

BITING THE BULLET

*DEMILITARISING ECONOMIC RELATIONS
IN POST-WAR SRI LANKA*



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3, Kynsey Terrace, Colombo 8, Sri Lanka

Tel: +94 11 2684845 / +94 11 2691228 / +94 11 2684853

Fax: +94 11 2686843

Web: lawandsocietytrust.org

Email: lstadmin@sltnet.lk

Facebook: www.fb.me/lstlanka

Twitter: @lstlanka

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SUMMARY

This Commentary focuses on the post-war legacy of links between private companies or private capital, both investment and philanthropic, and the military in Sri Lanka. In considering these relatively under-explored dimensions of militarisation, it underlines that whilst the military has a role to play in contexts like disaster response or other emergencies, the continuing consequences of the military's post-war economic footprint and role in organising economic relations, especially in the North and East, merit greater attention and monitoring. The Commentary also examines the role of private businesses and their engagements with the military, both in the recent past and continuing, and stresses the importance of subjecting them to closer assessment. This Commentary is an invitation to further research and complements existing documentation and literature pertaining to military occupation of land and political economic analysis of militarisation in Sri Lanka in general.

BITING THE BULLET DEMILITARISING ECONOMIC RELATIONS IN POST-WAR SRI LANKA

Understanding Militarisation in Sri Lanka

Following the defeat of President Rajapaksa in the January 2015 Presidential election, the administration of President Sirisena committed itself to demilitarisation. In July 2016, the Minister of Foreign Affairs stated that the Government hoped to “...complete the demilitarization process, not only in the north-east, but the rest of the country too” by 2018.¹ Recent United Nations Human Rights Council resolutions on Sri Lanka also contain explicit references to demilitarisation.

The post-war phase of militarisation in Sri Lanka manifested itself in several different forms, including:

- A highly disproportionate force density—ratio of military personnel to civilians—in the North and East of Sri Lanka. Even three years after the end of the war, some estimates put this ratio at 1:5, higher than force densities in all recent active wars across the world.²
- High levels of militarisation of governance in the North and East. This included internment of internally displaced persons (IDPs) in military-run camps, former military personnel being appointed to key positions like Provincial Governors,

¹ “Sri Lanka aims to demilitarise island by 2018”, Daily Mail online, available at <http://www.dailymail.co.uk/wires/afp/article-3676742/Sri-Lanka-aims-demilitarise-island-2018.html>, accessed on 8 February 2017

² Notes on the Military Presence in Sri Lanka’s Northern Province, Economic & Political Weekly, July 14, 2012 vol. xlvii, No. 28, pp. 34-40

oversight, control and veto powers over government and non-government relief, resettlement, rehabilitation and development interventions, as well as surveillance of everyday life.

- Military takeover and acquisition of large tracts of land, especially but not only in the North and East, for a range of military, security, commercial and unspecified reasons.
- Military entering into a range of large and small-scale commercial and economic ventures, including resorts, travel services, cafés and restaurants, farms, and running small and medium-sized services and retail shops across the country, especially in the North and East.
- A raft of key civilian functions being brought under the Ministry of Defence, which under President Rajapaksa as minister and his brother as Secretary, came to have a disproportionate control and footprint on many policy areas. Subjects such as the Police, Urban Development, Immigration and Emigration, as well as other functions such as land reclamation and oversight of non-government organisations, were placed under the Ministry of Defence.
- The military increasingly encroaching on or interfacing with a number of sectors or policy areas—from the foreign services to schools and university education to spatial planning to tourism and heritage conservation to policing and law and order, etc.

Militarisation in Sri Lanka must also be understood and seen in relation to its political economic dimensions.

Since January 2015, there have been some important changes with regard to many of the concerns highlighted above. For instance, in the North and East, the frequency, visibility and levels of interference of the military in civilian affairs have reduced. The Governors of the two provinces are

no longer former military personnel and some military-held lands have been released. Furthermore, urban development, police, law and order, immigration and emigration as well as other spheres of governance have been removed from the purview of the Ministry of Defense.

However, militarisation in Sri Lanka must also be understood and seen in relation to its political economic dimensions. In this context, perspectives that have sought to locate militarisation in relation to market reforms and the ideological and class dynamics underlying state formation are very important.³ Also relevant in terms of the political

³ See Kadirgamar, A (2013), The Question of Militarisation in Post-war Sri Lanka, Economic and Political Weekly, February 16, 2013, Vol. xlvi, No 7, pp. 42-46; Gunasekara, T (2013) Militarisation, Lankan Style, Economic and Political Weekly, February 16, 2013 vol. xlvi no 7, pp. 33-38; Kumar, D (2013) Modalities of an Emergent Dictatorship, Economic and Political Weekly, February 16, 2013 vol. xlvi no 7, pp. 30-33; Venugopal, R (2011) The Politics of Market Reform at a Time of Civil War: Military Fiscalism in Sri Lanka, Economic and Political Weekly, December 3, 2011, vol. xlvi no 49, pp. 67-75;

economy of militarisation are assessments focusing on particular sectors such as tourism,⁴ urban planning and development,⁵ education⁶ and private security services. Taken together, this body of work has been important in underlining not only the political economic footprint of the military but also its dynamics and consequences.

