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# **NATIONAL UNITY GOVERNMENT IN SRI LANKA**

**AN ASSESSMENT**

**GULBIN SULTANA**

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INSTITUTE FOR DEFENCE  
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रक्षा अध्ययन एवं विश्लेषण संस्थान

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# National Unity Government in Sri Lanka An Assessment

Maithripala Sirisena became the seventh President of Sri Lanka in January 2015. Since then, a system of cohabitation has been followed in the Sri Lankan Parliament. Initially, the National Unity Government (NUG), comprising of the two main political parties in the country—United National Party (UNP) and Sri Lanka Freedom Party (SLFP)—as well as several other smaller parties, was formed on January 9, 2015, for an interim period of three months, to bring about required constitutional reforms to improve governance in the country. However, the term of the interim government was extended till June 2015. In the run-up to the parliamentary elections in August 2015, there was an agreement to carry forward the NUG experiment and soon after the elections, a memorandum of understanding (MoU) was signed between the UNP and the SLFP to form the NUG, with Sirisena of SLFP as the President and Ranil Wickremesinghe of UNP as the Prime Minister (PM). Initially, they decided to continue with the NUG for two years, but later decided to extend its tenure to the entire five-year period.

During these two years, the NUG has successfully impressed the international community, including the United Nations Human Rights Commissioner, with its commitment to improve the overall governance and human rights situation in the country and to evolve an effective reconciliation mechanism to address the Tamil grievances. It has also, in a limited way, been able to convince a section of Tamil diaspora that it has the necessary political will to resolve the Tamil issue. Given the success of the NUG so far, both PM Wickremesinghe and President Sirisena are hopeful that the NUG will continue till 2020. However, media reports suggest that all is not well between the two leaders. There are also reports that the popularity of NUG is gradually waning as it is allegedly drifting away from its commitment to provide *Yabapalanaya* (good governance)—a promise it made during the election campaign. The government has also been accused of endangering sovereignty and territorial integrity of the

country to win over the trust of bigger powers. There are also whispers about the possible formation of a “third force” excluding the two main parties: the UNP and the SLFP.

In this scenario, it is useful to assess the functioning of the NUG since January 2015, and also analyse the challenges it is facing or is likely to face in the coming days.

Generally, it is believed that the political future of an incumbent government in a democracy depends on how well it has governed the country and fulfilled the aspirations of all the citizens. However, under a majoritarian system, giving primacy to the majority community is considered crucial by the ruling elites to retain power. This explains why the Sri Lankan government has failed to resolve the Tamil question, even eight years after the end of war with the Liberation Tigers of Tamil Eelam (LTTE). The Mahinda Rajapaksa administration, in the post-LTTE period, tried everything to ensure the maintenance of the Sinhala-Buddhist supremacy in the country. Yet, his defeat in the 2015 presidential elections proved that suppression of the minorities and promotion of Sinhala-Buddhist nationalism cannot singularly ensure continued political success in elections. No government can afford to shy away from its responsibility to maintain law and order, and address the issues of corruption, nepotism, economic decline and poor governance in any country.

Moreover, for the government of a strategically located small state like Sri Lanka, it is also important to earn the goodwill of the international community as the latter can play a crucial role in shaping popular perception about a regime and determine its political future. Despite being an independent and sovereign country, Sri Lanka is vulnerable to foreign influence because of its strategic location in the Indian Ocean and also because of its dependence on foreign aid and financial assistance. The ethnic and religious fault lines in the Sri Lankan society, as well as the poor economic conditions, provide international actors an opportunity to interfere in Sri Lankan affairs for their own strategic interests. Even though the Sinhala nationalists keep protesting against foreign interference, the government’s lack of respect for the plural nature of the society, discrimination against its own citizens, disregard for human rights and international treaties and covenants, as well as call from the Tamil diaspora

and human rights entities validate the international pressure on the Sri Lankan Government. Unlike many Gulf countries, Sri Lanka has never faced military intervention for ignoring the international community. However, it has faced economic and military sanctions. In fact, it is believed that foreign hands were behind the defeat of Rajapaksa in 2015.

Hence, the challenge for any incumbent government is to satisfy both domestic constituencies and international partners simultaneously. The major dilemma for the government is: whether to implement populist measures to satisfy the majoritarian community at home or succumb to the pressure and conditions of the international actors to avert any political or economic crisis? Ideally, maintaining a balance between the domestic and international factors should not be difficult if the government puts emphasis on political and economic equality in its domestic policies and maintains a balanced foreign policy. But unfortunately, majoritarianism and ethnic–communal nature of the state prevents the Sri Lankan ruling elites to go in for political equality or a balanced foreign policy.

To alter the situation in Sri Lanka, therefore, the leadership in the NUG needs to have a high moral ground; but one cannot ignore the reality that politicians are driven by power and self-interest. Morality does not have any place in politics. To safeguard their narrow political interests, many members of the NUG may prevent the government from taking any revolutionary steps to alter the status quo.

Theoretically, the French experience suggests that a system of cohabitation may lead to less efficient decision making, but it does not cause deadlock, political instability or constitutional crisis.<sup>1</sup> In case of Sri Lanka, on the other hand, the system of cohabitation during 2001–04 did not work. However, the circumstances were different then. In the current context, there is a greater consensus among the parties to go in for a system of

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<sup>1</sup> Jean V. Poulard, “The French Double Executive and the Experience of Cohabitation”, *Political Science Quarterly*, Vol. 105, No. 2, Summer 1990, pp. 243–67.

cohabitation. It is, therefore, quite unlikely that there will be any political crisis or instability in Sri Lanka in the next three years. The NUG is likely to complete its full term, but its performance will continue to fall below expectations due to contradictory pulls and pressures from different constituencies both at home and abroad.

### **System of Cohabitation and the Formation of the NUG in Sri Lanka**

The SLFP and the UNP have traditionally been opposed to each other in terms of their approach to foreign and economic policies. However, as the main support base of the two parties consists of the majority Sinhala population, they have more or less a similar approach to the ethnic Tamil issue. Yet, in the past, the two parties were never known to cooperate with each other to seek a political solution to the ethnic conflict. Therefore, the formation of the NUG was a surprise to the entire world. Nonetheless, the idea of a NUG is not a new one in Sri Lanka. It had come up earlier in 2000, but was rejected to begin with. However, soon afterwards in 2001, the turn of events had compelled the political forces to go in for a system of cohabitation for three years till 2004.

In 2000, when the main opposition party, the UNP, tried to move a no-confidence motion against the SLFP-led People's Alliance (PA) coalition government in the Parliament, the PA's conservative section initiated talks with the UNP for a NUG. However, as the Sri Lanka Muslim Congress (SLMC), with whose support the PA had formed the government, withdrew support from the government and joined the joint opposition, the strength of the opposition increased to 116 against the ruling coalition, whose strength was 109. Therefore, the UNP rejected the offer to form the NUG and moved a no-confidence motion in the Parliament.<sup>2</sup> Fearing loss of confidence on the floor of the Parliament, President Chandrika

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<sup>2</sup> Amita Shastri, "Sri Lanka in 2001: Year of Reversals", *Asian Survey*, Vol. 42, No. 1, January–February 2002, pp. 177–82.

Kumaratunga, then leader of the PA, suspended the Parliament in July 2001, and dissolved it in October 2001, using her presidential discretion.<sup>3</sup> By the time the parliamentary elections were held in December 2001, several alliance partners left the PA and joined the opposition. As a result, in the 2001 elections, UNP-led United National Front (UNF) formed the government. The PA, led by the SLFP (with 77 members), was invited to join the UNF and form a NUG. However, the PA rejected the offer and President Kumaratunga gave the new PM a free hand to form his cabinet.<sup>4</sup> As a result, President Kumaratunga of the SLFP had to share power with PM Ranil Wickremesinghe, who belonged to the UNP.

This system of cohabitation, however, could not bring about a consensus between the two parties on the larger issues of national importance. There was a lack of understanding and cooperation between the President and the PM. While the UNF initiated unconditional peace talks with the LTTE, the PA wanted LTTE to fulfil several conditions before coming to the negotiating table. President Kumaratunga, as leader of the SLFP, tried to reduce the strength of the UNF in order to control the Parliament. She declared emergency for a few days and took control of the defence, interior and communication ministries. In February 2004, she used her presidential power to sack the government headed by PM Wickremesinghe, dissolved the Parliament and called for fresh parliamentary elections, which were held on April 2, 2004.<sup>5</sup> In the elections, the UNF lost to the new coalition group, the United People's Freedom Alliance (UPFA), led by the SLFP. Thus, the president's party could again assume control over the Parliament. It is evident that during 2001–04, the parties had no appetite for sharing power. Respecting the people's verdict, President Kumaratunga

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<sup>3</sup> As per the Sri Lankan Constitution, the President can dissolve the Parliament only a year after the general elections.

<sup>4</sup> Shastri, "Sri Lanka in 2001: Year of Reversals", n. 2.

<sup>5</sup> Neil DeVotta, "Sri Lanka in 2004: Enduring Political Decay and a Failing Peace Process", *Asian Survey*, Vol. 45, No. 1, January–February 2005, pp. 98–104.

did not create any problem at the time of the formation of the UNF government. But later, she used presidential discretion to sabotage the system of cohabitation.

The situation in 2015, however, was much different. Both the parties (not all the members of the SLFP though) voluntarily came forward to sign an MoU to form the NUG. Widespread popular disenchantment with former President Rajapaksa's dictatorial style of governance was the main reason for all the parties to come together and nominate a common candidate against him in the January 2015 presidential elections, which led to his electoral defeat.

Rajapaksa administration was known for its misgovernance, corruption and nepotism. Yet, his popularity was still high as a large chunk of Sinhala population continued to consider him as “the modern-day Duttugemunu”, who saved the country from the LTTE.<sup>6</sup> Nonetheless, by 2014, many of his own party members and alliance partners were disillusioned with him for his non-committal attitude on the issue of good governance and the abolition of executive presidency. Therefore, when the date of presidential elections was announced, the dissatisfied section of the UPFA joined the movement to put forward a common opposition candidate against Rajapaksa, spearheaded by the Buddhist monk, Venerable Maduluwawe Sobitha Thero, and supported by the UNP.<sup>7</sup>

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<sup>6</sup> According to *Mahavamsa*, more than 2,000 years ago, a Sinhalese king called Duttugemunu unified the island by killing Elara, the Tamil king from India. As Mahinda Rajapaksa defeated the LTTE and brought the entire island under the Sri Lankan government, the loyalists of Rajapaksa consider him a modern-day Duttugemunu. Lydia Paulgreen, “Justifying a Costly war in Sri Lanka”, *The New York Times*, July 18, 2009, at [www.nytimes.com/2009/07/19/world/asia/19lanka.html](http://www.nytimes.com/2009/07/19/world/asia/19lanka.html) (Accessed June 27, 2017).

<sup>7</sup> Sobitha Thero, an influential Sinhala Buddhist monk, was the Chairman of the National Movement for a Just Society and dedicated his life to build a just society through democracy and good governance.

