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Sri Lanka: The Growing Insurgency



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An Intelligence Assessment

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*NESA 86-10036
September 1986*

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Sri Lanka: The Growing Insurgency



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An Intelligence Assessment

This paper was prepared by

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Office of Near Eastern and

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South Asian Analysis, with a contribution by

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Office of Leadership Analysis.

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Comments and queries are welcome and may be
directed to the Chief, South Asia Division, NESAs,

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**Sri Lanka:
The Growing Insurgency** [REDACTED]

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Key Judgments

*Information available
as of 2 September 1986
was used in this report.*

Sri Lanka faces the most serious threat to its security and stability since it gained independence in 1948. The three-year-old Tamil insurgency has made deep inroads into most of the north and much of the east where Tamils predominate. Some areas are now administered by the insurgents. The fighting has weakened the country's once vibrant economy and polarized Sri Lanka's Sinhalese and Tamil communities. [REDACTED]

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The security situation in Sri Lanka is likely to worsen over the next year or so. Tamil insurgent attacks will encourage Sri Lankan President Jayewardene to intensify his efforts to cast the communal conflict as a battle between democracy and Marxism in a bid to win greater US support. [REDACTED]

The major Tamil insurgent groups probably will increase their attacks against Sinhalese civilians, economic installations, and foreign nationals to foment instability and force government concessions on Tamil autonomy. They are also likely to step up their operations against government security forces and military installations. The insurgents already control the most densely populated areas in the north and operate freely throughout the east. The insurgents will not establish full control in the east any time soon, but a slow erosion of the government's control there is likely. [REDACTED]

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The deteriorating security situation—including lawlessness, high civilian casualties, and widespread economic disruption—will make the Sri Lankan Government increasingly eager for US military aid. A US decision to provide military aid to Colombo's counterinsurgency, however, might provoke Tamil attacks against US personnel and facilities in Sri Lanka. The insurgents are probably capable of attacking US installations in Europe and the Middle East and soon may target other foreign governments providing economic or military assistance to Colombo. [REDACTED]

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US military support to the government would seriously strain Indo-US relations. New Delhi has heavily invested its prestige in attempts to broker a settlement and would regard US support for Colombo as an attempt to obstruct these efforts and increase US influence in South Asia. [REDACTED]

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India is slowly losing its ability to manipulate the situation. Because many of the 50 million Tamils in South India hold New Delhi accountable for the plight of Sri Lanka's Tamil minority, New Delhi has provided arms and sanctuary to Sri Lankan Tamil insurgents since 1983. But the largest

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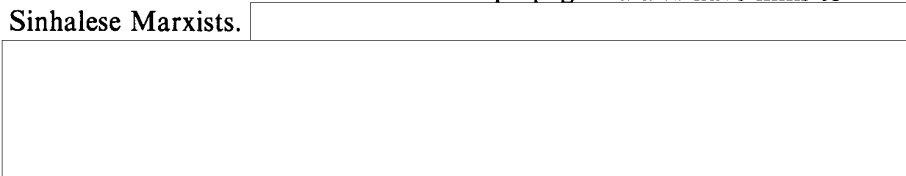
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insurgent groups are acquiring arms and training elsewhere and moving their base camps to Tamil areas of Sri Lanka. Moreover, the Sri Lankan Government is looking for ways to reduce India's support to the insurgents.



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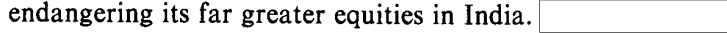
Marxist influence is growing among the leadership of the insurgent movement, and continued fighting will allow Tamil and Sinhalese Marxists to expand their influence. Leaders of the largest insurgent groups espouse Marxism and anti-Americanism in their propaganda and have links to Sinhalese Marxists.



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Despite the Marxist influence among the major insurgent groups, the Soviet Union has been—and probably will continue to be—circumspect in dealing with the Sri Lankan problem for fear of endangering its far greater equities in India.



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The most hardline group—the Liberation Tigers of Tamil Eelam (LTTE)—is capable of fighting government troops without Indian support and probably would continue operations even if other groups agreed to a negotiated settlement. LTTE has developed a disciplined fighting force of about 3,000 members and may be training some of its cadres in Nicaragua and Cuba.



