

Conflict Weekly

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A brief review of conflict and peace processes across the world

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Another school shooting in the US, and EU-UK tussle over Northern Ireland protocol

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Another lone gunman; another attack on school children, this time in Texas, killing 19 kids on 24 May. (Image Source: CNBC/Marco Bello/Reuters)

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The US: Another school attack kills 19 children

In the news

On 24 May, in the US (in Uvalde, Texas), a teenager gunman killed eighteen children in an elementary school. He had earlier purchased two semi-automatic AR-15 rifles in a local gun store.

On 24 May, the US president, in his address on the issue, said: "...tonight, I ask the nation to pray for them, to give the parents and siblings the strength in the darkness they feel right now. As a nation, we have to ask: When in God's name are we going to stand up to the gun lobby? When in God's name will we do what we all know in our gut needs to be done? It's been...10 years since I stood up at a high school in Connecticut, a grade school in Connecticut, where another gunman massacred 26 people, including 20 first graders, at Sandy Hook Elementary School."

On 25 May, a story in the Economist said: "By one estimate, Americans own 400m guns. If they were evenly distributed, each family of five would have six. In 2020 more than 45,000 people in America died from firearm-related injuries. Guns now kill more young people than cars do."

Issues at large

First, the recurring and increasing gun attacks in US schools. Between a similar attack at the Sandy Hook Elementary School in Connecticut in 2012 (20 children killed along with six members of the school staff) and the latest attack in Uvalde, Texas, there has been a series of attacks in the US schools. In 2018, in Parkland, an attack in a High School witnessed the killing of 17 students and staff. While Sandy Hook (2012), Parkland (2018) and Uvalde (2022) witnessed more than 15 getting killed, there have been other attacks with smaller casualties. According to a Wall Street Journal report, "there has been a school shooting every year during the past 40 years, except for 2020, when most schools didn't meet in person because of the pandemic."

Second, the bleeding hearts, prayers and amnesia. While the attacks invoke immediate condemnation across the US society and call for prayers, there has been little action to prevent violent actions in the schools. The schools are left to deal with the issue with mock drills and be prepared for an attack like the one that had happened in Uvalde.

Third, access to guns in the US. In Uvalde, the killer could purchase two semi-automatic AR rifles in a local gun store should highlight the easy access. Data would also reveal the number of weapons, including high powered guns available in the US.

Fourth, the missing consensus on gun control. The US Congress has been discussing gun control for a long time, without any consensus. There is a huge divide between the two parties – the republicans and the democrats on the nature and extent of gun control. While those who argue for tighter gun control focus on the devastation it causes, those who are apprehensive hide under the constitutional right to own a gun in the US.

In perspective

First, the question, why only in the US, there are mass shootings in the schools, and not in other countries – developed or developing? The arguments about the mental health of the perpetrators, violence in schools, broken families, and the right to self-protection cut across

many countries, but the mass shootings seem to be US specific. Why? There is a specific problem that the US has to address.

Second, the rise of lone gunmen. Whether it is hate crime or shootings in the schools, one could see a trend in the rise of lone and disturbed gunmen. In retrospect, one could analyse their views, and how their action could be prevented; however, these gunmen could not be prevented.

Third, the government action or inaction in the US. Nikolas Kristoff in an analysis in the New York Times, after the recent attack, wrote: "... we're tired of commemorating gun violence in America only with thoughts and prayers. We didn't respond to Russia's invasion of Ukraine simply with thoughts and prayers, or to the 9/11 attacks only with moments of silence, or to Pearl Harbor just with lowered flags and memorial services." He is right.

Northern Ireland Protocol: The EU-UK tussle revives, the US delegation calls for calm

In the news

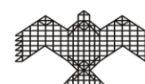
On 24 May, a nine-member US Congressional delegation visiting London told the UK government a unilateral action on the Northern Ireland (NI) protocol "will not work." Democratic congressman Dan Kildee urged the UK foreign secretary Liz Truss to have face-to-face negotiations with Brussels.

On 23 May the delegation met the Irish premier Micheál Martin in Dublin and is due to visit Northern Ireland. Premier Martin reiterated: there was "a deep well of support" for a "joint, pragmatic solution" to concerns over the protocol. Joining him, the prime minister of the Netherlands Mark Rutte also said: the EU had "shown maximum flexibility" in negotiations.

A nine-member team led by Congressman Richard Neal is visiting to discuss the post-Brexit trading arrangements between the US and the UK. As one of president Biden's closest allies Congressman is also seeking to calm tensions between the UK and the EU over the Northern Ireland protocol that has revived ever since Secretary Truss has called for fresh legislative measures. On 22 May, speaking in Kerry Congressman Neal said the US would be "unwavering" in its support of the Good Friday Agreement.

Issues at large

First, BREXIT pangs to the Northern Ireland protocol. Avoiding a hard border with Ireland, the Northern Ireland protocol signed by the UK prime minister Boris Johnson with the EU as part of the BREXIT withdrawal agreement in 2020 had till now kept NI aligned with the EU single market. However, the post-BREXIT realities were: new systems of checks on the Irish Sea border, custom charges on goods inflow from Great Britain to NI, and increased cost of living owing to the NI protocol. The realities further worsen as the protocol now threatens to derail the power-sharing government in NI. The Democratic Unionist Party (DUP) has refused to appoint new ministers until the checks on the Irish Sea border on goods are scrapped. DUP had held that such checks undermine Northern Ireland's place in the UK as they increase costs for consumers, complicate business, and create special divisions of power.



Second, the UK's attempts to revise NI protocol. Faced with a political block in NI and tough negotiations with the EU, Secretary Liz Truss has said a new law would be introduced to change the post-Brexit trade deal for Northern Ireland should negotiations with the EU fail. On 17 May, the UK said, it will have to take unilateral action to override part of the Northern Ireland Brexit protocol unless the EU shows the "requisite flexibility." In the past, the Johnson government has attempted to revise the NI protocol with the Internal Market bill. But it only toughened its negotiations with the EU.

Third, conflict of interest with the EU. In response to Secretary Truss, the EU said it would "need to respond with all measures at its disposal" if the UK went ahead with the legislation. Talks on customs and checks have been ongoing between the UK and the EU since March 2021 with Former foreign secretary David Frost. After Frost quit in December threatening to invoke Article 16, the negotiations are now handled by Liz Truss. But the narrative remained the same. The EU ambassador to the UK, João Vale de Almeida said: "using legislation to override an international treaty. I feel myself back in the fall of 2020, with the internal markets bill." "We can't renegotiate the protocol: the ink on the signatures is hardly dry."

Fourth, the US backdoor diplomacy. As DUP continues to block a new power-sharing executive at Stormont, it has put the spirit of Belfast or the Good Friday Agreement in line where a devolved power-sharing arrangement has sustained peace among factions within NI. This has presented the US with a scope to take on the burden of keeping a peace agreement together as its visiting delegation takes a staunch position on the Belfast agreement. The delegation is now engaged in a diplomatic negotiation to iron out a trade deal, reiterating the need for the agreement has put its stakes on the UK government.

In perspective

First, a fading possibility of the EU and UK walking away with a trade deal. The EU Brexit chief Maroš Šefčovič issued a blunt statement that the protocol is the "cornerstone" for a wider withdrawal agreement. If the UK disappplies the protocol, the EU could impose limited sanctions on emblematic British goods such as Scottish salmon and whisky or suspension off the entire trade deal.

Second, a US-EU alliance on trade deals and negotiation rules. A US statement on the Good Friday Agreement along with attempts to draw up a trade deal possibly shows early signs of a UK's isolation. As both the US and EU statements align, it seemingly sets the terms ruling out renegotiation of the NI protocol and further complicates the bargaining position on the trade deals.

Also, from around the world

By Avishka Ashok, Arshiya Banu, Vijay Anand Panigrahi, Ashwin Dhanabalan, Abigail Miriam Fernandez, Rishma Banerjee, Apoorva Sudhakar and Padmashree Anandhan

East and Southeast Asia

China: President Xi meets UN Human Rights Chief and discusses China's progress

On 25 May, president Xi Jinping held a virtual meeting with United Nations High Commissioner for Human Rights Michelle Bachelet and defended China's progress on human rights within the country. The six-day visit by the UN Human Rights Chief aims to investigate the Xinjiang region which has been accused of discriminating against the Muslim minority

community in the region. Xi said: "Human rights issues should also not be politicised, instrumentalised, or treated with double standards. China has a human rights development path that suits its national conditions." Xi also explained that there was no ideal country that could teach others about human rights. The US State Department spokesperson Ned Price referred to the visit and called it a mistake and expressed its scepticism regarding unfiltered access to the region. He also highlighted the most recent media reports that publicised leaked photos and documents from the public security bureaus in two counties in the region. China's Foreign Ministry Spokesperson Wang Wenbin condemned the criticism issued by the US and the UK over the visit. He accused the West of sabotaging China's relations with foreign countries by spreading lies about the Human Rights Chief's visit.