The opposition parties were aware of the fact that none of their leaders enjoyed as much clout as Rajapaksa did. Thus, finding a suitable candidate to defeat Rajapaksa was a challenge for the common opposition front. Initially, it was surmised that Venerable Maduluwawe Sobitha Thero would be the common candidate. Former President Chandrika Kumaratunga's name was also recommended as a common candidate. Ranil Wickremesinghe, leader of the UNP, was in favour of a candidate from his party, but due to internal leadership crisis, the UNP could not come up with a consensus candidate. Moreover, some parties like the right-wing nationalist Jathika Hela Urumaya (JHU) categorically denied their support to Wickremesinghe as the common opposition candidate. Therefore, finally, former General Secretary of the SLFP, Maithripala Sirisena, was chosen as the common candidate, who along with the joint opposition members signed an MoU to form the NUG for 100 days to bring about necessary reforms required for good governance in the country.

Sirisena, with the assistance of the common opposition members as well as with the support of the Tamil parties, defeated Rajapaksa in the historic January 8, 2015 presidential elections. After taking the oath, President Sirisena formed the NUG and appointed Wickremesinghe as the PM of the country for 100 days.

After the presidential elections, both the UNP and the Sirisena loyalists within the SLFP actively participated in the implementation of the 100 days' reforms programme pledged by Sirisena during his presidential election campaign.<sup>8</sup> The main agenda of the united front was to end the rule of one family, end executive presidency, reverse unjustified amendments introduced into the Constitution by Rajapaksa and offer good governance to the country. It tried its best to achieve these objectives within 100 days, but could not do so. The President overshot the time he had granted

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<sup>8</sup> *Compassionate Government, Maithri: A Stable Country*, Election Manifesto of Maithripala Sirisena, New Democratic Front, at [http://www.priu.gov.lk/presidential\\_manifestos/Manifesto-EN.pdf](http://www.priu.gov.lk/presidential_manifestos/Manifesto-EN.pdf) (Accessed January 16, 2017).

himself to implement the reforms and the interim unity government continued to function until it was dissolved on June 26, 2015.

Subsequently, parliamentary elections were held under a caretaker government in August 2015 and both the UNP and the SLFP contested separately with their respective electoral alliance partners. However, there was an agreement between the two parties that they would form the NUG initially for two years after the parliamentary elections, with the PM to be appointed from the party which would win the largest number of seats.

In the August 2015 parliamentary elections, out of 196 seats for which direct elections were held, the United National Front for Good Governance (UNFGG) led by the UNP secured 93 seats compared to 83 seats by the UPFA led by the SLFP, followed by 14 by Tamil National Alliance (TNA), four by Janatha Vimukthi Peramuna (JVP), one by the SLMC and one by Eelam People's Democratic Party (EPDP). Including the seats allocated (out of a total of 29) on proportional basis of the votes polled, the UNFGG secured a total of 106 (93 + 13) seats, with 45.66 per cent of the popular votes, and the UPFA came a close second with 95 (83 + 12) seats, with popular vote of 42.38 per cent. The TNA bagged 16 seats (14 + 2) and the JVP secured six seats (4 + 2).<sup>9</sup>

Since the UNFGG led by the UNP secured the largest number of seats, its leader, Wickremesinghe, was chosen as the PM. He took oath of office on August 21, 2015 and subsequently, signed an MoU with the SLFP to work together in the Parliament.<sup>10</sup> It was clearly stated in the MoU that the SLFP will join the government for two years and during this period, there will be no crossovers between the two parties. Around 40 SLFP members who were known for their loyalty towards Rajapaksa, however, refused

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<sup>9</sup> "Results of Parliamentary Elections 2015", Department of Elections, Government of Sri Lanka, at [www.slelections.gov.lk/wb/images/pdf/election-results/GE/parliamentaryElections2015.pdf](http://www.slelections.gov.lk/wb/images/pdf/election-results/GE/parliamentaryElections2015.pdf) (Accessed June 27, 2017).

<sup>10</sup> "Ranil Wickremasinghe New Prime Minister", *PMD News*, President's Media Division, August 21, 2015, at <http://www.pmdnews.lk/ranil-wickremasinghe-new-prime-minister/> (Accessed February 20, 2017).

to join the government. Aware of the differences within the party, Sirisena gave the SLFP and other UPFA allies an option to sit in the opposition if they so wanted.<sup>11</sup> Therefore, some of the UPFA coalition partners—Mahajana Eksath Peramuna (MEP), National Freedom Front (NFF) and Pivithuru Hela Urumaya (PHU)—and Rajapaksa loyalists within the SLFP decided to sit in the opposition, as they had done in the first 100 days of the NUG. Smaller Tamil parties—Ceylon Workers' Congress (CWC) and EPDP—and the SLMC decided to join the government. The main Tamil party, TNA, and the left-wing JVP decided to sit in the opposition. On September 3, 2015, the Parliament was put to vote and approved the formation of the NUG by 143 votes (101 UNFGG, 40 UPFA, one EPDP, one SLMC) to 16 votes (11 UPFA, five JVP), with 63 absent (43 UPFA, 16 TNA, three UNFGG, one JVP).

As the Parliament began its session in September 2015, 55 Rajapaksa loyalists within the UPFA, including Rajapaksa himself, sat in the opposition benches and demanded that the opposition leader should be appointed from that group. However, President Sirisena rejected their demand on the ground that SLFP could not sit both in the government and lead the opposition. The total strength of the UPFA coalition partners who were in the opposition (excluding 40 SLFP members) was 14, which was less than the strength of TNA (16 seats) in the house. Therefore, the TNA leader, R. Sampanthan, was asked to lead the opposition. This was for the first time that the leader of a Tamil party became the opposition leader in the Parliament since 1978. Accepting his role, Sampanthan said that the TNA would play the role of a responsible opposition and would cooperate with the government in its effort to bring about good governance and Tamil reconciliation. The 55 UPFA members, however, consider themselves as the de facto opposition group in the house and call themselves the Joint

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<sup>11</sup> Gulbin Sultana and Ashok Behuria, "Parliamentary Elections (2015) in Sri Lanka: Explaining UNP's Success and the Challenges ahead", *IDS A Issue Brief*, September 4, 2015, at [www.idsa.in/system/files/issuebrief/IB\\_GulbinBehuria\\_040915.pdf](http://www.idsa.in/system/files/issuebrief/IB_GulbinBehuria_040915.pdf) (Accessed June 27, 2017).

Opposition (JO). Since the formation of the NUG, the JO has constantly objected to the government's policies and organised several rallies against the government. The leader of JO, Rajapaksa, also threatened to topple the government in early 2017.

### **NUG: The First 100 Days**

Despite the JO's effort to malign the government, the NUG could reach out to the people at home as well as the international community in the first 100 days. The NUG had set for itself 25 significant targets for the first 100 days, including amendment of the standing orders, reduction of power of the executive presidency, introduction of a code of conduct, increment of the salary for state sector employees, appointment of special commissions to investigate allegations of massive corruption in the preceding period, a bill to implement the National Drugs Policy, preparation of new elections laws, passing the National Audit Bill, passing the Right to Information Act, appointments to and establishing independent commissions, etc. Even though it could not achieve all the targets within 100 days,<sup>12</sup> it showed the commitment and seriousness to improve the overall governance of the country.

Even though it overran the time it set for itself, the NUG, with the full cooperation of President Sirisena, brought about positive reforms, such as adoption of the 19th Amendment, which significantly reduced the power of the executive president and reintroduced the independent commissions, and adoption of National Drug Policy Bill. An interim budget with amendments to the 2015 budget was passed by the Parliament, which increased the salaries and reduced the direct and indirect taxes on necessary goods and services. Investigation on several corruption charges against the former members of the UPFA government and Rajapaksa family, and on pending cases of disappearance and high-profile murder, was initiated.

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<sup>12</sup> See Appendix, Table A1.

However, some of the issues mentioned in the 100 days programme could not be taken up at all due to a lack of consensus and complexities involved, such as: adoption of the new electoral system; ethical code of conduct for people's representative; standing orders; adoption of the National Audit Bill; and adoption of parliamentary system. It was realised that implementing them in a hurried manner would not provide effective outcome. Therefore, these issues were left for deliberation after the parliamentary elections.

In addition to the set goals, the NUG tried to address mismanagements of several issues related to the Tamil population, economy and foreign policy. After coming to power, the new government took positive initiatives to address some of the immediate concerns of the Tamils, such as appointment of a civilian governor in the north, announcing the release of 1,000 acres of lands in the high security zones of the Northern Province to the civilians and release of one of the illegal detainees, which were completely ignored by the previous government.<sup>13</sup> For the first time after the end of war, a Sri Lankan army officer was sentenced to death for murdering eight Tamil civilians, including four children.<sup>14</sup> At the political level, the NUG expressed its commitment to take up the issue of political reconciliation seriously.

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<sup>13</sup> "New civilian Governor appointed to Northern Province of Sri Lanka", Governor's Secretariat, January 24, 2015, at [https://www.np.gov.lk/index.php?option=com\\_content&view=article&id=3262:new-civilian-governor-appointed-to-northern-province-of-sri-lanka&catid=8:min-gs&Itemid=114](https://www.np.gov.lk/index.php?option=com_content&view=article&id=3262:new-civilian-governor-appointed-to-northern-province-of-sri-lanka&catid=8:min-gs&Itemid=114) (Accessed July 31, 2017); "Sri Lankan president grants release of 425 acres of army-occupied land in Jaffna", *Tamil Guardian*, March 22, 2015, at <http://www.tamilguardian.com/content/sri-lankan-president-grants-release-425-acres-army-occupied-land-jaffna> (Accessed July 31, 2017); "Jeyakumari Released", *Colombo Telegraph*, March 10, 2015, at <https://www.colombotelegraph.com/index.php/jeyakumari-released/> (Accessed July 31, 2017).

<sup>14</sup> "8 civilians murdered in Jaffna: Soldier sentenced to death", *Daily Mirror*, June 25, 2015, at <http://www.dailymirror.lk/77509/8-idps-murdered-in-jaffna-soldier-sentenced-to-death> (Accessed July 31, 2017).

Efforts were made to win the hearts of the Tamils by reintroducing the practice of singing the national anthem in Tamil.<sup>15</sup> On national day of Sri Lanka, national anthem was sung in Tamil and circulars were sent to all the ministries stating that there is no prohibition for singing the national anthem in Tamil. Sinhala triumphalism in the post-LTTE period had failed to heal the wounds of the Tamils. During Rajapaksa administration, the war-time memories were revived every year on May 19 by celebrating the *Ranaviru* Day. This day was celebrated more as a Sinhala victory over Tamils than as a victory over terrorism. To beat the Sinhala triumphalism, the NUG celebrated the *Ranaviru* Day on May 19, 2015 by organising cultural events instead of a military parade.