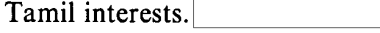
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Personal animosities between insurgent leaders and sharp divisions over goals and tactics will continue to limit insurgent gains. The leaders of the People's Liberation Organization of Tamil Eelam (PLOTE)—the largest insurgent group—and LTTE have a blood feud that will prevent coordinated military operations during the leaders' lifetimes. PLOTE favors building broad popular support in preparation for an islandwide Marxist revolution, while LTTE is committed to continued attacks against Sinhalese civilians and government security forces to establish an independent Tamil state.



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There is a growing likelihood that PLOTE and LTTE will wage a bloody battle for supremacy of the insurgent movement. Their rivalry is likely to spur additional attacks against the government and Sinhalese civilians as both groups seek to prove themselves the preeminent representatives of Tamil interests.



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Security forces are unlikely to make significant headway against the guerrillas unless the government makes major improvements in individual and small-unit training. Undisciplined Sinhalese militias have attacked Tamil civilians, adding new recruits to the insurgency, and are not likely to come under full government control any time soon. [REDACTED]

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The deteriorating security situation and India's eroding leverage are increasing the pressure on Jayewardene and New Delhi to find a negotiated solution to the insurgency. President Jayewardene's latest proposals for creating provincial councils throughout Sri Lanka are unlikely to meet LTTE's demands, however, and India will be unable to force the major insurgent groups into an agreement. Even if a settlement is reached with Tamil moderates, Sri Lanka will remain divided between hostile Sinhalese and Tamil communities, and hardliners will continue to fight on. A settlement, in our view, also could open the way for a Marxist-oriented provincial government in Tamil areas and to a continued Marxist threat to the central government from PLOTE. [REDACTED]

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Continued terrorist attacks in Sinhalese areas will probably stir increased domestic criticism of Jayewardene from the politically important Buddhist clergy, the Sinhalese opposition, and some members of the military. Sinhalese frustration with Tamil terrorist attacks could spark another round of widespread anti-Tamil rioting and lead to a further deterioration of civil order throughout Sri Lanka. Under these circumstances, a military coup or the assassination of Jayewardene by Sinhalese hardliners will become more likely. [REDACTED]

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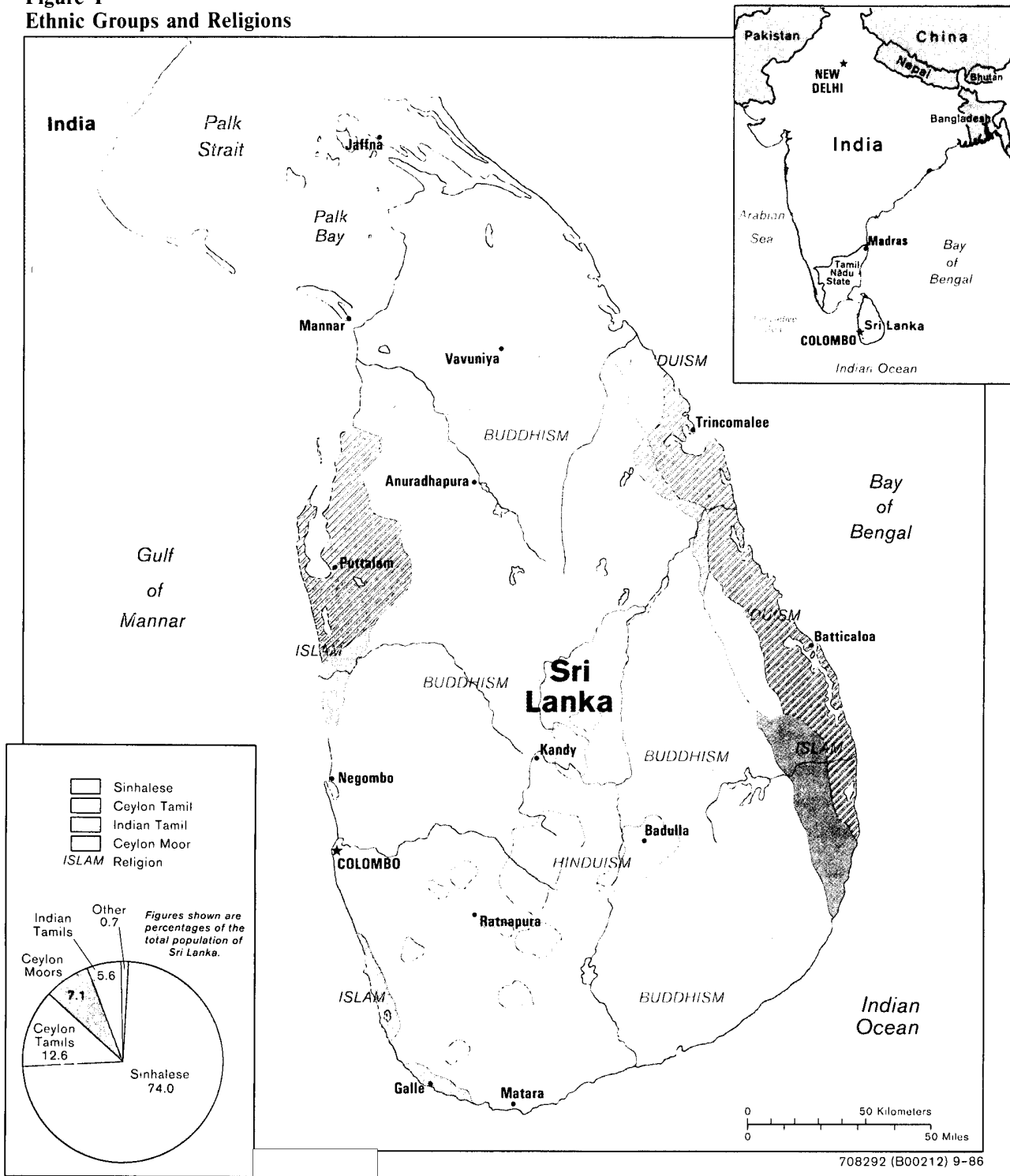
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Figure 1
Ethnic Groups and Religions