This Commentary, informed by an analysis of existing literature, focuses on a relatively under-explored dimension of militarisation, namely the links between private companies or private capital, both investment and philanthropic, and the military in post-war Sri Lanka. An exploration of this dimension complements existing literature referred to above and highlights the extent to which economic activity, especially in the North and East, is militarised, often in less obvious ways. Whilst this is not an exhaustive empirical survey, it does consolidate data and perspectives that should contribute to expanding the discussion on militarisation and demilitarisation, especially in the context of throwing light on economic relations that go beyond the military's own direct investment in economic activities. If this Commentary focuses largely on the Army, it is primarily because of the scope of its influence and extent of its presence relative to other forces, but the broader issues and questions raised herein are applicable to the role of the military as a whole.

The Military as a Conduit for Development, Capital and Labour in the Post-war North

Following the end of the war, the military rapidly encroached on economic and commercial activities, such as building tourist resorts, running farms whose products were sold in local markets, operating small-time retail stores and so on. Whilst this has already been noted, what merits greater attention is the footprint of the military in the overall economic and development landscape of the North.

From schools to employment, the military continues to channel development assistance to the North. The primary means through which it does so appears to be as a conduit for philanthropy as well as private capital investment. As recently as January 2017, a primary school sponsored by a former international cricketer at the “request of the Army” and built by it was inaugurated in Weherathenna village, which is located in

Since the end of the war, the military has been acting as a conduit for private capital in search of labour and land from or in the North and East.

⁴ Hyndman, J., (2015) The Securitisation of Sri Lankan Tourism in the Absence of Peace. Stability: International Journal of Security and Development. 4(1), p. Art. 14. DOI: <http://doi.org/10.5334/sta.fa>

⁵ (Anonymous) Cementing Hegemony: Politics of Urban Transformation in Post-War Colombo, Economic and Political Weekly, August 24, 2013 vol. xlvi no 34, pp. 22-26; Centre Policy Alternatives (2014), The Ugly Price of Beautification, Colombo

⁶ Kumar, S (2013) The Military Expansion into Education, Economic and Political Weekly, February 16, 2013 vol. xlvi no 7, pp.38-41

Vavuniya district.⁷ There is more to this story than the perception of the Army as a conduit for philanthropy. A June 2016 press release on the Army website regarding the construction of the school notes that the Army would “...reduce the total cost of the construction up to Rs. 2.6 million, instead of the estimated cost of Rs. 6 million of the Department of Education in the Northern Province.”⁸

Whilst no other details are furnished as to how this cost saving was made possible, it is most likely because this does not factor, at least not fully, the cost of labour, construction machinery or other resources and expertise the Army can mobilise internally. The latter are already resourced and funded through the recurrent and capital outlays allocated to the military in the National Budget. In others words, its input costs are kept down or are altogether unaccounted for, allowing the military an unfair advantage over others. The distorting effects of this are yet to be studied in detail but there have been examples of how, for instance, vegetables from military farms have been ‘dumped’ at low prices, resulting in losses for farmers whose input costs have to be borne by them in full.⁹ In reality then, the military’s engagement in economic activity may amount to unfair competition and a displacement of local labour or disruption of local supply and contracting chains, whose revival is quite vital to the economy of the North and East.

Since the end of the war, the military has been acting as a conduit for private capital in search of labour and land from or in the North and East. For instance, over a considerable period of time, the Army has been organising recruitment camps for a number of companies with senior officers having “...personally supervised the interview process...” in some cases.¹⁰ These seem to continue; for example, in December 2016, the 6 Sri Lanka Signal Corps (SLSC) Battalion and the 523 Brigade Headquarters, both in Jaffna, hosted ‘Employment Awareness’ workshops¹¹ “...through the personal coordination...” of the Commander of the Security Forces in Jaffna for a private firm, MS Marketing Solution (Pvt.) Ltd, in Colombo to recruit sales executives.

⁷ “Troops behind Realization of the Project, Roshan Mahanama Primary School at Weherathenna”, Sri Lanka Army, available at <http://www.army.lk/news/troops-behind-realization-project-roshan-mahanama-primary-school-weherathenna> and “A stroke of good luck for little ones”, The Sunday Times, available at <http://www.sundaytimes.lk/170129/plus/a-stroke-of-good-luck-for-little-ones-226066.html>; both accessed on 8 February 2017

⁸ “New Primary School Set Up in Veheratenna Village”, Sri Lanka Army, available at <http://www.army.lk/news/new-primary-school-set-veheratenna-village>, accessed on 8 February 2017

⁹ See Sri Lanka’s North II: Rebuilding under the Military Crisis Group Asia Report No 220, 16 March 2012, International Crisis Group, p 23

¹⁰ “At Army Request, 10 Private Sector Companies Offer Job Openings for 865 Kilinochchi Youngsters”, Sri Lanka Army, available at <http://www.army.lk/news/army-request-to-private-sector-companies-offer-job-openings-865-kilinochchi-youngsters>, accessed on 8 February 2017

¹¹ “SFHQ-J Gives Helping Hand to Jaffna Job Seekers”, Sri Lanka Army, available at <http://www.army.lk/news/sfhq-j-gives-helping-hand-jaffna-job-seekers>, accessed on 8 February 2017

