



Sri Lanka: Background and U.S. Relations

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Summary

Sri Lanka, an island nation in the Indian Ocean, is a constitutional democracy with a relatively high level of development. Political, social, and economic development has, however, been seriously constrained by ethnic conflict between the majority Sinhalese and minority Tamil ethnic groups. Since 1983, a separatist war costing at least 70,000 lives has been waged against government forces by the Liberation Tigers of Tamil Eelam (LTTE), a rebel group that sought to establish a separate state or internal self-rule in the Tamil-dominated areas of the North and East. The United States designated the LTTE as a Foreign Terrorist Organization in 1997. Open fighting in this conflict came to a close with the defeat of LTTE field forces and the combat death of their leader Velupillai Prabhakaran in May 2009. The government now faces the challenge of consolidating peace with the Tamil community now that LTTE forces have been defeated. Sri Lanka also suffered a huge natural disaster in December 2004. A massive tidal wave killed up to 35,000 citizens in Sri Lanka's worst-ever natural disaster.

The current state of affairs in Sri Lanka presents the United States and the international community with several key challenges. Chief among these is how to help the government of Sri Lanka to win the peace now that it has won the war against LTTE forces in the field. Many observers feel that the manner in which the post conflict period is addressed will have a great impact on the degree to which the grievances of the Tamil minority can be put to rest. A policy that would address these grievances is perceived by many to be more likely to avert a resurgence of conflict than one that ignores or exacerbates them. Another key challenge is how to recast foreign aid to assist those in need and those displaced by the civil war.

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

The ethnic violence of mid-2006 was followed by a major government military offensive in 2007 and Colombo's formal withdrawal from the ceasefire agreement in January 2008, which culminated in the military defeat of the LTTE in May 2009. U.S. policy supports peaceful efforts to reform Sri Lanka's democratic political system in a way that provides for full political participation of all communities; it does not endorse the establishment of another independent state on the island. Since Sri Lankan independence in 1948, the United States has provided more than \$3.6 billion in assistance funds, about two-thirds of this in the form of food aid. Direct non-food aid for FY2007 is estimated at \$9.4 million. Serious human rights problems in Sri Lanka are blamed on all major parties to the ethnic conflict and have led to some limited U.S. and international aid sanctions. This report will be updated periodically.

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This report provides historical, political, and economic background on Sri Lanka and examines U.S.-Sri Lankan relations and policy concerns. Congressional interest in Sri Lanka has focused on renewed and serious violent ethnic conflict in a quarter-century-old civil war, an attendant humanitarian emergency, and efforts to revive a moribund peace process. A new key challenge for the international community is how to assist Sri Lanka to effectively consolidate peace with the Tamil minority now that open fighting in the civil war is over. Human rights, and U.S. appropriations for food, economic, and military assistance are further congressional interests. A Congressional Caucus on Sri Lanka and Sri Lankan Americans was established in 1998. U.S. attention to Sri Lanka in the late 20th century focused mainly on efforts to resolve the country's ethnonational conflict, which centered on an armed struggle between majority Buddhist Sinhalese and a Hindu Tamil minority clustered in the island's north and east. During this time Washington largely deferred to India as the major external actor in Colombo.

Most Recent Developments

A "growing and grave humanitarian crisis" developed during the last phase of the civil war between Sri Lankan government forces and the LTTE.¹ Large numbers of civilians became trapped with the remnants of the LTTE forces in a shrinking pocket that ended along a coastal strip of land in northeastern Sri Lanka. President Barack Obama pointed out on May 13, 2009, that these people have "little access to food, water, shelter and medicine. This has led to widespread suffering and the loss of hundreds if not thousands of lives."² These civilians were finally freed when LTTE resistance collapsed in May 2009.

Government forces reportedly shelled the LTTE position on April 21, 2009, leading to the mass exodus of some 100,000 civilians that had reportedly been forced to remain as "human shields" with the LTTE forces. Reports suggest that 6,500 to 7,000 died from January to May 2009, but the government barred journalists and aid workers from the area, so estimates are difficult to confirm.³

Renewed shelling of the LTTE-held position on May 9 and 10 killed hundreds to over a thousand civilians, including many children, and wounded over one thousand civilians. There was little medical attention available for those wounded in the rebel-held area. On May 12 it was reported that the only medical facility available in the LTTE enclave was shelled, killing 49 and wounding over 50 people.⁴ Continued shelling on May 12 and 13 prevented a Red Cross ferry from delivering food and evacuating the wounded.⁵ The military denied that it was shelling the LTTE position despite credible reports that it was responsible. The government and the LTTE both accused each other of being responsible for the shelling.⁶

¹ "Statement by Ambassador Susan Rice, U.S. Permanent Representative to the United Nations," *Federal News Service*, April 30, 2009.

² "Statement by the President on the Situation in Sri Lanka," Office of the Press Secretary, The White House, May 13, 2009.

³ Krishan Francis, "Hundreds are Killed in Sri Lanka Attack," *The Washington Post*, May 11, 2009.

⁴ Ravi Nessman, "Doctor Says 49 Killed in Sri Lanka Hospital Attack," *Associated Press*, May 12, 2009

⁵ "50 Die in Attack on Sri Lankan War Zone Hospital," *Associated Press*, May 13, 2009.

⁶ "Sri Lanka: Country Report," The Economist Intelligence Unit, April, 2009.

It remains to be seen if those elements of the LTTE that managed to escape the closing net of the military forces of the government of Sri Lanka will regroup given that their leader, Velupillai Prabhakaran, was evidently killed in the fighting. Sri Lanka's Tamil minority community's views toward the government may be adversely affected by the apparent lack of concern over civilian casualties in this closing phase of the conflict.

How the government of Sri Lanka handles the post-conflict humanitarian crisis with the Tamil minority that constitute 12.6% of Sri Lanka's population will likely have a great impact on its ability to heal the wounds caused by the civil war and bring the Tamil and Sinhalese communities together. United Nations (U.N.) Chief Ban Ki-moon reportedly believes that a full and fair integration of the Tamil minority into Sri Lanka is key to a process of national reconciliation. Should the government fail to convince Sri Lankan Tamils that it is making a sincere effort to aid the estimated 300,000 Internally Displaced Persons (IDPs), many of whom are in need of food, water, and sanitation, it will likely find it harder to truly bring peace to the nation.⁷

The United States and Sri Lanka

In the leadup to the defeat of the LTTE, U.S. policy called for an end to hostilities and a pause to the fighting on humanitarian grounds. It had also sought to urge the Government of Sri Lanka to allow international observers into the area of conflict.⁸ In addition, the United States supported the U.N. Secretary General's call for U.N. staff to be allowed into the conflict zone and to allow the United Nations and International Committee of the Red Cross staff to access sites where IDPs were being processed and where they were coming across the front lines of the fighting.⁹ It was reported in February that the Tokyo Co-Chairs (a donor group consisting of Norway, Japan, the United States, and the European Union) jointly expressed their concern over the plight of civilians caught in the conflict.¹⁰ The United States had urged the LTTE, which is listed by the United States as a terrorist group, to surrender to a third party and has stated that "the international community should be prepared to play a role to end the fighting."¹¹ It was reported that the U.S. sought to delay a \$1.9 billion International Monetary Fund loan to Sri Lanka to apply pressure on Colombo to increase aid to civilians caught in the conflict. It was also reported that the U.S. Embassy in Colombo rejected such assertions.¹²

The United States also believes that "addressing good governance, decentralization, and poverty in the south, as well as key democratic and economic opportunities for Tamils and Muslims, especially in the east, is necessary to solidify support for peace and eliminate the rhetoric of extreme elements."¹³

⁷ Gerard Aziakou, "UN Chief to Visit Sri Lanka Conflict Zone," *Agence France Presse*, May 22, 2009.

⁸ "Call for an End to Hostilities in Sri Lanka," Office of the Spokesman, U.S. Department of State, April 16, 2009. <http://srilanka.usembassy.gov>.

⁹ "State Department Conducts Daily Press Briefing," *US Fed News*, April 23, 2009.

¹⁰ "Statement of the Tokyo Co-Chairs," US Embassy Colombo, February 4, 2009. <http://www.usembassyblogspot.com>

¹¹ "US Urges Tamil Tigers to Surrender, Aid for Sri Lankan Refugees," *Voice of America*, April 25, 2009.

¹² "Talks Still on with Sri Lanka on Bailout Package," *Agence France Presse*, May 1, 2009.

¹³ "Sri Lanka: Program Overview," State Department, Congressional Budget Justification Document, 2008.

Recent Congressional Interest

In March 2009, several Members of Congress wrote a letter to Secretary of State Hillary Clinton to express their concern over the situation in Sri Lanka. The group “strongly encourage active U.S. leadership to bring about a long-delayed political settlement to the conflict that will guarantee Tamils full political rights and participation in their governance, and an end to the longstanding ethnic discrimination.... Until the ethnic conflict is substantively addressed, there will not be an enduring end to the conflict.”¹⁴ Other Members were reportedly more supportive of the Sri Lankan government’s position that the war against the LTTE should be brought to a conclusion reportedly out of concern that the LTTE could regroup and/or escape if pressure on it was lifted.¹⁵ On May 19, 2009, several Senators joined Senators John Kerry and Richard Lugar in stating that the government of Sri Lanka “has a chance to forge a long-term political solution, one that acknowledges the legitimate aspirations of all Sri Lankans, including Sinhalese, Tamils, and other groups. This means taking steps towards reconciliation and justice, including the devolution of power to local bodies as provided for by the constitution of Sri Lanka.”¹⁶

¹⁴ “Support Humanitarian Relief and a Political Settlement in Sri Lanka,” Hon. James Moran, Member of Congress, March 6, 2009. “US Congress Letter to Secretary of State Hillary Clinton,” Iankai Tamil Sangam, March 11, 2009.

¹⁵ “Sri Lanka’s Ambassador to U.S. Briefs United States Congressmen,” *Colombo Times*, April 28, 2009.

¹⁶ “Kerry, Lugar, Brown, Brownback, Leahy Mark the End to Sri Lanka’s Civil War,” United States Senate Committee on Foreign Relations, May 19, 2009.