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**Sri Lanka:
The Growing Insurgency** [redacted]

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Sri Lanka faces the most serious threat to its stability and territorial integrity since it gained independence in 1948. Tamil separatism has grown since the late 1970s from a series of sporadic terrorist attacks into an organized insurgency. The fighting has weakened the country's once vibrant economy and polarized Sri Lanka's Sinhalese and Tamil communities. Government proposals of limited autonomy to Tamils have been too little and too late, and security forces are incapable of defeating the insurgents. Deep splits among the insurgent groups have made reaching a political consensus for negotiations with the government difficult and have hindered their ability to capitalize on the government's weaknesses. [redacted]

and terrorists to an organized, armed, full-time insurgency of 10,000 members. [redacted] nearly 7,000 insurgents—including poorly trained young recruits—are operating in Sri Lanka. The insurgents also maintain an extensive support structure in southern India, where we estimate another 3,000 insurgents are based. [redacted] an additional 11,000 Tamil expatriates based in Europe, the Middle East, Southeast Asia, and North America provide funds to major insurgent groups, and some of them traffic in drugs to support insurgent operations. [redacted]

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The insurgents are divided into five major groups: the Liberation Tigers of Tamil Eelam (LTTE), the People's Liberation Organization of Tamil Eelam (PLOTE), the Tamil Eelam Liberation Organization (TELO), the Eelam People's Revolutionary Liberation Front (EPRLF), and the Eelam Revolutionary Organization of Students (EROS).¹ [redacted] each of these groups maintains between four and 15 base camps in South India. [redacted]

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Ethnic rivalry is at the heart of the conflict. Sri Lankan Tamils believe—with some justification—that they are victims of political and economic discrimination at the hands of the Sinhalese. Tamils allege that, since the late 1950s, Sinhalese-dominated governments have denied Tamils fair access to Sri Lanka's national universities, have blocked adequate funding for development in Tamil areas, and have discriminated against the use of the Tamil language. Sinhalese voters and their governments have been unwilling to respond with concessions to Tamils. According to academic studies, the 11 million Sinhalese believe they must defend their religion, language, and culture not only against encroachment by Sri Lanka's 2 million indigenous Tamils but also from 50 million Tamils in nearby South India, traditionally viewed as potential invaders. The resulting estrangement of the two communities has left Sri Lanka deeply divided. [redacted]

Diplomatic reporting indicates LTTE has shifted most of its personnel in South India to Sri Lanka. [redacted] these groups also maintain headquarters in the southern Indian city of Madras and additional training camps in Sri Lanka's Northern and Eastern Provinces. At least seven minor groups—some divided into separate factions—also maintain base camps in South India but are not active in antigovernment attacks. [redacted]