In a similar vein, the Army's website also notes that "...at the request of the Commanding Officer of 25 Gemunu Watch (GW) serving 543 Brigade Headquarters...", Tri-Star Apparel provided "...a team of garment industry instructors..." for a workshop in Talaimannar on employment in the garment industry.¹² According to the news item, 17 unemployed women were then selected to work at the Tri-Star factory in Ratmalana and this appears to have been only one amongst many batches of workers recruited by the company through the Army.¹³ Whilst employment is clearly a significant need in the post-war North and East, the question is whether the employment facilitated by the military meets fair, secure and decent labour standards. For example, in late 2016, over 140 workers from Tri-Star went on strike over non-payment of wages and social security dues, which also led to the management suspending the President of the Ceylon Industrial Workers Union (CIWU) and its Chief Organiser on charges of organising the strike.¹⁴

More generally, military-supervised recruitments also invite questions regarding how such interventions further distort already skewed power relations between employers and employees. The question is whether the military's role implies 'producing' labour for private capital that is in its own image, i.e., one that is not merely trained but also suitably disciplined and unquestioning.

The military also continues to play a substantial role in mediating private capital investment. In January 2016, the Hirdaramani group, one of Sri Lanka's largest apparel companies, augmented its facility in Mullaitivu, which began operations earlier in 2015.¹⁵ The company worked closely with the military, in particular the Sri Lanka Army. So much so that an official news statement on the Army website notes that the "...apparel company agreed to set up one factory in response to the Army request which received the blessings of the Army Headquarters."¹⁶ It goes on to note that the "...Mullaitivu District Secretariat in collaboration with the Hirdaramani management and SFHQ-MLT [Security Forces Headquarters-Mullaitivu] identified a state land location for establishment of the factory".¹⁷ In June 2014, before the work on the first phase of Hirdaramani's factory was complete, the

¹² "Workshop on Garment Industry Offers Employment to Mannar Females", Sri Lanka Army, available at <http://www.army.lk/news/workshop-garment-industry-offers-employment-mannar-females>, accessed on 2 February 2017

¹³ "Ex æ "Combatants Get Employment Opportunities", Sri Lanka Army, available at <http://www.army.lk/news/ex-%C3%A2%E2%82%AC%E2%80%9C-combatants-get-employment-opportunities>, and "58 Tamil Employees Get New Jobs in Apparel Industry", Sri Lanka Army, available at <http://www.army.lk/news/58-tamil-employees-get-new-jobs-apparel-industry>; both accessed on 8 February 2017

¹⁴ "140 workers on strike at Tri Star Apparel Exports over unpaid wages", dated December 23, 2016, available at <http://news.apparelresources.com/apparel-exporters-news/140-workers-on-strike-at-tri-star-apparel-exports-over-unpaid-wages/>, accessed on 8 February 2017

¹⁵ "Hirdaramani opens first phase of 850-staff apparel factory in Mullaitivu", DailyFT, dated 19 March 2015, available at <http://www.ft.lk/2015/03/19/hirdaramani-opens-first-phase-of-850-staff-apparel-factory-in-mullaitivu/> and "Hirdaramani opens Rs.450mn apparel factory in Mullaitivu", Mirror Business, available at <http://www.dailymirror.lk/103981/hirdaramani-opens-rs-450mn-apparel-factory-in-mullaitivu>; both accessed on 8 February 2017

¹⁶ "Army Initiatives Get First Apparel Factory to Mullaitivu", Sri Lanka Army, available at <http://www.army.lk/news/army-initiatives-get-first-apparel-factory-mullaitivu>, accessed on 8 February 2017

¹⁷ Ibid.

Army claims to have taken the “...initiative calling for potential applicants willing to join the industry”.¹⁸ The company’s training centre was “...set up at the Security Force Headquarters - Mullaittivu premises with the objective of supporting the proposed project.”¹⁹ Apart from the obvious overreach into development and economic affairs, this also raises troubling questions regarding the potential effects of channeling investment through the military and the impacts on labour relations and consciousness as a result of the Army’s explicit role in ‘organising’ and even training workers.

The broader issue here is the use or the autonomous capacity of the military to channel large-scale private economic investment and organise key factors of production, such as land and labour. This form of control, especially over land, has long-term implications. In March 2014, the Sri Lanka Army announced that it had leased out 400 hectares of land in Kandakadu, located in Welikanda, to Browns Global Farm (Pvt.) Ltd. to “...develop lands, belonging to it further...”²⁰ Browns, according to an official new release “...is to cultivate Teak and Sandalwood for timber purposes and fruits such as Banana, Pineapple, Mango, Pomegranates, Papaya and other crops for commercial purposes in the Army-leased land, using environmentally-friendly techniques with less application and spraying of pesticides.” This was confirmed later in the year by the then Army Commander.²¹

In practice, military takeover or control of lands in the post-war North and East often served as the first step in effecting their transfer or use for non-military purposes.

