



**EMBASSY OF SRI LANKA  
COUNTRY INFORMATION UPDATE  
JANUARY 27, 2010**

**PRESIDENT RAJAPAKSA ELECTED TO SECOND TERM WITH  
STRONG SHOWING IN LARGE VOTER TURNOUT**

WASHINGTON – Sri Lankan President Mahinda Rajapaksa was re-elected to a second term Tuesday, garnering 57.8 percent of the vote and defeating his chief opponent, retired Gen. Sarath Fonseka, who received 40.1 percent of the ballots cast.

President Rajapaksa drew on heavy support from voters throughout Sri Lanka. Voting was lighter in the north, where the 26-year-long conflict against the LTTE terrorist group was successfully concluded by the government under President Rajapaksa in May 2009.

In all, 22 candidates ran for president.

Election commissioner Dayananda Dissanayake officially declared the victory of President Rajapaksa at his office in Colombo.

Speaking to media, President Rajapaksa said that, "From today onwards I am the president of all whether they voted me or not, so my duty is for all of them."

Gen. Fonseka, who commanded the Army of Sri Lanka during the LTTE conflict's final days and who had aligned his campaign with the Tamil National Alliance party, drew support from voters in Jaffna and Vanni.

In the final hours of the vote, controversy swirled around Gen. Fonseka's campaign when he announced that he was not legally registered to vote. The general said he had registered in 2008 but that his name did not appear on the election registry.

President Rajapaksa's campaign said that, given Gen. Fonseka's failure to properly register, it would challenge the legality of the general's presidential campaign in court. Sri Lanka's election commissioner, however, issued a statement that voter registration is not a requirement for presidential candidates, and that Gen. Fonseka legally qualified as a candidate.

Poll watchers reported a peaceful and orderly election with enthusiastic voter turnout. Initial reports suggested that 72 percent of the 14 million eligible voters took part in Tuesday's election.

"There are several reasons for rightfully describing yesterday's poll as momentous," said Sri Lankan Foreign Minister Rohitha Bogollagama. "It was the first electoral process to have been held on a nationwide basis after our country was liberated from the menace of terrorism that threatened for two and half years our territorial integrity and our peace and prosperity. It also showed that, despite the difficulties and hardships they had to endure and overcome during this long period, the commitment to democratic governance of our people was not in any way dimmed, but rather encouraged to burn even brighter."

Some minor election day violence was reported. Four grenades exploded in the northern city of Jaffna, injuring no one. The day after the election, a monk and a bystander were killed when a grenade was lobbed into a Buddhist temple in the central town of Gampola. Four others were injured. Police are investigating to determine if the attack was politically motivated.

Otherwise, the peaceful vote contradicted predictions by some in the media, particularly in the Western media, that the elections would be marred by violence. Similar media expectations of post-election violence have also proved untrue.

President Rajapaksa ran on a platform of broad national reconciliation, economic development and expanding programs that are already underway. These include a push to develop more tourism capacity and to attract more foreign investment to the island nation of 20 million.

While the LTTE conflict kept many investors away in years past, the end of the fighting has opened doors for Sri Lanka in Asia and throughout the

world. A number of important infrastructure projects are already underway, including new ports and airports, roads, bridges and municipal works. That's especially true in the Northern Province, where years of fighting brought neglect. Sri Lanka's Central Bank predicts a gross domestic product of six percent for 2010, and the Colombo Stock Exchange has reported record earnings in recent months.

The World Bank, International Monetary Fund, United States and a number of nations have lent financial support to Sri Lanka's plans to rebuild.

President Rajapaksa is eligible to serve for six years.

Embassy of Sri Lanka

Washington, D.C.

## **PRESIDENT PRATIBHA PATIL CONGRATULATES RAJAPAKSA ON RE-ELECTION**

New Delhi, Jan 27(ANI): Indian President Pratibha Devisingh Patil on Wednesday congratulated Sri Lanka's incumbent President Mahinda Rajapaksa on his re-election in Tuesday's Presidential elections.

Rajapakse achieved a landslide victory in Sri Lanka's sixth presidential election, defeating his main rival, former army chief Sarath Fonseka, with a solid 57.8 percent of the vote.

"Please accept my heartiest congratulations on your electoral victory. I am confident that under your continued leadership, Sri Lanka will attain greater heights and find lasting peace," President Patil said in her message.

"India and Sri Lanka share historically close and friendly relations. I wish to assure you of India's commitment to further deepen our relations with Sri Lanka. We look forward to working with you, towards this end for the mutual benefit of our two peoples," she added.

Rajapaksa won popularity after vanquishing the Liberation Tigers of Tamil Eelam (LTTE) last May. He received 6.01 million votes, 1.84 million more than his main rival Fonseka.

He also secured more than 60 percent of the postal votes in the districts of Rathnapura, Moneragala, Puttalam, Galle, Hambantota, Trincomalee, Matara, Matale, Badulla, Digamadulla, Kalutara, Vavuniya, Polonnaruwa, Kegalle, Colombo, Kandy, Nuwara Eliya and Anuradhapura districts. (ANI)

## **U.S. COMMENDS SRI LANKA ON ELECTION, HIGH VOTER TURNOUT**

COLOMBO -- The United States commended the people of Sri Lanka for their spirited participation in the democratic process to elect the country's 6th executive president.

Responding to queries on Sri Lanka's presidential election held Tuesday at the State Department's daily press briefing, the Assistant Secretary of State, Philip Crowley said the U.S. commend the people of Sri Lanka for a 72 percent voter turnout.

"That is something that is truly remarkable," Crowley said.

Sri Lanka held its first post-war presidential elections yesterday after completely defeating the LTTE.

Crowley reserving the comments until after the results are announced said there is nothing to indicate the elections were flawed.