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All the major insurgent groups are united in their demand for an independent Tamil state comprising Northern and Eastern Provinces, the area where 70 percent of Sri Lanka's Tamils live, but they differ over the best tactics to achieve this goal. [redacted]

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The Insurgent Groups

Size, Organization, and Goals

[redacted] since 1976 Tamil separatism has grown from a scattered handful of bank robbers

¹ Eelam means nation in Tamil and is the name insurgents give to their proposed independent state—the traditional Tamil-inhabited areas comprising Northern and Eastern Provinces of Sri Lanka. [redacted]

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History of the Sinhalese-Tamil Conflict

The majority Sinhalese are Buddhists of Indo-Aryan descent and have coexisted on Sri Lanka with Hindu Tamils of South Indian descent since the fourth century B.C. According to a prominent historian, the rise of militantly Hindu kingdoms in South India during the fifth and sixth centuries A.D. prompted Tamils in Sri Lanka to develop their own ethnic identity and to separate themselves from the Sinhalese. Ethnic divisions were reinforced during a series of invasions by these South Indian kingdoms and reconquests by Sinhalese rulers. During the 13th century, Sri Lankan Tamils established their own kingdom in the north and set the stage for 600 years of volatile coexistence with numerous Sinhalese kingdoms and Portuguese and Dutch colonizers.

British rule in Sri Lanka, which began in 1796, led to an easing of Sinhalese-Tamil rivalry, according to academic research, as Britain treated both ethnic groups as equals, relying on both to staff the colonial administration and plantation economy. Beginning in the late 1920s, Britain orchestrated a series of constitutional reforms leading to independence in 1948—including the granting of universal suffrage in 1931, which revived Sinhalese-Tamil rivalry. Faced with an enfranchised majority Sinhalese electorate, Sri Lankan Tamils quickly began agitating for protection of their rights. The Sinhalese, for their part, viewed the large number of successful Tamils in the colonial administration and plantation economy as disproportionately high and a threat to Sinhalese interests.

Ethnic nationalism intensified in the general election of 1956. During his successful campaign, S. W. R. D. Bandaranaike—leader of the Sri Lanka Freedom Party—appealed to Sinhalese nationalism. Instead of advocating multiracial democracy and secular rule, he attempted to redefine Sri Lanka as an essentially Sinhalese Buddhist state and advocated broad

changes including the establishment of Sinhalese as the only official language. Although his rhetoric was not fully realized in policy, he built a coalition of Buddhist clergy, rural school teachers, and physicians whose members still hold hardline views in rural Sinhalese areas.

We believe the failure of successive Sinhalese governments between the late 1950s and late 1970s to address increasing Tamil demands discredited moderate Tamil politicians and helped encourage the growth of an incipient insurgency. The US Embassy in Colombo reports Sri Lankan President Jayewardene gave assurances to the leaders of the Tamil United Liberation Front (TULF)—the main Tamil political party—that he would address Tamil grievances on government education, development, and language policies and grant Tamil areas local autonomy in return for their support during the 1977 general election. Jayewardene won the election with Tamil backing but failed to fulfill his promises. As a result, Tamil moderates were discredited, and Tamil insurgents gradually eclipsed TULF as advocates of Tamil rights.

By 1983 Tamil extremists had established base camps in South India and had begun guerrilla warfare training. The insurgency's focal point was in the Jaffna peninsula, and an attack there against a government troop convoy in July 1983 killed 13 soldiers and sparked anti-Tamil rioting throughout Sri Lanka—including in Colombo—resulting in more than 400 fatalities, mostly Tamils. The rioting marked a watershed, polarizing the two communities and marking the expansion of the major insurgent groups. By late 1984 the government had lost control of the Jaffna peninsula to the insurgents and had begun to organize a major counterinsurgency.

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Insurgent Leaders

[redacted] Indian journalists have gained occasional access to insurgent base camps in Tamil Nadu to interview leaders of the main groups, but few journalists have reported on the extensive network of field commanders in Sri Lanka. [redacted]

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LTTE Leader Velupillai Prabakaran

Prabakaran, about 31, is a loner with an authoritarian leadership style; he approves all LTTE's major decisions. He has called a separate Tamil state the only solution to Sri Lanka's communal violence. Prabakaran claimed to be planning operations in the Colombo area before the recent spate of violence in the capital. He has feuded with TELO and EPRLF but has said that he is willing to support EROS should that group agree to merge with LTTE. He has a high school education. [redacted]