The Kandakadu land was originally under the National Livestock Development but was subsequently taken over by the Mahaweli Authority, which in turn appears to have handed it over to the Army in the post-war period.²² Environmentalists have maintained that this was an area to be notified as part of the Somawathiya National Park and Trikonamadu

Nature Reserve.²³ Moreover, there are also concerns that with the forests coming under the control of the Army, locals have lost access to them and have been prevented from collecting minor forest produce, such as honey and timber.²⁴

¹⁸ “SFHQ-MLT Initiatives Get Hirdaramani Factory Branch for Mullaittivu”, Sri Lanka Army, available at <http://www.army.lk/news/sfhq-mlt-initiatives-get-hirdaramani-factory-branch-mullaittivu>, accessed on 8 February 2017

¹⁹ “SFHQ-MLT Initiates Sewing Training for New Garment Industry Openings”, Sri Lanka Army, available at <http://www.army.lk/news/sfhq-mlt-initiates-sewing-training-new-garment-industry-openings>, accessed on 8 February 2017

²⁰ “Army to Collaborate with Private Sector for Cultivation of Commercial Crops”, Sri Lanka Army, available at <http://www.army.lk/news/army-collaborate-private-sector-cultivation-commercial-crops-o>, accessed on 8 February 2017

²¹ “Thick Forests Thin Out As Authority Errs”, Sunday Leader, dated 8 February 2017, available at <http://www.thesundayleader.lk/2014/12/14/thick-forests-thin-out-as-authority-errs/>, accessed on 8 February 2017

²² See http://www.nldb.gov.lk/Welikanda_Kandakaduwa%20Farm.html, accessed on 20 February 2017

²³ Ibid.

²⁴ Ibid.

But Browns was not even the first beneficiary. The then Army Commander himself admitted that a part of the land had been leased to Letsgrow (Pvt) Ltd, linked to the American agricultural multinational corporation, Dole Food Company. According to him, whilst Dole “...had obtained the land for other agricultural purposes, we later understood that they were planting a special banana variety which is not suitable to this country and we immediately discontinued the agreement”.²⁵

It is also important to draw attention to the fact that, in practice, military takeover or control of lands in the post-war North and East often served as the first step in effecting their transfer or use for non-military purposes. These have ranged from tourist resorts to large-scale economic projects (as in the case of Sampur) and the designation of lands as forest or archaeological reserves or even as new settlements, mostly Sinhalese. Each of them has had profound political economic impacts on local communities.

Whilst the military may no longer enjoy the deliberate positioning as a major economic and development actor in the North that it did under the Rajapaksa regime, it is clear that its influence continues to be significant. Moreover, it is also important to consider the long-term implications of the close relationships

It is also important to consider the long-term implications of the close relationships established in the post-war years between the military and private capital, including how these were shaped by the potential pay-offs from demonstrating loyalty to nationalist causes.

established in the post-war years between the military and private capital. Equally significant is how some of these relationships and engagements were shaped by the need to capitalise on potential pay-offs that arise from demonstrating loyalty to nationalist causes (discussed further below).

The Political Economy of ‘Rehabilitation’, Ex-combatants and the Military

Rehabilitation of ex-combatants is the responsibility of the Bureau for the Commissioner General for Rehabilitation (BCGR), which in the immediate post-war era was under the *de facto* control of the Ministry of Defence. Formally gazetted in 2006, it was “...set up under the guidance of Ministry of Defence...” but was housed in the Ministry of Justice.²⁶ Since the end of the war, the Commissioner General has been a senior military officer and that remains the case even though officially the BCGR is currently under the purview of the Ministry of Prison Reforms, Rehabilitation, Resettlement and Hindu Religious Affairs. The BCGR is responsible for the rehabilitation of ex-combatants—though it is well known that many others with varying degrees of ‘connections’ or ‘sympathies’ were also caught in this

²⁵ Ibid. See “US multinational Dole scraps Sri Lanka banana plans”, BBC, 23 November 2011, available at <http://www.bbc.com/news/world-asia-15845457>, accessed 10 March 2017

²⁶ See under ‘Establishment’ at <http://www.bcgr.gov.lk/history.php#bookmarko>

net—who were either captured by or surrendered to the military and placed in ‘protective’ or ‘treatment’ centres, where they underwent rehabilitation and de-radicalisation.²⁷

It is important to note here the obvious contradiction between the stated aim of rehabilitation being to prepare ex-combatants for reintegration into civilian life and the fact that the process is supervised by the military. If the choice of the military to oversee rehabilitation and transition to civilian life begs the question, its interventions in facilitating livelihood and economic reintegration also give rise to many concerns.

It is not clear on what basis the military makes decisions in this regard, especially in terms of the appropriateness, sustainability and economic viability of livelihood choices currently advocated. For example, according to one Army news release, in July 2016, the Security Force Headquarters – Jaffna (SFHQ-J) “...with the noble intention of promoting the livelihood of north-based rehabilitated ex-LTTE combatants enabled 20 ex-combatants to make a living by selling lottery tickets as permanent sales assistants of the Development Lottery Board (DLB).”²⁸ Under this self-help project initiated by the Commander, SFHQ-J, the DLB would pay each sales assistant—all ex-combatants—a daily allowance of Rs. 750.00 for the first three months in addition to the commissions they may earn through the sale of lottery tickets to the public. After which they are expected to “...continue on their own, subject to free delivery of lottery tickets from the DLB management in Jaffna”.²⁹

The involvement of private companies in imparting skills to facilitate the economic reintegration of ex-combatants is far from undesirable but it is the overall context that gives rise to concerns.

