

# International and corporate pressure for a political compromise in Sri Lanka

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As the political crisis in Sri Lanka drags into its fourth week, heavy pressure is being brought to bear by the United States, the European Union (EU), India and Japan on President Chandrika Kumaratunga and Prime Minister Ranil Wickremesinghe to patch-up some sort of compromise.

On November 4, Kumaratunga triggered the conflict when she seized key defence, internal affairs and media ministries from Wickremesinghe's United National Front (UNF) government and suspended parliament for two weeks. Her aim was to scuttle peace talks between the UNF and the Liberation Tigers of Tamil Eelam (LTTE) to end the country's civil war, in the midst of growing hostility on the part of Sinhala extremists towards the negotiations.

Since then, the Norwegian government has suspended its involvement in the "peace process." On November 14, foreign minister, Vidar Helgessen, formally announced in Colombo Oslo's temporary withdrawal until the political situation was "clear".

Early last week, Norwegian special envoy, Eric Solheim, met with Indian External Affairs Minister, Yaswant Sinha and government officials to seek their support to revive the talks.

Indicating the nature of his discussions with the Indian government, Solheim declared at a luncheon with Indian politicians, including defence minister George Fernandes, that the peace process would "never succeed without India's support." India was a "key factor" in the process, he added.

Warnings have been made that the multi-billion aid package for Sri Lanka pledged in Tokyo to rebuild the war-torn country could be jeopardised if negotiations are not swiftly resumed. IMF representative, Jeremy Carter, met Kumaratunga two weeks ago to warn that any further delay in the country's budget, which was due to be brought down on November 12, but was put back a week, could have severe consequences.

Arjuna Mahendran, chairman of the Board of Investment overseeing Sri Lanka's free trade zones was told by Molly Williamson, Deputy Secretary of the US Commerce Department, that the "American business community" was "very keen to see the business and political climate in Sri Lanka return to normalcy soon." According to the *Daily Mirror*, Williamson added that, "prospects for American participation in investing in this country are very exciting."

Bush administration officials also repeatedly advised the president and the UNF to work together.

Adding to the pressure, Sri Lanka's Joint Business Forum (Jbiz), comprising the country's leading business organisations, issued a detailed document last Tuesday calling for the president to hand back the three ministries to the government. The prime minister should be completely in charge of the "peace process," the document insisted.

Big business is eager to seize on the opportunity opened up by the intervention of the US into the South Asian region. Pursuing substantial economic, political and strategic interests, the Bush administration has been courting the Bharathiya Janatha Party (BJP) government in India and wants an end to Sri Lanka's 20-year civil war, which is now regarded as a destabilising factor in the region.

In the face of these demands, the president and the prime minister met last Tuesday for the second time to discuss a settlement. Wickremesinghe proposed a compromise "co-habitation" formula, based on a so-called French model, whereby the defence ministry would be returned to the government while Kumaragunta would chair a "defence council" as commander in chief of the armed forces.

Despite failing to give a formal response, Kumaratunga joined with the prime minister in appointing a committee of officials "to work out the details of future working arrangements". This would enable the two to "work together on these important national issues." They agreed to meet again in two weeks.

On Wednesday parliament was re-opened. In response to a request for a ruling from 130 UNF and other MPs, the speaker, Joseph Michael Perera, declared that the president's action in proroguing parliament was a "breach of its collective privilege." The government then proceeded to present the budget, with no challenge from Kumaratunga. This saw an immediate upturn in the stock market.

In a clear signal to international investors, IMF official Carter praised the UNF budget as "good and balanced." The budget introduced a new round of restructuring in the state sector and further concessions to big business, as well as a small salary increase for public sector employees and a fertilizer subsidy to farmers. While earlier, the IMF had insisted upon no pay rise

and a further cut in subsidies, its endorsement of the measures demonstrated its concern that deepening popular discontent could intensify the government's crisis.

On Thursday, after a meeting of UNF parliament members, government spokesman and UNF minister G.L. Peiris told a press conference that Wickremesinghe was ready to participate in a working arrangement with the president. If necessary, he would sign a memorandum of understanding (MoU) with her. The following day, Kumaratunga's People's Alliance spokesman, Sarath Amunugama, told a press conference that the president was "willing to forget the strained relations with the premier."

Later in the day, Kumaratunga appeared personally before Jbiz to assure it that she and the prime minister were working out a power-sharing deal. Their jointly appointed committee would report back by December 15, she said, promising not to dissolve the parliament again "unless inevitable circumstances compelled her." She undertook to meet back with the business organisation in seven days, to be followed by Wickremesinghe.

On Friday the European parliament made its position crystal clear. It passed a resolution praising the UNF government for its "bold steps" in opening talks with the LTTE, while criticising the president's actions that could "threaten the internationally supported peace process." The resolution also "urged the president to work together with the democratically elected government."

Yesterday's *Sunday Observer*, which is now under Kumaratunga's control, divulged that the jointly appointed committee had agreed that Wickremesinghe should resume control over the peace talks. It also reported that the committee was seeking to include in its compromise deal not only the peace talks, but also the "key issues" of defence, the economy, the police and the media.

In an interview with London's *Financial Times* on November 15, Kumaratunga indicated that she recognised her marching orders. Referring to herself and the prime minister, she declared, "At least now we agree on other things, such as peace and the economy. This is a golden opportunity to work together..."

Despite the moves to a rapprochement, the political situation remains tense and volatile, with the minority parties growing increasingly nervous. The pro-LTTE Tamil National Alliance (TNA), consisting of the Tamil United Liberation Front (TULF), the Tamil Congress (TC) and various other groups, has issued a statement warning they cannot trust Kumaratunga.

Arumugam Thondaman, UNF minister and leader of the Ceylon Workers Congress (CWC), based on Tamil-speaking plantation workers, warned last Monday that if the UNF and PA decided to form an all-party government, the Tamil parties would align with the LTTE. The concerns of the TNA and the CWC leaders are not the democratic rights of the Tamil masses, but securing their own position in any political settlement between the Colombo regime and the LTTE.

Even sharper are the conflicts within the Sri Lanka Freedom Party (SLFP) headed by Kumaratunga. While the president is accommodating to international and business pressure to strike a compromise with the UNF, a prominent faction of her party, including her brother Anura Bandaranaike, insists that the party should be forging an alliance with the Janatha Vimukthi Peramuna (JVP), a populist, Sinhala chauvinist organisation hostile to any peace settlement with the LTTE.

In a desperate attempt to balance between competing interests, Kumaratunga has continued talks with the JVP. While no agreement has been reached on the JVP's demands for Kumaratunga to immediately dissolve the parliament, the president appointed four central committee members at last Monday's SLFP central committee meeting to "review an agreement with the JVP."

Following Kumaratunga's anti-democratic moves on November 4, the JVP praised them as "essential" steps. But in a statement issued on November 18, the outfit complained that, "foreign reactionary forces, using their local business and other agents" were managing the crisis in their own interests. By exerting pressure, they had succeeded in influencing the president.

For their part, the so-called left parties are moving to head off any independent intervention by the masses and line them up squarely behind the agenda of the major powers. The Lanka Sama Samaja Party (LSSP), the Communist Party (SLCP) and the Nava Sama Samaja Party (NSSP) have insisted that the only alternative to the present political crisis is an alliance between Kumaratunga and Wickremesinghe. In their latest statement, issued on November 16, the LSSP-SLCP warned the ruling parties not to squabble, as the crisis could "embrace the entire social fabric, if not solved immediately."



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