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PLOTE Leader Uma Maheswaran

Since escaping from prison in April 1983, Maheswaran has tried to gain power over the Sri Lankan insurgent movement. [redacted]

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[redacted] Maheswaran, about 41, has ties to at least one state representative in the Indian state of Tamil Nadu. Maheswaran claims to be mobilizing an armed struggle against the Sri Lankan Government led by the working classes, according to press reports. He attended the 13th congress of the Communist Party of India in March. According to press reports, Maheswaran was trained by the PLO in Lebanon in 1978. [redacted]

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LTTE—about 3,000 strong—is the oldest and most active insurgent group and includes the most hardline Tamil nationalists. Since 1974, LTTE leader Velupillai Prabakaran has sought to portray his group as the guardian of Tamil interests in Sri Lanka. [redacted]

[redacted] LTTE is determined to win favor among Tamil civilians by abstaining from robberies and attacks against economic installations serving Tamils. LTTE operates throughout Sri Lanka but is primarily a northern-based insurgent group. It considers groups like

EPRLF and TELO operating in the east to be less committed to Tamil independence and prone to indiscipline and robbery of Tamil civilians. LTTE's hardline Tamil nationalism suggests it will be the group least likely to acquiesce to a negotiated settlement. Since spring 1986 LTTE has moved to exert its dominance over the guerrilla movement by repelling a major government offensive and suppressing the third-strongest group, TELO, which LTTE regarded

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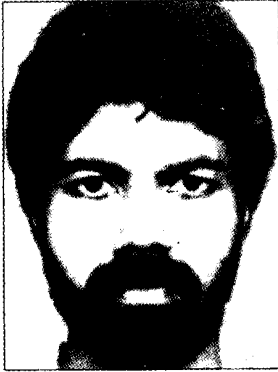
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Insurgent Leaders (continued)

TELO

TELO leader Sri Sabaratnam was killed during the internecine fighting last May between TELO and LTTE. Some of the remaining TELO insurgents have since allied with other groups. [redacted]

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EPRLF General Secretary K. Padmanabha

Padmanabha claims his goal is to organize a classless society. Sri Lanka's National Security Minister has said that the EPRLF leadership has Marxist leanings and has been trained in Lebanon, according to press reporting. [redacted]

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EROS Leader V. Balakumar

V. Balakumar is also the spokesman for the insurgents' loosely knit umbrella organization, the Eelam National Liberation Front. As such, he often serves as a liaison between Indian and Tamil Nadu state politicians and militant leaders. Balakumar has rejected alliance with the most powerful of the insurgent factions, LTTE. [redacted]

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as undisciplined and a rival, by assassinating TELO's leader and attacking TELO camps in Sri Lanka.

[redacted] LTTE has also begun attacking PLOTE camps and personnel. Press reports indicate LTTE has begun attacks against EPRLF and may soon dominate this group as well. [redacted]

PLOTE—about 4,000 strong—is the largest insurgent group and LTTE's archrival. Until 1980, PLOTE's leader, Uma Maheswaran, and Prabakaran

collaborated, but Prabakaran then allegedly murdered a female Tamil activist close to Maheswaran,

[redacted] In our judgment, the hatred between the two leaders because of this event makes cooperation between their groups nearly impossible. [redacted]

[redacted] PLOTE also opposes LTTE's hit-and-run attacks against government security forces. Instead,

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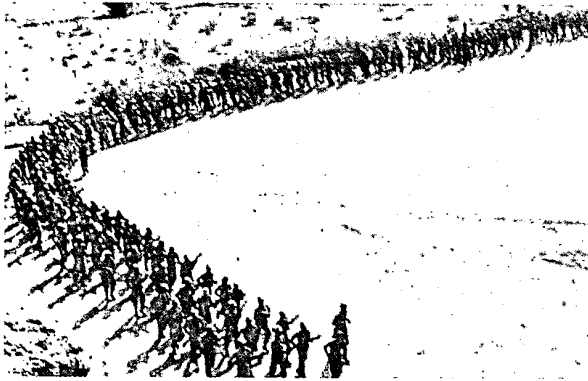


Figure 3. LTTE has an estimated 3,000 troops.

PLOTE is pursuing a classic Marxist guerrilla strategy of husbanding its resources to gain ascendancy over other dissident groups and building broad popular support in preparation for an islandwide revolution. We believe PLOTE's willingness to enlist women and persons from all castes and to refrain from attacks against civilians has given it a broader base among Tamils than LTTE has.