In reality, living off selling lottery tickets is a precarious economic proposition, with returns from commissions—at Rs. 4.00 per ticket sold—amounting to less than Rs. 500 per day.³⁰ In fact, from late 2016 onwards, the All-Island Lottery Dealers’ Society (A I L D S), along with

distributors and agents, has been protesting against the DLB and the National Lotteries Board (NLB), opposing the hike in minimum price, the imposition of Value Added Tax (VAT) and demanding an increase in commissions.³¹

²⁷ For an account of this process from one of the professionals involved in the process, see Malkanthi Hettiarachchi (2013) Sri Lanka’s Rehabilitation Program: A New Frontier in Counter Terrorism and Counter Insurgency, PRISM, Vol. 4, No. 2, p. 105-121 available at http://cco.ndu.edu/Portals/96/Documents/prism/prism_4-2/PRISM-4.2.pdf.

²⁸ “Army Initiatives Get New Employment Openings for Ex-combatants”, Sri Lanka Army, available at <http://www.army.lk/news/army-initiatives-get-new-employment-openings-ex-combatants-o>, accessed on 8 February 2017

²⁹ Ibid.

³⁰ “The untold truth about the lucrative Lottery business”, The Daily Mirror, dated 5 January 2017, available at <http://www.dailymirror.lk/article/The-untold-truth-about-the-lucrative-Lottery-business--121685.html>, accessed on 8 February 2017

³¹ Ibid.

In other words, whilst the military can perhaps use its influence to create economic opportunities, there is no evidence to suggest that these opportunities actually ensure decent or secure livelihoods. It is not surprising that in 2015, over 22% of ex-combatants who had been through rehabilitation were reportedly found unemployed and several were struggling to make ends meet, which is a situation that is far from conducive to reintegration.³² Moreover, the BCGR's gender-biased approach not only saw it push female LTTE ex-combatants towards becoming beauticians and hairdressers but also saw them being channelled for employment in garment factories—a sector in which employment is highly feminised, insecure and low paid.³³ There is no evidence that such initiatives have been subject to any careful *ex-ante* or *ex-post* assessments and given the high risk of precariousness and failure of such interventions, it may actually only result in further alienation—or even re-victimisation—rather than reintegration. Furthermore, it does warrant emphasis that even positive outcomes would not lessen the larger concerns over the nature of military involvement in this process.

Of particular concern is the military-facilitated involvement of private companies in the process. The BCGR website carries the logos of companies such as Holcim Lanka (now Insee Cement after being acquired by Thailand-based SCCC),³⁴ David Pieris Motor Company and Virtusa Corporation amongst many other different kinds of organisations, including multi-national corporations presumably involved in extending varied support to the BCGR. In addition, companies like Tri-Star Apparel, referred to above, are listed elsewhere as companies where ex-combatants receive training in machine operation whilst the Ceylon Tobacco Company provided training in sustainable agricultural practices to ex-combatants at the (military held) Kandakadu farm in Polonnaruwa.³⁵ By itself, the involvement of private companies in imparting skills to facilitate the economic reintegration of ex-combatants is far from undesirable but it is the overall context that gives rise to concerns.

It is important to note that some companies appear to have provided such training programmes within camps or to ex-combatants held in them, who existed in a legal vacuum and lacked equal protection of the law. The latter raises serious questions about the ethics and CSR processes of private corporations.³⁶ Indeed, it is well known that the International Committee of the Red Cross (ICRC) was denied access to rehabilitation centres for at least three years, which raised significant concerns about the lack of protection for ex-combatants

³² “For LTTE’s ex-combatants life still a battle with no jobs”, Daily FT, 9 April 2015, available at <http://www.ft.lk/article/405337/For-LTTE-s-ex-combatants-life-still-a-battle-with-no-jobs->

³³ The list of livelihood training programmes listed on the BCGR website for male and female ex-combatants separately (see http://www.bcgr.gov.lk/programs_adult.php) shows a clear bias and stereotyping

³⁴ Thai SCCC to buy Sri Lanka cement firm from LafargeHolcim unit for \$374 mln, Reuters, <http://www.reuters.com/article/lafargeholcim-siam-city-cement-sri-lanka-idUSL4N1AB1JC>, accessed on 28th April 2017

³⁵ CTC Annual Report 2013, page 37

³⁶ For an analysis of the legal status of these centres, see Beyond Lawful Constraints: Sri Lanka’s Mass Detention of LTTE Suspects, International Commission of Jurists, Briefing Note, 2010

and their continuing vulnerability to serious human rights abuses.³⁷ This also raises concerns with regard to what end such support—even if not entirely voluntary given that refusal may have been seen as attracting trouble—helped sustain this overall architecture.

Take the case of Holcim Lanka as an example. Holcim Lanka faced charges from the Society for Threatened Peoples (STP) of sponsoring cement for military propaganda because several war monuments in the North of Sri Lanka carried an explicit acknowledgement to this effect.³⁸ In its reply, facilitated by the Business and Human Rights Resource Centre, Holcim Lanka claimed the fact that “...the army used Holcim cement to erect war memorials was completely unknown to us and under no circumstances would have been approved by us, had we known.”³⁹ The company stated that it trained around 2000 “...people in rehabilitation camps in the Northern and Eastern parts of the country” and further noted that the

“...training that Holcim Lanka provided in the context of the rehabilitation camps was to enable IDPs to earn a livelihood in the future. At that time, the only possibility to reach war victims and IDPs was in the context of these camps as they were living in these accommodations only. Subsequently, it is important to mention that we never supported rehabilitation camps as such but focused on the people within these camps.”⁴⁰

Quite apart from the obvious slippage in terminology—between IDPs and ex-combatants—in Holcim Lanka’s response, the company’s denial of any knowledge as to the use of its cement does in turn raise the question as to whether there was sufficient due diligence with regard to its intended use. There is no reason to believe that other companies did not do the same or that their relationship with the military did not go further than what may have been obvious.