Historical Setting

Once a port of call on ancient maritime trade routes, Sri Lanka is located in the Indian Ocean off the southeastern tip of India's Deccan Peninsula. The island nation was settled by successive waves of migration from India beginning in the 5th century BCE. Indo-Aryans from northern India established Sinhalese Buddhist kingdoms in the central part of the island. Tamil Hindus from southern India settled in the northeastern coastal areas, establishing a kingdom in the Jaffna Peninsula. Beginning in the 16th century, Sri Lanka was colonized in succession by the Portuguese, Dutch, and English, becoming the British crown colony of Ceylon in 1815. In the late 19th century, Tamil laborers were brought from India to work British tea and rubber plantations in the southern highlands. Known as Indian Tamils, the descendants of these workers currently comprise 5% of Sri Lanka's population and are clustered in the south-central "tea country." Descendants of earlier Tamil arrivals, known as Sri Lankan or Ceylon Tamils, constitute up to 12% of the country's population and live predominantly in the North and East. Moorish and Malay Muslims (largely Sunni) account for another 8% of the population. The majority of Sri Lankans (about three-quarters) are ethnic Sinhalese, most of them Buddhist.¹⁷ In 1972, Ceylon was renamed Sri Lanka ("resplendent land"), as it was known in Indian epic literature.

Although Ceylon gained its independence from Britain peacefully in 1948, succeeding decades have been marred by ethnic conflict between the country's Sinhalese majority clustered in the densely populated South and West, and a largely Hindu Tamil minority living in the northern and eastern provinces. Following independence, the Tamils—who had attained educational and civil service predominance under the British—increasingly found themselves discriminated against by the Sinhalese-dominated government, which made Sinhala the sole official language and gave preferences to Sinhalese in university admissions and government jobs. The Sinhalese, who had deeply resented British favoritism toward the Tamils, saw themselves not as the majority, however, but as a minority in a large Tamil sea that includes 60 million Tamils just across the Palk Strait in India's southern state of Tamil Nadu.

SRI LANKA IN BRIEF

Population: 20.9 million; *growth rate:* 1.0%

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

Capital: Colombo

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

Ethnic Groups: Sinhalese 74%; "Sri Lankan" Tamils 12%; "Indian" Tamils 5%; Moors 7%

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

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

Life Expectancy at Birth: female 77 years; male 73 years

Literacy: female 90%; male 95%

Gross Domestic Product: 2.5% growth projected for 2009. per capita GDP in purchasing power parity projected to be \$4,873 in 2009.

Inflation: 6.3% estimate for 2009

Destination of Exports: U.S. 21.3%, U.K. 11.7%, India 6.6%, Germany 5.0%, Italy 4.6%.

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

¹⁷ U.S. Department of State, "Background Notes: Sri Lanka," November 2007, at <http://www.state.gov/r/pa/ei/bgn/5249.htm>.

Political Setting

The Democratic Socialist Republic of Sri Lanka has a working multi-party democratic system despite relatively high levels of political violence. The country's political life has long featured a struggle between two broad umbrella parties—the Sri Lanka Freedom Party (SLFP) and the United National Party (UNP)—both dominated by prominent family clusters. Since independence, the two parties have frequently alternated in power. In the simplest terms, the SLFP may be viewed as more Sinhala nationalist, statist, and social democratic, while the UNP may be viewed as more Western-oriented, liberal, and open to free market economics.¹⁸ Initially, Sri Lanka followed the Westminster parliamentary model. In 1978, however, the UNP instituted a strong executive presidential system of government. Under this French-style system, the popularly elected president has the power to dissolve the 225-member unicameral parliament and call new elections, as well as to appoint the prime minister and cabinet. The Colombo government has operated a Secretariat for Coordinating the Peace Process.¹⁹

Chandrika Kumaratunga—longtime leader of the SLFP and daughter of two former prime ministers—was re-elected to a second six-year term in December 1999, three days after she lost vision in one eye in a Tamil separatist suicide bombing that killed 26 people. Although Kumaratunga's People's Alliance (PA) coalition went on to win a narrow victory in the 2000 parliamentary elections, a year later she was forced to dissolve parliament and call for new elections in order to avoid a no-confidence vote. In the resulting 2001 parliamentary elections, the UNP won 109 seats (to 77 for the PA) and formed a majority coalition—called the United National Front (UNF)—with the much smaller Tamil National Alliance and the Sri Lanka Muslim Congress. Prime Minister Ranil Wickremesinghe pledged to open talks with the Tamil rebels and to resuscitate the ailing Sri Lankan economy.²⁰

2003 Political Crisis

A year-long political crisis began in November 2003, when President Kumaratunga suspended Parliament, declared a state of emergency, and dismissed key ministers responsible for peace talks with the LTTE. Kumaratunga's ongoing feud with then-Prime Minister Wickremesinghe—she believed his conciliatory approach toward the rebels was allowing them to consolidate their positions and rearm—likely spurred her surprise move.²¹ The shakeup undermined existing peace efforts by the prime minister and cast doubt on his ability to follow through on peace negotiations with the LTTE. Kumaratunga's ensuing February 2004 dismissal of Parliament, and the LTTE's claim that this was a “grave setback” to negotiations, cast a further pall on the future of the peace process.

¹⁸ David Rampton and Asanga Weilikala, “The Politics of the South,” Asia Foundation Sri Lanka Strategic Conflict Assessment 2005 Series, 2005, at http://www.asiafoundation.org/pdf/SL_Politics_of_the_South.pdf.

¹⁹ See <http://www.peaceinsrilanka.org>.

²⁰ “New Sri Lanka Premier Sworn In Pledging Peace,” *Reuters*, December 9, 2001.

²¹ “Woman Behind Sri Lanka's Turmoil,” *Christian Science Monitor*, November 7, 2003.

2004 Parliamentary Elections

As UNP leader Wickremasinghe, who served as prime minister from 2001 to 2004, was relatively more open to talks with the Tamil rebels, his bitter personal rivalry with President Kumaratunga reportedly hampered progress in peace negotiations. An April 2004 national election was held to restore the Parliament dissolved by Kumaratunga. In those polls, the United People's Freedom Alliance (UPFA) coalition, composed of the populist SLFP and the staunch Marxist-Leninist, Sinhalese nationalist People's Liberation Front (JVP), took a plurality of the seats in parliament and so ousted the UNP. The UPFA won 105 seats and nearly 46% of the vote as compared to the UNP, which won 82 seats and about 38% of the vote. The UNP's defeat was attributed in part to a perception among voters that too many concessions were being made to the LTTE in peace negotiations. An EU Election Observation Mission noted some problems with the conduct of the 2004 polls, but called them a "vast improvement" in comparison to past exercises.²² The December 2004 tsunami killed up to 35,000 Sri Lankans and devastated much of the coast.

2005 Presidential Election

A November 2005 presidential poll saw SLFP stalwart Mahinda Rajapaksa barely defeat Wickremasinghe in an election marked by an LTTE-engineered boycott affecting much of the Tamil community (the LTTE was accused of using intimidation tactics to enforce the boycott). The United States expressed "regret" that many Tamil voters were deprived of the opportunity to make their views known and it condemned LTTE "interference in the democratic process."²³ Unlike Rajapaksa, Wickremasinghe was not beholden to Sinhala nationalist parties, and many analysts believe he would have won the election with the votes of a large majority of Tamils.²⁴

Table I. Selected 2004 Parliamentary Election Results

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

Source: International Foundation for Election Systems

²² See http://ec.europa.eu/external_relations/human_rights/eu_election_ass_observ/sri_lanka/final_%20report04.pdf.

²³ Adam Ereli, "Sri Lanka - Presidential Election," State Department Press Statement, November 18, 2005.

²⁴ Chandra de Silva, "Sri Lanka in 2005," *Asian Survey* 46, 1, January 2006, p. 116.

Separatist-related violence escalated during 2006 and, as the October date for renewed peace negotiations approached, President Rajapaksa sought to find common ground with the country's main opposition UNP. A resulting three-page memorandum of understanding signed by Rajapaksa and opposition leader Wickremesinghe gave the peace process a boost with the two leaders agreeing to adopt a bipartisan approach to conflict resolution. The pact represented a rare expression of political unity, especially among the fractious Sinhalese of the country's Sinhala-dominated South.²⁵ Rajapaksa also at this time constituted an All Party Representative Committee (APRC) as part of an effort to create constitutional proposals that would represent a political consensus on power-sharing between the island's majority and minority ethnic communities.

After the October peace talks with the rebels talks failed to make progress, President Rajapaksa changed his political strategy and in January 2007 was able to secure a simple (113-seat) parliamentary majority for his coalition by offering ministerial positions to lure 19 parliamentarians from the UNP and another 6 from the Muslim Congress into defection from the opposition benches. The cross-overs put a damper on bipartisanship in Colombo by spurring the UNP's withdrawal from the APRC and served to further deepen the SLFP-UNP rift. The adjustment did, however, ease Rajapaksa's previous dependence on his hard line and oftentimes unpredictable Marxist JVP and Buddhist JHU allies, potentially making a deal with the rebels more attainable. The JHU, in particular, has been at the forefront of a resurgent Sinhalese Buddhist nationalism that adamantly opposed Tamil autonomy in the North and that has played a role in some human rights violations.²⁶ By the end of 2007, some senior members of Rajapaksa's cabinet were openly calling for a blanket ban on the LTTE and a formal end to the 2002 truce.²⁷ JVP leaders, convinced that a UNP administration would only deepen the country's woes, rejected opposition efforts to bring down the SLFP-led coalition government.²⁸ The Rajapaksa government vowed to hold local-level elections by the end of 2007 as part of a controversial devolution plan. However, the preference of President Rajapaksa and his party was to devolve power at the district level only, not at a higher level as demanded by the Tigers.

LTTE Schism

The LTTE experienced its own instability and factional disagreements in the lead up to its defeat in May 2009. In March 2004 there was a major rupture within the LTTE ranks: Vinayagamoorthi Muralitharan, alias Colonel Karuna (who, as Special Commander, Batticaloa-Amparai District, was in charge of the LTTE's military operations in the Eastern Province) split with the Northern command of the LTTE headed by the supreme commander of the LTTE (Velupillai Prabhakaran) and took an estimated 6,000 soldiers with him. Colonel Karuna then called for a separate truce with the government. Factional fighting ensued between Karuna's splinter group and the Northern faction of the LTTE, resulting in Prabhakaran's reassertion of control over the eastern areas where Karuna had previously operated. The Karuna faction's ongoing influence did much to damage the longstanding LTTE claim to be the sole representative of Sri Lanka's Tamil people.