China: Peking University students protest against harsh restrictions

On 18 May, the Asahi Shimbun reported that students at Peking University initiated a peaceful protest against the administration's harsh COVID-19 restrictions which sought to implement further separation by erecting a sheet-metal wall on campus. The students were already disgruntled with the existing measures such as prohibiting the students from ordering food, having visitors and daily testing. The University administration later backed out from the plan of erecting the sheet-metal in the campus and pacified the upset students with other concessions.

Japan: QUAD leaders to meet in Tokyo over the Taiwan issue, South China Sea and the Indo-Pacific

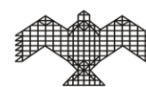
On 24 May, the leaders of the Quad group of countries met in Tokyo and discussed their goal of countering China in the Indo-Pacific region. On 23 May, the US president Joe Biden warned China against beefing up its military presence in the region and around Taiwan. He also pledged to intervene militarily in case of an invasion and expressed his hope in the grouping. He said: "The Quad is showing the world that cooperation among democracies can get big things done." Japan has also officially cautioned China against unilaterally changing the status quo in the region, especially with respect to the Senkaku or Diaoyu islands. The grouping is also expected to release a joint statement on the war in Ukraine.

Taiwan: China conducts military exercises around Taiwan as a warning to the US

On 25 May, the Chinese People's Liberation Army's Eastern Theatre Command spokesperson Shi Yi stated that it recently conducted an exercise around Taiwan as a "solemn warning" against its "collusion" with the US. Earlier, US president Joe Biden enraged China by appearing to foreshadow a shift in the US policy of "strategic ambiguity" on Taiwan by declaring the US would intervene militarily if China attacked the island. However, he later stated that US policy had not changed. Yi said: "It is hypocritical and futile for the United States to say one thing and do another on the Taiwan issue." While the US maintains a "one China" policy, recognising only Beijing, it has pledged under the Taiwan Relations Act to "to help provide Taiwan the means to defend itself."

Cambodia: Increasing cyberattacks against the private sector

On 23 May, Phnom Penh's ministry of post and telecommunications released a statement concerning the rise of cyber attacks against the private sector. The ministry called for greater vigilance against the attacks as there was an increase in business email compromise (BEC) scams. Hackers target entities by hacking their servers, as they study the company's business practices and finally send emails that appear like legitimate invoices. This type of crime in the US is called "theft by swindle." The ministry issued an advisory to companies, asking them to verify names and email addresses and immediately inform banks if they were scammed.



Singapore: Police seize 18 kilograms of heroin at checkpoint

On 20 May, Singapore's police seized a Malaysian registered car with nearly 18 kilograms of heroin. The seizure led to the arrest of three Malaysian suspects in multiple locations across Singapore. This is reportedly the most significant drug bust by the authorities since 2001. The car was crossing the Woodland Checkpoint and undergoing a routine check when authorities found bundles wrapped up in the car boot. The immigration and checkpoints authority (ICA) and central narcotics bureau (CNB) stated that apart from 17,704 kilograms of heroin, two grams of ecstasy tablets, and 261 grams of ice worth up to SGD, 1,295,000 was found.

Indonesia: Jakarta lifts ban on palm oil exports

On 19 May, Indonesia announced to lift its palm oil export ban from 23 May. This comes as Indonesia faced protests from small-scale farmers who called on the government to reverse its policies. Defending the ban, president Joko Widodo said the suspension had improved the supply and prices of cooking oil. Oil palm farmers association also thanked Widodo and pledged to ensure a continuous domestic supply of cooking oil.

Myanmar: Armed forces call on the NUG for weapon and cash supplies

On 24 May, armed resistance groups in Myanmar called on the National Unity Government (NUG) to supply them with arms and money. This comes as the resistance forces have been fighting against the military regime for over a year. A few groups were innovative in using local resources to generate funds and use them to equip themselves. While other groups have continued using hunting rifles called the Tumi against the well-equipped military regime. The head of the Khin-U people's defense force said: "The NUG's Ministry of Defense should provide support to local resistance groups. If not, their long-term mission will remain difficult to achieve."

South Asia

Malaysia: Steady growth in the Islamic Banking sector helps lead the Southeast Asian region

On 25 May, S&P Global Ratings projected that Malaysia's steady growth in the Islamic banking sector would help maintain its leading position in Southeast Asia. The Islamic banking sector in Malaysia could constitute up to 45 per cent of the total commercial banks by 2026 if it continues the trend of its positive profit rebound of last year. The Ukraine-Russia conflict has caused energy and commodity prices to soar. Its effects are felt by some smaller banks, but its impact to show on the Islamic banking sector should take time. In Southeast Asia, Malaysia alone holds up to 85 per cent of the Islamic banks' assets, followed by Indonesia with 15 per cent.

India: Drops nine places to 56 in WEF's global travel and tourism development index

On 24 May, India was ranked 54 in the global travel and tourism development index devised by the World Economic Forum (WEF). WEF's biennial travel and tourism study ranked Japan at the top, while India dropped nine places from 46 in 2019. The study that assesses 117 economies also showed an unbalanced recovery trend to the Covid-induced challenges that directly affected the tourism sector. In the post-pandemic world, vaccination status and status of open travel determine the international tourism sector in many countries. In the top five, Japan is followed by the US, Spain, France, and Germany.

Pakistan: Gunmen kill a station house officer in Peshawar

On 19 May, a station house officer was killed by on the Northern Bypass. The police claimed that the Shahpur police station's SHO was targeted after being chased by two attackers in a car. The police while speaking to Dawn stated that the condition of anonymity that the incident

appeared to be linked with the attack on Intelligence Bureau officials in Sarki area of Peshawar city.

Central Asia, Middle East and Africa

Iran: Senior Revolutionary Guard official killed by gunshots

On 22 May, a senior officer of Iran's elite Islamic Revolutionary Guard Corps (IRGC), Hassan Sayyad Khodaei was killed by five gunshots, in Tehran. Gunmen opened fire against Khodaei, in front of his house near Mojahedin-e-Islam Street, and killed him in his car. The IRGC identified him as a colonel, who was a member of the Quds Force, looking into IRGC's foreign operations. While Iran has ascribed "elements linked to the global arrogance" for the assassination, IRGC said that it has launched an investigation to identify who the attackers are. This is the most high-profile killing in Iran since nuclear scientist Mohsen Fakhrizadeh was murdered in November 2020.

Turkey: Five soldiers die in a clash against PKK on Turkey-Iraq border

On 25 May, Turkey's defence ministry reported that five Turkish soldiers fighting Kurdish fighters in northern Iraq have been killed and two more were wounded during clashes. The clash, that took place along the Turkey-Iraq border was between Turkish soldiers and fighters from the Kurdistan Workers' Party (PKK). Ankara designates the PKK as a terrorist organization and clashes between the two have been taking place from 1984, and is a conflict that has killed around 40,000 people.

Middle East: Sandstorms wreak havoc

Severe sandstorms were reported in the Middle East, in Iraq, Syria, Kuwait, Saudi Arabia, and Iran. In Iraq, bright orange skies covered vast areas in the region and required over 1000 people to be hospitalized due to respiratory issues. The health ministry is also stockpiling canisters of oxygen in hard-hit areas. In Syria, medical departments were alerted as the sandstorm hit the eastern part of the country. Kuwait too faced a similar issue, and all flights at the Kuwait International Airport were suspended because of the dust. Saudi Arabia too reported heavy sandstorms, which reduced the visibility significantly. 1285 patients flooded emergency rooms across the country, complaining that they could not breathe. Flights were canceled in Iran too, and the blame for the sandstorms there has been put on climate change, drought, and mismanagement of water resources.

