

President Ranil Wickremesinghe sets ambitious timeline for Sri Lanka’s debt restructuring and reconciliation efforts



President Ranil Wickremesinghe and former Canadian Prime Minister (Conservative Party) Chairman of the IDU, Stephen Harper.

In a determined push to address Sri Lanka’s debt crisis and foster reconciliation, President Ranil Wickremesinghe outlined plans to finalize the debt restructuring process by September. Collaborating closely with parliament, the President aims to develop a comprehensive strategy for resolving the nation’s financial burdens.

President Ranil Wickremesinghe participated in the 40th anniversary event of the International Democrat Union (IDU) in London and joining the forum with former Canadian Prime Minister (Conservative Party) Chairman of the IDU, Mr Stephen Harper, he explained the circumstances that paved the way for his presidency and the country’s journey towards economic recovery.

While debt restructuring remains a key priority, President Wickremesinghe noted that his primary focus lies in completing vital structural reforms. Aiming to accelerate economic liberalization and attract increased investments, which are intended to bolster Sri Lanka’s financial prospects and drive a more favourable balance of trade in the long term.

Amidst questions regarding the duration of the process, the President expressed confidence that substantial headway will be achieved by 2024. Building on prior initiatives as the former Prime Minister, President Wickremesinghe continues the progress made and engages with members of Parliament representing Tamil areas. Significantly, agreements have been reached on crucial issues, including the establishment of a truth and reconciliation commission, the drafting of legislation, and the presentation of a new anti-terrorist law to Parliament. Resolving the differences between the government and opposition on three major issues, one of them being the definition of terrorism, has been settled by a court ruling.

Furthermore, he said that efforts have been made to address land-related concerns in the North and East regions, with progress being made on settling these disputes. The Missing Persons Office has taken steps towards utilization, and have yielded potential solutions, which have been shared with Tamil parties. President Wickremesinghe said he anticipates presenting a comprehensive process by the end of July, acknowledging the time required for the necessary legislative procedures.

Following are excerpts of the interview; President Ranil Wickremesinghe

If I look back to May-June last year, Sri Lanka was on the verge of chaos. No one seemed willing to take charge or show leadership. I found myself in a peculiar position. In the 2019 Presidential Election, our party wanted to adopt a populist approach, so they chose our deputy leader as their candidate. Unfortunately, as I had anticipated, he suffered a significant defeat.

Then the COVID pandemic struck, and in August 2020, we went ahead with the election. Personally, I believed that we should stick with the IMF program. This program, which we had initiated in 2016, required Sri Lanka to commit to a primary

surplus and reduce subsidies. We diligently worked towards these goals, and by 2018, we managed to achieve a primary surplus of USD 300 million. While it was a modest amount, it gave us a starting point to build upon.

However, the new government that came into power subsequently decided to cancel the IMF agreement. It was at that point that I advocated for revisiting the IMF and requesting them to reinstate the agreement. Furthermore, I suggested that we explore other options to raise USD 5 million.

During my tenure as Prime Minister, I had engaged in negotiations with the Japanese, Indians, and other parties for projects worth approximately USD 4 billion. Unfortunately, all those projects were ultimately cancelled. Despite this setback, some members of my own party believed that our approach was too narrow and opted for a populist stance, eventually breaking away from the party. As a result, for the first time in history, my party was left with just one member in Parliament, which happened to be me. Meanwhile, the breakaway faction had gathered 50 members.

On May 9 of the previous year, riots erupted, leading to the burning of the residences of 65 Government members of Parliament. Consequently, the Prime Minister at the time, Mr. Mahinda Rajapaksa, was compelled to resign. That night, I engaged in discussions with a government member to explore how I could be of assistance. The following day, the President reached out to the leader of the opposition and the leader of the breakaway faction, asking them to assume the position of Prime Minister. However, the leader of the breakaway faction declined the offer.

During this period, I had been advising the President to seek assistance from the IMF and the World Bank. Subsequently, the government insisted that I should become Prime Minister and nominated me for the position with their support. I expressed my concern about being the only member of the party and questioned the feasibility of having a Prime Minister under such circumstances. However, they reassured me that they would support me and initiated negotiations with the IMF.

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In the previous year, our debt services amounted to approximately $8 billion. By April 2022, our financial situation had deteriorated to the point where we had to declare ourselves bankrupt. However, as we began to recover and the government started functioning, a wave of protests emerged. On July 9, a group of organizers managed to gather a significant number of people in Colombo, something unprecedented in scale.

Shockingly, these protesters went on to invade the official residence of the President. Faced with this unexpected threat, the President had to flee to the harbour and board a ship belonging to the Sri Lankan Navy. Later that afternoon, party leaders convened a meeting, during which they demanded the President's resignation and proposed that I assume the role of acting President. However, the opposition insisted that I should also resign. I stood firm and reminded them that according to the constitution, a person with a majority vote in parliament must be found before I could resign.