After the 2004 schism, Colonel Karuna and those loyal to him apparently fought in cooperation with government forces.²⁹ Karuna himself was arrested in London in November 2007 while

²⁵ "S. Lanka Parties in Unity Pact Ahead of Peace Talks," *Reuters*, October 23, 2006.

²⁶ "Buddhist Nationalism Behind Sri Lanka's Violent Surge," *Christian Science Monitor*, June 18, 2007.

²⁷ "Ban LTTE, End Truce," *Daily News* (Colombo), December 29, 2007.

²⁸ "JVP Won't Support Govt Ouster," *Daily News* (Colombo), August 31, 2007.

²⁹ See "Colonel's Control," *Outlook* (Delhi), March 27, 2007.

traveling on a forged passport possibly supplied by the Colombo government.³⁰ The Karuna group (along with the LTTE and sometimes government forces) is widely accused of abusing human rights in the course of its struggle, especially through the recruitment of child soldiers. The United States has called on Colombo to exert control over paramilitary groups such as Karuna's that are believed to commit human rights abuses against the Sri Lanka people.³¹

Ethnic Conflict and Civil War

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

A full-scale separatist war broke out in the North following July 1983 riots in which several thousand Tamils were killed in retaliation for the slaying of 13 Sinhalese soldiers by separatist Tamil militants. More than two decades of ensuing war have claimed some 70,000 lives and displaced hundreds of thousands of people. Each of four major attempts at a peaceful settlement ended in failure and further violence. A ceasefire agreement (CFA) brokered by the Norwegian government in February 2002 was formally abrogated by the Colombo government in January 2008. The government then sought a military solution that proved successful with the defeat of LTTE forces in May 2009.

Parties to the Military Conflict

Sri Lankan Security Forces

The Sri Lankan military, with a budget believed to exceed \$1 billion in 2007, is comprised of about 151,000 active personnel. The quality of equipment (mostly outdated Soviet- and Chinese-made weaponry) and training has generally been poor. Morale has suffered with a past inability to decisively defeat a long-running insurgency and with sometimes embarrassing tactical level defeats at the hands of tenacious Tamil Tiger forces. Beginning in 2002, the Colombo government focused on efforts to improve its defense capabilities. Morale was also bolstered, likely contributing to battlefield successes in 2006 and 2007, which themselves further burnished the military's self-image. Over the decades of Sri Lankan independence, the country's military has become increasingly dominated by ethnic Sinhalese, meaning that in much of the northern and eastern provinces it is now widely regarded as a foreign force. This perception is reinforced by

³⁰ "Tamil Warlord Entered UK on Forged Passport," *Guardian* (London), December 21, 2007.

³¹ See <http://www.state.gov/p/sca/rls/rm/2007/84701.htm>.

reported human rights abuses against civilians in these Tamil-dominated areas, a problem that the Colombo government has with only mixed success sought to address.³²

The Sri Lankan army is armed with 62 tanks, 217 armored personnel carriers, and 157 towed artillery tubes. The navy operates 123 patrol and coastal combatants, most of them inland and riverine, but also possesses 2 missile boats, along with a very modest amphibious capability. The air force flies 2 fighter/ground attack squadrons—one notable for its 4 MiG27s, another made up of 10 Israeli-made Kfir jets—as well as 14 Russian-made Hind and attack helicopters and 28 American-made Bell utility helicopters. Paramilitary forces include a 30,000-person active police force and a 13,000-person home guard.³³

The Tamil Tigers

During the last phase of open fighting LTTE forces were estimated at up to 7,000-15,000 armed combatants, with roughly half of them trained in combat. The actual number may have been considerably lower, especially given significant battlefield losses in 2007. Arms include long-range artillery, mortars, anti-aircraft weaponry, and captured armored vehicles. A small but effective naval contingent, known as the Sea Tigers, includes speedboats, fishing vessels, mini-submersibles of indigenous construction, and underwater demolition teams. The LTTE air wing also reportedly constructed an airstrip at Iranamadu in the North and had acquired at least two light aircraft to go along with a few pre-existing helicopters and gliders.³⁴

The LTTE's weapons reportedly were obtained through illegal arms markets in Burma, Thailand, and Cambodia, and from captured Sri Lankan forces. Financial support for the LTTE reportedly comes from the worldwide diaspora of some 600,000-800,000 Tamil émigrés (especially the Tamils in Canada and Western Europe), as well as from smuggling and legitimate businesses. There are numerous reports that the government of North Korea has provided arms and possibly training to Tiger forces.³⁵ The LTTE has been criticized for alleged campaigns to extort and coerce funds from overseas Tamils, especially in Canada and Britain. International efforts to restrict financial flows to terrorist groups have contributed to a reported 70% decline in overseas fund-raising by the LTTE. It was estimated that the Tigers were able to raise \$200-300 million per year from various licit and illicit businesses.³⁶

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

³² "Executive Summary: Sri Lanka," *Jane's Sentinel Security Assessment - South Asia*, April 26, 2007; "Armed Forces: Sri Lanka," *Jane's Sentinel Security Assessment - South Asia*, July 25, 2007.

³³ *The Military Balance 2007* (Institute for International and Strategic Studies, London, 2007).

³⁴ "Kumaratunga's Dilemma on Joint Mechanism," *Asian Tribune*, April 23, 2005.

³⁵ See CRS Report RL30613, *North Korea: Terrorism List Removal*, by Larry A. Niksch.

³⁶ "Expert Criticizes Canada for Not Banning LTTE," *Island* (Colombo), September 15, 2003; Human Rights Watch, "Tamil Tigers Extort Diaspora for 'Final War' Funds," March 15, 2006; "Feeding the Tiger," *Jane's Intelligence Review*, September 1, 2007; "LTTE Crippled Financially, Fund Raising Activities on Decline," *Press Trust of India*, October 22, 2007; "Sri Lanka rebel Arms - Buying Goes Global," *Associated Press*, November 5, 2007.

The U.S. Federal Bureau of Investigation has listed the Tamil Tigers “among the most dangerous and deadly extremists in the world,” crediting the rebels with inventing the suicide belt and perfecting the use of suicide bombers, murdering some 4,000 people since 2006, and being the world’s only terrorist organization to assassinate two world leaders.³⁷

The LTTE was a prolific employer of suicide bombing, with one report calling it responsible for fully half of all suicide attacks worldwide in the early years of this century.³⁸ Tamil Tiger suicide bombers are believed responsible for the assassination of numerous Sri Lankan political leaders, including Sri Lankan President Ranasinghe Premadasa in May 1993, and many moderate Tamil leaders who opposed the LTTE. Former Indian Prime Minister Rajiv Gandhi—whose efforts to assist Colombo in enforcing a peace accord with the Tamils in 1987 ended in the deaths of about 1,200 Indian troops—was assassinated in May 1991 by a suspected LTTE suicide bomber.

Current Challenges and Imperatives

With the field forces of the LTTE defeated, the government of Sri Lanka faces the immediate challenges of rounding up remaining LTTE cadres and dealing with the humanitarian situation concerning the plight of the internally displaced persons in the area of conflict. It also faces a longer-term challenge that may hold the key to resolving tensions between the majority Sinhalese and minority Tamil communities. This challenge is how to address Tamil concerns and achieve the effective reintegration of the Tamil people into the Sri Lankan nation. To achieve this, Sri Lanka will reportedly focus on relief, rehabilitation, resettlement, and reconciliation.³⁹ Focus will likely be on relief in the immediate post-conflict phase.

IDPs

A key concern for the international community in the closing phase of the war and in the immediate post conflict phase has been how to obtain unfettered access to provide assistance to the estimated 300,000 IDPs in government run camps in war torn Tamil areas. The government of Sri Lanka allowed Secretary General Ban Ki-moon and a number of journalists some access during the secretary’s visit in May 2009. Secretary General Ban called on the international community to fund the Common Humanitarian Action Plan which will seek to address the needs of those affected by the war. Providing adequate care for these IDPs and effectively returning them to their home areas is a key concern.

Reintegration

U.N. Secretary General Ban Ki-moon called on Sri Lanka to heal its wounds and “unite without regard to religious or ethnic identity” during his May 2009 visit to war torn areas of Sri Lanka.⁴⁰ He also called on the government of Sri Lanka to undertake visible confidence building measures to signal good intentions to the Tamil minority. These could be a meaningful step to begin the

³⁷ “Taming the Tamil Tigers,” January 10, 2008, at http://www.fbi.gov/page2/jan08/tamil_tigers011008.html.

³⁸ Cited in “Suicide Bombing Masters: Sri Lankan Rebels,” *New York Times*, January 14, 2003.

³⁹ “Durable Political Solution Key to Development in Post-Conflict Sri Lanka-Ban,” *States News Service*, May 24, 2009.

⁴⁰ Gerard Aziakou, “UN Chief Visits Conflict Zone,” *Mail & Guardian*, May 23, 2009.

process of a reconciliation. His mission to Sri Lanka was reportedly focused on humanitarian relief, reintegration, reconstruction and finding an equitable political solution.⁴¹

The issue of whether or not alleged war crimes will be pursued is a potential area of friction between the government of Sri Lanka and elements in the international community. The Office of the U.N. High Commissioner for Human Rights, Navi Pillay, called for a war crimes inquiry in Sri Lanka. Many in the international community were appalled by reports of both the use of civilians as human shields by the LTTE and the indiscriminate shelling of civilians in LTTE held areas by government forces in the closing phase of the war. Ms. Pillay stated “independent and credible international investigation into recent events should be dispatched to ascertain the occurrence, nature and scale of violations of international human rights and international humanitarian law.”⁴²

The U.N Human Rights Council passed a resolution on May 27 that was in the view of Human Rights Watch “deeply flawed” because it ignored calls for an international inquiry into alleged abuses of human rights. Human Rights Watch Advocacy Director Juliette de Rivero stated “The Human Rights Council did not even express its concern for the hundreds of thousands of people facing indefinite detention in government camps.”⁴³

December 2004 Indian Ocean Tsunami⁴⁴

The tsunami (tidal wave) that devastated much of coastal South and Southeastern Asia on December 26, 2004, hit Sri Lanka particularly hard some 90 minutes after its launch by an earthquake centered west of Sumatra, Indonesia. The massive wave caused some 35,000 deaths, fully or partially destroyed at least 100,000 homes, and displaced nearly 600,000 Sri Lankans in the country’s worst-ever natural disaster. The island’s east coast was most affected and there was some evidence that the tsunami weakened the LTTE through the destruction of many of its naval assets and the loss of at least 1,000 of its cadres.⁴⁵ The Sri Lankan navy also saw significant damage to some of its southern coastal facilities. The single most costly event in terms of human lives was the complete destruction of a train traveling along a coastal railroad track. More than 2,000 people died in this single incident.⁴⁶ Fortunately, a projected outbreak of disease following the tsunami never materialized.