Burkina Faso: 11 soldiers killed in attack on an army base

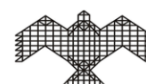
On 19 May, the armed forces communications unit said 11 soldiers were killed and 20 injured in an attack on a base in Madjoari in the east. The unit's statement said shrapnel and projectiles were used in the attack; further, the statement said 15 militants attempting to escape were killed by the military air support and called on all units to be combat-ready to tackle enemies.

Ethiopia: TPLF to release prisoners on amnesty

On 20 May, the Tigray People's Liberation Front said 4,208 prisoners, including 401 women, would be released on amnesty. The prisoner's centre's coordinator said most prisoners had previously been captured outside Tigray "and others joined the fight in a forced conscription." The coordinator said priority would be given to prisoners with illnesses, disabilities and women who delivered babies in detention. The development came after military commanders from the federal government and Tigray held talks.

Africa: Emergency assistance by the US to Africa for food security

On 19 May, BBC reported that US Secretary of State Anthony Blinken had announced that the US would provide USD 215 million in emergency aid to ten African countries to tackle food



insecurity. The beneficiary countries are Zimbabwe, Tanzania, Kenya, Cameroon, Algeria, Burkina Faso, Uganda, Nigeria, Rwanda, and Mauritania. Blinken announced the aid when he met several African foreign ministers in New York during a global food security meet.

Africa: Journalists condemn using Black people's images to cover monkeypox in UK and US

On 21 May, the Foreign Press Association, Africa (FPAA) criticised media outlets for using Black people's images to report monkeypox cases in the US and UK. The FPAA said: "We condemn the perpetuation of this negative stereotype that assigns calamity to the African race and privilege or immunity to other races." The FPAA termed the action insensitive and called for the updating of their image policy. The FPAA said while the world is tackling racism and racial stereotypes, media should assist in propagating positive images and narratives.

Democratic Republic of Congo: The UN condemns the attack by M23 on its troops

On 23 May, the UN condemned attacks on its peacekeepers by M23 and called for ceasing hostilities. On 22 May, violence erupted in North Kivu's Rutshuru territory forcing thousands to flee to Uganda. Meanwhile, the M23 spokesperson accused the UN mission of shelling their position. The spokesperson also accused the UN mission of assisting another militia.

Rwanda: First batch of refugees to arrive from the UK

On 19 May, the deputy government spokesperson of Rwanda, Alain Mukurarinda said that they were expecting the first group of 50 asylum seekers from the UK to reach the country by the end of May. This is in the context of the controversial immigration deal signed between Rwanda and the UK, back in April. As per the agreement, the UK will be sending people who enter the country illegally to Rwanda, and as a result, Rwanda will receive USD 158 million. This scheme has drawn widespread controversy and has been condemned by the UNHCR as an "egregious breach of international law."

South Africa: Racial flare-up reported in country's top university

On 17 May, a white student was filmed urinating on a black student's books and laptop at Stellenbosch University, one of the top educational institutes in South Africa. The perpetrator did this after barging into the first-year black students' room in the hall of residence. This racial flare-up has been criticized heavily, and the undergraduate student responsible for the act has been suspended with immediate effect. On 18 May, protests were held on the campus. Many former students have said that Stellenbosch has an inherent problem with elitism and racism.

Europe and the Americas

Hungary: Viktor Orban prolongs the state of emergency in Budapest

On 24 May, prime minister Viktor Orban announced the extension of the state of emergency in Hungary due to the ongoing war in Ukraine. Orban extended the constitutional amendment giving him the emergency powers, which would have expired by the end of May. The "State of Danger" was already implemented on the accounts of the COVID-19 pandemic. He said that he would protect Hungary and Hungarian families from physical security and financial threats due to the war in Ukraine by any means necessary. Being an ally of president Putin, Orban stated that it would be best for Hungary to take a neutral stance in the war. Many human rights activists opposed Orban's decision to impose the state of emergency as it would reduce the parliament's power and eventually become a new normal.

Ukraine: UNCHR report increase of refugees to 100 million

On 23 May, the UNHCR reported that in a 'staggering milestone', the number of global refugees had crossed the red line of 100 million. The high commissioner for refugees, Filippo Grandi said: "This must serve as a wake-up call to resolve and prevent destructive conflicts, end

persecution and address the underlying causes that force innocent people to flee their homes." The agency also said that out of this 10 million, 6.5 million were people from Ukraine, who have been forced to leave the country since February, with the majority of them entering Poland.

Poland: Lukashenko accuse over seizing pre-world War two territories from Ukraine

On 23 May, president of Belarus Alexander Lukashenko expressed concern over what he described as Western attempts to "dismember" Ukraine, referring to NATO. He further accused Poland of intending to seize the Western part of the country in a virtual meeting with president of Russia Vladimir Putin. Lukashenko stated: "What worries us is that they are ready, the Poles and NATO, to come out, to help take western Ukraine like it was before 1939." Referring to the non-aggression pact of 1939 when Nazi Germany and the Soviet Union carved Poland up between them. The majority of Moscow's acquired land is either in Belarus or Ukraine. Kaliningrad, once German East Prussia, became a Russian exclave.

The UK and Lithuania: Sign defence and security collaboration

On 23 May, the UK and Lithuania signed a joint declaration to boost defence and security cooperation amid the fear of invasion by Russia. The Baltic countries fear that president Vladimir Putin would not stop with just Ukraine but rather might hope to redraw the map of Europe. Countries like Lithuania, which is a NATO member, fear that the Russian aggression would turn toward it next. The declaration would be a defence collaboration among both nations and also would increase its resistance to threats from Russia and China. They strongly stand up against the Russian invasion and support Ukraine amid the war. Both countries avidly support and voice out freedom, sovereignty, and democracy.

Slovakia: Slana River contaminated by nearby iron ore mine kills numerous fauna

On 20 May, polluted water from an iron ore mine in eastern Slovakia has coloured the Slana River orange, killing fish and animals. The river flows into Hungary and is considered a fast-developing ecological disaster. Rudne Bane mining company stated that the water streaming into the river was underground water emerging from a flooded iron ore pocket mined until 2008. However, the Slovak Environment ministry said that despite the river's red-orange color, examinations at the closest point to the Hungarian border revealed that levels of potentially toxic contaminants did not exceed acceptable levels.

Argentina: Landmark judgement holds the state responsible for a century-old massacre

On 21 May, Argentina was held responsible for the brutal treatment and killing of more than 400 indigenous people of the Qom and Moqoit communities almost a century ago. The two communities have been protesting in Argentina's northern Chaco region against their inhumane and unfair living conditions of being underfed, paid in vouchers, and not given the liberty to move. In response to this protest, the authorities massacred them in 1924, but no responsibility was ever acknowledged. The court found the state guilty as the people suffered mass trauma and a near-permanent loss of culture. Although there were no financial reparations, the verdict mandated the massacre to be added to the school syllabus along with a continued forensic effort to find the victims.

The US: Report on fall of Afghan government discusses role Afghan soldiers fleeing the field

On 23 May, Dawn reported on report by the office of the Special Inspector General for Afghanistan Reconstruction which revealed that Afghan soldiers started crossing into Pakistan weeks before Kabul fell to the Taliban in August 2021. The UN refugee agency UNHCR reported early this year that more than 300,000 Afghans had fled to Pakistan between August 2021 and January 2022. But it did not say how many of those were from the military.



The US: Pentagon investigation finds New York Times accusation of military cover-up false

On 18 May, a US military investigation into an airstrike in Syria in 2019 revealed their report. The probe was launched because a New York Times report accused the military of covering up an attack on an Islamic state position on 18 March 2019. However, the investigator, General Michael Garret, rejected the claims, saying the civilian casualty that resulted from the attack were because the commander had relied on inaccurate data. He expressed his discontent about how there had been a delay in reporting the civilian casualty.

The US: Another active hurricane season ahead

On 25 May, NOAA, the weather department of the US, predicted another heavier than usual hurricane season ahead. The change in the weather pattern is believed to be caused by La Nina, due to which at least one major hurricane (category three or higher) is 70 per cent likely to hit the US coastline. La Nina is a natural phenomenon that reduces wind shear in the atmosphere leading to the development of tropical storms and hurricanes. Warmer sea surface temperatures, weaker tropical Atlantic trade winds, and changed west African monsoon are other factors that might cause this rise in the number of hurricanes in the region.