The NUG also tried to reach out to the Tamil diaspora. This government delisted individuals and organisations which were proscribed by the previous government. Foreign Minister's engagement with Sri Lankan Tamil diaspora in London in 2015 was unprecedented. Tamils were also appointed to higher positions, such as Governor of the Central Bank and Chief Justice of the Supreme Court.<sup>16</sup>

It is important to note here that even though Tamil reconciliation was not on the agenda in the MoU signed by the parties prior to the presidential elections, the NUG took affirmative actions for the Tamils because of two factors: first, the Tamils played a crucial role in the win of President Sirisena in the January 8 elections; and second, to win the heart of the international community, particularly the US, India, the European Union (EU) and the United Nations (UN) bodies, who were not at all happy with the Rajapaksa administration's treatment towards the Tamils. Due to the non-committal attitude of the Rajapaksa administration on the Tamil reconciliation issue, several resolutions against the Sri Lankan government

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<sup>15</sup> The practice of singing the national anthem in Tamil had been stopped under the previous government.

<sup>16</sup> K. Sripavan, the senior-most judge of the Supreme Court was appointed as the Chief Justice. Arjuna Mahendran was appointed as the Governor of Central Bank in 2015. Later, he was succeeded by Indrajith Coomaraswamy.

had been adopted at the United Nations Human Rights Council (UNHRC) and pressure was building up on Sri Lanka on the issue of war crimes.

The NUG's approach towards the Tamils in Sri Lanka and the Tamil diaspora in its first 100 days convinced the international community, including the United Nations Human Rights Commissioner, about its commitment to improve the human rights situations in the country and its political will to work on the issue of accountability for the war crimes. By effectively engaging with the UN and the UNHRC, it made the Commissioner postpone the UNHRC's report on progress in Sri Lanka, from March to September 2015, giving Sri Lanka some more time to bring about necessary judicial reforms to investigate the allegations of violation of human rights. The time bought from the UNHRC was used efficiently, and thereby earned positive comment from the UNHRC on Sri Lanka's progress on reconciliation, war crime and human rights issues in its September 2015 report.<sup>17</sup>

Unlike the previous administration, the NUG showed the political will to work with the UN and other human rights bodies to address human rights and war-related concerns. The Special Rapporteur on the Promotion of Truth, Justice and Non-recurrence, Pablo de Greiff, in a technical advisory capacity effort, was invited to the country in April 2015. Exhibiting its commitment towards international obligations, the government ratified the Palermo Protocol in June 2015 to prevent, suppress and punish trafficking in persons, especially women and children, supplementing the UN Convention against Transnational Organised Crime.<sup>18</sup> In February

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<sup>17</sup> "Comprehensive Report of the Office of the United Nations High Commissioner for Human Rights on Sri Lanka", A/HRC/30/61, Human Rights Council, Thirtieth Session, Agenda Item 2, United Nations General Assembly (UNGA), September 28, 2015, at [www.ohchr.org/EN/HRBodies/HRC/RegularSessions/Session30/Documents/A\\_HRC\\_30\\_61\\_ENG.docx](http://www.ohchr.org/EN/HRBodies/HRC/RegularSessions/Session30/Documents/A_HRC_30_61_ENG.docx) (Accessed June 27, 2017).

<sup>18</sup> Hansard, Vol. 249, No. 11, December 1, 2016, at <https://www.parliament.lk/uploads/documents/hansard/1481776077012975.pdf> (Accessed January 15, 2017).

2015, the NUG passed the Assistance to and Protection of Victims of Crime and Witnesses Bill. The government discontinued with the practice of issuing a presidential proclamation under the Public Security Ordinance declaring a state of emergency, calling out the armed forces and giving them extensive powers to regulate civilian life.<sup>19</sup>

The government acknowledged the need for an efficient system of accountability by reforming the police, the military and the justice system. As a first step towards judicial reform, the NUG reinstated the former Chief Justice of Sri Lanka, Shirani Bandaranayake, who was illegally impeached by former President Rajapaksa.

Several measures were initiated to improve media freedom in the country. The government ended the censorship of websites, withdrew restrictions on foreign journalists visiting Sri Lanka and invited exiled journalists, dissidents and the activists to return to Sri Lanka with a promise of safety.<sup>20</sup> The government also recognised access to information as a fundamental right in the 19th Amendment to the Constitution in April 2015.<sup>21</sup>

Both President Sirisena and the PM Wickremesinghe expressed their political will to rectify the wrongs committed by the previous government pertaining to political, economic and foreign affairs of the country. It was noted by the NUG that Sri Lanka's economy got affected badly due to the previous government granting undue favours to the Chinese companies, and also soured relations with economically and strategically important countries like the US, the EU and India. Allegedly, the previous government approved

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<sup>19</sup> Ibid.

<sup>20</sup> Sri Lanka ranked 141 in the 2016 World Press Freedom Index. In 2015, Sri Lanka's rank was 165. See "Freedom of the Press 2016: Sri Lanka", *Freedom House*, at <https://freedomhouse.org/report/freedom-press/2016/sri-lanka> (Accessed January 16, 2017).

<sup>21</sup> Taylor Dibbert, "Looking at Media Freedom in Sri Lanka", *Huffington Post*, August 3, 2016, at [http://www.huffingtonpost.com/taylor-dibbert/looking-at-media-freedom\\_b\\_11315120.html](http://www.huffingtonpost.com/taylor-dibbert/looking-at-media-freedom_b_11315120.html) (Accessed January 15, 2017).

several Chinese-funded infrastructure projects without following due procedures. The Sri Lankan economy also received a setback due to the ban on Sri Lankan fish export to the EU, the biggest market for its fish produce. The EU imposed the ban as the previous administration failed to comply with international obligation to stop illegal, unreported and unregulated (IUU) fishing. Allegedly, the Chinese vessels allowed by the Rajapaksa administration to catch fish were mostly responsible for the IUU fishing.<sup>22</sup>

To rectify economic irregularities, the NUG suspended some of the ongoing Chinese projects and appointed committees to restudy the viability of these projects. At the same time, the NUG initiated high-level engagement to improve relations with India, the US and the EU; and within a short period of time, it could improve its relations with these countries. The NUG also assured China that it would continue to have friendly relations with it despite suspending some projects, as the government was committed to follow a “middle path” in its foreign policy.

Thus, despite belonging to different political ideologies, the members of the NUG and the President were united on economy and foreign policy issues during the 100 days. As a result, the Sirisena–Wickremesinghe interim administration could win the hearts of people both within and outside the country. Tamils in the north and east were hopeful once again. Even the diaspora community had a positive approach towards the government.

Rajapaksa loyalists tried to mobilise the Sinhala community on government’s approach towards the Tamils. However, the populist interim budget, reduction in communal and violent clashes and exhibition of political will to work together to improve the governance of the country made the

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<sup>22</sup> Mangala Samaraweera, “Statement in the Parliament on his Visit to the EU and Outcome of his Discussion with regard to the Issues of the Fishing Ban and the GSP Plus Tariff Concession”, *The Official Government News Portal of Sri Lanka*, February 20, 2016, at <http://www.news.lk/fetures/item/6266-sri-lankan-foreign-minister-s-statement-in-parliament-on-eu-visit-fishing-gsp> (Accessed December 16, 2016).

citizens vote for the UNFGG in the August 2015 parliamentary elections. Allowing the Election Commission to conduct free and fair parliamentary elections added an additional feather in the cap of the NUG.

## **The NUG after the Parliamentary Elections**

After the parliamentary elections, the NUG took upon itself to accomplish the unfulfilled tasks of the first 100 days. It has achieved immense success in getting acknowledgement from the international community for its steady progress on issues regarding human rights and good governance, and its dealings with tough economic and ethnic issues. Invitation by the G7 countries to participate in the outreach summits, the UNHRC resolution in favour of Sri Lankan government both in 2015 and 2017, withdrawal of the ban on export of Sri Lankan fish product to the EU, the EU's favourable decision on the Generalised Scheme of Preferences (GSP+) and improved relations with the US, all demonstrate the goodwill Sri Lanka currently enjoys with the global leaders. After an initial glitch, the NUG has strengthened its relations with China too. Also, it has been able to manage India well so far. However, within Sri Lanka, the government is gradually losing its popularity for the slow progress in delivery of the election promises; and for backtracking from several pledges made during the election campaign.

### ***Question Mark on NUG's Commitment to Good Governance***

Good governance has been the main motto of the NUG. However, despite its pledge that all corrupt persons will be brought to book, not a single person has so far been convicted. Investigations have been going on since 2015. In January 2015, the government had reopened investigations into some past attacks on journalists; but not a single murder case has been resolved. Several members of the previous administration are being questioned and have been kept under remand, but nobody has been proven guilty. It has been argued that the current administration is either harassing the opposition by putting false charges or it is not prepared to take any action against corruption. Slow progress on the investigation of the corruption cases committed under the previous government and the alleged involvement of some under this government in several scandals has made people suspicious about the intentions of the government to deal with

corruption in the country. It is also believed that there is an understanding between President Sirisena and the Rajapaksa family to not proceed effectively on the corruption cases against the latter. Several members of the previous government are also the members of the current government. Hence, it is alleged that the government is apprehensive to charge corruption cases against them.

Several members of the current government are also being accused of indulging in corrupt practices. In 2015, Sri Lanka ranked 83rd among 168 countries, with a score of 37 points, in the Corruption Perception Index released by Transparency International, the global movement against corruption. In 2016, it slipped 12 notches down to rank 95th.<sup>23</sup> On the International Anti-corruption Day, President Sirisena himself reported to be stated publicly that more than 50 per cent of the tenders that are granted by his own Government is riddled with fraud.<sup>24</sup> The Central Bank bond scam under this government came to light when the Committee on Public Enterprises (COPE), in its report, disclosed that during their probe on the Central Bank bond transactions for the years 2015 and 2016, the Committee found that some transactions lack transparency. It was observed that one of the primary dealers in the bond transaction, *Perpetual Treasuries*, which happens to be a company having a direct relationship of then Central Bank Governor Arjuna Mahendran, had made “shocking profits”.<sup>25</sup> The Committee said that the then Governor of the Central Bank of Sri Lanka had an influence, or intervention, with regard to the treasury bond issue

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<sup>23</sup> “Corruption Perception Index 2016”, *Transparency International*, at [http://www.transparency.org/news/feature/corruption\\_perceptions\\_index\\_2016#table](http://www.transparency.org/news/feature/corruption_perceptions_index_2016#table) (Accessed February 2, 2017).

<sup>24</sup> Hansard, Vol. 249, No. 19, December 10, 2016, at <https://www.parliament.lk/uploads/documents/hansard/1484038740025311.pdf> (Accessed January 15, 2017).