President Bush expressed condolences to the Sri Lankan people over the “terrible loss of life and suffering,” and the U.S. government moved quickly to provide assistance to those nations most affected.⁴⁷ USAID oversaw a total of about \$135 million in relief and reconstruction aid for Sri

⁴¹ “Durable Political Solution Key to Development in Post-Conflict Sri Lanka-Ban,” *States News Service*, May 24, 2009.

⁴² “Inquiry into Alleged Abuses Crucial for Sri Lanka’s Recovery – UN Rights Chief,” *States News Service*, May 26, 2009.

⁴³ “Sri Lanka: UN Rights Council Fails Victims: Member States Ignore Need for Inquiry into Wartime Violations,” *Human Rights Watch*, May 27, 2009.

⁴⁴ See also CRS Report RL32715, *Indian Ocean Earthquake and Tsunami: Humanitarian Assistance and Relief Operations*, by Rhoda Margesson et al.

⁴⁵ Chandra de Silva, “Sri Lanka in 2005,” *Asian Survey* 46, 1, January 2006, p. 116.

⁴⁶ “Sri Lanka: Railroad Line Closed by Tsunami Reopened” *Associated Press*, February 21, 2005.

⁴⁷ “Bush Sends Condolences to Asia, Offers Aid,” *Associated Press*, December 27, 2004.

Lanka, devoted especially to the provision of emergency relief supplies, transitional housing, livelihoods restoration, and psychological and social support.⁴⁸

There were hopes that the human costs of the disaster would bring about an opportunity to reinvigorate the stalemated peace process, but negotiations on how to disburse relief aid reflected existing political obstacles. After much wrangling, in June 2005 the Colombo government and the LTTE reached an agreement to share some \$3 billion in international tsunami aid under a Post-Tsunami Operational Management Structure (PTOMS). However, the agreement was challenged in court and was never implemented, leaving both parties more distrustful than before. In the words of one analysis, “Protracted negotiations about the institutional arrangements for delivering tsunami assistance to the North-East mirrored earlier peace talks and exposed the deep underlying problems of flawed governance, entrenched positions, and patronage politics.”⁴⁹

Economic Issues

The civil war in Sri Lanka has hindered Sri Lanka’s economic as well as its political development. Real GDP growth is expected to decline to 2.5% in 2009. Projections are predicting increased growth in 2010 of up to 5.7%. Much of this increase is expected to come from an improved security situation.⁵⁰ Inflation fell to a five-year low in April 2009. Sri Lanka has a significant fiscal deficit which is thought to be more than 8% of GDP in 2008. Balance of payments are under stress and the country had, as of May 2009, foreign exchange reserves of approximately six weeks of imports. The government has been in negotiations with the IMF for an emergency loan of \$1.9 billion to avert default on debt service obligations.⁵¹ It is reported that Sri Lanka’s debt service will total \$900 million in 2009.⁵²

Sri Lanka’s poor economic situation may give the international donor community some leverage over Sri Lankan post-conflict policies towards the Tamil minority. This leverage is in the view of some offset to a large extent by the popularity of the Rajapaksa government’s persecution of the war against the LTTE within the Sinhalese community and by support from other segments of the international community. The Sri Lankan shares market rose 2.54% on May 28, 2009, to reach its highest close since September 2008 on the news that U.N. Human Rights Council passed a resolution which was viewed as marking international acceptance of Sri Lanka’s war against the LTTE.⁵³

Formerly a colonial economy based on plantation crops (tea, rubber, coconut, sugar, and rice), modern Sri Lanka’s manufactured products now account for about four-fifths of the country’s exports, including garments, textiles, gems, as well as agricultural goods. Tourism and repatriated earnings of Sri Lankans employed abroad are important foreign exchange earners. The first country in South Asia to liberalize its economy, Sri Lanka began an ongoing process of market

⁴⁸ See <http://www.usaid.gov/press/releases/2008/pr080118.html>.

⁴⁹ Jonathan Goodhand and Bart Klem, “Aid, Conflict, and Peacebuilding in Sri Lanka 2000-2005,” Asia Foundation Sri Lanka Strategic Conflict Assessment 2005 Series, 2005, at http://www.asiafoundation.org/pdf/full_sr_report.pdf.

⁵⁰ “Sri Lanka Country Report,” *The Economist Intelligence Unit*, May 2009.

⁵¹ Claire Innes, “Key Interest Rate Cut to Two-Year Low in Sri Lanka,” *Global Insight*, May 21, 2009.

⁵² Claire Innes, “U.S. Rules Out IMF Loan Programme for Sri Lanka as Humanitarian Crisis Deepens,” *Global Insight*, May 15, 2009.

⁵³ “Sri Lanka Shares Up 2.5% on UN Resolution,” *Reuters*, May 28, 2009.

reform and privatization of state-owned industries in 1977. Many observers attribute the ability of the national economy to thrive even in the midst of civil war to these successful reforms. Privatization efforts have slowed in recent years, however. Since 2001, both tourism and investor confidence, previously on the rebound, were negatively affected by major LTTE terrorist attacks and renewed political instability. Sri Lanka's entire economy has also suffered as a result of a recent prolonged drought (the worst in two decades), related hydroelectric power shortages, and the worldwide economic downturn around the turn of the century.

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

The vision sets out ambitious growth targets (over 8% by 2010) aimed at reducing poverty incidence to 12% of the population by 2015 (from 23% in 2002). The rapid growth scenario assumes the continuation of a favorable external environment and implies improved security conditions. A key target is to raise total investment from 28-30% of GDP in 2006 to 34% in 2010, with the largest contribution coming from the public sector. Public sector savings (currently negative) are expected to contribute 5 percentage points of GDP to gross domestic savings by 2010. FDI is projected at around 2% of GDP (compared to less than 1% in the past decade).⁵⁴

The war negatively impacted the economy, especially by reducing investor confidence and by damaging the vital tourism sector. The civil war placed a heavy burden on the country's economy, as well as hindering its future potential. Defense expenditures as a percentage of GDP have doubled since 1980. Aside from defense spending, other costs of the war include damage to infrastructure and expenditures for humanitarian relief. Several analyses have asserted that annual growth rates over the past 24 years could have been 2-3 percentage points higher in the absence of protracted ethnic conflict. International donors say the Mahinda plan for poverty reduction is dependent upon peace.⁵⁵

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

U.S. Relations and Policy Concerns

The White House issued a statement on April 24, 2009, that expressed "deep concern" for the plight of civilians caught in the final stages of the conflict between the LTTE and Sri Lankan military forces. The statement also called on the government of Sri Lanka to stop shelling civilians in the "safe zone" and to allow international aid workers and the media access to civilians that had escaped the area of fighting. The statement further made the observation that "it

⁵⁴ See <http://siteresources.worldbank.org/SRILANKAEXTN/Resources/SLDFReport2007Final.pdf>.

⁵⁵ "Sri Lanka: Executive Summary," Global Insight, May 14, 2003; "Sri Lanka Development Hostage to War, Say Donors," *Reuters*, January 29, 2007.

would compound the current tragedy if the military end of the conflict only breeds further enmity and ends hopes for reconciliation.⁵⁶ American policy toward Sri Lanka has focused on U.N. and international efforts to address humanitarian needs, has urged the government of Sri Lanka to allow access to both the ICRC and U.N. representatives to the former conflict area, and has observed that the end of the conflict represents an opportunity to seek reconciliation and build a democratic and tolerant Sri Lanka.⁵⁷

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

During a May 2007 visit to Colombo, the lead U.S. diplomat for the region, Assistant Secretary of State for South and Central Asia Richard Boucher, outlined key U.S. concerns about "the way things have been heading" in Sri Lanka. First among these was the negative impact that armed ethnic conflict was having on the people, both directly through terrorism and human rights abuses, and indirectly by harming the country's economy. In the area of human rights, Secretary Boucher placed special emphasis on the increased incidence of abductions and unlawful killings, as well as on widespread reports of government attempts to intimidate the press. He acknowledged that the government of President Rajapaksa had voiced a commitment to upholding human rights, but said "a lot more needs to be done" both in dealing with the behavior of government security forces and in controlling "paramilitaries" (often a euphemism for the Karuna faction, which broke away from the LTTE in 2004). He conveyed to Sri Lankan political leaders of all stripes the U.S. position that consensus through the All Parties Representative Committee—"a consensus that identifies for the Tamil community their role in the island, their place, their control over various levels of government and their own lives"—represented the best basis for future progress toward conflict resolution.⁵⁸

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

Sri Lanka's long-standing ethnic conflict, fragile peace process, and deteriorating human rights conditions continue to cause concern for the United States and the international community.... Our top policy priorities for Sri Lanka remain restoration of good governance and respect for human rights leading to an eventual negotiated settlement. We believe that finalizing a credible devolution of power proposal, together with ending human rights violations and improving government accountability, are essential steps toward a lasting peace.⁵⁹

⁵⁶ "Statement on Continuing Conflict in Sri Lanka," Office of the Press Secretary, The White House, April 24, 2009.

⁵⁷ "State Department Daily Press Briefing," State Department Press Release, May 21, 2009.

⁵⁸ See <http://www.state.gov/p/sca/rls/rm/2007/84701.htm>.