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Report Review

Death Penalty Report 2021: Rise in State Sanctioned Killings

Amnesty International Report on death sentences and executions: Five takeaways

By Padmashree Anandhan

On 24 May, Amnesty International released its annual report titled "Death Penalty Report 2021: Rise in State Sanctioned Killings." It provides a detailed report on the death sentences, executions, and violations of international law practised by countries across the globe and analyses the trend of increase amongst certain states. As per the Amnesty report: "Amnesty International's monitoring of the global use of the death penalty in 2021 revealed an increase by 20% in recorded executions and 39% in known death sentences compared to 2020. Eighteen countries executed a total of at least 579 people, and 56 countries sentenced a total of at least 2,052 people to death. However, the 2021 global executions figure was the second-lowest recorded by Amnesty International since at least 2010, in line with the historical trend towards global abolition."

Five key takeaways

First, the highest record in Asia-Pacific and the Middle East. As per the report, out of 11 countries, China topped the executions chart for 2021, followed by Iran, Saudi Arabia, Syria, Iraq, Yemen and North Korea. The number of executions and death sentences is expected to

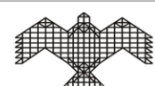
be ranging in thousands as the actual count was covered up by China. In the case of Iran, due to increased drug-related offences, and nebulous charges targeting the ethnic minorities were observed to have increased by 28 per cent from 2020, which is the highest of all since 2017. Apart from Iraq where the per cent of executions fell by 62 per cent, the remaining Middle-east states have increased three to four times.

Second, targeted executions. The death sentences and executions were found to be declared on those who engaged in anti-government protests. To maintain power and support, political opponents, minorities, and ethnic groups were also the targets of the governments.

Third, reasons behind increased executions. One, to suppress the protestor groups and minorities leading to disregard of international human rights and protecting the state. Two, skipping of arbitral proceedings and direct sentencing without the choice to appeal. Such direct sentencing was declared under ambiguous reasons, “enmity against god,” political repression, terrorism, conspiracy to carry out violence, and participation in anti-government protests.

Fourth, violations of international law. Certain category of crimes does not qualify for a death sentence under the international norm. Such crimes include the execution of people below the age of 18, unfair judicial practises, confessions through torture, sentences by military courts to civilians, unintentional killing and others such as treason, crimes against the state, espionage and Blasphemy. However, Iran, China, Myanmar, Egypt, Bangladesh, Pakistan and Saudi Arabia, where the per cent was recorded high, had violated the international standards in giving the death penalty.

Fifth, abolitionist vs retentionist. The report found that close to two-thirds of countries (144) across the globe had removed the death penalty from its legal practice, and only 55 countries remain to practise the execution. Amnesty also reported on parties who do not provide death sentences for any form of crime. The list contained all European countries except Belarus, which still opts for the death penalty for ordinary crimes. Apart from this Central Asia region, South Africa and small island countries had also opted for similar practice. A key development is Sierra Leone, Kazakhstan and Virginia opting to eliminate the death penalty. While the retentionist countries continue to keep the death sentencing and execution as part of law till now against the international standards. It includes South Asia and East Asia, a majority of Middle East states, and in north Africa. Although the US is currently under a temporary pause on federal executions, it is still considered a retentionist for having the death penalty and execution part of its laws.



COVER STORY

Sri Lanka's Economic Crisis: Structural issues and impacts

Chrishari de Alwis Gunasekare



(Image Source: Photo Source: Daily Mirror)

Sri Lanka's Economic Crisis: Structural issues and impacts

Sri Lanka is currently experiencing the most severe economic crisis in recorded history since its independence in 1948. Shortages of basic commodities and rising inflation are merely the indicators of difficult times ahead for Sri Lankan citizens. The economic crisis is largely attributed to the economic mismanagement of the present Government of Sri Lanka led by President Gotabaya Rajapaksa. Policies followed by the incumbent government such as tax cuts, money printing, complete shift to organic farming, unsustainable debt obligations, in addition to the effects of the 2019 Easter Attack, the COVID-19 pandemic, and the near depletion of Sri Lanka's foreign reserves due to the dwindling inflow of foreign exchange compounded the destructive impact on the country's economy.

When the crisis reached its peak, the President addressing the nation in March 2022 claimed:

“I am well aware of the shortages of essential items and increase in prices. I am also aware of issues such as gas shortage, fuel shortage and power cuts. I am also very sensitive to the many sufferings the people have to experience over the past two months. I know that this situation will continue for reasons beyond

our control though we make maximum possible efforts with regard to these situations.”¹

The above statement was an underestimation of the extent of the economic hardships to come. The overall degradation in the quality of life experienced in the following weeks saw the people take to the streets, engaging in island wide protests. The inaction of the government has only fuelled the public outrage. Citizens having lost faith in the government are demanding the immediate resignation of the president and the prime minister, along with relief from the economic crisis. Meanwhile peaceful protests are being disrupted by law enforcement officers that use excessive force to control the crowds. Hence, the economic crisis had rapidly devolved into a political crisis, which cannot be resolved without a complete political and economic structural change in Sri Lanka.

Against this background, this paper attempts to understand the depths of the present economic crisis in Sri Lanka. It explores the following: What were the causes of the economic crisis? What impact did it have on the day-to-day lives of Sri Lankans? How did the government, the citizens, and non-state actors react to the present crisis? What is the best way forward for Sri Lanka in these troubled times?

I

Background of the Sri Lankan economic crisis

The present Sri Lankan economic crisis was years in the making. Economists had observed the slowdown of Sri Lanka’s economic growth since 2012. When the Yahapalanaya government co-led by president Maithripala Sirisena and prime minister Ranil Wickremesinghe came into power in 2015, the signs of this were quite evident. The annual GDP growth of Sri Lanka had come down to five per cent in 2015 and fell as low as 2.3 per cent in 2019.² Likewise, the country’s export sector remained stagnant, remaining at USD 10-12 billion from 2015 to 2019. On the other hand, during the same time period public debt went up by almost 10 per cent, hinting at the debt crisis that Sri Lanka is undergoing at present.

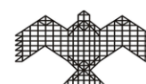
The precarious state of the Sri Lankan economy was noted by the Institute of Policy Studies (IPS) as early as 2014. The risks pointed out by IPS at the time included the danger of receiving foreign aid from a single source, borrowing hot money, shoring up foreign reserves through borrowing, the uncontrolled increase of external non-concessionary borrowings, the state banks borrowing on behalf of the government, the monopolisation of FDIs by the hospitality sector, and covering up budget deficit through capping capital expenditure.³ However, these warnings were largely unheeded by the political leaders at the time. In fact, these perils further intensified due to the Constitutional crisis in 2018, as political instability affected investor confidence.⁴ As a result of all these factors, the country experienced no visible economic growth for a period of four years, and was particularly vulnerable to the economic backlash of the 2019 Easter.

¹ Presidential Secretariat (2022) *President Gotabaya Rajapaksa’s special address to the nation*. Available at: <https://www.presidentsoffice.gov.lk/index.php/2022/03/16/president-gotabaya-rajapaksas-special-address-to-the-nation-3/>

² All statistics mentioned are cited from Focus Economics (2022) *Sri Lanka Economy Data*. Available at: <https://www.focus-economics.com/countries/sri-lanka>

³ Wijewardena, W.A. (2014) ‘IPS State of the Economy 2014: A critical probe shows hidden risks and defects of policies’, *Daily FT*, 8 December. Available at: <https://www.ft.lk/columns/ips-state-of-the-economy-2014-a-critical-probe-shows-hidden-risks-and-defects-of-policies/4-373511>

⁴ Chandran N. & Jegarajah, S. (2018) ‘Constitutional crisis’ could destabilize Sri Lanka, pushing it closer to China’, *CNBC*, 30 October. Available at: <https://www.cnbc.com/2018/10/30/sri-lanka-crisis-political-economic-financial-consequences.html>



Thereby, the incumbent government that came into power in November 2019 had the unenviable task of restoring the Sri Lankan economy. However, the emergence of the COVID-19 pandemic meant that Sri Lanka's foremost foreign exchange earners – the tourism and export sectors – came to a standstill due to the imposition of island wide lockdowns and supply chain disruptions experienced globally.⁵ Nevertheless, the Easter Attack and COVID-19 alone cannot be held responsible for the dire straits of the Sri Lankan economy. The pandemic was a global phenomenon that affected all countries. As independent think tank Verité Research pointed out, in comparison to its South Asian peers, Sri Lanka was the only country that experienced a severe depletion of foreign reserves during 2019 to 2021.⁶ Thus, it is evident that while the pandemic and the Easter Attacks may have factored into the current economic crisis, they are not the sole reason for it. The following sections examine the economic policies of the incumbent government and their impact on the Sri Lankan economy.

