

# Attempts to restart Sri Lankan peace talks heighten political instability

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The newly-installed United Peoples Freedom Alliance (UPFA) government in Sri Lanka is pressing ahead with steps to restart stalled peace negotiations with the Liberation Tigers of Tamil Eelam (LTTE) to end the country's 20-year civil war. After a flurry of diplomatic activity, the Colombo government and the LTTE have both indicated their willingness to begin talks.

In the rush to the negotiating table, President Chandrika Kumaratunga and the UPFA have rapidly dropped their previous denunciations of the peace process. Norway, which had been repeatedly criticised as "pro-LTTE", has been called back to mediate. The government has agreed to recognise the LTTE as the "sole representative" of the Tamil people and thus the only other party to the negotiations. Kumaratunga has also indicated that discussions may be possible over the LTTE's proposal to establish an Interim Self-Governing Authority (ISGA), which she denounced last year as a plan to establish a separate Tamil state.

Kumaratunga is under considerable pressure to maintain the current ceasefire and proceed with talks. During a visit to Colombo last week, US Assistant Secretary of State for South Asia Christina Rocca urged all parties to support the Sri Lankan peace process, declaring that it was being looked upon as "a model" in other parts of the world. Washington is concerned to prevent regional conflicts, such as the Sri Lankan civil war and tensions between India and Pakistan, from cutting across its growing economic and strategic interests in South Asia.

At the same time as Rocca was in Sri Lanka, Foreign Minister Lakshman Kadirgamar was in Washington for five days of talks with top Bush administration officials. In the midst of the political crisis surrounding the US occupation of Iraq, Kadirgamar reaffirmed Colombo's support for the so-called war on terrorism. In return, he received guarantees that Washington would not drop its designation of the LTTE as a terrorist organisation until it disarmed completely. A small ceremony was also held to designate Sri Lanka as one of the 16 countries qualified to receive an additional \$100 million in aid under the US Millennium Account program.

Financial and economic considerations are a major factor propelling the UPFA government to restart the peace process. A top level meeting of donors is due to start in Brussels on June

1 to discuss the disbursement of around \$4.5 billion in aid to Sri Lanka. Japanese special envoy Yasushi Akashi, who is co-chairman of the donors groups, emphasised during his visit to Colombo this week that any financial assistance was tied to the peace process. "As soon as talks resume and move in a positive direction, I have no doubt that the pace of expenditure will pick up," he said.

As well as any immediate pay-off, the threat of renewed military conflict would rapidly undermine the limited economic recovery that has occurred since the ceasefire was signed in February 2002 by the previous United National Front (UNF) government. The stock market plummeted in the immediate aftermath of the April 2 general election due to fears that the UPFA would undermine the ceasefire. Last week, the All Share Price Index on the Colombo exchange shot up by 94 points or 7.7 percent, in large part buoyed by news that peace talks were agreed.

But the economy remains fragile. The Central Bank last week downgraded the estimated growth rate from 6 percent to 5 percent due to the impact of drought in the first quarter on agriculture and power production. Speaking for sections of big business, Adrian Lim, an investment manager for Aberdeen Asset Management Asia, told the *Daily Mirror* this week: "If the peace lasts, the economy could grow at 5 percent. If peace doesn't last, all bets are off."

The UPFA—a coalition between Kumaratunga's Sri Lanka Freedom Party (SLFP), the Sinhala chauvinist Janatha Vimukthi Peramuna (JVP) and several minor parties—won the April 2 election by stirring up communal tensions over the peace process and exploiting the widespread hostility to the UNF's economic restructuring program. Having come to power, however, the new government is already under pressure from the IMF to proceed with economic reforms. It also has to pay for its promises to reinstate fertiliser subsidies and welfare measures and faces increasing international oil prices.

In an interview with the Bloomberg news agency, Finance Minister Sarath Amunugama indicated that the government would sell off its stakes in Sri Lanka Telecom, Sri Lankan AirLines and other companies in an effort to cut the budget deficit. Any turn away from the peace process would impact on international aid, loans and investment and exacerbate the

government's financial difficulties.