⁵⁹ Statement of Steven Mann, Principal Deputy Assistant Secretary of State for South and Central Asian Affairs, August 1, 2007, at <http://www.internationalrelations.house.gov/110/man080107.htm>.

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

The U.S. State Department first designated the LTTE as a Foreign Terrorist Organization in 1997.⁶⁰ In 2003, then-Deputy Secretary of State Richard Armitage reiterated that

if the LTTE can move beyond the terror tactics of the past and make a convincing case through its conduct and its actual actions that it is committed to a political solution and to peace, the United States will certainly consider removing the LTTE from the list of Foreign Terrorist Organizations, as well as any other terrorism-related designations.⁶¹

The LTTE rejected calls that it renounce violence, saying it could do so only when the aspirations of the Tamil people are met by a political settlement. The U.S.-led global anti-terrorism campaign, which reportedly has resulted in the international withholding of several billion dollars from the LTTE and made it more difficult for the group to acquire weapons, was a likely factor in the rebels' decision to enter into peace negotiations in late 2001.⁶²

Trade, Investment, and Aid

U.S. Trade and Investment

The United States is by far Sri Lanka's most important trade partner, accounting for more than one-quarter of the country's total exports. During Prime Minister Wickremasinghe's 2002 visit to Washington, the United States and Sri Lanka signed a new Trade and Investment Framework Agreement (TIFA) to establish "a forum for Sri Lanka and the United States to examine ways to expand bilateral trade and investment." The agreement

creates a Joint Council to enable officials to consider a wide range of commercial issues, and sets out basic principles underlying the two nations' trade and investments relationship." The Council also will "establish a permanent dialogue with the expectation of expanding trade and investment between the United States and Sri Lanka."⁶³

The U.S. government continues to urge Colombo to curb its large budget deficit, simplify the tax code, and expand the tax base. It further urges the removal of non-tariff barriers and restrictive, even discriminatory, import fees and levies to facilitate greater trade.⁶⁴ The violent ethnonational conflict has precluded most major U.S.-Sri Lanka economic initiatives since 2006.

⁶⁰ See the FTO list at <http://www.state.gov/s/ct/rls/crt/2006/82738.htm>.

⁶¹ "Transcript: Armitage Says U.S., Other Nations Have Role in Ending Sri Lankan Conflict," U.S. Department of State *Washington File*, February 14, 2003.

⁶² "U.S. Seeks to Allay Sri Lanka Fears on Rebel Ban," *Reuters*, April 19, 2002; "Smiles That Conceal the Worries - Sri Lanka's Civil War," *Economist* (London), July 20, 2002.

⁶³ "Trade and Investment Framework Agreement Between the U.S. and Sri Lanka," at <http://www.slembassyusa.org/investment/tifa.html>.

⁶⁴ Richard Boucher, "Remarks to the American Chamber of Commerce Colombo, Sri Lanka," U.S. Department of State, June 1, 2006.

U.S. Assistance

The State Department's FY2009 request for Sri Lanka included \$6.5 million in Development Assistance, \$4 million for the Economic Support Fund, \$900,000 for Foreign Military Financing, \$600,000 for International Military Education and Training, \$350,000 for International Narcotics Control and Law Enforcement, and \$650,000 for Nonproliferation, Antiterrorism, Demining and Related Programs.⁶⁵

U.S. assistance to Sri Lanka is currently focused on providing emergency relief assistance and assisting the potential return of IDPs to their homes. As of April 10, 2009, USAID and State Humanitarian Assistance, including the Bureau of Population, Migration and Refugees, had provided a total of \$58 million in assistance in FY2008 and FY2009 for the complex emergency in Sri Lanka. These programs were focused on humanitarian access and protection, health, shelter, water-sanitation-hygiene, food assistance, and emergency relief commodities.⁶⁶ There will likely be a need for demining assistance in areas that have witnessed fighting in addition to the need to provide shelter for IDPs and assist in their return home.⁶⁷

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

From 2003 to 2005, USAID ran a two-year program intended to generate greater support for a negotiated peace settlement to end the long-standing ethnic conflict. About three-quarters of the FY2007 aid was to be used to support democracy, economic growth, and humanitarian assistance in Sri Lanka. USAID works to "foster political reconciliation" and participates in "joint reconstruction programs [with the Colombo government] that foster economic reintegration as well as social reconciliation."⁶⁸ The Administration's FY2008 request also included a modest, but unprecedented INCLE program that would use \$350,000 in U.S. aid to support law enforcement reforms in Sri Lanka.

⁶⁵ "Sri Lanka: Program Overview," State Department, Congressional Budget Justification Document, 2008.

⁶⁶ Bureau for Democracy, Conflict, and Humanitarian Assistance (DCHA), Office of U.S. Foreign Disaster Assistance (OFDA), U.S. Agency for International Development, Fact Sheet #4, FY 2009, April 10, 2009.

⁶⁷ "Sri Lankan Ambassador to U.S. Briefs U.S. Congressmen," *Colombo Times*, April 28, 2009.

⁶⁸ See <http://www.state.gov/documents/organization/60655.pdf>.

Security Relations

The United States and Sri Lanka have maintained friendly military-to-military and defense relations. According to the U.S. State Department, senior Sri Lankan military officers continue to strongly support U.S. strategic goals and programs, and Sri Lanka continues to grant blanket over flight and landing clearance to U.S. military aircraft, and routinely grants access to ports by U.S. vessels. Modestly funded U.S. military training and defense assistance programs have in recent years assisted in professionalizing the Sri Lankan military and provided the country with basic infantry supplies such as boots, helmets, radios, flack vests, and night vision goggles, along with maritime surveillance and interdiction equipment for the navy and communications and mobility equipment to improve the army's humanitarian and U.N. peacekeeping missions.⁶⁹

The United States and Sri Lanka inked an Acquisition and Cross-Services Agreement in March 2007. The pact, which creates a framework for increased military interoperability, allows for the transfer and exchange of numerous logistics, support, and re-fueling services during joint operations or exercises. A U.S. official visiting Sri Lanka during that month called it a "very routine" and "fairly modest" barter arrangement that the United States has with 89 other countries, and he emphasized that it has no wider applications beyond logistics.⁷⁰

In November 2007, the United States provided Sri Lanka with a radar-based maritime surveillance system and several advanced inflatable boats under Section 1206 of the National Defense Authorization. The Commander of the U.S. Pacific Command, Adm. Robert Willard, visited Sri Lanka in mid-January to meet with his naval counterparts there and review ongoing maritime cooperation. Adm. Willard noted for Sri Lankan officials that improvements in human rights protection could lead to enhanced U.S.-Sri Lanka cooperation.⁷¹

Geopolitical Context

Some see the West's ability to pressure the Sri Lankan government as limited due to China's growing involvement in the country.⁷² It has been reported that China's aid to Sri Lanka has increased dramatically since 2005. In the view of some analysts and observers, China is seeking to gain influence with the Sri Lankan government as part of a "string of pearls" naval strategy to develop port access in the northern reaches of the Indian Ocean.⁷³ Indian defense planners are reportedly particularly concerned with Chinese efforts to develop ports in the region.⁷⁴ India is home to some 60 million Tamil people and it has raised concerns over the treatment of Tamils in Sri Lanka. China is reportedly investing significantly in the development of a port in Hambantota, Sri Lanka on the country's southeastern coast. China is also reportedly helping to develop port facilities in Gwadar, Pakistan; Chittagong, Bangladesh; and Sittwe, Burma.⁷⁵ Colombo was also

⁶⁹ See annual Congressional Budget Justifications at <http://www.state.gov/s/d/rm/rls/cbj>.

⁷⁰ "U.S. & Sri Lanka Sign Mutual Services Pact," U.S. Embassy Colombo Press Release, March 5, 2007; "Sri Lanka: Development and Domestic Prosperity," March 9, 2007, at <http://www.state.gov/p/sca/rls/rm/2007/82035.htm>.

⁷¹ See <http://srilanka.usembassy.gov>.

⁷² Sujan Dutta, "USA, India Engaging with Sri Lanka Amid Growing China Role," *BBC News*, March 11, 2009.

⁷³ Michael Richardson, "Full Steam Ahead for Naval Might," *The Straits Times*, January 15, 2009.

⁷⁴ India and China continue to have unresolved border disputes that date back to their 1962 border war, and broader rivalries over influence in the region.

⁷⁵ "Chinese Billions Helping Lanka Ward Off Western Peace Efforts," *Asian News International*, May 2, 2009.

reportedly upset with Western calls for a truce in the lead up to their defeat of the LTTE in May 2009. Rajapaksa stated “They are trying to preach to us about civilians. I tell them to go and see what they are doing in Iraq and Afghanistan.”⁷⁶

Human Rights Concerns

Internally Displaced Persons

Large numbers of people were displaced, and many of them were wounded, during the closing phase of the civil war in 2009. These people were added to others who were already displaced from their homes as a result of previous fighting. Providing these people with basic needs until they can be returned to their homes will likely be a large challenge for the government and one with which the international community could help. As fighting in the Sri Lanka’s East and North intensified in 2006 and throughout 2007, several hundred thousand civilians were displaced from their homes. The great majority of these are Tamils and Muslims. One report had intense March 2007 battles in Batticaloa creating about 95,000 new internally displaced persons (IDPs) in just one week. Another report had fighting between government forces and the rebels forcing more than 20,000 Sri Lankans to flee their homes in the latter months of 2007.⁷⁷ International human rights groups urged all parties to the conflict to protect civilians and allow access by humanitarian aid agencies, which are often blocked from entering conflict zones.⁷⁸ The United Nations counts more than 300,000 people as having remained in a state of “protracted displacement” for two decades.⁷⁹

Human rights abuses in Sri Lanka largely have been associated with ethnic conflict and civil war. In the summer of 2007, tens of thousands of Sri Lankans took to the streets of Colombo in anti-government protests organized by the opposition UNP. The demonstrators called for new national elections, an end to rife corruption, and swift action against human rights violators.⁸⁰ Some analysts see occasional large-scale and apparently arbitrary Sri Lankan government detentions—including a December 2007 sweep in and near the capital during which more than 2,500 Tamils were rounded up and questioned for links to the LTTE—doing great damage to its credibility.⁸¹ Nongovernmental Sri Lankan organizations regularly document the scope of the country’s humanitarian crisis.⁸²

⁷⁶ Nicolas Revise, “Bitter With West, Sri Lanka Turns East for Cash and Support,” *Agence France Presse*, May 3, 2009.