The remaining three major insurgent groups are all active in operations against government military and economic targets but are not as large and do not have as many international contacts as LTTE and PLOTE. These groups are loosely organized in an umbrella organization—the Eelam National Liberation Front. TELO, a hardcore nationalist group, is in disarray following a series of battles with LTTE last May but probably retains a membership of 1,000. EPRLF and EROS each has less than a thousand fighters, is more Marxist, targets economic installations, and operates principally in the east. EROS specializes in terrorist attacks against economic installations and claimed responsibility for the bombing of a joint Sri Lankan-Japanese cement factory last spring in Eastern Province.

The Tamil United Liberation Front (TULF)—Sri Lanka's banned Tamil political party—is the principal representative of moderate Tamils, including a majority of Tamil civilians. It does not share the insurgents' radical goals and ideology. Although TULF has publicly called for a separate Tamil state, the party remains the only moderate Tamil group

willing to consider government offers of limited autonomy. According to the US Embassy in Colombo, leaders of TULF want to establish a federal system including a single semiautonomous Tamil province and Tamil participation in the Parliament. TULF probably calculates it must defer to India.

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Capabilities and Strategy

The insurgents, in our view, are gaining in their war against government forces. They have established military and administrative control of the Jaffna peninsula and operate freely throughout Northern and Eastern Provinces—the area they consider the traditional Tamil homeland and future independent state. Government forces are restricted mainly to their garrisons in the north and rarely venture out for fear of ambush.

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the insurgents supply their forces in both provinces by sea, easily move units without detection, and maintain an intelligence network superior to the government's. They have also established base camps around Batticaloa and Trincomalee—two major urban areas of Eastern Province—as well as terrorist cells in Sinhalese tea-growing areas in the center of the island and in Colombo.² In May they fought off a major government offensive aimed at opening roads in the northern third of the island.

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Much of the insurgents' arms and equipment is old or secondhand, but press reports indicate their weapons are of good quality and have been kept serviceable. Small arms range from handguns and World War II-vintage Japanese rifles to AK-47s and M-16s.

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² Approximately 1 million Tamils brought by the British to Sri Lanka from South India as laborers in the 19th century now work on Sri Lanka's tea plantations in the central highlands.

EPRLF and EROS have recruited from among these Indian Tamils but have failed to provide them training. The low caste of the tea workers, their integration with the national economy, and their more recent arrival in Sri Lanka will probably prevent widespread collaboration with the insurgent groups.

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Figure 5. Tamil insurgents equipped with AK-47 assault rifle and rocket-propelled grenade launcher.

In our judgment, the insurgents' relatively unsophisticated arsenal is adequate for their present level of operations. Over the last six months, the most common tactics employed against government forces have been handgrenade or unmanned landmine ambushes. The insurgents mainly operate in small units—five to 15 men for ambushes—and engagements with the Sri Lankan military are usually confined to brief fire-fights. Press reports indicate that the insurgents can withstand concerted government assaults and are capable of organizing upward of 100 men for larger actions. During the government offensive in May, the insurgents avoided pitched battles with government forces but pinned down Army columns with small arms, mortars, and landmines. Government units eventually retreated to their garrisons without having accomplished their mission

of clearing roads leading to the south, resupplying northern-based troops, or killing many guerrillas.

[redacted]

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Insurgent strategy appears to be shifting toward attacks against Sinhalese civilians and economic installations. According to press reports, the insurgents destroyed a Sri Lankan airliner—killing 16 people—the telegraph office in Colombo, a cement factory, an oil depot, a bottling plant, and a passenger train during a six-week period last spring. The attacks suggest the insurgents will meet government offensives in Tamil areas with strikes designed to maximize Sinhalese civilian casualties. In our view, the insurgents will continue these operations to provoke Sinhalese reprisals against Tamil civilians, deter foreign tourists, and force greater government concessions on autonomy. The insurgents probably calculate reprisals will discredit the government and win greater international support for an independent Tamil state.

[redacted]

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To facilitate their attacks in the Sinhalese heartland, the insurgents are developing contacts with radical Sinhalese Marxists.

[redacted] links exist between all major insurgent

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groups and the Janatha Vimukthi Peramuna (JVP)—a banned Sinhalese Marxist group responsible for an islandwide insurrection in 1971.

