol vessel to the Sri Lankan Navy, which renamed it the SNLS P-621 *Samadura* and had it retrofitted at the Newport News facility in Virginia.<sup>124</sup> This was an important moment in U.S.-Sri Lankan military relations, as it marked the first significant military hardware transfer between the two nations. The ship has bolstered Sri Lanka's ability to perform sea-borne interdictions.

The United States and Sri Lanka inked an Acquisition and Cross-Services Agreement in March 2007. The pact, which creates a framework for increased military interoperability, allows for the transfer and exchange of numerous logistics, support, and re-fueling services during joint operations or exercises. A U.S. official visiting Sri Lanka during that month called it a "very routine" and "fairly modest" barter arrangement that the United States has with 89 other countries, and he emphasized that it has no wider applications beyond logistics.<sup>125</sup>

In November 2007, the United States provided Sri Lanka with a radar-based maritime surveillance system and several advanced inflatable boats under Section 1206 of the National Defense Authorization. The Commander of the U.S. Pacific Command, Adm. Robert Willard, visited Sri Lanka in mid-January to meet with his naval counterparts there and review ongoing maritime cooperation. Adm. Willard noted for Sri Lankan officials that improvements in human rights protection could lead to enhanced U.S.-Sri Lanka cooperation.<sup>126</sup>

## Human Rights Concerns

Human rights abuses in Sri Lanka largely have been associated with ethnic conflict and civil war; they thus have increased in both number and severity since mid-2006. A June 2007 "donors' conference" focused on the island's increasingly dire human rights situation. Later that month, **H.Res. 516**, expressing serious concern regarding the worsening situation in Sri Lanka, was introduced in the House, but has not moved out of committee to date. In the summer of 2007, tens of thousands of Sri Lankans took to the streets of Colombo in anti-government protests organized by the opposition UNP. The demonstrators called for new national

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<sup>123</sup> "U.S., Sri Lankan Militaries Cooperate in 'Balance Style,'" U.S. Embassy Sri Lanka Press Release, January 14, 2003; "U.S. Naval Ship to Take Part in Rescue Exercise," *Hindu* (Chennai), July 9, 2003.

<sup>124</sup> "Admiral Sandagiri Accepts Transfer of Former U.S. Coast Guard Vessel 'Courageous,'" Embassy of Sri Lanka Press Release, June 24, 2004.

<sup>125</sup> "U.S. & Sri Lanka Sign Mutual Services Pact," U.S. Embassy Colombo Press Release, March 5, 2007; "Sri Lanka: Development and Domestic Prosperity," March 9, 2007, at [<http://www.state.gov/p/sca/rls/rm/2007/82035.htm>].

<sup>126</sup> See [<http://srilanka.usembassy.gov>].

elections, an end to rife corruption, and swift action against human rights violators.<sup>127</sup> Some analysts see occasional large-scale and apparently arbitrary Sri Lankan government detentions — including a December 2007 sweep in and near the capital during which more than 2,500 Tamils were rounded up and questioned for links to the LTTE — doing great damage to its credibility.<sup>128</sup> Nongovernmental Sri Lankan organizations regularly document the scope of the country’s humanitarian crisis.<sup>129</sup>

The U.S. State Department, in its *Sri Lanka Country Report on Human Rights Practices, 2006* (issued in March 2007), determined that the Colombo government’s respect for the human rights of its citizens “declined” in 2006 due in part to the breakdown of the ceasefire agreement.<sup>130</sup> State’s *Supporting Human Rights and Democracy: The U.S. Record 2006* (issued in April 2007) provided an overview of the major human rights concerns:

As a result of the escalating hostilities between the government and LTTE and numerous violations of the cease-fire agreement by both sides, overall respect for human rights declined in the affected areas. There were numerous, credible reports that armed paramilitary groups, suspected of being linked to the government and security forces, participated in armed attacks during the year. Human rights monitors also reported arbitrary arrests and detention by security forces, poor prison conditions, denial of fair and public trials, corruption and lack of transparency, infringement of religious freedom and freedom of movement, and discrimination against minorities. Trafficking in persons also remained a serious issue affecting women, children and men for the purposes of commercial sexual exploitation and forced labor. The LTTE engaged in politically motivated killings, suicide attacks, disappearances, torture, arbitrary arrest and detention, interference with privacy, denial of freedoms of speech, press, assembly, and association, and recruitment of child soldiers. Since the August 2005 killing of Foreign Minister Lakshman Kadirgamar, the government has regularly renewed emergency regulations that permitted arrests without warrants and unaccountable detentions.<sup>131</sup>

International human rights groups have issued numerous reports echoing these concerns.<sup>132</sup> On the issue of religious freedom in Sri Lanka, the State Department again reported in September 2007 that,

The constitution accords Buddhism the “foremost place,” but Buddhism is not recognized as the state religion. The constitution also provides for the right of

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<sup>127</sup> “Thousands Protest in Sri Lanka,” *Associated Press*, July 26, 2007.