⁷⁷ “UN Warns of Sri Lanka Food Crisis,” *BBC News*, March 20, 2007; <http://hrw.org/english/docs/2007/12/07/slanka17509.htm>. At the end of 2007, the United Nations reported that most of the more than 200,000 refugees from spring fighting around Batticaloa had been able to return to their homes.

⁷⁸ See, for example, an Amnesty International press release at <http://web.amnesty.org/library/print/ENGASA370092007>.

⁷⁹ UNHCR press release at <http://www.unhcr.org/news/NEWS/469789cd4.html>.

⁸⁰ “Thousands Protest in Sri Lanka,” *Associated Press*, July 26, 2007.

⁸¹ See, for example, B. Muralidhar Reddy, “Colombo Crackdown,” *Frontline* (Chennai), January 4, 2008.

⁸² See, for example, Center for Policy Alternatives, “Policy Brief on Humanitarian Issues,” December 2007, at http://www.cpalanka.org/Policy_Brief/Brief_on_Humanitarian_Issues.pdf.

International human rights groups have issued numerous reports echoing these concerns.⁸³ On the issue of religious freedom in Sri Lanka, the State Department reported in September 2007 that,

The constitution accords Buddhism the “foremost place,” but Buddhism is not recognized as the state religion. The constitution also provides for the right of members of other faiths to freely practice their religion. While the Government publicly endorses this right, in practice there were problems in some areas.⁸⁴

Such perceived problems included proposed anti-conversion laws, and legal restrictions and sporadic attacks on Christian churches. The U.S. government found no change in the status of respect for religious freedom in Sri Lanka in 2007. With regard to human trafficking, the State Department’s latest annual report (issued in June 2007) determined that Colombo “does not fully comply with the minimum standards for the elimination of trafficking; however, it is making significant efforts to do so,” and it placed Sri Lanka on the “Tier 2 Watch List” for its “failure to provide evidence of increasing efforts to address trafficking over the previous year, especially in its efforts to punish trafficking for involuntary servitude.”⁸⁵

During his August 2007 visit to Sri Lanka, a top U.N. humanitarian official noted that dozens of aid agency staff had been reported killed on the island since January 2006, and he identified Sri Lanka as one of the most dangerous countries in the world for humanitarian workers. Colombo condemned the remarks, calling them a contribution to forces devoted to discrediting the Sri Lankan government.⁸⁶ The worst such attack in recent years involved the August 2006 murder of 17 local aid workers employed by a French nongovernmental organization operating near Trincomalee. Colombo vowed to pursue a full investigation of the massacre, but much suspicion fell upon government security forces themselves as being complicit, given that such an attack was seen to serve no tactical purpose for the Tigers. One year later, with no arrests made in the case and rights groups demanding swifter government action, a top Colombo official appeared to lay blame on the French NGO, itself, for sending its employees into a known combat zone.⁸⁷

In August 2007, New York-based Human Rights Watch issued a sharp critique of Sri Lanka’s worsening human rights situation, focusing particular attention on a “dramatic increase” in abuses by government forces since 2006 and on Colombo’s alleged responsibility for “unlawful killings, enforced disappearances, and other serious human rights violations,” most of them affecting members of the country’s Tamil and Muslim minorities. The Sri Lankan government rejected most of the allegations as baseless and unsubstantiated, saying that its largely successful efforts to resolve issues such as disappearances and internal displacement had been ignored.⁸⁸ London-based Amnesty International has called on the U.N. Human Rights Council (UNHRC) to address a growing number of reported human rights violations by all parties to the conflict, including

⁸³ See <http://www.amnesty.org/en/region/asia-and-pacific/south-asia/sri-lanka> and <http://hrw.org/englishwr2k7/docs/2007/01/11/slanka14837.htm>.

⁸⁴ See <http://www.state.gov/g/drl/rls/irf/2006/71444.htm>.

⁸⁵ See <http://www.state.gov/g/tip/rls/tiprpt/2007/82807.htm>.

⁸⁶ “Sri Lanka Anger at UN Aid Claims,” *BBC News*, August 10, 2007.

⁸⁷ “Sri Lanka Slides Back Into Civil War,” *Jane’s Terrorism and Security Monitor*, January 17, 2007; “Sri Lanka Blames Aid Group in Killings,” *Reuters*, August 13, 2007.

⁸⁸ Human Rights Watch, “Return to War: Human rights Under Siege,” August 6, 2007, at <http://hrw.org/reports/2007/srilanka0807>; “HRW Report Based On Unsubstantiated, Outdated Information,” *Daily News* (Colombo), August 8, 2007.

failures to protect civilians, attacks on journalists, and a “persistent climate of impunity” that it said required systematic monitoring and urgent investigations.⁸⁹

Child Abductions

Over the course of Sri Lanka’s decades-long civil war, thousands of children have been abducted and forcefully recruited as soldiers. The U.N. Children’s Fund had confirmed more than 6,400 child abductions in Sri Lanka’s North and East provinces as of early 2007, the great majority of these perpetrated by the LTTE.⁹⁰ The Karuna faction has come under especially harsh criticism for involvement in child abductions and forced recruitments. Elements of Sri Lankan military and police forces are accused of assisting in such abductions. Colombo has responded to criticisms from international human rights groups by flatly denying any government complicity or “willful blindness” toward forced recruitments.⁹¹

“Disappeared” Persons

As in many ethnic conflicts, Sri Lanka’s civil war has led to the “disappearance” of many thousands of people. According to one report, more than 1,000 people are believed to have been “disappeared” during the year ending June 2007.⁹² One nongovernmental report acknowledged severe abuses by the LTTE while also accusing the Colombo government of “using extra-judicial killings and enforced disappearances as part of a brutal counter-insurgency campaign” and predicted that such tactics would lead to “further embitterment of the Tamil population and a further cycle of war, terrorism, and repression.”⁹³

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

| Program or Account | FY | FY | FY |
|--------------------|------|------|------|------|------|------|------|------------------|------------------|----------------|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 (est.) | 2009 (Req.) |
| CSH | 0.7 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 | — | — | — | - |
| DA | 3.7 | 3.4 | 5.2 | 6.2 | 4.8 | 6.8 | 3.7 | 3.5 | 5.2 | 4.0 |
| ESF | — | — | 3.0 | 4.0 | 12.0 | 9.9 | 4.0 | 3.0 | — | - |
| FMF | — | — | — | — | 2.5 | 0.5 | 1.0 | 1.0 ^a | 0.4 ^a | .9 |
| IMET | 0.2 | 0.3 | 0.3 | 0.3 | 0.6 | 0.5 | 0.5 | 0.5 | 0.6 | .6 |
| INCLE | — | — | — | — | — | — | — | — | 0.2 | .4 |

⁸⁹ Amnesty International Public Statement, September 4, 2007.

⁹⁰ See http://www.unicef.org/infobycountry/files/Sri_Lanka_DU_7Mar07.pdf.

⁹¹ Human Rights Watch press releases at <http://hrw.org/english/docs/2006/11/28/slanka14678.htm> and <http://hrw.org/english/docs/2007/01/24/slanka15141.htm>. “HRW Allegations Baseless - Peace Secretariat,” *Daily News* (Colombo), January 27, 2007.

⁹² Amnesty International press release at <http://web.amnesty.org/library/print/ENGASA370132007>.

⁹³ International Crisis Group, “Sri Lanka’s Human Rights Crisis,” June 14, 2007, at <http://www.crisisgroup.org/home/index.cfm?id=4896>.

| Program or Account | FY | FY | FY | FY | FY | FY | FY | FY | FY | FY |
|-----------------------|------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|----------------|----------------|
| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 (est.) | 2009 (Req.) |
| NADR | — | — | — | 2.4 | 1.8 | 2.7 | 3.6 | 1.4 | 1.1 | .7 |
| TI | — | — | — | — | — | — | 1.7 | — | — | - |
| Subtotal | 4.6 | 4.0 | 8.7 | 13.1 | 21.8 | 20.7 | 14.5 | 9.4 | 7.5 | 6.6 |
| Food Aid ^b | — | 13.9 | 8.7 | 3.1 | 3.6 | 10.8 | 8.9 | 14.0 | — | - |
| Total | 4.6 | 17.9 | 17.4 | 16.2 | 25.4 | 31.5 | 23.4 | 23.4 | 7.5 | 6.6 |

Sources: U.S. Departments of State and Agriculture; U.S. Agency for International Development.. Columns may not add up due to rounding.

Abbreviations:

CSH: Child Survival and Health

DA: Development Assistance

ESF: Economic Support Fund

FMF: Foreign Military Financing

IMET: International Military Education and Training

INCLE: International Narcotics Control and Law Enforcement

NADR: Nonproliferation, Anti-Terrorism, Demining, and Related (mainly humanitarian demining assistance, but includes modest anti-terrorism assistance to be increased in FY2008)

TI: Transition Initiatives (temporary development programs for post-conflict states)

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

Annex One: Civil War Timeline

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

peace talks. However, Buddhist clerics and their political party, the JHU, have staunchly and consistently opposed negotiating with the LTTE.⁹⁴

Peace Talks Progress, 2002-2003

In September 2002, at a naval base in Thailand, the Colombo government and the LTTE held their first peace talks in seven years. The meeting, which resulted in an agreement to establish a joint task force for humanitarian and reconstruction activities, was deemed successful by both sides. On the third day, the LTTE announced that it would settle for “internal self-determination” and “substantial regional autonomy” for the Tamil population rather than full independence—a major shift in the rebels’ position. A second round of talks brought another breakthrough when the two sides agreed on a framework for seeking foreign aid to rebuild the country (officials estimated that repairing the war-damaged infrastructure in the island’s northeast could cost as much as \$500 million).⁹⁵ A multilateral “donor conference” in Oslo in late November brought numerous pledges of external assistance, with the United States promising to “play its part” toward implementation of a peace plan.⁹⁶

In what appeared to be yet another meaningful breakthrough, talks in the final month of 2002 ended with the issuance of a statement that “the parties have agreed to explore a solution founded on the principle of internal self-determination in the areas of historical habitation of the Tamil-speaking peoples, based on a federal structure within a united Sri Lanka.”⁹⁷ This language marked a significant concession from both parties: the Colombo government for the first time accepted the idea of federalism and the rebels, in accepting a call for *internal* self-determination, appeared to have relinquished their decades-old pursuit of an independent Tamil state.