Defective economic policies

Sri Lanka's budget deficit doubled in the span of a single year under president Gotabaya Rajapaksa's administration. As Verité Research observed, between 2019 and 2020, the deficit increased by INR 1.074 billion.⁷ The deficit was caused due to the decline of government revenue, which in turn was affected by excessive tax cuts implemented by the Rajapaksa administration. Accordingly, value added tax (VAT) was reduced to eight per cent, corporate income tax was reduced to 24 per cent, and personal income tax was reduced to 18 per cent. Moreover, seven other taxes including nation-building tax, PAYE tax, debt repayment levy, and economic service charge were done away with altogether.⁸ These ill-advised tax reliefs were a part of president Rajapaksa's election campaign with no plans to make changes to the tax policy for his term in office, which was severely criticised by economists for the impact they would have on the economy. In direct contrast to the decline in revenue, government spending increased by INR 548 billion.

In order to bridge the gap between revenue and expenditures, the Central Bank of Sri Lanka (CBSL) adopted the Modern Monetary Theory (MMT), which claims that printing money alone does not cause higher inflation. This decision by the CBSL was frowned upon by economists as well as the International Monetary Fund (IMF), which in an assessment of the country's situation warned that this could lead to currency instability and shrinking of private credit lines. Nonetheless, CBSL printed INR 2.8 billion from December 2019 to October 2021 alone,⁹ resulting in headline inflation increasing up to 14 per cent in January 2022.¹⁰ Under the

⁵ While Sri Lanka was on the road to recovery after the 2019 Easter Attack, the lockdowns and curfews implemented in order to curb the first few waves of the Covid-19 pandemic hindered the progress made. For more details, refer Arunatillake, N. (2020) 'Easter Attacks in 2019 vs. COVID-19 Outbreak of 2020: What Lies Ahead for Sri Lanka?', *Talking Economics*. Available at: <https://www.ips.lk/talkingeconomics/2020/04/03/easter-attacks-in-2019-vs-covid-19-outbreak-of-2020-what-lies-ahead-for-sri-lanka/>

⁶ Verité Research (2022) *Is the Pandemic the Sole Cause for the Depletion in Sri Lanka's Foreign Reserves?* Available at: <https://publicfinance.lk/en/topics/is-the-pandemic-the-sole-cause-for-the-depletion-in-sri-lanka-s-foreign-reserves-1646912468>

⁷ Verité Research (2022) *Why did Sri Lanka's Budget Deficit Increase in 2020?* Available at: <https://www.veriteresearch.org/2021/10/27/why-did-sri-lankas-budget-deficit-increase-in-2020/>

⁸ Mallawarachi, B. (2019) 'Sri Lanka's new government announces tax cuts', *AP News*, 28 November. Available at: <https://apnews.com/article/b6b96849e74c8dbeac461ff8418c28>

⁹ Opanayake, V. (2022) 'Printing money: Our way out in 2022 too?', *The Sunday Morning*, 8 January. Available at: <https://www.themorning.lk/printing-money-our-way-out-in-2022-too/>

¹⁰ International Monetary Fund (2022) 'Sri Lanka: 2021 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Sri Lanka', *IMF Staff Country Reports Volume 2022 (09)*. DOI: <https://doi.org/10.5089/9798400206450.002>

current economic conditions, the level of inflation in Sri Lanka is expected to remain at double digits – exceeding the recommended four to six per cent by a considerable margin.

Another monetary policy that was criticised by the IMF was the fixed exchange rate adopted by CBSL. Since April 2021, the value of the US dollar was pegged to INR 200-203, affecting the prices of basic commodities and leading to dysfunctional foreign exchange (henceforth forex) markets.¹¹ This policy decision resulted in a significant drop in the inflow of foreign remittances, with informal methods and black market buying and selling of currencies becoming more frequent.¹² Moreover, the dollar shortage within the island impacted the country's import sector, causing a shortage of several essential commodities and goods including fuel, rice, sugar, milk powder, and domestic cooking gas.

External debt problem

Another persistent issue that Sri Lanka has been grappling over the past years has been its debt sustainability. In March 2022, one of the major concerns of the Government was the lack of forex and the question of whether the government could repay the debts due this year. By the end of 2021, several rating agencies including Standard and Poor's, Moody's, Fitch had already downgraded Sri Lanka's ratings, citing high risk of debt default in 2022.¹³ At the beginning of 2022, Sri Lanka's foreign reserves dipped as low as USD 2.4 billion, while net international reserves had been in the negative since November 2021. Under such circumstances, Sri Lanka's debt obligations for 2022 remained impossibly high at USD 6.9 billion, with the budget deficit standing at USD 11.9 billion. Public debt had risen from 94 per cent of the GDP in 2019 to 119 per cent in 2021.¹⁴

Sri Lanka's debt problem has deep roots, out of which indiscriminate borrowings from foreign sources is just one. This is primarily due to the fact that Sri Lanka had deviated from standard practices when borrowing in the past decade. As Sri Lanka was upgraded to a middle-income country, aid received from international multilateral and bilateral donors such as the World Bank, Asian Development Bank, or the Japan International Cooperation Agency in the form of concessionary loans declined. In order to make up for this, Sri Lanka began to supplement borrowings in the form of commercial loans in 2004. By 2012, commercial loans had come up to over 50 per cent of Sri Lanka's overall borrowings. For example, Sri Lanka's debt to China alone stands at USD five billion at present. These commercial loans came with a considerable risk as they are short-term, with higher interest rates, and offered no moratoriums. However, out of these debt obligations, International Sovereign Bonds (ISBs) are at the forefront, accounting for USD 1.54 billion out of the total debt repayments due in 2022.

The origin of the debt crisis lies in Sri Lanka's continued reliance on these foreign loans to shore up the economy instead of addressing structural weaknesses. The disproportionate debt to GDP ratio had resulted in a serious balance of payment issue, which had exacerbated due to contraction of trade, low tax revenue, and dwindling foreign direct investments (FDI). IMF in its assessment noted that Sri Lanka's external debt to be unsustainable and needing immediate

¹¹ *Ibid.*

¹² Weeraratne, B. (2021) 'Black, White and Grey Markets: The Dynamics of Foreign Exchange and Remittances in Sri Lanka', *Talking Economics*, 17 December. Available at: <https://www.ips.lk/talkingeconomics/2021/12/17/black-white-and-grey-markets-the-dynamics-of-foreign-exchange-and-remittances-in-sri-lanka/>

¹³ Moramudali, U. (2021) 'Sri Lanka's Foreign Debt Crisis Could Get Critical in 2021', *The Diplomat*, 09 February. Available at: <https://thediplomat.com/2021/02/sri-lankas-foreign-debt-crisis-could-get-critical-in-2021/>

¹⁴ *Supra* note 10



attention, as: “Due to persistent external debt service burden, international reserves would remain inadequate, despite the authorities’ ongoing efforts to secure financing from external sources.”

Agricultural mishaps

Another policy decision that undoubtedly had a negative impact on the Sri Lankan economy was the complete ban of chemical fertilisers in April 2021. The policy was implemented in accordance with president Rajapaksa’s National Policy Framework which highlighted the need for environmentally friendly farming by guaranteeing the people’s right to safe food.¹⁵ While this may seem to be a step in the right direction, the manner in which the policy was brought into effect – without preliminary testing or preparation – had an adverse impact on both production and local export sector. For example, the production of rice which is a staple in the Sri Lankan diet fell by 20 per cent, causing the prices to surge over 50 per cent. In addition, the production of several key export crops such as tea, rubber, and coconut were also hit by this overnight transition to organic farming. The loss from the tea production sector alone was estimated to be around USD 425 million.¹⁶ president Rajapaksa’s organic pledge came at the cost of Sri Lanka losing its position as one of the global market leaders in tea exports, due to the drop in quality and quantity. This policy decision resulted in the collapse of the agricultural sector, forcing the government to import rice at a time when forex reserves were dangerously low. Moreover, the imposition of price controls resulted in hoarding, worsening the existing food shortages in the market. Therefore, the agricultural policy adopted by the Rajapaksa administration at a time when the country was already struggling with the fallout of the Covid-19 pandemic, proved disastrous for the Sri Lankan economy.