<sup>25</sup> Keshala Dias, “COPE Report: Former CBSL Governor Arjuna Mahendran found Accountable for Bond Scam”, *News1st*, October 28, 2016, at <http://newsfirst.lk/english/2016/10/cope-report-former-cbsl-governor-arjuna-mahendran-found-accountable-bond-scam/153007> (Accessed January 15, 2017).

on February 27, and therefore questioned the credibility of the Central Bank of Sri Lanka.<sup>26</sup> This bond, which would have been sold in the market for Sri Lankan Rs (SLR) 121, was sold for around SLRs 91 to this primary dealer, causing losses amounting to Rs 1.5 billion to the finance ministry.<sup>27</sup> The Chairman of the COPE, Member of Parliament (MP) Sunil Handunnetti, said that the former Governor of the Central Bank of Sri Lanka, Arjuna Mahendran, should be held directly responsible for this controversial bond transaction. Nevertheless, appointment of Mahendran as the head of Sri Lanka's five-year development plan by PM Wickremesinghe has raised doubts on the seriousness of the NUG to fight corruption in the country.<sup>28</sup> Allegedly, Ravi Karunanayake, who served as finance minister from January 12, 2015-May 22, 2017 and as foreign minister from May 22, 2017-August 10, 2017, indirectly benefitted from the bond scam.

It has also been alleged that the National Audit Bill, which was supposed to be adopted in the first 100 days, is yet to get the cabinet approval due to the objections of some of the corrupt members in the government. Allegedly, the draft bill has been revised thrice to make the proposed Audit Service Commission powerless and to weaken the hands of the Auditor General.<sup>29</sup>

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<sup>26</sup> Ibid.

<sup>27</sup> Rusiripala Tennakoon, "Finance Minister & the Central Bank Treasury Bond Scam", *Colombo Telegraph*, June 14, 2016, at <https://www.colombotelegraph.com/index.php/finance-minister-the-central-bank-treasury-bond-scam/> (Accessed January 16, 2017).

<sup>28</sup> "Arjuna Mahendran makes a Comeback", *Colombo Telegraph*, July 20, 2016, at <https://www.colombotelegraph.com/index.php/arjuna-mahendran-makes-a-comeback/> (Accessed January 16, 2017).

<sup>29</sup> Udita Kumarasinghe, "Govt Pledges to Table National Audit Bill within Two Months", *Sunday Observer*, March 19, 2017, at [www.sundayobserver.lk/2017/03/19/news/govt-pledges-table-national-audit-bill-within-two-months](http://www.sundayobserver.lk/2017/03/19/news/govt-pledges-table-national-audit-bill-within-two-months) (Accessed June 27, 2017).

### *Reconciliation Process at a Snail's Pace*

The NUG's decision to co-sponsor the UNHRC resolution on "Promoting Reconciliation, Accountability and Human Rights in Sri Lanka (A/HRC/RES/30/1) in September 2015 was welcomed by the Tamils. However, the slow progress on the implementation of the resolution has made the Tamils lose faith in the current dispensation. While it has been acknowledged by the Tamils that the NUG did initiate some "baby steps" to reach out to the Tamil people, they are not enough to address the genuine grievances and political aspirations of the Tamil community.<sup>30</sup> The Tamils feel that the resettlement process will go on forever considering the speed with which the government is pursuing it. Since January 2015, the government has released 2,990 acres in Jaffna district, 1,000 acres in Trincomalee district and 474 acres in Kilinochchi district, and 2,743 internally displaced families have been resettled in this 4,464 acres of land.<sup>31</sup> In 2016, "only 2,382 families were resettled in the Jaffna district, whereas still 10,458 families need to be resettled."<sup>32</sup> The government has approved construction of 67,000 houses for the Tamil internally displaced persons (IDPs). But not a single house has been constructed due to corrupt practices.<sup>33</sup>

<sup>30</sup> The TNA leader, M.A. Sumanitharan, said in the Parliament, "One of the biggest issues was the issue of missing persons and I must congratulate the Government for having taken those first steps and when that Bill was passed, I did say, it was a 'first baby step'. Unfortunately, that first baby step remains a first baby step; the second step has still not been taken." Hansard, Vol. 249, No. 10, November 30, 2016, at <https://www.parliament.lk/uploads/documents/hansard/1481792050011664.pdf> (Accessed January 16, 2017).

<sup>31</sup> Hansard, Vol. 249, No. 15, December 6, 2016, at <https://www.parliament.lk/uploads/documents/hansard/1483085099026408.pdf> (Accessed January 16, 2017).

<sup>32</sup> Hansard, Vol. 248, No. 6, November 17, 2016, at <https://www.parliament.lk/uploads/documents/hansard/1479898842082539.pdf> (Accessed January 16, 2017).

<sup>33</sup> The TNA has objected to the Ministry of Reconciliation's decision to give the contract for the construction of the houses to ArcelorMittal, as they are constructing prefabricated houses at an exorbitant price. The TNA argues that the Tamils who have been living in the IDP camps for years deserve better houses, which can be constructed at a much lower price. Hansard, n.31.

The Tamil MPs claim that Sinhala colonisation in the Tamil areas is still going on under the current government. Reportedly, the military and the Mahaweli Authority of Sri Lanka have cleared 16,500 acres of forestland in the north and east to establish settlements. In Vavuniya alone, the army, Civil Defence Force and the Mahaweli Authority of Sri Lanka have cleared 5,000 acres of forestland.<sup>34</sup> The Ministry of Defence is planning to construct 51 houses in Kokeliya village in the Vavuniya district and handing them over to military families. It is also alleged that the military is involved in development programmes in the north and east, thereby denying participation of local community in any economic or social activities in their own areas.<sup>35</sup> It has also been stated in the Parliament that preschools in the Tamil areas are being run by the army.

Despite giving commitment to the UNHRC for demilitarisation in the north and east, no firm action has been taken. Military surveillance still continues in the north. Also, though the process for replacing the draconian Prevention of Terrorism Act (PTA) has been initiated, in June 2016, the President issued new directives to the army and police on arrest under PTA, which include prohibition of torture and respect for fundamental rights. Rehabilitated persons are being rearrested under the NUG. As committed at the UNHRC in September 2015, the government did initiate an effort to replace the PTA. Unfortunately, the new draft bill to replace the PTA incorporates more stringent provisions.

The draft law says that a detainee under the new law (as under the PTA) would not be entitled to legal assistance before or during the recording of the first statement to the police. The detainee can get

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<sup>34</sup> Hansard, Vol. 249, No. 16, December 7, 2016, at <https://www.parliament.lk/uploads/documents/hansard/1483503435089688.pdf> (Accessed January 16, 2017); Indika Gamage, “Sri Lanka: Northern Province Oppose Moves to Colonise Tamil Lands”, *Journalists for Democracy in Sri Lanka (JDS)*, March 25, 2016, at <http://www.jdslanka.org/index.php/news-features/politics-a-current-affairs/593-sri-> (Accessed January 16, 2017).

<sup>35</sup> The Trincomalee District Development Programme, “Siri Sara Pivisuma”, initiated by the President involving the Tri Forces, Civil Defence Force and other stakeholders.

an attorney's help only 48 hours after a police officer had recorded the first statement or after arrest, whichever occurs first. Secondly any statement made to a police officer not below the rank of a Superintendent of Police is admissible as evidence in a court of law.<sup>36</sup>

Despite the government's commitment to reform the military, cases of fresh torture in Trincomalee naval base have been reported by the UN group. The Special Rapporteur on Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment, during his mission to Sri Lanka from April 29 to May 7, 2016, said that torture still persists, though not as severe as it was during conflict time.<sup>37</sup> Similarly, on its promise to release illegal detainees or expedite cases against those who have been living in jail without prosecution, no action has been initiated so far.

On the reconciliation issue, the NUG had given a commitment to address it by instituting: (i) a Judicial Mechanism with a Special Counsel; (ii) a Truth, Justice, Reconciliation and Non-Recurrence Commission; (iii) an Office of Reparations; and (iv) an Office of Missing Persons. As of now, out of these four, only the Office of Missing Persons has been formed. However, the relatives of the disappeared people have not received any relief from the office.

The biggest issue for the Tamils is the investigation of war crimes. The Tamils have been demanding an international investigation on the war

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<sup>36</sup> P.K. Balachandran, "Tamil National Alliance to Modify Unacceptable New Anti-terror Draft Law in Parliament", *The New Indian Express*, October 16, 2016, at <http://www.newindianexpress.com/world/2016/oct/16/tamil-national-alliance-to-modify-unacceptable-new-anti-terror-draft-law-in-parliament-1528559.html> (Accessed January 16, 2017).

<sup>37</sup> "Report of the Special Rapporteur on Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment on his Mission to Sri Lanka", A/HRC/34/54/ADD.2, Human Rights Council, Thirty-fourth Session, UNGA, December 22, 2016, at <https://documents-dds-ny.un.org/doc/UNDO/GEN/G16/440/12/PDF/G1644012.pdf?OpenElement> (Accessed June 27, 2017).

crimes as they do not have any faith in the Sri Lankan judiciary. The government, after its initial inhibition regarding international investigation, agreed to involve foreign judges to investigate allegations of violation and abuse of human rights in the UNHRC in 2015.<sup>38</sup> But by early 2016, the government officials started making contradictory comments on the appointment of foreign judges, creating confusion among the people. Finally, both President Sirisena and former President Kumaratunga, who is heading the Secretariat for Coordinating Reconciliation Mechanism,<sup>39</sup> said that constitutional reform will be given priority over transitional justice. Through the new constitution, and judicial reform, Sri Lankan judiciary will be made capable to deal with the war crimes issue and there will not be any requirement for involvement of foreign judges. These comments were made after the government-appointed Consultation Task Force recommended the involvement of the foreign judges.<sup>40</sup> The government also previously said that on truth and reconciliation, they will get inspiration from South Africa. However, now, it has been clearly said that it would not be based on South Africa model. Political grievances would be addressed through bringing in a new constitution.

The Tamil hardliners are not expecting much from the new constitution. The Tamils are for a federal system within united Sri Lanka, whereas the

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<sup>38</sup> “Promoting Reconciliation, Accountability and Human Rights in Sri Lanka”, A/HRC/RES/30/1, Adopted by the Human Rights Council on October 1, 2015, Thirtieth Session, Agenda Item 2, UNGA, October 14, 2015, at <https://r2pasiapacific.org/filething/get/2989/HRC%20Res%2030-1.pdf> (Accessed February 20, 2017).

<sup>39</sup> The Secretariat, which comes under the Prime Minister’s Office, was formed by the Cabinet of Ministers on December 18, 2015.

<sup>40</sup> “Constitutional Reform to get Priority over Transitional Justice”, *Colombo Gazette*, February 2, 2017, at <http://colombogazette.com/2017/02/02/constitutional-reform-to-get-priority-over-transitional-justice/> (Accessed February 2, 2017); Upul Wickramasinghe, “MR’s Acolytes want Old Regime Back for Survival—CBK”, *Daily Mirror*, February 2, 2017, at <http://www.dailymirror.lk/article/MR-s-acolytes-want-old-regime-back-for-survival-CBK-123161.html> (Accessed February 3, 2017).