"...By all indications, it was a spirited election and we look forward for the results. There's nothing that I have - I understand right now that would call into question the results," he said.

Source: Lankapage.com

## **ASIA TIMES: SRI LANKA'S ECONOMY ONWARDS AND UPWARDS**

By R M Cutler

MONTREAL - The continuity inherent in incumbent President Mahinda Rajapaksa's election victory, based on early returns, is likely to further strengthen confidence in Sri Lanka's economic revival after decades of civil war.

Indeed, such is the present strength of the economy, which is forecast to grow as much as 6% this year, that few observers believed even a surprise victory by his chief rival, former army chief Sarath Fonseka, would have had a significant negative impact on the present boom.

In the eight months since the end of the civil war, the Sri Lanka Stock Market Colombo All-Share Index (CSEALL) has nearly doubled, reaching 3,591 the day before the presidential election on Monday. Over and above the natural peace dividend, the economy has been boosted by an US\$141 million economic stimulus package, announced at the end of 2008, which helped to drive up the index about 25% between then and the official end of fighting last May.

Confidence has also been boosted by International Monetary Fund (IMF) approval of a \$329 million loan to Sri Lanka, in addition to \$322 million immediately lent in July 2009, part of the \$2.6 billion stand-by arrangement approved at that time. That approval gave foreign investors firmer grounds for believing economic reforms and liberalization would continue on the basis of eased concerns over current account balances and the financing of external debt.

Even the arrest in mid-October in the United States of Raj Rajaratnam, one of the country's biggest investors, on insider trading charges, did little to dent the stock-price charge, with the benchmark index overcoming chart resistance in November-December last year from its then all-time high in mid-February 2007 of just above 3,000.

The share value of John Keells Holdings, the country's largest business group, has tripled since May 2009. With investments in transportation, hotels and food, the company typifies the national economy, slightly over half of which is usually driven by the service sector, with a quarter from manufacturing and the remainder from agriculture.

That balance changed during the third quarter of 2009 due to reduced agricultural production, so that services contributed nearly 60% of the economy and industry nearly 30%. Even so, gross domestic product (GDP) increased 4.2% year-on-year in the period, double the rate of the previous quarter and nearly triple the rate of the year's first half.

Fourth-quarter statistics are expected to show similar growth, in view of several large development projects being initiated on parts of the island most damaged by the civil war. Rajapaksa has said he will spend \$4 billion, or almost 10% of GDP, building roads, railways and power plants in the north.

In an interview with Bloomberg Television, central bank governor N A L Cabraal predicted that the economy would expand more than 6% this calendar year, specifically saying that interest rates should be "sufficient to ... ensure that any risk of inflation is also curtailed".

Inflation is a considerable concern, given the various cash infusions and increased spending on the various new development projects. Inflation fears have historically been a preoccupation of foreign capital, as the country's inflation rate has often exceeded 20%, weakening the Sri Lankan rupee and deterring investment. Monetary policy is therefore exceptionally important in the near term.

Cabraal announced a week before the election that benchmark interest rates would remain unchanged at a five-year low to motivate investment aimed at post-war reconstruction.

Reconstruction of areas affected by the civil war is one of the four conditions of the IMF loan. (International assistance from various Asian and Group of Seven countries will also assist in post-war rebuilding.) Other IMF conditions are reduction of the fiscal deficit, augmentation of foreign exchange reserves and amelioration of the system of banking and financial supervision.

In October, Fitch Ratings maintained the country's ratings at B+ while revising the sovereign outlook rating to stable from negative. Fitch's revision was motivated by the expectation that the record high level of \$4.3 billion in foreign exchange reserves at the end of September 2009 would

rise to more than \$5 billion by the end of the year. Standard & Poor's in October revised the country's "B" sovereign rating outlook to positive from stable.

Dr Robert M Cutler (<http://www.robertcutler.org>), educated at the Massachusetts Institute of Technology and The University of Michigan, has researched and taught at universities in the United States, Canada, France, Switzerland, and Russia. Now senior research fellow in the Institute of European, Russian and Eurasian Studies, Carleton University, Canada, he also consults privately in a variety of fields.

## **SRI LANKA ASSUMES LEADERSHIP OF ASIA-PACIFIC GROUP IN UNESCO**

Sri Lanka was unanimously elected to assume the Chairmanship of the Asia Pacific (ASPAC) Group of the United Nations Educational Scientific and Cultural Organization (UNESCO) at the 1st Plenary Meeting of the Grouping today (25th January 2010).

Having served as Vice Chair and Secretary of the ASPAC Bureau in previous years, Sri Lanka assumed the Chair for the year 2010 from Japan.

At the 1st Plenary Meeting held at the UNESCO headquarters, the outgoing Chair Ambassador Tadamiche Yamamoto of Japan handed over the leadership of the Bureau of ASPAC to Sri Lankan Ambassador Lionel Fernando. In addition the Delegation of Thailand assumed the post of Vice Chairman, while the Delegation of Australia ably assisted by New Zealand assumed the post of Secretary/Treasurer of the regional grouping.

Ambassador Fernando, while noting the valuable contribution made by Japan in steering the regional body over the last year noted that Sri Lanka was assuming the Chair of one of the largest regional groupings at a crucial time in UNESCO as the new Director General was gearing the UN body to face new challenges in 2010 with its new opportunities, opens new vistas and provides prospects for exploring dynamic areas of activity.

He added that ASPAC member countries have a joint responsibility to play

a vibrant role in UNESCO so as to ensure that the achievements of the past, serve as a realization of the potential the regional grouping possesses for the years and decades ahead.

ASPAC comprises 24 countries which are represented in Paris and 18 other countries which are represented from elsewhere.