Declining tourism sector

Tourism is the third highest forex earner of Sri Lanka, after workers’ remittances and apparel sector exports. The tourism sector as a whole (including travel related services) contributed to 10.3 per cent of Sri Lanka’s total economy and accounted for 5.7 per cent of the country’s GDP in 2019.¹⁷ Tourism was one of the hardest hit sectors by the COVID-19 pandemic – the decline in tourist arrivals affecting income generation, the inflow of FDIs, and higher unemployment in the sector. By March 2020 tourist arrivals had fallen as low as 70 per cent in comparison to the previous year. Highly dependent on the forex income earned by the tourism sector, this decline was another blow that was unfavourable to the Sri Lankan economy.

Repercussion of the Russian-Ukrainian war

Sri Lanka will be affected on two fronts due to the ongoing conflict between Russia and Ukraine; namely, the drop in tourist arrivals from the European region and supply chain bottlenecks caused by the situation. The immediate concern for the country would be tourist arrivals, as 30 per cent of Sri Lanka’s incoming tourists this year were from Russia, Ukraine,

¹⁵ National Policy Framework (2019) *Vistas of Prosperity and Splendour*. Available at: <http://www.doc.gov.lk/images/pdf/NationalPolicyframeworkEN/FinalDovVer02-English.pdf>

¹⁶ Nordhaus, T. & Shah, S. (2022) ‘In Sri Lanka, Organic Farming Went Catastrophically Wrong’, *Foreign Policy Magazine*, 05 March. Available at: <https://foreignpolicy.com/2022/03/05/sri-lanka-organic-farming-crisis/>

¹⁷ Rajarathne, R.P.D.M. (2020) ‘Improvements and Adjustments Needed to Overcome the Impact of COVID-19 by the Travel and Tourism Services Sector in Sri Lanka’, *Proceedings of the International Conference On Business Innovation: Covid 19 Transcending Challenges, Recovery Measures and Resilience*, pp. 101-106. Colombo: NSBM Green University

Poland, and Belarus.¹⁸ The number is expected to dwindle rapidly as more cancellations are being reported due to the closure of Russian airspace. Likewise, Sri Lanka like many other countries across the globe had lost access to the Russian and Ukrainian markets since February 2022. The overall impact of this is felt in the global rise of crude oil import prices. However, in addition to the rising fuel prices, Sri Lanka had also lost one of its major wheat import sources, of which Russia and Ukraine account for 45 per cent. Exports too are affected, as Russia and Ukraine purchase 18 per cent of the fermented black tea exports from Sri Lanka.¹⁹ Hence, two of Sri Lanka's major revenue earners come to a halt due to the current Russian-Ukrainian war, further contributing to the economic crisis.

As examined above, the origins of the Sri Lankan economic crisis are multi-faceted; including debt mismanagement, impact of the pandemic, and the lack of foresight in policy formulation. At present, the crippling effects of the crisis is felt by all Sri Lankans, who now lead a hand-to-mouth existence, uncertain of their future or the future of the country.

II

Impact of the Sri Lankan economic crisis

The immediate consequences of the economic crisis in Sri Lanka is evident by the existing food and fuel shortages, as the import dependent market collapsed when the government was unable to produce forex to purchase goods. Signs of imminent collapse were observed since August 2021, when the government had to declare Emergency regulations pertaining to the distribution of essential food items, offering several food items such as rice and sugar at concessionary rates. By December 2021, rating downgrades and depleting forex meant that the imports were severely limited, as foreign banks refused to accept Sri Lankan letters of credit until the country's credibility was restored. The import restrictions in turn triggered the worst energy crisis the country had experienced in over 25 years.²⁰

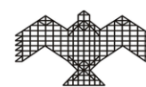
By March 2022, Sri Lankans had to queue outside filling stations to pump fuel for their vehicles and as Ceylon Petroleum Corporation (CPC) became unable to meet the demand. As fuel became scarce in the market, the prices sky-rocketed to unmanageable levels. The fuel crisis had a domino effect, interrupting both day-to-day lives, industrial, and service sectors of the country.²¹ The first among many to be hit by the fuel shortage was the state electricity provider Ceylon Electricity Board (CEB) which imposed regular load shedding hours. The forex shortage meant that the CEB was unable to purchase emergency power or fuel from the CPC. Hydropower alone was inadequate to meet the national demand, while thermal power plants could not operate due to the shortage of fuel. These power cuts last anywhere from two to five-hour average on a daily basis, with the longest power cut to date lasting for almost fifteen hours a day.

¹⁸ Ondaatjie, A. (2022) 'Shock Waves From War in Ukraine Threaten to Swamp Sri Lanka', *Bloomberg*, 17 March. Available at: <https://www.bloomberg.com/news/articles/2022-03-17/shock-waves-from-the-war-in-ukraine-threaten-to-swamp-sri-lanka>

¹⁹ Wijesinghe, A. (2022) 'Russia-Ukraine Conflict: Economic Implications for Sri Lanka', *Talking Economics*, 28 February. Available at: <https://www.ips.lk/talkingeconomics/2022/02/28/russia-ukraine-conflict-economic-implications-for-sri-lanka/>

²⁰ Srinivasan, M. (2022) 'Fuel shortage, power outages aggravate Sri Lanka's economic crisis' *The Hindu*, 03 March. Available at: <https://www.thehindu.com/news/international/fuel-shortage-power-outages-aggravate-sri-lankas-economic-crisis/article65186881.ece>

²¹ Dias, S. (2022) 'SL's economy struggles amid fuel crisis', *The Sunday Times*, 06 March. Available at: <https://www.sundaytimes.lk/220306/business-times/sls-economy-struggles-amid-fuel-crisis-474766.html>



The fuel shortage and the subsequent power cuts further handicapped the struggling economy of Sri Lanka. For example, the Colombo Stock Exchange (CSE) crashed as it opened on 30 March, as its shares plunged below seven per cent, prompting an immediate halt in trading twice over the course of the day.²² As worries over the deepening economic crisis and power cuts grew, the CSE not only limited its trading hours but had to temporarily shut down the stock market, due to the unpredictability of the country's present economic conditions.²³ Likewise, the tourism industry which already saw cancellations from the European region, experienced

another setback as several governments (including the UK and Canada) issued warnings to its citizens travelling to Sri Lanka. The island nation was no longer recognised as a holiday destination as the tourism industry struggled to make ends meet. Power interruptions also impacted local businesses. Many small shop owners closed down their shops as frozen goods were destroyed by the long hours without power.

Certain production factories and facilities too closed down as the fuel shortage made machinery inoperable. Public transport was severely impacted, with the number of buses on the street reducing nearly by half. Likewise, container transports involved in export/import industries became limited, further affecting the shortage of essential goods and contributing to their exorbitant price hikes. The corporate sector too faced difficulties operating under these circumstances, especially the IT/BPM industries which are reliant on a steady power supply.

The export sector lost international clients as they pulled back due to concerns over inability to provide supplies and meet deadlines. The sector also had difficulties in obtaining freight services as they demanded payment in US dollars as the crisis began to worsen. The country also experienced network issues as local telecommunication and internet service providers couldn't secure adequate fuel to power their signal towers during long power interruptions. The agricultural sector was another to be hit, as the breakdown of the transport sector meant that the farmers were left with limited means to transport their goods to the markets and the harvesting being delayed due to the fuel shortage. Similarly, the banking sector operates under considerable pressure as their clients become unable to repay bank loans while the directives of the CBSL meant that they too were affected by the severe dollar crunch.