Sinhala parties, including the SLFP members within the government, object to federal system. They are now emphasising on the implementation of the 13th Amendment, which is considered inadequate by the Tamils for resolving their problems. The government has assured that the new constitution will not be imposed on anybody, as a referendum on the constitution will be organised. Though the TNA has accepted the proposal for referendum, there is a question mark whether the referendum will do any justice to the Tamils.

The Tamil population considers that the positive steps initiated by the government are symbolic as there is no sense of urgency on the part of the government to address the Tamil issue.<sup>41</sup> Despite such doubts, the TNA has given commitment to cooperate with the government on its reconciliation efforts and welcomed the adoption of UNHRC Resolution 34/L 1, which reaffirms the full implementation of Resolution 30/1 of 2015, promoting reconciliation, accountability and human rights in Sri Lanka by 2019.<sup>42</sup> It has also urged the Tamil hardliners not to sabotage the reconciliation effort. However, several hardliners in the north and east have criticised the TNA for having so much faith in the government. Even within the TNA, some members are not happy with the Illankai Tamil Arasu Kachchi (ITAK) members who are mostly urging people to cooperate with the government.<sup>43</sup>

While the Tamils are questioning the government's seriousness on its reconciliation efforts, the ultra-Sinhala nationalist parties are blaming government's policy for going soft towards the Tamil and allowing separatism in the country. The JO has also tried to mobilise the armed

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<sup>41</sup> Hansard, n. 18.

<sup>42</sup> "TNA Welcomes the Adoption of UNHRC Resolution", *Colombo Telegraph*, March 24, 2017, at <https://www.colombotelegraph.com/index.php/tna-welcomes-the-adoption-of-unhrc-resolution/> (Accessed March 25, 2017).

<sup>43</sup> The TNA is comprised of four Tamil parties: ITAK; Eelam People's Revolutionary Liberation Front (EPRLF); People's Liberation Organisation of Tamil Eelam (PLOTE); and Tamil Eelam Liberation Organisation (TELO).

forces against the government for accepting international investigation on war crimes at the UNHRC. Several security-related incidents in the north, such as, recovery of arms and weapons in Jaffna and Mannar area in late April 2016, violent clash between the Tamil and Sinhala students in the Jaffna university and attack on police by a criminal group in Jaffna called *Ava*, have instilled fear in the south and west that militancy is reviving in the north and unity and territorial integrity of the country are in danger again. The intelligence report on assassination attempt on TNA leader Sumanitharan in the north by alleged LTTE cadres has further hardened the JO's argument that militancy is back in the country. In fact, Mahinda Rajapaksa holds the government responsible for compromising security by scaling down surveillance in the north and east.<sup>44</sup> The government, however, has downplayed the fear of revival of separatism in the north and considers the above-mentioned incidents as isolated law and order problems. The defence minister has said that there is no threat to national security.<sup>45</sup> It is believed by many in Sri Lanka that the JO is responsible for staging all the violent activities in the north to prevent the reconciliation process and denigrate the government.

Fresh attacks on Muslims and the Christian community at the end of two years are also being reported. The National Christian Evangelical Alliance of Sri Lanka (NCEASL) has mapped around 44 incidents of violent attack and harassment of Christian community in the country during January–June 2017.<sup>46</sup> Similarly, 20 attacks on Muslims have been reported during April–June 2017.<sup>47</sup> The Bodu Bala Sena, which was formed under

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<sup>44</sup> “Rajapaksa Accuses Sirisena Govt of Dropping Guard on LTTE”, *Colombo Gazette*, February 1, 2017, at <http://colombogazette.com/2017/02/01/rajapaksa-accuses-sirisena-govt-of-dropping-guard-on-ltte/> (Accessed February 2, 2017).

<sup>45</sup> “Government Insists No Threat to National Security”, *Colombo Gazette*, February 2, 2017, at <http://colombogazette.com/2017/02/02/government-insists-no-threat-to-national-security/> (Accessed February 3, 2017).

<sup>46</sup> See the chronology of incidents at “Mapping Violence”, NCEASL, at <https://slchurchattacks.crowdmap.com/reports/> (Accessed June 30, 2017).

<sup>47</sup> “Sri Lanka Arrest Five over Anti-religious Violence”, *Reuters*, June 14, 2017, at [in.reuters.com/article/us-sri-lanka-violence-muslims-idINKBN1920TJ](http://in.reuters.com/article/us-sri-lanka-violence-muslims-idINKBN1920TJ) (Accessed June 30, 2017).

the previous administration and instigated attacks on Muslims in 2012–13, is allegedly the main force behind the fresh attacks on Muslims and Christians in 2017. Additionally, the police officers continue to threaten Christian clergy to discontinue their activities and close down the churches on the basis of the 2008 government circular, which made it compulsory for new places of worship to register.<sup>48</sup> Suppression of minorities was systematically carried out in the past to impose Sinhala Buddhist supremacy. It was hoped that the situation will improve under the NUG. However, despite the government's commitment to the reconciliation process, it has utterly failed to stop the attacks on minorities. In the past, both the UNP and the SLFP played their part in destroying the ethnic, linguistic and religious plurality in the country. Therefore, verbal assurances from the members of the current government are not enough to instil faith among the minority communities that the current administration is committed to restoring the plural, multi-ethnic, multi-religious character of the island. Proactive response from the government is expected. Unfortunately, the government's response to the fresh attacks on minorities so far has failed to meet that expectation.

### ***Economic and Foreign Policy***

When the NUG took over in 2015, it inherited a messy and debt-ridden economy. The economic growth that the country had witnessed in the post-war period started declining since 2013–14. The economy declined further in 2015. The following table provides the economic indicators of the country during 2014-16.

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<sup>48</sup> "Sri Lanka: Over 20 Attacks on Christians this Year", *World Watch Monitor*, June 13, 2017, at <https://www.worldwatchmonitor.org/2017/06/sri-lanka-20-attacks-christians-year/> (Accessed June 30, 2017).

**Table 1: Economic Performance of Sri Lanka during 2014-16**

	2014	2015	2016 (provisional)
GDP at current market price	US\$ 79.4 billion	US\$ 80.6 billion	US\$ 81.3 billion
GDP	4.9%	4.8%	4.4%
Agriculture	4.6%	4.8%	-4.2%
Industry	4.7%	2.1%	6.7%
Service	4.8%	5.7%	4.2%
Unemployment Rate	4.3%	4.7%	4.4%
Export	US\$ 11,130 million	US\$ 10,546 million	US\$ 10,309 million
Import	US\$ 19,417 million	US\$ 18,935 million	US\$ 19,400 million
Total Foreign Assets (months of the same year imports)	6.1	5.9	5.2
Gross Official Reserves (months of the same year imports)	5.1	4.6	3.7
Revenue (per cent of GDP)	11.5%	13.3%	14.2%
Tax Revenue (per cent of GDP)	10.1%	12.4%	12.4%
Expenditure & Net Lending	17.3%	20.9%	19.7%
Government Debt	71.3%	77.6%	79.3%
Foreign Debt	30%	32.4%	34.2%
Domestic Debt	41.3%	45.3%	45.1%

*Source:* Central Bank of Sri Lanka, *Annual Report 2016*, at [www.cbsl.gov.lk/pics\\_n\\_docs/10\\_pub/\\_docs/efr/annual\\_report/AR2016/English/content.htm](http://www.cbsl.gov.lk/pics_n_docs/10_pub/_docs/efr/annual_report/AR2016/English/content.htm) (Accessed June 30, 2017).

*Note:* GDP: Gross Domestic Product.

While slow recovery of global economic condition, escalated geopolitical tension in the Middle East and bad weather conditions in Sri Lanka are responsible for the economic downturn, there are other factors too which have contributed to the decline in export. Rajapaksa administration's lack of interest to pursue the GSP+ scheme, after the EU withdrew it in 2010, impacted on the apparel industry, which accounts for approximately 60 per cent of the country's exports to the EU markets and almost 40 per cent of Sri Lanka's total exports. Since the loss of the GSP+, average annual growth of exports to the EU declined to 7.4 per cent in the period 2010–14 from 16.4 per cent in the GSP+ period, that is, 2005–09.<sup>49</sup> Around 10,000 people lost jobs as 25 garment factories were shut down during 2011–12 due to withdrawal of the GSP+ scheme in 2010.<sup>50</sup> Similarly, lack of seriousness on the part of the previous administration on IUU fishing also impacted the Sri Lankan fish export to the European market. Seafood exports declined from US\$ 21 million in February 2014 to US\$ 11.2 million in February 2015, recording a fall of 46 per cent, whilst fisheries exports declined from US\$ 42.7 million to US\$ 27.7 million, posting a reduction of 35.1 per cent.<sup>51</sup>

The previous administration's big infrastructure policy had the maximum impact on the economy of the country. They obtained loans for big infrastructure projects but, unfortunately, could not get any returns on the investment. Further, the national revenue and the export earnings constantly came down from 2011 onwards till the year 2014. As a result, the total

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<sup>49</sup> "GSP+ and Sri Lanka", *Democracy Reporting International*, June 2016, at [http://democracy-reporting.org/wp-content/uploads/2016/06/GSP-and-Sri-Lanka\\_ENG-1.pdf](http://democracy-reporting.org/wp-content/uploads/2016/06/GSP-and-Sri-Lanka_ENG-1.pdf) (Accessed June 27, 2017).

<sup>50</sup> Ashwin Hemmathagama, "Major Losses in Apparel Sector from Loss of GSP Plus: Govt.", *Daily FT*, October 24, 2013, at <http://www.ft.lk/2013/10/24/major-losses-in-apparel-sector-from-loss-of-gsp-plus-govt/> (Accessed June 27, 2017).

<sup>51</sup> Rishini Jayarathna, "EU Fish Exports Ban will be Revoked Soon—Fisheries Minister", *The Sunday Leader*, July 12, 2015, at <http://www.thesundayleader.lk/2015/07/12/eu-fish-exports-ban-will-be-revoked-soon-fisheries-minister/> (Accessed June 27, 2017).

debt stock of Sri Lanka was SLRs 7,391 billion during the period 2005–14. In addition, there is another SLRs 2,000 billion debt obtained by the public-owned enterprises directly off the balance sheet. According to the finance minister, the current debt is SLRs 9 trillion.<sup>52</sup>

The previous government had acquired US\$ 1,303 million for the Hambantota Port. The first phase of the loan of SLRs 340 million was released on a six per cent interest rate. Government also had to pay an additional six per cent insurance premium for the loan. In addition to the project loans, government had obtained US\$ 4.5 billion through International Sovereign Bond during the period 2010-14. As the repayment of all these project loans and bonds began after 2014, the current government has been compelled to repay instalments and interest for such loans with effect from 2015. Accordingly, the NUG repaid foreign loans amounted to US\$ 2,031 million in 2015 and US\$ 1,828 million in 2016.<sup>53</sup> The debt repayment government has to make in the next four years for the project loans and the international bonds amounts to US\$ 2,417 million in 2017, US\$ 2,564 million in 2018, US\$ 3,992 million in 2019 and US\$ 3,463 million in 2020.<sup>54</sup> The loans obtained from the International Monetary Fund (IMF) and the investment by foreigners on the treasury bills and treasury bonds are to be repaid separately.