Meanwhile, urged by some media outlets, the protesters targeted my house and set it on fire, assuming I would be compelled to leave. However, I remained steadfast and refused to back down.

The following day, I was asked to resign, while some others advocated for the Speaker to take over. However, both propositions were rejected. I maintained my position and refused to resign. On Monday, with the cabinet assembled, we held a televised meeting, while the President had already left the country for the Maldives. Meanwhile, the protesters resolved to seize the Prime Minister's office and take control of Parliament.

Two days later, a fierce battle ensued outside the Prime Minister's office, lasting approximately five to six hours. Despite the escalating situation, I refrained from

ordering the use of firearms. Eventually, the protesters managed to break into the Prime Minister’s office, with the military accompanying them. In the afternoon, they began marching towards Parliament. Recognizing the gravity of the situation, I instructed the Chief of Defence to issue a statement, emphasizing that the protesters must not take over Parliament. The opposition leader supported this stance.

I then directed the army commander, reminding him of his responsibility to protect the parliamentary building. I stressed that we could deploy the best battalion in Sri Lanka, even without arms, to confront the protesters. Remarkably, the unarmed battalion successfully managed to quell the protests, but unfortunately, 24 soldiers were injured in the process.

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At that moment, I realized that it was time for me to step in and assume control. The President had already submitted his resignation, yet nobody was willing to allow me to be sworn in as the acting president within any official buildings. I made a conscious decision not to utilize Parliament or the Chief Justice’s residence, nor any of the other buildings occupied by ministers.

Instead, I had to resort to a family temple near my house. Early in the morning, I went to the temple, accompanied by the Chief Justice, where I took my oath of office. In order to maintain secrecy, the priest requested that the location of the temple not be disclosed. There was a photograph capturing the moment I was being sworn in, but the temple’s whereabouts remained unknown.

Soon after, we had to proceed with the presidential election. In the meantime, I took necessary steps to restore law and order. I firmly stated that these were not mere protests, but actions intended to overthrow the government and disrupt the Sri Lankan Parliament. I had a responsibility to put an end to it.

Although a number of protesters were initially arrested, they were later released, which only served to embolden them further. Even the presidents of the Bar Association stood in solidarity with them. Recognizing the gravity of the situation, I

consulted with the Attorney General and realized that the protesters were attempting to attack Parliament. As a result, I issued detention orders and apprehended two or three individuals. It was the only viable approach to address the escalating crisis. Eventually, the Prime Minister's office was cleared as the army intervened, followed by the clearance of the President's office and residence.

When it came time for the election, the circumstances were quite peculiar. On one side, there was the government party led by the Rajapaksa clan, whom we were opposed to, and on the other side, there was the opposition. Surprisingly, I discovered that I had support from both the government party and the opposition, and they urged me to contest the election. Responding to their call, I entered the race and emerged victorious, winning by a margin of 135 votes. Once I assumed the presidency of Sri Lanka, I promptly issued an order prohibiting any form of demonstrations in the country for one week, aiming to restore peace and stability.

As a result of these efforts, we successfully managed to restore order. We reached out to the large number of individuals who were attempting to disrupt peace and sent them a message, urging them to support the government in its endeavour to re-establish law and order. The silent majority, including businesses and individuals in the villages, stood behind this cause, even if they may not have specifically supported me personally. Their support was for the restoration of law and orders itself.

Having achieved stability, I proceeded to take additional measures to address the prevailing economic crisis. One of our key decisions was to initiate negotiations with the International Monetary Fund (IMF).

I plan to finalize the debt restructuring after September. As I move forward, I will be working on Sri Lanka's debt restructuring strategy with the Parliament. However, my main focus is on completing the necessary structural reforms. I aim to promptly liberalize the economy and attract more investments to Sri Lanka. In the long run, it is crucial to have investments that will improve the balance of trade in our favour. So, why should this process take so much time? Nonetheless, I am confident that by 2024, we will have much greater control over the situation.

Mr Stephan Harper

And ultimately, what you're conveying is, I believe, a message that applies to all of us. While the economic problems may vary in severity across our

countries, challenges still exist. The only viable solution in the long run is a program driven by the private sector.

President Wickremesinghe

A market-oriented, credit-integrated growth strategy is the only available option. I genuinely believe there is no other solution, and this has been the case for thousands of years.

Mr Stephen Harper

Well, Winston Churchill famously remarked that all forms of government are dreadful, except for democracy. We observe that societies often experiment with socialism, protectionism, corporatism and populism until they ultimately realize that conservatism is the only path to economic growth. However, let's shift gears because a significant portion of our discussion revolves around global affairs and foreign policy. While we represent a diverse group here, it is evident that we predominantly represent the Global North, whereas you hail from the Global South. Considering your geographical position, where do you envision Sri Lanka's future foreign focus? Which countries serve as its strategic allies, and what risks do you anticipate in the upcoming phase?

President Wickremesinghe

Sri Lanka's primary strategic allies in Asia are the Southern Asian region. Additionally, we maintain relationships with the Middle East, India, Japan, China, and Australia. Looking westward, we engage with Europe, the United Kingdom, Commonwealth countries, and South Africa.