Another impact of the current economic crisis is the food shortage caused by the forex issue. As local supply chains get disrupted on top of the import restrictions in place, Sri Lanka experienced a shortage of essential food such as rice and sugar. People queued outside state-owned grocers in order to obtain food items at concessionary rates. The limited supply also drove up the retail price of food. In addition to food, Sri Lanka also experienced a paper shortage. This resulted in school examinations being postponed indefinitely, while several daily newspapers halted print publication and shifted to e-paper format.²⁴ By April 2022, Sri Lanka's headline inflation reached a record high of 28.9 per cent. Advocata Institute's Bath

²² Reuters, (2022) , 'Colombo bourse halts trading twice as shares plunge over 7per cent amid economic woes', *Economic Times*, 30 March. Available at: <https://economictimes.indiatimes.com/markets/stocks/news/colombo-bourse-halts-trading-twice-as-shares-plunge-over-7-amid-economic-woes/articleshow/90539637.cms>

²³ Asian News International, (2022). 'No Trading Next Week In Sri Lanka's Stock Exchange Amid Crisis', *NDYV*, 17 April. Available at: <https://www.ndtv.com/world-news/sri-lanka-economic-crisis-no-trading-next-week-in-sri-lankas-stock-exchange-amid-crisis-2893865>

²⁴ *AFP*, (2022) 'School Tests, Newspapers On Hold As Sri Lanka Begins Running Out Of Paper', 25 March. Available at: <https://www.ndtv.com/world-news/school-tests-newspapers-on-hold-as-sri-lanka-begins-running-out-of-paper-2842565>

Curry Indicator (BCI)²⁵ which track changes in monthly food prices, recorded nearly a 14 per cent increase in food expenses from March to April 2022 alone. Furthermore, the CBSL revealed that Sri Lanka's year-on-year food inflation had reached up to 46.6 per cent while non-food inflation had come up to 22 per cent in April.²⁶

Even the health sector of Sri Lanka was not spared by the impact of the current economic crisis. In spite of the guarantees that they would have uninterrupted power, images of how doctors had to perform surgeries in the dark circulated on social media, giving context to the depth of the crisis.²⁷ By the end of March, several state-run hospitals in Sri Lanka had to halt regular surgeries as the country's forex shortage affected the pharmaceutical supplies – including life-saving drugs, painkillers, anaesthetics, implants, and suture materials. As with food prices, the supply shortage meant that medicine prices went up by 40 per cent, exacerbating the consequences of the crisis. In April, Sri Lanka Medical Council (SLMA) warned the government that if the medicine shortage was not addressed immediately, the casualties caused would likely exceed the combined losses from the civil war, the tsunami, and the COVID-19 outbreak.²⁸

As detailed above, the overarching impact of the Sri Lankan economic crisis was far-reaching. Several people lost their lives as they waited in queues to purchase limited fuel and domestic gas supplies. Others lost their livelihoods, with daily wage earners becoming the most vulnerable, as businesses could not operate at normal capacity. Over one million people are expected to fall below the poverty line by the end of this year.²⁹ Declining goods and services keep on driving up the market prices. Limitations on imports and exports further impedes the production process, while expenditure outstrips production rates, creating even more shortages. Therefore, the current condition of Sri Lanka is described by economists as a vicious cycle that has brought the country's economy to the brink of ruin.

III

Responses to the Sri Lankan economic crisis

People's protests

Sri Lankan people have taken to the streets to express their displeasure at the unbearable living conditions which kept getting worse as the year progressed, demanding the resignation of the Rajapaksa government. The protests began in March 2022, and included both spontaneous and non-partisan protests, as well as organised politically-backed protests. The latter included several protests staged by Parliamentary opposition Samagi Jana Balawegaya (SJB) led by Sajith Premadasa and the National People's Power (NPP) led by Anura Kumara Disanayake.

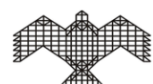
²⁵ Advocata Institute (2022) *Bath Curry Indicator*. Available at: <https://www.bci.advocata.org/>

²⁶ Central Bank of Sri Lanka (2022) *Press Release*. Available at: https://www.cbsl.gov.lk/sites/default/files/cbslweb_documents/press/pr/press_20220429_inflation_in_april_2022_ccpi_e.pdf

²⁷ Rizwie, R. & Hollingsworth, J. (2022) 'Surgery by mobile phone light and reusing catheters', *CNN*, 18 April. Available at: <https://edition.cnn.com/2022/04/15/asia/sri-lanka-hospital-medicine-intl-hnk-dst/index.html>

²⁸ Fernandopulle, S. (2022) 'Acute shortage of medicines threatening; SLMA writes to President', *Daily Mirror*, 08 April. Available at: https://www.dailymirror.lk/print/front_page/Acute-shortage-of-medicines-threatening-SLMA-writes-to-President/238-234768

²⁹ Opanayake, V. (2022) 'Economic crisis: More people pushed below poverty line', *The Sunday Morning*, 07 May. Available at: <https://www.themorning.lk/economic-crisis-more-people-pushed-below-poverty-line/>



Conversely, the most effective form of expressing dissent had been the non-partisan people's protests.³⁰ In a protest culture unfamiliar to Sri Lanka, they began as small pockets in the suburbs of Colombo, following the code of peaceful and silent demonstrations – where protesters held up placards and lit candles during the evening hours and power cuts. However, as the duration of power cuts increased during the month of March, more and more people began to express their opposition to the current administration – which came to a head on 31 March. After a power outage that lasted for over thirteen hours, protesters gathered outside the president's private residence in Mirihana.³¹ The initially peaceful protest turned violent as Police and Special Task Force (STF) deployed water cannons and tear gas against the protesters in an attempt to disperse them, while several protesters were arrested.

This incident sparked outrage among the public and drew a massive crowd to Colombo that began as a movement to occupy the Galle Face Green, Colombo in order to carry out demonstrations in front of the Presidential Secretariat on 9 April. The protesters continue to occupy the space at present, and have established a protest village named “Gotagogama” (Gota-Go-Village) which is set up in the model of a small village, providing basic necessities.³² Moreover, people's protests are taking place in front of Temple Trees (the official residence of the prime minister) and the Parliament of Sri Lanka as well. Other significant landmarks such as the Independence Square, Galle Fort, Torrington Square, Viharamahadevi Park, and Lotus Tower have been transformed into regular protest sites.

Since then, protests have spread to most of the cities in Sri Lanka that have established designated protests sites, including several professional bodies such as lawyers, business owners, IT professionals, tea plantation workers, government-sector employees, religious leaders of multiple faiths, etc. joining them in a show of support. Some of the protesters surrounded the residences of several cabinet ministers, demanding that they resign as well. People are of the opinion that the Rajapaksa family should declare their assets to the public, while all Ministries and government institutions be audited. The people's protests are distinguished by their creativity; with multiple individuals and organisations using the protest site to express dissent through song, dramatic performances, art installations, citizen forums, and teach outs. The people's protests also utilised social media extensively. Several hashtag campaigns including #GoHomeGota became popular in social media platforms such as Facebook, Twitter, and Instagram, demanding the president to step down and be impeached.

In addition to the protests being carried out locally, Sri Lankan citizens living overseas had organised several protests in support of the people including in the US, England, Australia, New Zealand, Germany, Italy, etc. which drew the attention of the international community to the Sri Lankan economic crisis.

Government response to the crisis

³⁰ Kuruwita, R. (2022). ‘Sri Lanka's Leaderless Protests’, *The Diplomat*, 12 April. Available at: <https://thediplomat.com/2022/04/sri-lankas-leaderless-protests/>

³¹ Jayatilleka, D. (2022) ‘The Mirihana moment and movement’, *The Island*, 02 April. Available at: <https://island.lk/the-mirihana-moment-and-movement/>

³² Jayasinghe, U. & Ghoshal, D. (2022) ‘A small tent camp in Sri Lankan city becomes focus of national protests’, *Reuters*, 13 April. Available at: <https://www.reuters.com/world/asia-pacific/small-tent-camp-sri-lankan-city-becomes-focus-national-protests-2022-04-13/>

The initial reaction of the Sri Lankan Government was to deny that there is an ongoing economic crisis, and thereby refuse to seek aid from the IMF.³³ This denial and delay in seeking aid only aggravated the effects of the crisis until in March, when president Rajapaksa finally admitted that the country is in dire economic straits during his presidential address. In an attempt to redress the situation and in response to the people's protests, several remedial measures were put into place by the Government.

As a preliminary to approaching the IMF for support, on 8 March, CBSL devalued the Sri Lankan rupee against the US dollar by 15 per cent, allowing the currency to float and adjust to the market value.³⁴ While this move might have been a step in the right direction to restore market stability, the devaluing of the currency came with its own implications. The currency continues to depreciate even at present, driving inflation higher day-by-day, whereas the salaries of the people remain stagnant, adding to their economic woes. The devaluation of the rupee had also failed to attract more foreign worker remittances, and did not prove to be the resolution to the forex crunch either.