With the heavy debt piling up, the foreign exchange reserve started depleting in 2016. At the same time, surging imports, falling exports, slowing of remittances and tepid foreign direct investment (FDI) gave rise to macroeconomic imbalances.<sup>55</sup>

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<sup>52</sup> Hansard, n. 32.

<sup>53</sup> “Sri Lanka’s Highest Foreign Debt Repayment due in 2019”, *Colombo Gazette*, January 26, 2017, at <http://colombogazette.com/2017/01/26/sri-lankas-highest-foreign-debt-repayment-due-in-2019/> (Accessed February 2, 2017).

<sup>54</sup> *Ibid.*

<sup>55</sup> “IMF Survey: Sri Lanka to Reboot Economic Policies”, IMF, June 14, 2016, at <https://www.imf.org/external/pubs/ft/survey/so/2016/car061416a.htm> (Accessed February 17, 2017).

While the NUG holds the previous administration responsible for the country's debt burden and loss of export income, this government has also been accused of increasing country's liability by taking loans from the IMF and other international bodies. This government entered into an agreement with the IMF for an extended fund facility (EFF) of US\$ 1.5 billion—185 per cent of Sri Lanka's quota spread over three years. Sri Lanka is also expecting some \$650 million loans from the World Bank, the Asian Development Bank and the Japan International Cooperation Agency over the next three years.<sup>56</sup>

The IMF has provided conditional EFF. The EFF is built on six pillars: (i) lowering the budget deficit; (ii) higher governmental revenues; (iii) stronger public financial management; (iv) state enterprises reform; (v) monetary policy reform; and (vi) supporting higher trade and investments.<sup>57</sup> Following the IMF conditions, the government did bring in reforms in its tax policy to increase the tax revenue. For example, value-added tax (VAT) was hiked from 11 per cent to 15 per cent. As a result, the populist measures announced in the interim budget of January 2015 could not be repeated in the subsequent budgets of 2016 and 2017. This has caused popular dissatisfaction with government's economic policy.

To generate employment and income, the government is trying to bring investment into the country. It has approached several countries for investment, but nobody, except China, has been very forthcoming. However, China has made it clear that Chinese investment will depend on the fate of the Colombo Port City project, which the NUG suspended in January 2015. Moreover, the Chinese company that was constructing the port city put additional burden on the debt-ridden economy by seeking

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<sup>56</sup> Ibid.

<sup>57</sup> Ibid. Hansard, Vol. 248, No. 7, November 18, 2016, at <https://www.parliament.lk/uploads/documents/hansard/1479989893018154.pdf> (Accessed January 16, 2017).

US\$ 125 million penalty from Sri Lanka for suspending the work.<sup>58</sup> Under such circumstances, the government decided to change its decision to cancel the project and approved the construction of the Colombo Port City by signing a revised agreement.<sup>59</sup> The government has also decided to turn loss-making enterprises into profit-making bodies by signing an equity swap agreement with the Chinese. The government's U-turn on Chinese-funded projects—which were considered to be contracted without following due procedure—is being opposed by environmental activists, fishermen community, civil society and the trade unions.

In January 2016, the People's Movement against Port City, a leading protest group, presented a document with 128 negative opinions against the environmental impact assessment (EIA) report on the basis of which the government had allowed the resumption of the construction of the port city.<sup>60</sup> According to the environmentalists, the water level of the area adjacent

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<sup>58</sup> Shihar Aneez and Ranga Sirilal, "Sri Lanka to Negotiate \$125 mln Chinese Firm Seeks for Port Delay", *Reuters*, April 6, 2016, at <http://in.reuters.com/article/sri-lanka-china-idINKCN0X31BB> (Accessed February 17, 2017).

<sup>59</sup> Under the revised agreement, the project is called Colombo International Financial City. "Revised Agreement for Colombo Port City Project", *The Official Government News Portal of Sri Lanka*, August 3, 2016, at <http://www.news.lk/news/world/item/14055-revised-agreement-for-colombo-port-city-project> (Accessed February 17, 2017).

<sup>60</sup> The common united front suspended the Colombo Port City project on the grounds that proper environmental assessment was not done at the time of signing the agreement on the project under Rajapaksa administration in 2014. Therefore, after assuming power, the government suspended the project and formed a committee to do an EIA again. The EIA report suggested that the environmental impact will be negligible. Following the submission of the EIA report, members of an Environmental Monitoring Committee (EMC) appointed by the Coast Conservation Department (CCD) to oversee the environmental compliance of the Colombo Port City development project made an inspection tour at the project site and approved the project. See "Environment Concerns Linked to Port City Cleared", *The Sunday Leader*, June 11, 2016, at <http://www.thesundayleader.lk/2016/11/06/environment-concerns-linked-to-port-city-cleared/#> (Accessed December 16, 2016); Melani Manel Perera, "Sri Lanka Opposed to the Colombo Port City Project, Fishermen willing to Bear Cancellation Costs", *AsiaNews*, July 4, 2016, at [http://www.asianews.it/news-en/Opposed-to-the-Colombo-Port-City-Project,-fishermen-willing-to-bear-cancellation-costs-\(Photos\)-37155.html](http://www.asianews.it/news-en/Opposed-to-the-Colombo-Port-City-Project,-fishermen-willing-to-bear-cancellation-costs-(Photos)-37155.html) (Accessed December 16, 2016).

to the proposed port city “depends mostly on the granite rocks and if the granite rocks are destroyed in the process of reclaiming lands from the sea, the ground water level in the area will definitely decline.”<sup>61</sup> However, the EIA report has termed the impact as negligible. The environmentalists further argue that even though the EIA report has recognised that it would affect fishermen and recommended the government to compensate the victims, it has talked about compensation for only 9,692 fishermen, whereas the actual number of fishermen that will be affected is 30,000.<sup>62</sup> The report has not taken into account lagoon fishermen and *katudel* fishermen. Due to sand mining, the fishermen have lost their seashore which was used to tie up their boats.<sup>63</sup> Sand mining is also having a serious impact on the reef located in the shallow sea and causing coastal erosion, altering the marine diversity. Further, it is adversely impacting marine seabed weeds and depleting mangrove as well as seagrass habitats and nesting places of endemic and endangered fauna.<sup>64</sup> Environmentalists fear that the construction will reduce the strength and change the current flow between Sri Lanka’s coast and its distal coral reefs, and this would result in a relatively still body of water. This would cause an increase in pollution due to reduced dilution of pollutants.<sup>65</sup>

However, the government has ignored the protests and has gone ahead with the project, with changes in the previous agreement. In fact, the government has allocated two hectares of additional land to the Chinese company under the new agreement to “reciprocate the company’s goodwill

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<sup>61</sup> Fr Sarath Iddamalagoda, “EIA Report on the Environmental Impact of the Colombo Port City”, *Colombo Telegraph*, January 5, 2016, at <https://www.colombotelegraph.com/index.php/eia-report-on-the-environmental-impact-of-the-colombo-port-city/> (Accessed December 16, 2016).

<sup>62</sup> Ibid.

<sup>63</sup> Ibid.

<sup>64</sup> Carmel L. Corea, “Why the Port City is Bad for the Country”, *The Sunday Times*, June 12, 2016, at <http://www.sundaytimes.lk/160612/sunday-times-2/why-the-port-city-is-bad-for-the-country-196859.html> (Accessed December 16, 2016).

<sup>65</sup> Ibid.

of completely waiving off all compensation claims”.<sup>66</sup> Even though under economic compulsion, the government had to allow the resumption of the Colombo Port City project, ignoring environmental concerns, at a time when government is committed to sustainable development goal, raises questions on government’s integrity regarding its own policy of good governance.

The government’s dealings with the Chinese to construct the Hambantota special economic zone (SEZ) have further agitated the people. When the Hambantota Port was launched in 2011, it was believed that it would start earning profit by 2015, as the proposed SEZ was expected to be functioning by then. Unfortunately, the SEZ was not set up and the port became a “white elephant”. The NUG, therefore, decided to transform the loss-making port into a profit-making enterprise by signing an agreement with a Chinese company, called China Merchants Port Holdings, to develop, manage and operate the Hambantota port and the SEZ over 15,000 acres of land. Eighty per cent stake has been given to the Chinese company and the Sri Lanka Port Authority (SLPA) has 20 per cent stake. The current government justifies that it has made arrangements to convert the credits into equity under the public–private partnership concept, thereby relieving the people from the debt burden.<sup>67</sup>

The government’s move to give away 15,000 acres of land has caused a backlash in the country. Initially, employees of the Hambantota Port, backed by the JVP trade union, protested against this move. Later, UPFA members led by Mahinda Rajapaksa also vehemently opposed the move. Even though Rajapaksa himself started the Hambantota project, he is now opposing the current government’s deal with the Chinese to gain political score. He argued that he was not against the Chinese investment but, at the same time, he did not want the Sri Lankan citizen to suffer because of such investments. He claimed that his administration signed the SEZ deal for

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<sup>66</sup> “Revised Agreement for Colombo Port City Project”, n. 59.

<sup>67</sup> Hansard, n. 57.

35 years and provided 700 acres of land for the SEZ, whereas the current administration has provided 15,000 acres of farmland for 99 years.<sup>68</sup>

To deal with the economic crisis, the government is also framing outward-looking trade and investment policies which aim to “revitalise Sri Lanka’s export competitiveness and integrate the country more closely with the region and the rest of the world”.<sup>69</sup> Therefore, efforts are being made to sign free trade agreements (FTAs) with China and Singapore and to expand the existing FTA with India by signing the Economic and Technological Cooperation Agreement (ETCA). In this context, PM Wickremesinghe said:

We are, after all, a small country. We haven’t got the markets of China or India. So we have to use our country’s strategic location which is in the fastest growing economic zone in Asia. With this strategic location, we could become a center of communication, for shipping, airlines, logistics and business. Then we can expand our market through free trade agreements into the GSP+, China Free Trade Agreement, ECTA and Singapore, all with which, we could get around a market of 4000 million dollars. We shall not focus only on apparel, but on electronics, manufactured goods, IT services, tourism.<sup>70</sup>

However, professional and business communities in Sri Lanka are strongly opposing the government’s decision to sign the ETCA. The government, nonetheless, is adamant about signing the agreement with India.

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<sup>68</sup> Mahinda Rajapaksa, “The Hambantota Port Deal”, *Colombo Telegraph*, January 10, 2017, at <https://www.colombotelegraph.com/index.php/the-hambantota-port-deal/> (Accessed January 11, 2017).

<sup>69</sup> Hansard, n. 34.

<sup>70</sup> Amali Mallawaarachchi, “Talk of Toppling Govt., A Play to the Gallery: PM”, *Daily News*, January 5, 2017, at <http://www.dailynews.lk/2017/01/05/local/103878> (Accessed January 16, 2017).