A fifth round of negotiations took place in Berlin in February 2003, but made no notable progress. Renewed armed conflict had the potential to disrupt the engagement: the meetings began only hours after three LTTE rebels incinerated themselves at sea when Norwegian truce monitors boarded their weapons-laden craft. Although an apparent violation of the ceasefire, the incident did not derail the peace process; it did, however, serve to erode international confidence, especially among potential donor nations. The United States called the Tigers’ arms smuggling effort “highly destabilizing” and urged the LTTE to “commit itself fully to peace and desist from arms resupply efforts.”⁹⁸

Talks in Japan in March 2003 produced no major breakthroughs on political or human rights issues. A Japanese participant suggested that the promise of major external assistance—anticipated at some \$3 billion over three years—is all that kept the disputing parties at the

⁹⁴ “Sri Lanka Lifts Ban on Tigers Ahead of Thai Talks,” *Agence France Presse*, September 4, 2002.

⁹⁵ “Sri Lankans in Reconstruction Talks,” *BBC News*, November 18, 2002. Large numbers of Tamil refugees began returning to the war-torn region after the 2002 ceasefire (“100,000 Refugees Return to Sri Lanka,” *Associated Press*, September 20, 2002).

⁹⁶ “Transcript: U.S. Prepared to ‘Play Its Part’ to Further Peace in Sri Lanka,” U.S. Department of State Washington File, November 25, 2002.

⁹⁷ “Sri Lanka to Explore a New Government,” *New York Times*, December 6, 2002.

⁹⁸ “Sri Lankan Peace Talks Start in Berlin,” *Reuters*, February 7, 2003; “Suicide Bomb Blunts Sri Lanka’s Peace Momentum,” *Agence France Presse*, February 10, 2003; “U.S. Criticizes Tamil Tiger Smuggling,” *BBC News*, February 12, 2003.

negotiating table.⁹⁹ As with earlier talks, violence again threatened to derail the process: On March 10, 2003, a Sri Lankan Navy vessel sank what the Colombo government described as an attacking Tiger boat, killing 11. The Tigers condemned the attack, claiming that their unarmed “merchant vessel” was not a threat. Norwegian truce monitors criticized both sides while refraining from ruling who was at fault.¹⁰⁰

In the spring of 2003 the Colombo government said it was considering holding an island-wide non-binding referendum to endorse its current peace negotiations with Tamil rebels. A public opinion poll found that 84% of all Sri Lankans believed peace could be achieved through dialogue, including more than 95% of Tamils.¹⁰¹ Yet the LTTE pulled out of the peace negotiations in April, just days before a seventh round of peace talks was set to begin in Thailand. The Tigers issued a statement protesting their exclusion from a scheduled June 2003 donor conference in Japan and expressing unhappiness with slow progress in efforts to improve the quality of life for the country’s Tamil minority.¹⁰²

In September 2003, Norway and Japan led an effort to revitalize the peace process and prevent its devolution back into further conflict. These initiatives followed a meeting of the Tigers with constitutional experts in Paris, a meeting that was part of the Tigers’ effort to respond to a Sri Lankan government proposal for an interim administration in the northeast of Sri Lanka (a major concession by the government to Tiger demands which were a prerequisite for further talks).¹⁰³ For their part, the LTTE had previously made the key concession that it would settle for an autonomy agreement rather than its previous goal of a separate state. Despite such concessions by both sides, a peace agreement was not guaranteed. The LTTE indicated that it would once again seek secession and an independent state if substantial autonomy was not achieved through the negotiation process.¹⁰⁴

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

It was hoped that the LTTE would respond to the government’s offer and rejoin peace negotiations by the end of September 2003. An earlier proposal for an interim administration was rejected by the LTTE. The government continued having difficulty making offers as some observers noted that a constitutionally viable solution would require the consent of the more hard line faction in the government led by the JVP, which was on record as opposed to further concessions to the LTTE.¹⁰⁵

⁹⁹ “Sri Lanka Negotiators Leave Japan With Little Progress, But Cash Hopes Alive,” *Agence France Presse*, March 22, 2003.

¹⁰⁰ “Sri Lanka Monitors Chide Both Sides Over Sea Clash,” *Reuters*, March 17, 2003.

¹⁰¹ “Sri Lanka Ponders Peace Vote,” *BBC News*, April 4, 2003; “Overwhelming Support for Peace Talks - Poll,” *Daily News* (Colombo), March 24, 2003.

¹⁰² “Sri Lanka’s Tamil Tigers Pull Out of Peace Talks,” *Reuters*, April 23, 2003.

¹⁰³ “Norway to Make Fresh Bid to Revive Sri Lanka Peace Process,” *Agence France Presse*, September 3, 2003.

¹⁰⁴ “Sri Lanka to Explore a New Government,” *New York Times*, December 6, 2003.

¹⁰⁵ “Sri Lanka Peace,” *Voice of America Federal News Dispatch*, June 20, 2003.

The international community made an effort to support the dialogue process by offering inducements for peace. The international donors conference held in Tokyo in June 2003 obtained aid pledges for Sri Lanka totaling \$4.5 billion (nearly one-quarter of the package was pledged by Japan). Some 51 nations and 20 international institutions participated in the conference, though it was boycotted by the LTTE.¹⁰⁶ At the same time, the World Bank approved a loan of \$125 million to assist Sri Lankan poverty reduction and reconstruction in the northeast, and to support the peace process.¹⁰⁷ Then-U.S. Deputy Secretary of State Armitage expressed support for the peace process at the Tokyo conference by asking the LTTE to end its boycott of the talks and offering \$54 million in U.S. aid.¹⁰⁸ Yet both the government and the rebels remained intransigent in their positions, and the LTTE refused to rejoin Norwegian-sponsored peace negotiations.

Peace Process Stalemated, 2004-2005

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

The crisis continued beyond the April 2004 elections and was exacerbated in 2005 by a number of factors, including tensions between the SLFP and its JVP coalition partners over the privatization of the university educational system and the petroleum sector; the possibility of a joint government-LTTE distribution mechanism for foreign aid (to LTTE controlled areas) in response to the December 2004 Indian Ocean tsunami; and the prospect of a peace agreement that would grant greater autonomy to the Tamil-controlled North and East. The JVP strongly opposed each of these options and made numerous threats to withdraw from the United People's Freedom Alliance, a move that would deprive the ruling coalition of its parliamentary majority.¹⁰⁹

Following the mid-2004 LTTE schism there were numerous instances of political and military operatives being killed by each side as they struggled for power in the East. The LTTE accused Colonel Karuna and those loyal to him of cooperating with Sri Lankan Army (SLA) paramilitaries and special forces in raids and targeted killings of forces under their command, which the SLA denied. Karuna later withdrew to a fortified base in the jungles of eastern Sri Lanka where his forces were able to repel LTTE attacks.¹¹⁰ During the first half of 2005 there were several reported instances of serious ceasefire violations. First was the February death of a high-level LTTE political officer, followed by an increase in targeted, politically-motivated killings throughout the eastern provinces.¹¹¹

¹⁰⁶ See the Tokyo Conference Declaration at <http://www.mofa.go.jp/region/asia-paci/srilanka/conf0306/declaration.html>.

¹⁰⁷ "World Bank Gives \$125 Million," *Agence France Presse*, June 18, 2003.

¹⁰⁸ "U.S. Asks Tamil Tigers to Resume Talks with Sri Lankan Government," *BBC Monitoring South Asia*, June 13, 2003.

¹⁰⁹ "JVP Threatens to Bring Down Lanka Govt. Over LTTE Tsunami Deal," *Hindu* (Chennai), April 20, 2005.

¹¹⁰ Press Trust of India, March 21, 2005.

¹¹¹ "Batticaloa LTTE Leader Killed," *Hindu* (Chennai), February 7, 2005.

April 2005 saw a much-publicized incident when a Sea Tiger unit attacked a Sri Lankan Navy vessel carrying a peace monitor, slightly wounding him. This led to a formal censure of the LTTE by the ceasefire monitoring group, the Sri Lanka Monitoring Mission (SLMM), and marked a particularly brazen attack as the Sri Lankan Navy vessel was flying the SLMM flag to indicate that monitors were aboard.¹¹² By the middle of 2005, politically-motivated killings reportedly were taking one life per day and, following the LTTE's August 2005 assassination of Foreign Minister Lakshman Kadirgamar, an ethnic Tamil, Parliament passed a state of emergency regulation that has been renewed every month since.¹¹³

Civil War Resumes in 2006

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

A dramatic surge in violence in early August 2006 was sparked by a water dispute: the Sri Lankan military had moved to reopen a sluice gate in Tiger-controlled territory after negotiations failed to resolve the quarrel (in closing the gate, LTTE forces had cut water supplies to thousands of mostly Sinhalese farmers south of Trincomalee). Rather than employ a small force for the operation, the government launched large-scale airstrikes on nearby Tiger positions in tandem with a ground offensive. The LTTE's political wing called the attacks a "declaration of war."¹¹⁴ The four Tokyo Donor countries (including the United States) issued a statement calling on both sides to immediately end hostilities and re-engage negotiations, but the LTTE said that Colombo's military operations made further talks impossible.

By the late summer of 2006, the Sri Lankan army was pressing a major offensive in the area around the Tiger stronghold of Trincomalee, the LTTE was declaring that the ceasefire appeared to have ended, and human rights groups were demanding that both sides allow humanitarian supplies to reach civilians who had been trapped in the crossfire and who were unable to obtain food and other basic commodities. Hundreds of thousands of these civilians were displaced by the fighting. Battles in August became so fierce that more than 800 rebels and security personnel were reported killed in one week alone. Under heavy air bombardment, the Tigers retreated from their positions near the strategic Trincomalee harbor in September, while their naval forces lost a series of fierce battles off the northern Jaffna Peninsula.¹¹⁵ In displacing the Tigers from Trincomalee's environs, the government carried out the first major seizure of enemy territory by either side since the 2002 ceasefire.

