

Sri Lankan foreign minister raises concerns over Trump's economic policies

By Minusha Fernando
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US President Donald Trump's trade threats and nationalist policies have shocked sections of the ruling elite in Sri Lanka as the island-nation faces an increasingly desperate economic crisis.

Deputy Foreign Minister Harsha de Silva gave voice to these concerns in an address to the National Chamber of Commerce annual meeting late last month in Colombo. Trump's policies, de Silva said, could "dampen the global trade flow as never before" and would seriously impact on Sri Lanka's economy.

President Maithripala Sirisena and his prime minister, Ranil Wickremesinghe, are politically dependent on Washington. Sirisena came to power in 2015 as part of a US-orchestrated regime-change operation to bring the Sri Lankan government into line with Washington's war preparation against China. The Obama administration opposed previous President Mahinda Rajapakse's close economic and political relations with Beijing.

While Sirisena and Wickremesinghe have hailed Trump's election victory and appealed for his support, their government is being hit by falling investment and declining export earnings, and they are acutely nervous about Trump's economic policies.

De Silva told the National Chamber of Commerce that Trump's policies were "inward looking, anti-trade and regressive and could dampen the global trade flows. Global trade, which has already slowed down from the heydays of the globalisation era, could further slow if US closes its borders for global goods and imposes taxes."

De Silva said Trump's claim that he would bring industrial jobs back to America was "a lot of rhetoric and it will stop soon... It seems that reality television is what Mr Trump believes in. This is quite ridiculous, based on lies and misconceptions and... just pure,

absolute fabrications. Unfortunately, Sri Lanka has long experience in post-truth politics."

However, the deputy foreign minister's hope that Trump's rhetoric will "stop soon" is an illusion.

Trump's policies are not an accident but an expression of the crisis of American capitalism, which is at the centre of a global breakdown. His "America First" and "Make America Great Again" slogans are part of the US ruling elite's attempts to regain its economic dominance by trade war measures, military aggression and ever-more ruthless exploitation of the American working class. The appointment of billionaires and military generals to his cabinet is in order to take forward these reactionary policies.

Trump's repeated attacks on Beijing's trade policies and against its territorial claims in the South China Sea mean that China is an immediate target of his administration, posing the danger of military conflict between the two nuclear-armed powers.

De Silva said any increase in US import taxes or the imposition of trade barriers would have a serious impact on Sri Lankan export earnings. The US is Sri Lanka's single largest export market, accounting for 27 percent of the country's total exports.

The deputy foreign minister explained that Sri Lankan exports have dwindled to 13 percent of gross domestic product (GDP), down from about 35 percent in the 1980s. He pointed out that the country only attracted \$300 million in foreign investments in 2016, one-third of the amount invested in 2014 (see: "Central Bank governor says Sri Lankan economy 'hospitalised'").

While bluntly criticising Trump's policies, de Silva hailed Chinese President Xi Jinping as an economic saviour. Referring to the Chinese president's recent speech at the World Economic Forum in Davos, de

Silva declared that Xi was “a greater believer in [the free trade policies] of David Ricardo and Adam Smith than Donald Trump.”

At the Davos meeting Xi praised free trade and globalisation and, without naming Trump, declared that protectionism would lead to trade war. De Silva’s praise of Xi is another indication that Colombo will step up its efforts to attract more Chinese investment.

The Sirisena-Wickremesinghe government halted a number of Chinese-funded projects after it came to power. Over the past two years, however, and in response to falling exports and investments, it has turned back to Beijing for financial assistance.

One such investment is the \$1.4 billion Colombo Port City Project (CPCP). The government is changing investment rules, including to allow the Chinese construction company to own part of the project. Colombo has also obtained new loans from Beijing on other infrastructure development projects.

De Silva told the National Chamber of Commerce: “The current global geopolitics offers an opportune time and circumstances for Sri Lanka to open its borders to the rest of the world when others are shutting their doors.”

In other words, Colombo hopes to use its strategic location and geo-political importance to rival global powers to secure some economic advantage. This means expanding its economic relations with Beijing, while deepening its military ties with the US, which are, in fact, directed against China. Colombo’s delicate balancing act, however, cannot be maintained as the Trump administration steps up its economic and military threats against Beijing.

Following the regime-change operation that brought the Sirisena-Wickremesinghe government to power, Washington sent a number of senior political and military officials to Sri Lanka. The US Pacific Command has begun regularly sending navy vessels to Sri Lankan ports, and US and Sri Lankan military forces are involved in training and so-called maritime security exercises in the Indian Ocean (see: “US Pacific commander visits Sri Lanka, praising new regime”).

The Trump administration has made clear that it will boost its political and military ties with Sri Lanka. Addressing a Sri Lankan independence celebration at the embassy in Washington on Monday, Acting Under-Secretary of State for Public Diplomacy and

Public Affairs Bruce Wharton declared: “While our level of cooperation today is unprecedented, there is always more progress to be made.”

Sri Lanka, he continued, was “one of the most strategic maritime locations in the entire Indo-Pacific: at the nautical crossroads of Africa, South Asia, and East Asia, with the Strait of Hormuz to its west and the Strait of Malacca to its east.”

Whatever its economic fears, the pro-US government in Colombo will continue to strengthen its military ties with US imperialism as it ratchets up its confrontation with China, posing real dangers, not only for the Sri Lankan working class but workers internationally.

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