Philanthronationalism

Widger et al. (2013) suggest that corporate social responsibility or corporate philanthropy in post-war Sri Lanka increasingly turned from ‘philanthrocapitalism’ to ‘philanthronationalism’—“the application of business thinking and methods to the promotion or appeasement of nationalist movements and demands.”⁴¹ They draw attention to “economic militarisation” in Sri Lanka, “...as witnessed through the army’s recent expansion into tourism, agriculture, and construction.” But economic militarisation, as this Commentary argues, goes

³⁷ See International Commission of Jurists supra note, but see also Yasmin Sooka (2014) An Unfinished War: Torture and Sexual Violence in Sri Lanka 2009—2014, The Bar Human Rights Committee of England and Wales (BHRC) and The International Truth & Justice Project, Sri Lanka.

³⁸ See Sri Lanka: Holcim accused of sponsoring military propaganda & rehabilitation camps linked to torture at <https://business-humanrights.org/en/sri-lanka-holcim-accused-of-sponsoring-military-propaganda-rehabilitation-camps-linked-to-torture>

³⁹ See ‘Holcim response’ at <https://business-humanrights.org/en/sri-lanka-holcim-accused-of-sponsoring-military-propaganda-rehabilitation-camps-linked-to-torture>

⁴⁰ Ibid.

⁴¹ Widger, T., Stirrat, R.L., Kabir, S., & Osella, F. (2013) Corporate responsibility, philanthropy and development—Insights for development partners: A Sri Lanka case study, University of Sussex, Policy Brief, p. 3, available at <https://www.sussex.ac.uk/webteam/gateway/file.php?name=corporate-responsibility-and-development-global-insights-o8-web.pdf&site=11>

much deeper into organising or mediating flows of capital and determining the mobilisation of factors of production, such as land and labour. Whilst one may well argue that ‘philanthrocapitalism’ and ‘philanthronationalism’ are two sides of the same coin, Widger et al’s. (Ibid: 3) point that this also made “...companies’ abilities to demonstrate political commitments alongside social commitments...” increasingly important is perhaps what is most significant.

One way in which companies have demonstrated this is through corporate sponsorships, which are often framed as an extension of their social responsibility, to support or subsidise the military in different ways. Ceylon Biscuits Limited (CBL) has been a sole sponsor of the Army’s inter-regimental athletics since 2006, “...with the intention of supporting and developing the talents of army athletes across the country, exposing another aspect of the heroic soldiers sworn to protect our motherland.”⁴² CEAT Tyres Limited supports the automotive racing events conducted by the Sri Lanka Army and the Sri Lanka Air Force,⁴³ whilst the annual Sappers 4 x 4 GYMPO, “...the pioneering off road event of the Army’s Corps of Sri Lanka Engineers...” counts amongst its current or recent private corporate sponsors Diesel & Motor Engineering (DIMO) PLC, SENOK Trade Combined (Pvt.) Limited, MAS Active (Pvt.), Singer Corporation, Keells, Elephant House (Ceylon Cold Stores, which is also a subsidiary of John Keells Holdings) and many others.⁴⁴

Etisalat Sri Lanka, a mobile telecommunications network, signed a 3-year sponsorship deal with Sri Lanka Army’s Rugby team in 2013,⁴⁵ which it underlines is because “...Sri Lanka Army is an integral part of Etisalat Lanka’s national growth initiative, as a company which has a strong brand association with supporting diverse segments of the Sri Lankan society. The SLA Rugby team brings more than the spirit of the game to the field. It is a team that evokes national pride and valour.”⁴⁶

⁴² “Corporate Social Responsibility”, Ceylon Biscuits Limited, available at <http://www.muncheelk.com/project?p=16>, accessed on 8 February 2017

⁴³ “CEAT Racing takes 3 of the 4 top motor racing championships of the year”, The Island, dated 6 December 2016, available at http://www.island.lk/index.php?page_cat=article-details&page=article-details&code_title=156778, accessed on 8 February 2017

⁴⁴ “Over 20 Local Teams & amp; Foreigners Join GYMPO 2014 at Embilipitiya”, Sri Lanka Army, available at <http://www.army.lk/news/over-20-local-teams-foreigners-join-gympo-2014-embilipitiya> and “Sensation Pervades in ‘Sappers 4 x 4 Gympo 2015’ Off Road Event in Embilipitiya”, Sri Lanka Army, available at <http://www.army.lk/news/sensation-pervades-%C3%A2%E2%82%AC%CB%9Csappers-4-x-4-gympo-2015%C3%A2%E2%82%AC%E2%84%A2-road-event-embilipitiya-o>; both accessed on 8 February 2017

