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# What Eppawela project signifies... Part II

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Continued from yesterday

Let us look at how other countries have looked after their resources. Despite the overtures of President Clinton on his current visit to Bangladesh, the Prime Minister of Bangladesh has refused to change Bangladesh's long held stance against the liberalization of gas exports until local needs were met and a 50 year reserve was assured. President Clinton had earlier announced $ 97 million in food aid, $ 84 million in clean energy initiatives and $ 8.6 million to reduce abusive child labour, a 'debt for nature' swap and forgave $6 million in Bangladesh's external debt, but Prime Minister Sheik Hassina stoed her ground, stating, We would like to lead a life of dignity. It is said that this decision of the Government of Bangladesh disappointed the US and British Companies as well as the World Bank. Their idea was to prize open the gas reserves of Bangladesh for exploitation by the Developed Countries and in this process Bangladesh will be offered a pittance and the bulk of the wealth created will go to the Western Companies. This decision of Bangladesh, easily one of the poorest countries in the world stands in stark contract to the decision that the Sri Lankan Government has taken on Eppawela Phosphate. In the case of Bangladesh the necessity for the decision not to prise open the gas reserves was the interests of the nation while in the case of prise opening the Eppawela Phosphate, the necessity was to find a few hundred million dollars to finance the consumption budget during the coming years.

It is well known that the Middle East oil reource will last only around 100 years. OPEC is making a desperate attempt to exploit the least so that they can on one hand command a high price and on the other continue to have the oil resource for a longer period. There is room to think that the invasion of Iraq by the Western powers was due more to the fact that they wanted control over the Middle East Oil resource and than to punish Saddam Hussein. The USA has vast oil resources, which are held as reserves. Instead they buy oil from other countries because they will then deplete the reources of others and will use theirs at the end. This forward thinking is because the entire world will not know what to do when the oil resource runs out.

Take forestry, the US guards its forests to the maximum. while it uses its muscle through the WTO to encourage logging in other countries without any Government restrictions. Even a high school graduate will be able to figure out that Sri Lanka's policy of sacrificing its assets is wrong.

What is important to realize is that since 1977 Sri Lanka has been functioning on an Export Import and Sell policy instead of the earlier Produce and Sell policy. What has happened to our country is best expressed in the words Sri Lanka that held a credit of SDR $ 170 million in its foreign budget in 1977, deteriorated to a deficit of as much as SDR 892 million by 1982 in less than five years of liberalization. In 1995, the deficit was as much as SRD 997 million (Page 6). The foreign exchange budget deficit has to be met with foreign loans and when that dries up by selling assets. Foreign loans and grants have dried up and are hard to get and that is why it is necessary to sell our assets.

Inevitably Sri Lanka is facing a situation of total collapse. This is the cumulative outcome of the process of liberalization and open market economy that commenced in 1977. To those who disagree with me, my request is for them to study our increasing indebtedness, both foreign and domestic, the staggering increase in our imports, the falling value of our currency, the increase in our inflation and see for yourself where Sri Lanka is heading for. Eppawela is just one episode in the loss of our assets, the loss of our sovereignty and it denotes that we are getting more and more strangled by the Developed Economies through their dictates that come to us through the World Bank, the IMF and also through the recent creation, the WTO..

The deal is with US Companies- Freeport McMoran and IMC Agrico. It is well known that companies can be bought over by other companies. The investiture of land in the Trincomalee Bay is of strategic importance to the Western economies, especially to the USA and perhaps this is why the Eppawela Phosphate Project is being pursued tooth and nail by the World Bank and the USA.

What can be done? It is necessary to understand that the advice of the World Bank and the IMF have not taken the Third World anywhere other than to ruin. The very fact that the Mastricht Agreement of the European Commission stipulates that a country should have low inflation, low interest rates for admission to the EEC indicates the fallacy of the provisions of the Structural Adjustment Programme.

Sri Lanka has long forgotton to live within its means. It last lived within its resources during the period when Hon Dr. N.M.Perera was the Minister of Finance. After 1977 the rot set in and Sri Lanka commenced borrowing to live. It has lived on credit ever since. Living on credit has meant heavy devaluation and inflation.. We sell our assets- our family silver every year and this enables us to shout and state that the Debt Service Ratio is low. In actuality it is manipulated to be low.

The value of Indian exports to Sri Lanka in 1999 was US $510 million, while the exports from Sri Lanka to India was only $47 millions. There was a trade deficit of $ 463 million in favour of India. There is no need to spend on imports from India to this extent, well over our exports to India, because we can easily make what India sends us if only we want to. There is no point in having a Ministry of Industries, a Department of Small Industries, an Industrial Development Board and many other such institutions if our policy is to import everything and to plan for BOI Projects- projects for foreigners. These Ministries and Departments can be scrapped immediately and allow the importers and retailers and foreigners to run this country. This is exactly what we do now. With the liberalization of trade under the Indo Lanka Trade Agreement Sri Lanka has been taken for a ride. The only guideline I can suggest for the Government to follow is to restrict the imports from India to the extent of money generated from exports to India. There will be a hue and cry from importers and from the selling countries, but this is the only method out of the problem.

Under the policy of Import and Sell which Sri Lanka now follows, she import rice, vegetables processed food, jams fruit juice and everything that we can produce. We have given up efforts at production and our production effort in only in name. The import bill of food amounted to Rs. 47 billion in 1997 and is currently at around Rs. SO billion. Having worked in the agriculture sector in Sri Lanka as an administrator for 18 years and with my post graduate study and research in reputed Universities I can make a firm statement that we do have the expertise and the ability to make Sri Lanka self sufficient in all food, other than wheat within two to three years. But we are actually doing the opposite. It was just a few weeks ago that Sri Lanka sold off the Pelwehera Seed Farm to CIC, to the multinational ICI in sheep's clothing. Unlike in any other country known to me — Thailand, Malaysia, Greece, Bangladesh, India, Singapore, Mexico and Myanmar where I have first hand knowledge, the foreigner is worshipped in Sri Lanka. Even development — the one thing a country should never hand over to foreigners, is firmly in the hands of aliens. Milk food is in the firm hands of Nestles.It doen not need hard thinking to figure out that Nestles will look after the interests of its share holders and their mother country which depends on the exports of dairy produce, rather than Sri Lanka's interests. And now it is the turn for Eppawela Phosphate.

Following the dictates of the IMF and the World Bank, Sri Lanka continues to prize open her economy for foreign exploitation. In the 2000 budget, the 51% ceiling on foreign ownership in banking companies has been lifted to 60% . In the insurance sector foreign equity that was restricted to 49% has been increased to 90. Foreigners will also be permitted to hold 100 % equity in stock brokering firms. This follows the US policy referred to by President Clinton in his Economic Report of the US President to the US Congress 2000, said that:

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