The current government considers that the one-track foreign policy of the previous administration is responsible for most of the problems faced by the country today. The Sirisena–Wickremesinghe administration, therefore, has pledged to rectify past foreign policy mistakes by following a middle path. However, the government has been criticised for not sticking to its policy plan. Initially, it was criticised for being pro-West and pro-India and subsequently, it has been criticised for getting closer to China. When the government suspended the Chinese project in the first 100 days, and co-sponsored a resolution at the UNHRC, it was criticised for succumbing to the pressure of the West and India. Later, the resumption of the construction of the Colombo Port City project and, most importantly, the equity swap agreement with the Chinese company to construct the Hambantota SEZ have been seen as tilt towards the Chinese.

The government has also been criticised for the change in its policy towards Palestine and Cuba. Sri Lanka has traditionally taken a leadership role in the Palestinian issue, supporting a “two-state policy” and maintaining that the “occupied land needs to be returned to the original State”. Sri Lanka has also always supported Cuba on the US-led embargo against it. Also, customarily, both the Palestinian and the Cuban issues have been mentioned in the President’s statements at the United Nations General Assembly (UNGA). But the JO claims that since the NUG came to power, neither of the issues have been mentioned in the UNGA by the President.<sup>71</sup> Sri Lanka’s abstention from voting on the resolution on Israel at the United Nations Educational, Scientific and Cultural Organization (UNESCO) has also been criticised by the JO and the Muslims. It is believed that the diversion from the long-existing foreign policy on Israel has been influenced by the US and India.<sup>72</sup> The opposition argues that the government is succumbing to the pressure of the West and India as it has allegedly come into power with the assistance of these powers. It is believed by the opposition that the US, through India, sponsored to bring the new administration to power. They substantiate it by referring to John Kerry’s

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<sup>71</sup> Hansard, n. 30.

<sup>72</sup> Kaheliya Rambukwella said this in the Parliament; *ibid*.

statement in the Senate Committee on Foreign Relations, where he said that “Obama administration spent US\$ 585 million to bring good governance, human rights and democracy in Nigeria, Burma and Sri Lanka.”<sup>73</sup>

## Government’s Defence

The NUG has, however, rejected all these criticisms as baseless and has come out with proper explanations for its actions or inactions. According to the current government, it has inherited the problems created by the previous administration. Therefore, it is difficult to resolve all the problems within two years. It needs three years more to develop the country and strengthen the economy.<sup>74</sup> Moreover, it is said that since this government is committed to good governance and democracy, it wants to deal with all the corruption and murder charges by following due processes which take time. Addressing the Tamil concerns about the seriousness of the government on the reconciliation process, the government claims that it is looking for a sustainable solution to the problem which is accepted by all. The government is, therefore, seeking ideas from political parties, civil society members and common people on how to conduct mechanisms for truth seeking, justice and reparations and on the new constitution. Addressing people’s concern about the seriousness of the government to introduce good governance in the country, it said that in addition to the domestic effort, the government has also become party to international cooperation arrangements to improve governance, such as Open Government Partnership (OGP).<sup>75</sup> The government has also condemned those who are sabotaging reconciliation process by conducting attacks on minorities.

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<sup>73</sup> Ibid.

<sup>74</sup> “Government wants another 3 Years to Develop the Country”, *Colombo Gazette*, January 30, 2017, at <http://colombogazette.com/2017/01/30/government-wants-another-3-years-to-develop-the-country/> (Accessed February 2, 2017).

<sup>75</sup> The OGP was launched in 2011 to provide an international platform for domestic reformers committed to making their governments more open, accountable and responsive to citizens. Sri Lanka is the only South Asian nation to join OGP; details available at <http://www.opengovpartnership.org/>.

On the economic front, the government has said that it inherited a messy economy due to the mismanagement of the previous government. To revive the economy, the government is focusing on three aspects: increasing the government revenue; increasing export; and greater inflows of FDI. To put the economy in shape, the NUG has had to take measures which may not be popular at the moment. However, these are considered to be important decisions for the betterment of future generations. PM Wickremesinghe said in his economic policy announcement in 2015, “We need to take bitter medicine to cure our sick systems and ourselves.”<sup>76</sup> It would be relevant to mention here that even the international financial agencies have acknowledged that the government’s economic policies are on the right track. A report of Fitch Ratings, a credit rating agency, has noted the positive impact of the increase of VAT on the growth of the revenue. Fitch estimates that the 2016 VAT hike to 15 per cent and other revenue reforms announced in the 2017 budget are likely to support fiscal deficit reductions in 2017. According to the agency, “Sri Lanka’s three-year extended fund facility with the IMF has improved policy coherence and credibility and has eased some near-term balance of payments pressure.”<sup>77</sup>

Addressing concerns about the future impact of the agreements signed with India or China, the government has assured that it will sufficiently negotiate to protect Sri Lanka’s interests before signing the agreements. Addressing the fear that ETCA with India would affect the Sri Lankan service sector, the government has assured that it will not sign any agreement under Mode 04 which provides movement of natural persons. So, there

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<sup>76</sup> Ranil Wickremesinghe, “Economic Policy Statement made in Parliament”, The Official Website of the Prime Minister’s Office, November 5, 2015, at [http://www.pmooffice.gov.lk/download/press/D0000000009\\_EN.pdf?p=7](http://www.pmooffice.gov.lk/download/press/D0000000009_EN.pdf?p=7) (Accessed January 10, 2017).

<sup>77</sup> “Fitch Affirms Sri Lanka at ‘B+’; Outlook revised to Stable”, *ColomboPage*, February 9, 2017, at [http://www.colombopage.com/archive\\_17A/Feb09\\_1486657989CH.php](http://www.colombopage.com/archive_17A/Feb09_1486657989CH.php) (Accessed February 12, 2017).

should not be any fear of Indian professionals coming to Sri Lanka and flooding the service sector. Further, the NUG is bargaining with India to remove quotas for textiles and pepper to increase the possibility of Sri Lankan exports. The Sri Lankan government is also in discussion with the Indian government regarding the non-tariff barriers, and steps are being taken to address these issues by accepting mutual recognition agreements where standards can also be discussed and agreed upon.<sup>78</sup> The government has also decided to put in place safeguards to protect Sri Lanka's sensitive industries, such as agriculture products, fisheries and so on.<sup>79</sup>

To explain its action of suspending and then allowing the construction of the Colombo Port City again, the government has said that renegotiating the project was essential as Sri Lanka was about to lose its sovereignty over the reclaimed land from the sea, as the jurisdiction over the reclaimed land was not specified in the previous agreement signed during Rajapaksa administration.

## **Challenges Confronting the NUG**

Dissatisfaction and the criticisms mentioned earlier allude to the challenges already being faced by the government. However, those challenges have not created any political crisis yet. The strongest points of the NUG so far have been: the political will of the President and the PM to continue the

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<sup>78</sup> During the 4th Commerce Secretary-level talks between Sri Lanka and India on December 21, 2015, Sri Lanka clearly outlined, for the first time, the challenges faced by the Sri Lankan businessmen with respect to non-tariff barriers while doing business with India. See document No. SL/COMSEC4/4, annexed with the minutes of the 4th Commerce Secretary-level talks held in December 2015. The minutes are available at “4th Commerce Secretary Level Talks between Governments of India and Sri Lanka, 21 December 2015, New Delhi, Agreed Minutes”, Ministry of Commerce and Industry, Government of India, at [http://commerce.nic.in/trade/Minutes\\_4th\\_CS\\_Level\\_Talks\\_Inida\\_Srilanks\\_21stDec2015.pdf](http://commerce.nic.in/trade/Minutes_4th_CS_Level_Talks_Inida_Srilanks_21stDec2015.pdf) (Accessed February 15, 2016).

<sup>79</sup> Hansard, n. 57.

NUG till 2020; absolute majority in the Parliament; willingness of the Tamil parties to cooperate with the government; and the goodwill of the international community. Maintaining this status quo will be the main challenge for the government in the next three years.

It has already been reported that there are signs of disagreement between the President and the PM on a number of policy decisions. The first disagreement was on the appointment of the Governor of the Central Bank after the term of Arjuna Mahendran had expired. The latest disagreement has been over the government's decision to enter into an agreement with a Chinese company to manage the Hambantota Port. Reportedly, there were also differences in opinion between the two leaders on the signing of ETCA with India and the GSP+ tariff concession by the EU, which required Sri Lanka to accede to international human rights standards and to international covenants it had signed.<sup>80</sup>

As of now, President Sirisena and PM Wickremesinghe have behaved maturely and responsibly to iron out their differences. Commenting on the disagreement between the two parties, PM Wickremesinghe said:

The two parties in the National Unity Government are the two leading parties in Sri Lanka. Therefore, it is but natural for them to have disagreements. They will argue with each other and that's the end of the story. The government, I can assure, is politically quite stable.<sup>81</sup>

Even if Wickremesinghe's words are taken as gospel truth and the two leaders are to continue to cooperate with each other despite their differences, there is no certainty that the UPFA members who are right now cooperating with President Sirisena would continue to do so in the

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<sup>80</sup> Jehan Perera, "UNP-SLFP Unity beyond 2020 is Key to New Sri Lanka", *Colombo Telegraph*, January 30, 2017, at <https://www.colombotelegraph.com/index.php/unp-slfp-unity-beyond-2020-is-key-to-new-sri-lanka/> (Accessed February 2, 2017).

<sup>81</sup> Mallawaarachchi, "Talk of Toppling Govt., A Play to the Gallery: PM", n.70.

future. It should be noted that, of late, several alliance partners are expressing disappointment with the government's policies. A couple of state ministers have threatened to resign from their posts.<sup>82</sup> Athuraliye Rathana Thero, the JHU leader who played a key role in bringing the current government into power, withdrew his support from the NUG citing the reason that the government has failed to keep the commitments given in the 2015 election.<sup>83</sup>

The main agenda for the parties to come together to form the NUG was to bring good governance to the country, by focusing on very specific issues such as abolition of executive presidency, establishment of constitutional council and independent commissions and electoral reforms. However, it was realised that to bring good governance to the country, they will have to go beyond these specific reforms. Hence, instead of addressing each issue by a constitutional amendment, the government has decided to formulate a new constitution. The Parliament has already been turned into a constituent assembly for the purpose. Committees are being set up to determine the system of government, power-sharing arrangement between the centre and the provinces, electoral system, status of religion and so on. Suggestions and recommendations are being sought from all the parties, and also from the civil society. On some of the sensitive issues such as power-sharing arrangement, status of religion and electoral system, there are differences in opinion not only between the government and opposition members but also among the members within the government. The smaller parties have objected to the proposed electoral system. It is uncertain how these parties would react in case their concerns remain unaddressed.

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<sup>82</sup> "State Minister Priyankara Jayaratne Resigns—Report", *ColomboPage*, December 31, 2016, at [http://www.colombopage.com/archive\\_16B/Dec31\\_1483199520CH.php](http://www.colombopage.com/archive_16B/Dec31_1483199520CH.php) (Accessed February 20, 2017).