⁴⁵ “Etisalat sponsors Army Team, continues to strengthen SL rugby”, Daily FT, dated 30 May 2013, available at <http://www.ft.lk/2013/05/30/etisalat-sponsors-army-team-continues-to-strengthen-sl-rugby/>, accessed on 8 February 2017

⁴⁶ “Etisalat empowers the Sri Lanka Army Rugby Team”, Etisalat Lanka (Private) Limited, Press Release, undated, available at <http://etisalat.lk/wp-content/uploads/2017/03/22.pdf>, accessed on 9 February 2017

Another critical aspect of showing political loyalty has been to support the military more directly. For example, Maga Engineering (Pvt.) Ltd. constructed 26 houses for service personnel in the Homagama, Padukka and Athurugiriya areas at a cost of Rs. 100 million.⁴⁷ Similarly, wellness resorts for disabled war heroes have seen support from diverse

Corporate support for certain non-combat related activities of the military—whether it is supporting injured or disabled soldiers or sponsoring sports events and teams—is not a singularly Sri Lankan phenomenon.

economic interests and companies, ranging from the Ratnapura Gem Businessmen's Association and DIMO to MAS Holdings (Pvt.) Ltd and Millennium IT CSR, which has been fully owned by the London Stock Exchange Group since 2009.^{48 49}

Corporate support for certain non-combat related activities of the military—whether it is supporting injured or disabled soldiers or sponsoring sports events and teams—is not a singularly Sri Lankan phenomenon. For example, the military establishment in the United Kingdom counts a number of well-known companies amongst the sponsors of its sport events and teams.⁵⁰ However, there is a clear mechanism in place as well as policies and processes, including several safeguards, that are not only laid down but are also transparent and publicly accessible.⁵¹ Moreover, it is also the broader context within which such relationships are established that actually shapes their character.

Companies like Mobitel, whose parent company is the majority government-owned Sri Lanka Telecom (SLT),⁵² have combined engagement with the military and 'support' for Sinhala Buddhist nationalist organisations, such as Bodu Bala Sena (BBS). In 2013, Mobitel and the Army signed an agreement that would enable Army personnel to work in the company in certain specialised technical operations and as a result 68 personnel were

⁴⁷ "The Ministry of Defence joins hands with Maga Engineering to provide homes for security personnel", Maga, dated April 2015, available at <http://www.maga.lk/2015/04/page/4/>

⁴⁸ "Sharks: Helping Disabled Veterans", Millennium Information Technologies, available at <http://www.millenniumit.com/csr/sharkshelping-disabled-veterans>, accessed on 8 February 2017

⁴⁹ "The Stage Set for Opening of the Newest Wellness Resort 'Abimansala-2' for Dependent War Heroes at Kamburupitiya", dated 2012-11-01, available at <http://www.army.lk/news/stage-set-opening-newest-wellness-resort-%C3%A2%E2%82%AC%CB%9Cabimansala-2%C3%A2%E2%82%AC%E2%84%A2-dependent-war-heroes-kamburupitiya>

⁵⁰ See <http://teamarmy.org/sponsorship/current-sponsors/>

⁵¹ See <http://teamarmy.org/sponsorship/> and for a formal prospectus see <http://teamarmy.org/media/TA-draft-business-brochure-Mar-2017-low-res.pdf> and http://teamarmy.org/downloads/Team_Army_Sponsorship_Prospectus.pdf

⁵² Sri Lanka Telecom has two main shareholders—the Government of Sri Lanka through the Secretary to the Treasury (49.5%) and Global Telecommunications Holdings N.V. of Curacao (44.98%). The remaining (5.52%) shares are publicly traded on the Colombo Stock Exchange (www.slt.lk)

directly drafted into the company.⁵³ As the Army's Signals chief noted, *"The Army is stepping away from its traditional role, by being a part of an initiative of this nature. When Mobitel extended this invitation to the Army and requested our assistance, it paved the way for us, to be involved in a massive national project which is aimed at ultimately helping the country develop."*⁵⁴ Even prior to this, a Mobitel call centre was built with direct support from the Army in Mullaithivu.⁵⁵ In 2013, Mobitel began offering as a ring tone, on a revenue sharing basis with the BBS, a deeply racist song that called for a *"Holy War"* to destroy the *"rallying cry of the unrighteous"* and *"the heathens"* *"who have all united into one camp"*.⁵⁶

But the military-private capital link also yielded other much smaller and seemingly innocuous gestures, such as private companies sponsoring large signboards for military run 'welfare shops'—a euphemism for small retail outlets selling everyday necessities; these would otherwise be locally-owned micro and small businesses.⁵⁷ The impact of these smaller interventions has been significant enough to be flagged as 'economic warfare' by affected communities in submissions made to the Consultation Task Force on Reconciliation Mechanisms (CTF).⁵⁸

Arguably, much of what is outlined in the preceding paragraphs underlines how the power of majoritarian nationalism in post-war Sri Lanka is actively mirrored through exercises in corporate social citizenship or philanthropy. Moreover, it is difficult not to see gestures big and small by private capital towards the military—by way of sponsorships or other arrangements—as independent of ideological underpinnings. Even if the logic for such gestures was prompted by pragmatic and instrumental considerations or simply because refusal was not an option, there is little doubt it helped consolidate both militarisation and nationalism.

