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UPDATE

A KEY ROLE FOR THE U.S. IN A CHANGING SRI LANKA

(Updating *Executive Memorandum* No. 163, "The U.S. Stake in Sri Lanka," June 8, 1987 and Asian Studies Center *Backgrounder* No. 27, "Now, A Sri Lankan Free Market Economic Miracle," May 7, 1985.)

The July 29 peace accord signed by Sri Lankan President J.R. Jayewardene and Indian Prime Minister Rajiv Gandhi offers a chance to end four years of ethnic violence that has claimed 6,000 lives in the island nation once known as Ceylon. By dispatching over 4,000 Indian troops to oversee the terms of the agreement, however, the accord legitimizes direct Indian intervention in Sri Lankan domestic politics. This could threaten United States interests if it forces Sri Lanka to concede India hegemony in South Asia. It also could threaten Sri Lanka's so far successful experiment with a free market economy if India bullies Sri Lanka into going slow with its process of decentralizing the economy. India's Gandhi, of course, deserves praise for trying to end Sri Lanka's bloody ethnic turmoil. The U.S., however, should take steps immediately to insure that India's gains in Sri Lanka do not come at the expense of U.S. interests.

The ethnic conflict in Sri Lanka first escalated in 1983 when the leftist Liberation Tigers of Tamil Eelam (LTTE) began attacking the largely ceremonial Sri Lankan army. The Tamils, who comprise 13 percent of Sri Lanka's 17 million inhabitants, long had suffered discrimination from the majority Sinhalese population. The Tamil minority, however, were far from powerless. Just 20 miles off Sri Lanka's coast, in India's state of Tamil Nadu, live another 55 million Tamils. They have been providing the LTTE and other Tamil separatist factions with covert assistance.

Controversial Indian Move. Because of pressure increasing from India's own large Tamil community and perhaps because Gandhi was looking for a foreign policy success to divert Indian public attention from his own domestic political difficulties, he began this year assuming a greater role in trying to help resolve the Sri Lankan ethnic conflict. In a controversial move, Indian transports, escorted by jet fighters, dropped 25 tons of humanitarian supplies to rebel-controlled areas during early June in violation of Sri Lankan airspace.

When Washington failed to respond with strong support for Colombo, Sri Lankan confidence in the U.S. waned. Feeling isolated, the Sri Lankan government apparently concluded that it had little choice but to make major concessions toward the Tamil minority and India. As such, Sri Lanka agreed to expel most foreign military advisors, allow for joint Sri Lankan-Indian construction of the oil center at the deep water port of Trincomalee, and renounce the right to allow foreign bases on their soil. India also is allowed to station over 4,000 troops and supporting armor in Sri Lanka without a definite withdrawal date.

The U.S. stands to lose much by the accords. Examples:

◆◆ Sri Lankan diplomatic cooperation has helped temper Indian criticism on such issues as U.S. military bases at Diego Garcia in the Indian Ocean. Sri Lanka no longer may be able to make the case for the U.S.

◆◆ Sri Lanka's Trincomalee, called the best deep water port in the Indian Ocean, occasionally has been used by the U.S. fleet. Indian opposition to port calls by ships carrying nuclear arms may now be imposed on Sri Lanka.

◆◆ An expansion of the Voice of America transmitter north of Colombo could be jeopardized by Indian stipulations against foreign bases in Sri Lanka.

◆◆ Sri Lanka's free market economic experiment may be curbed. Sri Lanka's success with private enterprise, after years of disastrous socialist planning, has been inspiring other developing Asian nations.

The U.S. should welcome the peace which India is helping to bring to Sri Lanka. Washington, moreover, should recognize and praise Rajiv Gandhi's role in this. At the same time, the Reagan Administration and Congress should take several immediate steps to preserve the U.S. relationship with Sri Lanka and U.S. interests in the region, and to help Sri Lanka recover from the economic setbacks resulting from the violence. These actions include:

1) **Encourage U.S. investment in Sri Lanka.** This could easily be done by Administration and other government officials publicly calling attention to Sri Lanka's attractive investment environment. Its educated, English-speaking work force and well-integrated banking and financial system have attracted much Western attention in the past and could prove highly lucrative should the peace settlement bring lasting stability.

2) **Push forward with construction of the Sri Lankan Voice of America station.** Slated for completion in 1992, it will be the second largest VOA transmitter in the world. India, which has protested construction of the station in the past, has hinted that the accord's ban of foreign military posts on Sri Lanka may apply to the radio site. The U.S. should reassure India that the station will not be used for intelligence gathering, and seek confirmation from the Sri Lankan government that the future of the VOA facility is secure.

3) Sell Sri Lanka appropriate military equipment. As Sri Lankan President Jayewardene was signing the peace agreement, he openly expressed a desire for U.S. military assistance. This would give Sri Lanka some leverage to offset partly India's enormous new influence over the island. The U.S. should offer Sri Lanka the necessary military equipment to help its armed forces expand their capabilities and assume peacekeeping responsibilities from the Indian contingent. This equipment could include helicopters, radars, and patrol boats to monitor the Palk Straits between Sri Lanka and India for illegal supply shipments to the rebel forces.

4) Train Sri Lankan police forces. Foreign advisory assistance received by the Sri Lankan government from ex-British military helped create an effective police trained in counterinsurgency tactics. The peace accord threatens to curb some of this assistance. The U.S. should help maintain a credible Sri Lankan police capability by training select personnel in anti-terrorism and counterinsurgency tactics.

Sri Lanka clearly wants the U.S. to remain involved with Sri Lanka to offset Indian intervention. This makes good sense for Sri Lanka, the U.S., and the region. The U.S. should respond quickly--before India consolidates its grip on Sri Lanka so much that the Sri Lankans would not have the ability to work with the U.S.

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