¹¹² "Tamil Tiger 'Breached Ceasefire,'" *BBC News*, April 8, 2005.

¹¹³ "Sri Lanka: Political Killings Escalate," Human Rights Watch, August 16, 2005.

¹¹⁴ "Strategic Questions in Sri Lanka," *BBC News*, August 4, 2006.

¹¹⁵ "Fighting Escalates in Northern Sri Lanka," *Associated Press*, August 17, 2006; "Sri Lanka Battles a Weakened Tamil Tigers," *Christian Science Monitor*, September 5, 2006.

In a now-weakened position, the LTTE changed course and agreed to engage in new and unconditional negotiations with Colombo. Some observers opined that, as in the past, dwindling financial resources were a primary motive for the government's decision to re-engage the peace process as called for by international aid providers.¹¹⁶ A new round of talks was set for October 2006 in Oslo, Norway, even as the government's ongoing military offensives brought fierce battles in both the North and East. Possible overconfidence in the army ranks may have led to serious reversals during the course of the month as their units were repulsed around Jaffna at considerable cost.¹¹⁷ The Tigers also retaliated with a series of suicide attacks, including a truck bombing that left 99 Sri Lankan sailors and civilians dead in the north-central city of Harbrane; and the detonation of "suicide boats" that left a sailor and 15 rebels dead near the Sri Lankan Navy Headquarters in Galle, a major tourist destination some 70 miles south of Colombo.

In the lead up to October peace talks, President Rajapaksa moved to establish a common negotiating position that would include the country's main opposition UNP. A resulting pact was widely hailed as a rare expression of political unity, especially in the country's Sinhala-dominated South.¹¹⁸ However, and despite low expectations, the talks were a conclusive failure: The government rejected a key rebel demand to reopen the strategically vital A-9 highway that crosses LTTE-controlled territory leading to Jaffna, and the two sides failed even to agree on a timetable for future meetings. Renewed exchanges of artillery fire began hours after the talks adjourned.¹¹⁹

Fighting continued during the final months of 2006. LTTE leader Prabhakaran blamed President Rajapaksa for the conflict's resurgence and he called the CFA "defunct." The U.S. State Department expressed being "disturbed" by such claims, and it condemned the Tigers for "fueling violence and hostility," and urged both sides to honor the CFA and return to negotiation.¹²⁰ The LTTE disregarded the admonition and declared a renewed struggle for independence. Tiger cadres subsequently attempted to assassinate the defense secretary—who is also President Rajapaksa's brother—by bombing his motorcade, but he escaped unharmed.

Government Military Successes in 2007

Government forces took control of the LTTE's eastern stronghold of Vakarai in January 2007, resulting in up to 20,000 more internally displaced persons (another 15,000 Tamil civilians were described as being "trapped" by the fighting). From Colombo's perspective, the "liberation" of Vakarai saved these civilians from being used as "human shields" by the rebels.¹²¹ Although the Norwegian government insisted that its effort to end the civil war had not failed—and the British government offered to play a greater role in the peace process, including a willingness to talk directly with the terrorist-designated LTTE—there developed a growing consensus among independent observers that full-scale civil war had returned to the island.

¹¹⁶ "Lack of Cash Pushes Sri Lanka to Peace Talks: Analysts," *Agence France Presse*, September 13, 2006.

¹¹⁷ "Tigers Strike Back," *Outlook* (Delhi), October 14, 2006; "Sri Lanka Clashes Kill 129 Troops," *BBC News*, October 12, 2006.

¹¹⁸ "S. Lanka Parties in Unity Pact Ahead of Peace Talks," *Reuters*, October 23, 2006.

¹¹⁹ "Heavy Shelling In North Sri Lanka After Talks Fail," *Reuters*, October 30, 2006.

¹²⁰ Daily Press Briefing, November 28, 2006.

¹²¹ "Sri Lanka Says Captures Tiger Lines, Kills 30 Rebels," *Reuters*, January 16, 2007; "Forces Liberate Vakarai Civilians," *Daily News* (Colombo), January 20, 2007.

By March 2007, the government was claiming to have completely cleared LTTE forces from the island's east coast. Later that month, Tiger rebels launched an unprecedented air attack, using two crude planes to bomb an air force base adjacent to Colombo's main airport. Although damage reportedly was light, the ability of the Tigers to penetrate Sri Lankan air defenses and return safely to their base 250 miles away was a major embarrassment to the Colombo government. Further Tiger air raids in April—one killing at least six soldiers at the main army base in Jaffna, another destroying fuel facilities in Colombo—spurred acute security concerns among commercial airline companies serving the island, and caused analysts to identify an even greater threat perception among residents of the southern provinces.¹²²

The Tigers appeared to have been evicted from their last major bastion in the Eastern Province in July 2007 and the Colombo government claimed to be in full control of the region for the first time in 13 years. Following its military victories in the East, the government vowed to devote more than \$50 million toward infrastructure programs designed to win hearts and minds in the region and to establish a credible civil administration there by holding local elections before 2008.¹²³ The LTTE responded to government declarations with threats to cripple the country's economy with attacks on military and economic targets. The Rajapaksa government asserted openness to resuming negotiations with the rebels even as it pressed ahead with military operations in the North.

An October 2007 attack by 21 rebel "suicide commandos" caused serious damage to the Anuradhapura air force base in the Northwest province and was a major embarrassment for government and military officials. Eight Sri Lanka air force planes were reported destroyed, including an expensive surveillance platform. Fourteen soldiers died battling the rebel force. Retaliatory government air strikes on LTTE training camps reportedly killed dozens of rebels in the country's north. Still, the Anuradhapura attack was viewed as a stunning short-term psychological victory for the rebels which served to boost their morale following debilitating military losses of the previous summer.¹²⁴

Colombo was not deterred, however, and pressed ahead with offensive military operations. Among those killed in November 2007 government airstrikes was S.P. Tamilselvan, the leader of the Tigers' political wing widely believed to be Prabhakaran's topmost deputy. This was followed by the violent death of the purported chief of the Tigers' intelligence wing, alias "Colonel Charles," in a January 2008 government military ambush on his vehicle at the island's far northern tip. Some observers view these apparent targeted killings as further evidence of a new government intent to decisively defeat the rebels through use of force.¹²⁵ Sri Lankan military officials claim that their operations in the latter months of 2007 destroyed about half of the Tigers' forces and that the "remaining 3,000" were in complete disarray and near to final defeat.¹²⁶

¹²² "Sri Lankan Separatists Take Fight to the Air," *Christian Science Monitor*, March 28, 2007; "Airlines Cancel Sri Lanka Flights," *BBC News*, April 30, 2007.

¹²³ "With Tanks, Jets, Sri Lanka Fetes Fall of Rebel East," *Reuters*, July 19, 2007.

¹²⁴ "Sri Lanka Rebel Attack Further Detailed," *Associated Press*, October 24, 2007; "Despair in the Air," *Frontline* (Chennai), November 3, 2007.

¹²⁵ See, for example, Ajai Sahni, "Shattered Haven," *Outlook* (Delhi), November 8, 2007.

¹²⁶ "Sri Lanka Army Chief Says Rebel Force Halved, Bases Surrounded," *Daily News* (Colombo), December 31, 2007.

During a March 2007 visit to Washington, Sri Lankan Foreign Minister Rohitha Bogollagama told Secretary of State Condoleezza Rice that Colombo was committed to a negotiated solution to the conflict and to constitutional reforms that would enable an enduring settlement and address the “concerns of the minorities.”¹²⁷ President Rajapaksa himself repeatedly insisted that military operations were aimed only at combating terrorism. His government claimed to seek only a “negotiated and sustainable” settlement through the All Party Representative Committee. Yet, in late December 2007, the Sri Lankan president reportedly stated that military victories “will surely pave the way to push the LTTE to seek a political solution to the problem.”¹²⁸

Faced with a choice between scaling back army operations and resuming peace negotiations or pressing ahead with military offensives, President Rajapaksa appears to have concluded the Tigers could be decisively defeated on the battlefield. The risk of alienating key hard-line coalition supporters likely played a central role in this calculation.¹²⁹ Thus, despite heavy material and political costs—including the alienation of more negotiation-minded political allies, severe economic damage, cuts in foreign aid, and censure from foreign governments and international human rights groups—Rajapaksa decided to pursue an all-out effort to defeat the LTTE by use of force.¹³⁰

Increased strife has been costly for Sri Lanka on the world stage. In May 2007, the British government cited human rights concerns in suspending about \$3 million in debt relief aid to Colombo. In the same month, a U.S. official cited like concerns in explaining why Millennium Challenge Corporation (MCC) funding has not been forthcoming, saying the island’s security circumstances continued to preclude finalizing a compact under that program (Sri Lanka subsequently was “deselected” for MCC eligibility). The United States and other international donors suspended aid or withheld new commitments for similar reasons in 2007. President Rajapaksa has responded with defiance, saying his country is not dependent on foreign aid and can go it alone, if necessary. Defense Secretary Gotabaya Rajapaksa, the president’s brother, has decried the “international bullying” on human rights.¹³¹

¹²⁷ See Embassy of Sri Lanka Press Release, March 16, 2007, at http://www.slembassyusa.org/press_releases/spring_2007/fm_says_sl_16mar07.html.

¹²⁸ “Negotiated End to Conflict Govt’s Aim,” *Daily News* (Colombo), September 27, 2007; “Sri Lanka Open to ‘Negotiated’ Solution to Conflict,” *Agence France Presse*, October 13, 2007; “Military Victories Will Pave the Way to Political Solution - President,” *Daily News* (Colombo), December 27, 2007.

¹²⁹ “Sri Lanka’s President Poised Between War and Peace,” *Financial Times* (London), January 9, 2007.

¹³⁰ “Back to the Gun,” *India Today* (Delhi), May 28, 2007.

¹³¹ “Sri Lanka President Shuns Aid Suspension by UK, US,” *Reuters*, May 16, 2007; “Aid Weapon Used Against Sri Lanka,” *Financial Times* (London), May 22, 2007; “Sri Lanka Accuses ‘Bullying’ West,” *BBC News*, June 12, 2007.

Figure I. Map of Sri Lanka



Source: Map Resources. Adapted by CRS.

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