<sup>83</sup> Ashanthi Warunasuriya, "Good Governance Rattled by Rathana's Exit", *The Sunday Leader*, January 22, 2017, at <http://www.thesundayleader.lk/2017/01/22/good-governance-rattled-by-rathanas-exit/> (Accessed February 20, 2017).

Since 2015, it has been speculated that Rajapaksa would split from the SLFP and form a new party. Finally, in 2016, some of his loyalists did form a new party, Sri Lanka Podujana Peramuna (SLPP). Mahinda Rajapaksa has not joined the party yet, even though the first press conference on the announcement of the party was held in his office. He has not clearly stated whether he would support the SLFP candidates in the forthcoming local elections or the nominated candidates from the new party. The chief ministers from six provincial councils belonging to the SLFP met Rajapaksa to discuss the issue. But they could not get a satisfactory response from him. He wanted further negotiations on the issue. There are possibilities that he might be trying to negotiate with Sirisena on the withdrawal of corruption charges against him and his family members.<sup>84</sup> This has been alluded by Chandrika Kumaratunga in her interview with the *Daily Mirror*, where she said, people with Rajapaksa are saying that they won't split the party, what they are demanding is withdrawal of all cases against the Rajapaksa family.<sup>85</sup> Whether the President would agree to the condition is a big question. Chandrika Kumaratunga does not feel that the President will succumb to the pressure and will not do anything against the Rajapaksa family. In that case, if Mahinda Rajapaksa joins the new party, saving the SLFP from a split and continuing cooperation with the UNP in the Parliament simultaneously will be a great challenge for Sirisena.

The JVP has also been talking about formation of a third force without the UNP and the SLFP. When Athuraliye Thero withdrew his support and talked about an alternative force, the JVP asked Thero to join their movement for alternative forces if Thero's concern was real. However, Thero has not reacted to the JVP's comment. At the moment, the JVP is against Rajapaksa. However, the possibility of Rajapaksa joining the new

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<sup>84</sup> "Economy managed 'Very Badly': Cabraal", *Daily Mirror*, February 3, 2017, at <http://www.dailymirror.lk/article/Economy-managed-very-badly-Cabraal-123201.html> (Accessed February 5, 2017).

<sup>85</sup> Wickramasinghe, "MR's Acolytes want Old Regime Back for Survival—CBK", n. 40.

party and forming a third force with JVP and other Sinhala nationalist parties cannot be ruled out. Both the JVP and Rajapaksa loyalists are currently opposing the government's Hambantota deal and the proposal for decentralisation. Rajapaksa knows well that he cannot topple the government only with the support of his loyalists in the UPFA. The JVP too knows that a third force without the UNP and SLFP is not possible. It is unlikely that the TNA would join hands either with Rajapaksa or the JVP. Therefore, it is quite possible that Mahinda Rajapaksa joins the newly formed SLPP and makes a common front with JVP and with all his UPFA loyalists, and also mobilises the Sinhala nationalist parties within the government on Tamil issues and convinces them to join the new front. Given the sensitivity of the Tamil-Sinhala divide, this kind of development is not impossible in Sri Lanka. In occurrence of such a situation, Sirisena-Wickremesinghe administration will be in trouble.

As of now, the government has managed the international community quite well. However, its dealings with China and backtracking from the commitments given to the UNHRC may not go in its favour. A section of the Tamil diaspora as well as Tamil hardliners within Sri Lanka are urging the international community to put pressure on the Sri Lankan government for the appointment of foreign judges to investigate war crime issues. While TNA, unlike many of the Tamil hardliners, has decided to cooperate with the government, it is also getting concerned day by day regarding the slow progress on the Tamil issue. Yet, the TNA leader, Sampanthan, has said that they will cooperate with the government, hoping that some acceptable solution will come through the new constitution. If the government fails to do this, it will not be surprising to see international pressure on Sri Lanka building up as some countries, concerned about the growing Chinese presence in the country, might play the Tamil card. The role of Sri Lankan Tamil diaspora in generating international pressure on the Sri Lankan government is well known. It is interesting to note that even the Sri Lankan Muslim diaspora and the Christian groups in the country are now urging foreign countries to put pressure on the Sri Lankan government to ensure non-discriminatory treatment towards the minorities and freedom for all.

The Sri Lankan government has been reiterating that the Chinese presence in the country is purely for economic reasons and no military activity will

be allowed on its land or waters. But the major concern is: how much control would Sri Lanka have on the Chinese activities in the areas it would get on lease for 99 years? Managing relations with the stakeholders in the Indian Ocean without offending anyone, while simultaneously dealing with its political, economic and ethnic issues, is not going to be a cakewalk for the government.

## **Conclusion**

This discussion shows that at the end of two years, the government has failed to maintain the confidence and trust of the people it enjoyed during the first three months of its formation. There is no denying the fact that the government has taken several positive measures keeping in mind the long-term interests of the country. Given its duration of just two years and the enormous complexities of problems facing the country, it is not easy for any government to resolve all the problems within such a short span of time. The opposition parties, particularly the UPFA (Rajapaksa loyalists) and the JVP, have, nevertheless, taken advantage of it and tried to mobilise the people against the government.

However, the government has not lost all popular support yet. Large sections of people have still pinned their hopes on the government. Both the President and the PM have shown, on several occasions, that they are prepared to rise above politics and pursue policies which they consider best for the country. On certain economic and foreign policy issues, the government is convinced about taking appropriate measures despite popular protests. However, on domestic issues such as reconciliation or formulation of new constitution, the government is weighing the views of the people. So far, the government has been able to handle the challenges efficiently. But it remains to be seen as to how long the President and the PM will give priority to the NUG over their respective parties and political interests. Ultimately, both Sirisena and Wickremesinghe are politicians, and none of them would like to take the blame for the declining popularity of their respective parties. Therefore, it can be argued that both Sirisena and Wickremesinghe are likely to continue till the time they are not confident of winning the next elections without the support of each other. President Sirisena knows well that if he splits away from the NUG, Rajapaksa will get an upper hand within the UPFA and will create problems for him. As

for the UNP, its position has improved significantly, but whether it would be able to form a government on its own will be clear in the coming local elections. In other words, the upcoming local government elections will give a clear picture of the popularity of the UNP led by Wickremesinghe, UPFA led by Sirisena and the competing faction within the UPFA led by Mahinda Rajapaksa. Sustainability of the NUG, to a great extent, will therefore depend on the outcome of the local government elections. This is the reason probably why President Sirisena has delayed the local government election for the last two years. However, it may not be possible for the President to delay the elections anymore. The NUG's future, thus, hangs in the balance.

It may not be practical to urge the NUG leaders to forget their political interests completely and take a moral position on the issue of governance. However, they must realise that this is the most opportune time for them to alter some of the existing problems in the system and missing this opportunity would be a historic blunder. As mentioned earlier, both the PM and the President have been able to avert a political crisis so far. However, from the developments narrated in this paper, it is clear that somewhere there is an apprehension in the ruling leadership to alter the majoritarian and ethnic, communal character of Sri Lanka. This apprehension probably comes from the fear that any such move may spoil their political future. But they should learn from past experiences that they cannot secure their political future by promoting and protecting majoritarianism alone. Good governance is not just using rhetoric against corruption, economic irregularities and lack of human rights in the country. Good governance denotes creating a favourable political, legal and economic environment and creating opportunity for all the citizens to freely participate in the development and growth of the country. Since the government was mandated for good governance, it must focus on policies which are inclusive and protect the pluralism in the country, and implement them in a timely manner as much as practically possible.

*Appendix***Table A1: NUG's 100 Days Programme**

No.	Date	Pledge	Remarks
1	January 10, 2015	Oath of office will be taken by the president.	Done
2	January 11, 2015	Cabinet to be appointed (maximum 25 ministers).	Partially done. Strength of the cabinet crossed the limit of 25 members.
3	January 12, 2015	National Advisory Council to be formed.	Partially achieved.
4	January 19, 2015	Parliament to meet for the first time.	Achieved.
5	January 20, 2015	Standing orders to be amended.	Not achieved.
6	January 21, 2015	Begin the process of abolishing executive presidency; 18th Amendment will be repealed.	Process began. The 18th Amendment was repealed and 19th Amendment was passed on April 28, 2015.
7	January 22, 2015	Code of conduct provided for observation by all representatives of the people.	Not achieved.
8	January 28, 2015	Establishment of mixed electoral system committee.	Not achieved.
9	January 29, 2015	"Mini Budget" to reduce the cost of living.	Done
10	January 30, 2015	State sector salaries to be increased/taxes reduced.	Done
11	February 2, 2015	Adoption of ethical code of conduct.	Not achieved.

No.	Date	Pledge	Remarks
12	February 4, 2015	Celebration of Independence Day with the re-establishment of democracy, good governance and the sovereignty of the people.	Done
13	February 5, 2015	Establishment of commission to investigate corruption.	Achieved. The commission is tasked with investigating those who had held or continue to hold political office as well as former and present public officials in charge of key institutions by gazette notification issued on March 6, 2015.
14	February 6, 2015	Introduction of National Drug Policy Bill.	Done.
15	February 18, 2015	Establishment of independent commissions.	Partially achieved.
16	February 19, 2015	Introduction of National Audit Bill.	Not achieved. The bill tabled for cabinet approval in June 2016.
17	February 20, 2015	Introduction of Right to Information Bill.	Could not be achieved within 100 days. The bill was introduced in March 2016.
18	March 2, 2015	Introduction of Election Law Bill.	Partially achieved. Parties have put forward their proposals.
19	March 17, 2015	Adoption of new electoral system.	Not achieved.
20	March 18, 2015	Adoption of National Drug Policy.	Done

No.	Date	Pledge	Remarks
21	March 19, 2015	Adoption of National Audit Bill.	Not achieved.
22	March 20, 2015	Adoption of Right to Information Act.	Achieved later. It came into force on February 3, 2017.
23	March 23, 2015	Establishment of constitutional council.	Achieved. Was formed under the 19th Amendment.
24	April 20, 2015	Adoption of parliamentary system.	Not achieved. Government is working on a draft of new constitution.
25	April 23, 2015	Parliament to be dissolved and free and fair elections called.	Delayed. Parliament was dissolved on June 26, 2015 and parliamentary elections were held on August 17, 2015.

*Source:* “Maithrimeter-Scoring 100 days out of a 100” at <http://www.manthri.lk/en/maithrimeter> (Accessed July 28, 2017). The website is run by Colombo-based think tank, Verite Research.

**A**t the close of two years, the National Unity Government (NUG) of Sri Lanka has failed to maintain the confidence and trust of the people it enjoyed during the first three months of its tenure. Having said that, political crisis or instability in Sri Lanka remains unlikely. The NUG is likely to complete its full term, but it will not be a cakewalk. The strongest points of the government, thus far, include the following: the political will of the President and the Prime Minister to continue the NUG till 2020; absolute majority in the Parliament; willingness of the Tamil parties to cooperate with the government; and the goodwill of the international community. Maintaining this status quo will be the main challenge for the government over the next three years.

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