[redacted]

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[redacted] We believe JVP's Marxist revolutionary goals are closely shared by PLOTE and could form the basis for a long-term alliance.

[redacted]

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Resources

Funding. Narcotics trafficking is a major source of the insurgents' funds.

[redacted]

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Figure 6. Wreckage of Air Lanka plane at Colombo airport following an explosion on board on 3 May 1986: shift toward urban terrorism. [redacted]



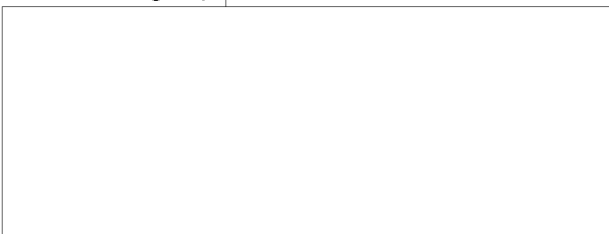
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[redacted] One kilogram of heroin sold in Sri Lanka will yield a profit of \$2,500—enough money, we estimate, to maintain a moderate-size training camp for a month. We believe Tamil expatriates who are sympathetic to the separatist movement have provided the network to support the insurgents' profitable drug trade. [redacted]

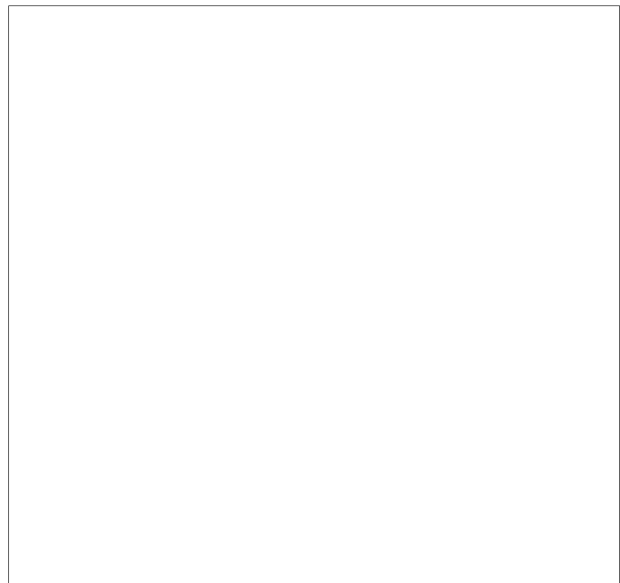
The insurgents also prey upon Tamil civilians. Press reports indicate thefts of personal property from Tamil civilians—particularly jewelry—and repeated robberies of government-run banks in the north and east have provided additional revenue for the major insurgent groups. The press reports the insurgents also have begun collecting sales taxes in Jaffna to strengthen their war chest. [redacted]

Arms and Training. The insurgents need outside support to keep pace with the government's expanding counterinsurgency. [redacted]



[redacted]

[redacted] We believe the most important Indian aid is the granting of sanctuary in Tamil Nadu for insurgent training and smuggling operations. According to the US Consulate in Madras, each main insurgent group enjoys close ties to ministers in the Tamil Nadu state government in southern India. [redacted]