<sup>128</sup> See, for example, B. Muralidhar Reddy, “Colombo Crackdown,” *Frontline* (Chennai), January 4, 2008.

<sup>129</sup> See, for example, Center for Policy Alternatives, “Policy Brief on Humanitarian Issues,” December 2007, at [[http://www.cpalanka.org/Policy\\_Brief/Brief\\_on\\_Humanitarian\\_Issues.pdf](http://www.cpalanka.org/Policy_Brief/Brief_on_Humanitarian_Issues.pdf)].

<sup>130</sup> See [<http://www.state.gov/g/drl/rls/hrrpt/2006/78875.htm>].

<sup>131</sup> See [<http://www.state.gov/g/drl/rls/shrd/2006/80590.htm>].

<sup>132</sup> See [<http://www.amnesty.org/en/region/asia-and-pacific/south-asia/sri-lanka>] and [<http://hrw.org/englishwr2k7/docs/2007/01/11/slanka14837.htm>].

members of other faiths to freely practice their religion. While the Government publicly endorses this right, in practice there were problems in some areas.<sup>133</sup>

Such perceived problems included proposed anti-conversion laws, and legal restrictions and sporadic attacks on Christian churches. The U.S. government found no change in the status of respect for religious freedom in Sri Lanka in 2007. With regard to human trafficking, the State Department's latest annual report (issued in June 2007) determined that Colombo "does not fully comply with the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so," and it placed Sri Lanka on the "Tier 2 Watch List" for its "failure to provide evidence of increasing efforts to address trafficking over the previous year, especially in its efforts to punish trafficking for involuntary servitude."<sup>134</sup>

During his August 2007 visit to Sri Lanka, a top U.N. humanitarian official noted that dozens of aid agency staff had been reported killed on the island since January 2006, and he identified Sri Lanka as one of the most dangerous countries in the world for humanitarian workers. Colombo condemned the remarks, calling them a contribution to forces devoted to discrediting the Sri Lankan government.<sup>135</sup> The worst such attack in recent years involved the August 2006 murder of 17 local aid workers employed by a French nongovernmental organization operating near Trincomalee. Colombo vowed to pursue a full investigation of the massacre, but much suspicion fell upon government security forces themselves as being complicit, given that such an attack was seen to serve no tactical purpose for the Tigers. One year later, with no arrests made in the case and rights groups demanding swifter government action, a top Colombo official appeared to lay blame on the French NGO, itself, for sending its employees into a known combat zone.<sup>136</sup>

In August 2007, New York-based Human Rights Watch issued a sharp critique of Sri Lanka's worsening human rights situation, focusing particular attention on a "dramatic increase" in abuses by government forces since 2006 and on Colombo's alleged responsibility for "unlawful killings, enforced disappearances, and other serious human rights violations," most of them affecting members of the country's Tamil and Muslim minorities. The Sri Lankan government rejected most of the allegations as baseless and unsubstantiated, saying that its largely successful efforts to resolve issues such as disappearances and internal displacement had been ignored.<sup>137</sup> London-based Amnesty International has called on the U.N. Human Rights Council (UNHRC) to address a growing number of reported human rights violations by all parties to the conflict, including failures to protect civilians, attacks

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<sup>133</sup> See [<http://www.state.gov/g/drl/rls/irf/2006/71444.htm>].

<sup>134</sup> See [<http://www.state.gov/g/tip/rls/tiprpt/2007/82807.htm>].

<sup>135</sup> "Sri Lanka Anger at UN Aid Claims," *BBC News*, August 10, 2007.

<sup>136</sup> "Sri Lanka Slides Back Into Civil War," *Jane's Terrorism and Security Monitor*, January 17, 2007; "Sri Lanka Blames Aid Group in Killings," *Reuters*, August 13, 2007.