Mr Stephen Harper

In a world where trade pressures, the on-going COVID pandemic, and especially the conflict in Ukraine, have contributed to a growing polarization or tension between the United States and its allies on one side, and China and its allies on the other, how does a country in your position, in terms of economic growth, position itself? Where do you see Sri Lanka fitting into this scenario, and how do you navigate the complexities that arise from such dynamics?

President Wickremesinghe

Essentially, our stance aligns with the Global South, and we emphasize sharing that perspective. Both the United States and China are crucial partners for us. Their involvements in the Pacific region and the Belt and Road Initiative, along with the ASEAN outlook on the Indo-Pacific, are all compatible. The rise of China has contributed to the rise of Asia, so it is vital for us to ensure China's continued economic development. However, that alone is insufficient for our region. We also need ASEAN, India, and the Middle East to witness growth over the next 20 to 25 years. While we have managed to strike a balance by leveraging relationships with various countries, we also value our association with the United States. Sri Lanka's foreign policy has consistently aimed to prevent the militarization of the Indian region, yet we have supported the United States from the very beginning. Currently, we are urging everyone to collaborate with us in Sri Lanka to assume the chairmanship of IORA (Indian Ocean Rim Association) to safeguard freedom of navigation in the Indian Ocean. Simultaneously, we advocate for freedom of navigation in the Pacific. The three main issues need to be addressed collectively rather than one dominating over the other. China must engage in constructive dialogue with African countries to resolve these matters and reduce tensions.

Mr Stephen Harper

I'd like to delve deeper into the China question. It is often emphasized that the United States is essential for our security while China's support is critical for our economy. We have to navigate both relationships, and undoubtedly, Chinese investments and business have played a significant role in Sri Lanka. However, I've noticed substantial issues regarding the debt obligations left by China. Could you provide some insight into this matter?

President Wickremesinghe

China holds the position of being both the largest bilateral creditor and the largest debtor as a private investor. Initially, China was unsure about how to approach the debt restructuring. They took time, while the United States offered assistance, followed by Japan and India with a combined amount of 3.5 billion. We utilized approximately 2.5 billion, and the United States also provided support. This marked the beginning of our progress. We engaged with the Paris Club, excluding India and China initially, but later India joined. Meanwhile, we were engaged in discussions

with China, which were complicated due to their party conference in November. Eventually, they decided to stand by us. Then, in Sri Lanka, we proposed the Common Platform and suggested India join the platform while China attended as an observer. They expressed their willingness to engage in bilateral discussions with us, but their primary focus seems to be on bilateral discussions with the International Monetary Fund (IMF). The IMF ensures all parties are informed and involved. Currently, we are working on the platform for creditors and engaging with China, but I cannot predict how this will work out with other debtor nations.

Mr Stephen Harper

I have two more questions, but we are running a bit behind schedule. However, I must ask you about an important point of discussion here, considering your unique perspective from the Global South. Your country has significant trade relations with both Ukraine and Russia. Could you elaborate on how you envision the desired outcome in this context?

President Wickremesinghe

When it comes to the majority of the Global South, we have chosen to stay out of this conflict. Some countries within ASEAN have taken positions, with some working actively, while others remain neutral. A few have voted in favour of the revolution. From the beginning, it has been our belief that this issue could have been resolved through peaceful means. Our primary goal is to prevent the conflict from escalating and to ensure a peaceful settlement. As someone mentioned before, history has shown that major wars often originate in Europe. Our commitment lies in supporting a peaceful resolution in Ukraine. The question remains about how we can achieve this and bring Russia to the negotiating table. President Ramaphosa has led a delegation to both Russia and Ukraine in an effort to facilitate dialogue. However, we have yet to witness the conclusion of these negotiations, which will undoubtedly require time. The conflict has had significant repercussions on countries affected by disruptions in fuel and food supplies.

Mr Stephen Harper

Under your predecessor’s regime, you have talked about war, you had civil war in Sri Lanka, and we all know how the predecessor’s regime ended. Given all the challenges, how do you promote reconciliation between the Tamil community and the country as a whole?

President Wickremesinghe

When I was the Prime Minister, I started the process, so I am continuing from where I have ended. I am speaking with the members of Parliament representing the Tamil areas and we have come to agreements on many issues. On the truth and reconciliation commission, the legislation have been drafted. On the new anti-terrorist law has been presented to the Parliament. There were three major issues difference between the government and opposition two of which have been resolved. The third one finally has been resolved by court as to what the definition of terrorism is. They were looking for my views, I said let the court decide and we will go along with whatever the court says. There was a question of lands being inquiring from the Tamils in the North and East. The land issue is been settled and the missing persons office is taking step to resolve the issue. We have gone through half of the issues and come up with the solutions which I have given to the Tamil parties.



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President Ranil Wickremesinghe spoke on his path to Presidency and the steps to economic recovery.