⁵³ "Army Offers Its Technical Expertise to Sri Lanka Telecom Mobitel", Sri Lanka Army Defenders of the Nation, available at <http://www.army.lk/news/army-offers-its-technical-expertise-sri-lanka-telecom-mobitel>, accessed on 8 February 2017

⁵⁴ "Mobitel employs 68 Army personnel to assist in latest network expansion project", Daily FT, dated 26 February 2013, available at <http://www.ft.lk/article/137653/Mobitel-employs-68-Army-personnel-to-assist-in-latest-network-expansion-project>, accessed on 8 February 2017

⁵⁵ "New Call Centre, Established at Army Request Offer Employment to Mullaitivu Youths", Sri Lanka Army Defenders of the Nation, available at <http://www.army.lk/news/new-call-centre-established-army-request-offer-employment-mullaitivu-youths> and "Mobitel opens second Contact Centre in Mullaitivu", Sri Lanka Telecom, available at <http://www.mobitel.lk/press-releases/mobitel-opens-second-contact-centre-mullaitivu>, accessed on 8 February 2017

⁵⁶ "Mobitel's Ridiculous Response", Abdul Halik (blog), available at <https://abdulhalik.wordpress.com/2013/03/27/mobitels-ridiculous-response/> and "Mobitel and the Bodu Bala Sena", available at <https://abdulhalik.wordpress.com/2013/03/27/mobitel-and-the-bodu-bala-sena/>, accessed on 8 February 2017.

⁵⁷ See Raheem, M. and Fonseka, B. (2011) Land in the Northern Province: Post-War Politics, Policy and Practices, Centre for Policy Alternatives, Colombo, p. 125-126, available at <http://www.cpalanka.org/wp-content/uploads/2011/12/Land-Issues-in-the-Northern-Province-Post-War-Politics-Policy-and-Practices-.pdf>

⁵⁸ Chapter III, Truth, Justice, Reconciliation and Non-Recurrence Commission (TJRNR), Final Report of the Consultation Task Force on Reconciliation Mechanisms, November 2017, paragraph 30, p.108

Conclusion: Towards Demilitarising Economic Relations

The military's continuing role in directly supporting and facilitating the organisation of land, labour and capital in the North (and possibly also in the East) is a matter that merits close attention.

Studies of militarisation elsewhere underline clearly the dangers of an expanding economic footprint of the military, one that is often typically legitimised by patriotic and nationalistic narratives.⁵⁹ Whilst the change of Sri Lanka's political guard in January 2015 has impeded and to some extent even rolled back its expanding economic footprint, the Sri Lankan military remains conspicuous as a presence and even more so as an influence in certain

geographic areas and economic sectors. Despite the fact that the military's own business or commercial interests—especially in tourism and travel—have been well noted, analysis of the political economy of post-war militarisation in Sri Lanka has not highlighted the complex and multi-faceted nature of the links between the military and private capital.

The visible power and space occupied by the military may have ostensibly shrunk post-January 2015 but as some of the examples given above underline, the military continues to wield significant political economic influence, especially in the North. The military's expansion into economic activities in the post-war era also contributed to a growing interface with the private sector. It is crucial that these relationships—be it in the context of so-called development interventions, corporate social responsibility exercises or sponsorships—are subject to a more thorough process of scrutiny and vetting to determine their political and economic impacts.

The military's continuing role in directly supporting and facilitating the organisation of land, labour and capital in the North (and possibly also in the East) is a matter that merits close attention. Beyond its direct economic interests, the military has the ability to impact local labour markets and supply chains. It is, therefore, crucial that neither national nor provincial governments use the military as a vehicle to facilitate private investment or to meet the labour requirements of companies.

There is an urgent need to develop a well-informed and transparent policy to regulate the military's interface with civilian functions and roles. The military has access to technology, expertise and resources that can be invaluable; for example, in times of natural or human-made disasters. However, the deployment or transfer of such resources and expertise must be facilitated by measures that privilege oversight and control of civilian authorities. The continued lack of clarity regarding the military's post-war role (beyond the sphere of conventional security responses) and the need to 'protect' it from accountability (for war-related abuses) is—at least partially—what contributes to constantly reiterating specific

⁵⁹ Siddiqa, Ayesha (2007): *Military Inc: Inside Pakistan's Military Economy*, London: Pluto Press

roles for the military in national development. These roles are not only ill-suited for the military but also ill-informed and dangerous when actively legitimised by state, government and private sector actors.

To some extent, it is true that apart from being called on or driven to playing such roles in the North and the East in particular, the military also simply stepped into a vacuum or filled in gaps created by the failure to empower and strengthen existing civilian institutions of governance. At the heart of the demilitarisation agenda, including with respect to economic relations, is the urgent need to shift power to civilian bodies and authorities, which also require significant strengthening through democratisation, people's participation, transparency and social accountability.

The military has access to technology, expertise and resources that can be invaluable; for example, in times of natural or human-made disasters.

The military has an important role to play in contexts like disaster or crisis response or other emergencies but its autonomous footprint in the economy, its ability to organise factors of production and its economic relations must be subject to far greater control and monitoring. At the same time, the role of private businesses and their past and continuing engagements with and in support of the military need to be assessed closely and must be governed by a strict code of ethics as well as approval and monitoring systems.

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