<sup>137</sup> Human Rights Watch, "Return to War: Human rights Under Siege," August 6, 2007, at [<http://hrw.org/reports/2007/srilanka0807>]; "HRW Report Based On Unsubstantiated, Outdated Information," *Daily News* (Colombo), August 8, 2007.

on journalists, and a “persistent climate of impunity” that it said required systematic monitoring and urgent investigations.<sup>138</sup>

**Proposed Human Rights Commission.** In 2006, a U.N. Special Rapporteur recommended establishing an International Human Rights Monitoring Mission for Sri Lanka. The European Union subsequently took the lead in pushing for creation of such a body and human rights advocates argue forcefully that it could “make it harder for those who commit serious human rights abuses to deny responsibility.”<sup>139</sup> Sri Lankan officials have resisted the initiative, viewing it as a threat to the country’s sovereignty. Some have accused the LTTE of playing a human rights card when they are under particularly strong military pressure.<sup>140</sup> The Rajapaksa government reportedly mounted an energetic campaign to stall any UNHCR support for establishment of a monitoring office in Sri Lanka.<sup>141</sup>

In June 2007, an international panel of experts issued a scathing criticism of a human rights investigatory commission created by President Rajapaksa in late 2006. The so-called President’s Commission of Inquiry — faulted for both inaction and for an appearance of bias given the involvement of the country’s attorney general — was seen to be conducted in a way “inconsistent with international norms and standards.” A team of international observers later warned that the body had made “no significant progress” and was failing to comply with basic international norms and standards. In October, four of the body’s ten members resigned, claiming the government was not serious about human rights protection and that violations had only increased since the committee’s inception.<sup>142</sup>

**Child Abductions.** Over the course of Sri Lanka’s decades-long civil war, thousands of children have been abducted and forcefully recruited as soldiers. The U.N. Children’s Fund had confirmed more than 6,400 child abductions in Sri Lanka’s North and East provinces as of early 2007, the great majority of these perpetrated by the LTTE.<sup>143</sup> The Karuna faction has come under especially harsh criticism for involvement in child abductions and forced recruitments. Elements of Sri Lankan military and police forces are accused of assisting in such abductions. Colombo has responded to criticisms from international human rights groups by flatly denying any government complicity or “willful blindness” toward forced recruitments.<sup>144</sup>

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<sup>138</sup> Amnesty International Public Statement, September 4, 2007.

<sup>139</sup> “EU Committee Criticizes Sri Lanka for Human Rights ‘Abuses,’” *BBC Monitoring South Asia*, June 8, 2007; “Why a United Nations Monitoring Mission Will Benefit Sri Lanka,” *Daily Mirror* (Colombo), March 22, 2007.

<sup>140</sup> “Cornered Tigers Clinging to HR Lifeline,” *Daily News* (Colombo), October 16, 2007.

<sup>141</sup> “International Sanctions in Sri Lanka,” *NoticiasFinancieras*, September 21, 2007.

<sup>142</sup> “Sri Lanka Human Rights Panel Is Criticized,” *New York Times*, June 15, 2007; “Lanka Abuse Probe ‘Set to Fail,’” *BBC News*, September 21, 2007; “Sri Lankan Human Rights Advisors Quit,” *Associated Press*, October 15, 2007.

<sup>143</sup> See [[http://www.unicef.org/infobycountry/files/Sri\\_Lanka\\_DU\\_7Mar07.pdf](http://www.unicef.org/infobycountry/files/Sri_Lanka_DU_7Mar07.pdf)].

<sup>144</sup> Human Rights Watch press releases at [<http://hrw.org/english/docs/2006/11/28/>]  
(continued...)

**Internally Displaced Persons.** As fighting in the Sri Lanka's East and North intensified in 2006 and throughout 2007, several hundred thousand civilians were displaced from their homes. The great majority of these are Tamils and Muslims. One report had intense March 2007 battles in Batticaloa creating about 95,000 new internally displaced persons (IDPs) in just one week. Another report had fighting between government forces and the rebels forcing more than 20,000 Sri Lankans to flee their homes in the latter months of 2007.<sup>145</sup> International human rights groups have urged all parties to the conflict to protect civilians and allow access by humanitarian aid agencies, which are often blocked from entering conflict zones.<sup>146</sup> The United Nations counts more than 300,000 people as having remained in a state of "protracted displacement" for two decades.<sup>147</sup>

**"Disappeared" Persons.** As in many ethnic conflicts, Sri Lanka's civil war has led to the "disappearance" of many thousands of people. According to one report, more than 1,000 people are believed to have been "disappeared" during the year ending June 2007.<sup>148</sup> One nongovernmental report acknowledged severe abuses by the LTTE while also accusing the Colombo government of "using extra-judicial killings and enforced disappearances as part of a brutal counter-insurgency campaign" and predicted that such tactics would lead to "further embitterment of the Tamil population and a further cycle of war, terrorism, and repression."<sup>149</sup>

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<sup>144</sup> (...continued)

slanka14678.htm] and [http://hrw.org/english/docs/2007/01/24/slanka15141.htm]. "HRW Allegations Baseless - Peace Secretariat," *Daily News* (Colombo), January 27, 2007.