For its part, the LTTE has quickly indicated its support for talks. Its chief negotiator Anton Balasingham told a press conference in the LTTE-controlled Wanni region last week that the new government's initial efforts were "very satisfactory". His comments follow several rounds of talks with Norwegian officials, including Foreign Minister Jan Petersen, who have been seeking to establish the framework for talks.

Prior to the election, the LTTE had already dropped its objections to negotiating with Kumaratunga and the JVP. Asked at the press conference about Kumaratunga's genuineness, Balasingham declared: "We know well why the President is anxious to commence peace talks urgently and we do not want to question her sincerity or publish our beliefs or condemn her publicly."

In talks in 2002 and 2003 with the previous UNF government, LTTE spokesmen openly abandoned the organisation's demand for a separate state of Tamil Eelam in the North and East of the island. The LTTE is under pressure from Washington and New Delhi to disarm and reach a limited powersharing arrangement with Colombo.

The recently-elected Congress-led government in India is likely to intensify the LTTE's political difficulties. As Kadirgamar pointed out in Washington, India may push for the extradition of LTTE leader V. Prabhakaran for his role in the murder of Indian prime minister Rajiv Gandhi—husband of the current Congress leader Sonya Gandhi.

Like the Colombo government, the LTTE also faces financial difficulties and growing anger among Tamils over the continuing lack of basic services and reconstruction in the war-ravaged areas of the North and East. The LTTE is desperate to obtain some of the promised financial aid but wants to control its dispersal in order to bolster its own flagging support among the local population. As a result, it is insisting that any negotiations initially focus on its ISGA proposals for an interim LTTE-controlled administration in the North and East.

But the demand for an interim administration highlights the current gulf between the LTTE and the government. The LTTE insisted on the measure last year as its condition for restarting stalled talks. It rejected several proposals by the previous UNF government and put forward its own ISGA plan in October. The proposal was immediately denounced by Kumaratunga, the SLFP and JVP as a step toward the establishment of an independent Tamil state. Days later, Kumaratunga used her presidential powers to seize three key ministries, precipitating a protracted political standoff in Colombo that culminated in the sacking of the government.

Having denounced the UNF as traitors for even considering talks on the ISGA, any concessions by Kumaratunga on the issue would rapidly intensify tensions within the new government. In a bid to get talks with the LTTE started, Kumaratunga has indicated a willingness to discuss the ISGA, but only as part of negotiations over a final political deal to end

the war. The upshot of Kumaratunga's proposal would be to delay the establishment of any "interim" administration indefinitely—something that the LTTE immediately rejected.

In attempting to restart peace talks, Kumaratunga is treading a very fine line. Any concessions to the LTTE will immediately provoke opposition from the very layers on whom she has been resting in recent months—the military and Sinhala extremist groups such as the JVP, which is now part of the UPFA. The government lacks a parliamentary majority and is reliant on the tacit support of the Jathika Hela Urumaya (JHU), which fielded Buddhist monks in the election on a Sinhala-Buddhist supremacist program.

The weakness of the UPFA was highlighted last month when its candidate for the post of parliamentary speaker was defeated. Significantly, Kumaratunga initiated steps to restart the peace process on the same day. As the opposition UNF has been quick to point out, an element of Kumaratunga's calculations appears to be an attempt to woo Tamil MPs—none of whom supported the UPFA in the vote—and to lessen her political dependence on the JVP and JHU.

UNF spokesman and the previous government's chief negotiator, G.L. Peiris, declared that the opposition would "not support the sham of the UPFA. It is using the peace process as a ruse to make up a parliamentary majority and to obtain much-needed funds from donor countries." The UNF has previously highlighted the sharp differences between the SLFP and JVP toward a political settlement. The JVP continues to oppose the SLFP's plan for a limited devolution of powers at the provincial level in the North and East.

All these tensions are certain to intensify as any preparations for negotiations with the LTTE proceed. Far from solving the political crisis that erupted last year, Kumaratunga now presides over a highly unstable minority government which is seeking to implement the very policies it adamantly opposed for the past two years. It is a recipe for further political chaos.



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