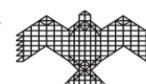
A positive development that took place in the same period was the appointment of Dr. Nandalal Weerasinghe as the new CBSL Governor who promised to serve the people and make CBSL an independent institution free of political influence. Under the guidance of the new governor, CBSL tightened its monetary policy, advised banks to enable dollar payments for education and health requirements, requested all foreign remittances be sent via formal channels, and took steps to negotiate debt repayment with China. The president also appointed a group of financial experts as members of the Presidential Advisory Group on Multilateral Engagement and Debt Sustainability, in order to approach the IMF. Meanwhile, talks seeking an IMF bailout were initiated in mid-April, but did not yield visible results as IMF insisted that Sri Lanka has to first address its debt sustainability concerns. On 12 April, Sri Lanka announced that the country would temporarily default the total sum of its external debt amounting to USD 51 billion, in order to avoid the consequences of hard default, ending the country's flawless record of meeting its debt obligations.³⁵

On the other hand, wide-spread people's protest which began with the economic crisis devolved into a political crisis. With the growing dissent expressed by the public, all ministers of the Cabinet resigned from their posts on 4 April. However, many experts questioned the constitutionality of this move, as according to Article 49 of the Constitution the Cabinet will not stand dissolved as long as the prime minister continues to hold office. In the meantime, the president invited all political parties representing the Parliament to accept new ministerial posts and assist in resolving the crisis, which was rejected. Furthermore, the ruling party lost the Parliamentary majority as several ministers declared that they will leave the government and function independently. This includes ministers from ruling party Sri Lanka Podujana Peramuna (SLPP), Sri Lanka Freedom Party (SLFP), and Ceylon Workers' Congress (CWC). On 18 April, a new government with a 17-member Cabinet was appointed, to the derision of

³³ Bala, S. (2022) 'Sri Lanka's central bank governor says country does not need IMF relief amid inflation concerns', *CNBC*, 24 January. Available at: <https://www.cnbc.com/2022/01/24/sri-lankas-central-bank-governor-says-imf-relief-is-not-necessary.html>

³⁴ Jayasinghe, U. (2022) 'Sri Lanka devalues rupee, seen as step towards getting IMF help', *Reuters*, 08 March. Available at: <https://www.reuters.com/markets/rates-bonds/sri-lanka-allow-rupee-weaken-230-per-dollar-2022-03-07/>

³⁵ Schmidt, H. (2022) 'Debt-Payment Suspension Underlines Disastrous Economic Situation for Sri Lanka', *International Banker*, 21 April. Available at: <https://internationalbanker.com/finance/debt-payment-suspension-underlines-disastrous-economic-situation-for-sri-lanka/>



the protestors, as it not only eradicated female representation but also featured members from the previous Cabinet which people had already rejected. Consequently, the Sri Lankan Parliament functioned in a state of political deadlock during the past month where the president continued to advocate for an all-party government while the opposition insisted on a no-confidence motion.

State suppression also came into play with the Mirihana incident on 31 March. The president declared a State of Emergency in order to curb the people's protests, followed by curfew and a social media ban in early-April. State-sponsored violence also became common since mid-April, as indicated by the Rambukkana incident, where the Police shot live rounds at the protestors, injuring several people and killing one individual. Similarly, protestors were harassed and intimidated by law enforcement officers on multiple occasions, with the Police continuing the use of tear gas and water cannons to disperse crowds from protest sites.

International support

Sri Lanka received financial assistance from several countries; with India agreeing to USD 400 million currency swap with Reserve Bank of India, a USD 1 billion credit line for fuel and pharma imports, a diesel shipment under a USD 500 million credit line, with the Rajapaksa's seeking another possible USD1 billion loan from New Delhi.³⁶ China too agreed to a USD 3.1 billion swap while the government is in the process of seeking another USD 2.5 billion loan from China. In terms of development agencies, the World Bank has extended USD 300-600 million over the coming months to purchase medicine and other essential items. In contrast, the IMF report on Sri Lanka presented a mostly negative outlook on the current economic crisis. IMF recommended drastic austerity measures including; increasing taxes, government spending discipline, cost-recovery by loss making state-owned enterprises (which included CEB and CPC), returning to a flexible exchange rate, debt restructuring, removal of import restrictions, and improvements in budget formulation, in order to restore Sri Lankan financial stability.³⁷

Moreover, the international community is carefully monitoring the situation in Sri Lanka. The United Nations Human Rights Council (UNHRC), the European Union (EU), along with several Ambassadors had issued statements or Twitter messages, extending their support to people's right to protest peacefully while criticising State suppression.

IV The way forward

In order to resolve the economic crisis in Sri Lanka, financial experts have put forth recommendations, which are also in accordance with the recommendations made by the IMF. For example, the course of action endorsed by the Advocata Institute could be broadly categorised as stabilisation and growth.³⁸ Stabilisation consists of cutting back on excessive money printing and government borrowing, in order to reduce the budget deficit. Moreover, increasing tax rates would be inevitable in order to boost government revenue, whereas decreasing government expenditure by reducing salaries and pensions is also needed to address the budget deficit. These are several direct methods to restore market stability as explained by

³⁶ Reuters (2022) 'What led to Sri Lanka's economic crisis, and who is helping?', *The Indian Express*, 9 May. Available at: <https://indianexpress.com/article/explained/sri-lanka-economic-crisis-explained-7849208/>

³⁷ *Supra* note 10

³⁸ Rathnasabapathy, R. & Thowfeek, R. (2022) 'Sri Lanka's economy is entering a dangerous tailspin', *Advocata Institute*, 20 April. Available at: <https://www.advocata.org/commentary-archives/2022/04/20/sri-lankas-economy-is-entering-a-dangerous-tailspin>

economists. Conversely, addressing economic growth factors is more challenging, requiring the production process to be more efficient, the market to attract more competitors, and innovation of more products to foster the economy. As for the power crisis, experts suggested the need to invest more in renewable energy sources and the possibility of connecting to the Indian grid.³⁹

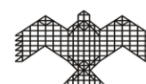
However, experts do acknowledge the process of restoring the economy would prove to be extremely challenging for the Sri Lankan people. They would have to expect inflation to go even higher than the current rate, until the currency rates are stabilised. Likewise, if state-owned enterprises like CEB and CPC were to cut back on their losses, that would further drive up the cost of electricity and fuel. One more drastic possibility is the temporary suspension of the welfare system, which would mean services such as healthcare and education would no longer be free of charge. Additionally, another fact pointed out by the experts is that for the economy to flourish, corruption needs to be at a minimum. They believe that whatever measures implemented would be futile unless corruption is uprooted and transparency is involved in the process. A complete Constitutional reform was suggested, acknowledging the dangers of the Executive Presidency which allowed for many arbitrary economic policies to remain unchecked, and thereby also satisfying the demands made by the protestors for an administration change.

In conclusion, two key observations could be with regards to the current economic crisis.

Firstly, economic recovery would be a slow and arduous process. It is evident that the Sri Lankan economic crisis was years in the making and thereby its effects would likely take years to mitigate. However, as Sri Lanka defaulted in mid-April, the country has no other option but to restructure debt and to follow the severe austerity measures recommended by the IMF. While this would place an additional burden on the people, there is also hope that Sri Lanka would prove to be resilient in the face of this crisis.

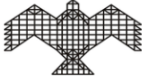
Secondly, constructive change could be born out of conflict. Despite the negative outlook on the immediate restoration of the economy, one of the most promising outcomes of this crisis would be complete political and economic reform. People at the ground-level are now engaged and invested in policymaking and spaces such as the citizen forum encourages education and input from people of all income-groups and social status. Yet another valuable lesson learnt by the Sri Lankan citizens during the crisis is that the power of the state rests within the people and not its leaders. They have united against the ruling government disregarding ethnicity and religious beliefs that previously divided them. The crisis had exposed the corrupt political culture of Sri Lanka and people who previously subscribed to party politics have moved away from those ideologies. Moreover, the people are creating a political culture intolerant of corruption while advocating for transparency and accountability, demanding the old to step down and pave the way for the new generation.

³⁹ Samarajiva, R. (2022) 'Timescale confusions in solutions for the crisis', *Advocata Institute*, 21 April. Available at: <https://www.advocata.org/commentary-archives/2022/04/21/timescale-confusions-in-solutions-for-the-crisis>





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