<sup>145</sup> "UN Warns of Sri Lanka Food Crisis," *BBC News*, March 20, 2007; [http://hrw.org/english/docs/2007/12/07/slanka17509.htm]. At the end of 2007, the United Nations reported that most of the more than 200,000 refugees from spring fighting around Batticaloa had been able to return to their homes.

<sup>146</sup> See, for example, an Amnesty International press release at [http://web.amnesty.org/library/print/ENGASA370092007].

<sup>147</sup> UNHCR press release at [http://www.unhcr.org/news/NEWS/469789cd4.html].

<sup>148</sup> Amnesty International press release at [http://web.amnesty.org/library/print/ENGASA370132007].

<sup>149</sup> International Crisis Group, "Sri Lanka's Human Rights Crisis," June 14, 2007, at [http://www.crisisgroup.org/home/index.cfm?id=4896].

**Table 2. Direct U.S. Assistance to Sri Lanka, FY2000-FY2008**  
(in millions of dollars)

| Program or Account    | FY 2000    | FY 2001     | FY 2002     | FY 2003     | FY 2004     | FY 2005     | FY 2006     | FY 2007 (est.)   | FY 2008 (req.)   |
|-----------------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|------------------|------------------|
| CSH                   | 0.7        | 0.3         | 0.3         | 0.3         | 0.3         | 0.3         | —           | —                | —                |
| DA                    | 3.7        | 3.4         | 5.2         | 6.2         | 4.8         | 6.8         | 3.7         | 3.5              | 4.0              |
| ESF                   | —          | —           | 3.0         | 4.0         | 12.0        | 9.9         | 4.0         | 3.0              | —                |
| FMF                   | —          | —           | —           | —           | 2.5         | 0.5         | 1.0         | 1.0 <sup>a</sup> | 0.9 <sup>a</sup> |
| IMET                  | 0.2        | 0.3         | 0.3         | 0.3         | 0.6         | 0.5         | 0.5         | 0.5              | 0.6              |
| INCLE                 | —          | —           | —           | —           | —           | —           | —           | —                | 0.4              |
| NADR                  | —          | —           | —           | 2.4         | 1.8         | 2.7         | 3.6         | 1.4              | 1.2              |
| TI                    | —          | —           | —           | —           | —           | —           | 1.7         | —                | —                |
| <b>Subtotal</b>       | <b>4.6</b> | <b>4.0</b>  | <b>8.7</b>  | <b>13.1</b> | <b>21.8</b> | <b>20.7</b> | <b>14.5</b> | <b>9.4</b>       | <b>7.0</b>       |
| Food Aid <sup>b</sup> | —          | 13.9        | 8.7         | 3.1         | 3.6         | 10.8        | 8.9         | 14.0             | —                |
| <b>Total</b>          | <b>4.6</b> | <b>17.9</b> | <b>17.4</b> | <b>16.2</b> | <b>25.4</b> | <b>31.5</b> | <b>23.4</b> | <b>23.4</b>      | <b>7.0</b>       |

**Sources:** U.S. Departments of State and Agriculture; U.S. Agency for International Development.  
FY2007 amounts are estimates; FY2008 amounts are requested. Columns may not add up due to rounding.

**Abbreviations:**

CSH: Child Survival and Health  
 DA: Development Assistance  
 ESF: Economic Support Fund  
 FMF: Foreign Military Financing  
 IMET: International Military Education and Training  
 INCLE: International Narcotics Control and Law Enforcement  
 NADR: Nonproliferation, Anti-Terrorism, Demining, and Related (mainly humanitarian demining assistance, but includes modest anti-terrorism assistance to be increased in FY2008)  
 TI: Transition Initiatives (temporary development programs for post-conflict states)

- a. An amendment to the Consolidated Appropriations Act, 2008 (P.L. 110-161) halted FMF funding, the issuance of defense export licenses, and the transfer of military equipment or technology to Sri Lanka unless the Secretary of State certifies to Congress that the Colombo government has undertaken a series of actions related to human rights protection in Sri Lanka. The provision does not apply to assistance for maritime and air surveillance and communications.
- b. P.L. 480 Title II (grants), Section 416(b) of the Agricultural Act of 1949, as amended (surplus donations), and Food for Progress. Food aid totals do not include freight costs.

Figure 1. Map of Sri Lanka



Source: Map Resources. Adapted by CRS. (K.Yancey 6/18/04)