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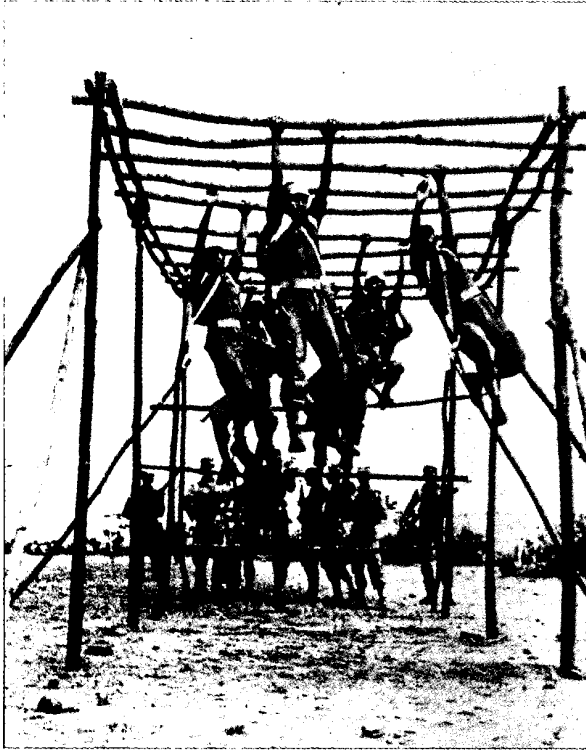
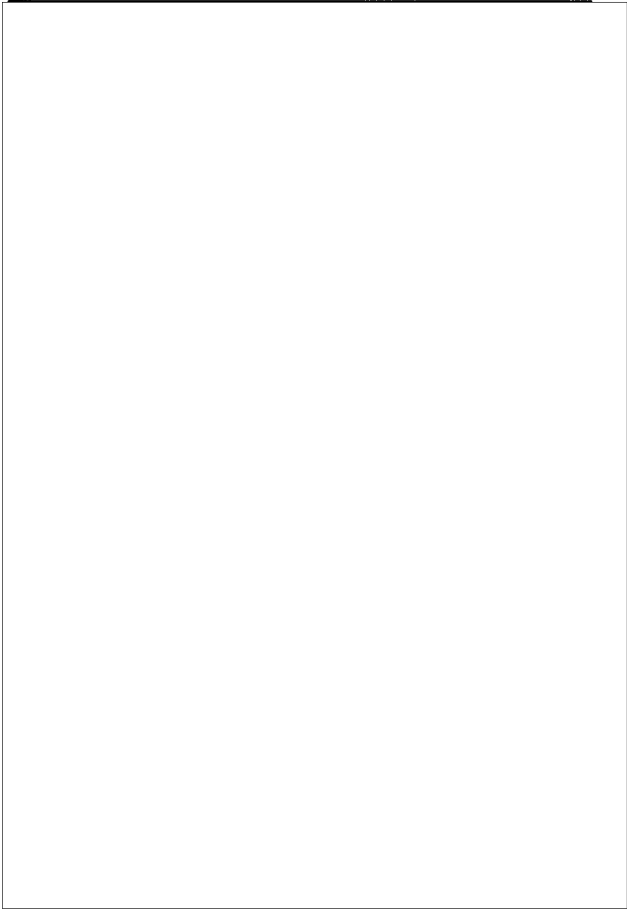


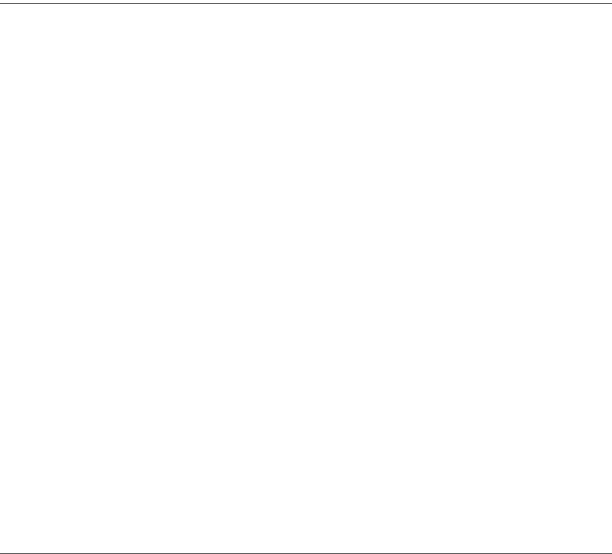
Figure 7. LTTE training camp. [redacted]



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Marxist-Leninist definitions of class struggle, imperialist exploitation, and socialist revolution to justify the need for armed resistance to the Sri Lankan Government. PLOTE defines itself as an anti-imperialist, anti-US organization, according to its propaganda tracts, and press reports indicate EPRLF is committed to revolutionary resistance to "US-backed neo-colonialism." [redacted]

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Many of the insurgent leaders share a common revolutionary objective. LTTE, PLOTE, EPRLF, and EROS want to establish a socialist Tamil state to motivate "progressive forces within the Sinhalese masses" to overthrow the "reactionary" government in Colombo. The insurgency's small number of propagandists is using radiobroadcasts, newspapers, and

Ideology

The leadership of the major insurgent groups shares an anti-imperialist ideology and commitment to socialism. Propaganda publications of LTTE use

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books in a crude international propaganda effort to link Tamil insurgent goals to other revolutionary movements. Press reports indicate some insurgents have met with representatives of the South-West Africa People's Organization and the African National Congress. [redacted]

The Marxist-Leninist ideology and revolutionary goals of the insurgent leadership have won few adherents among the bulk of Tamil guerrillas. [redacted]

[redacted] the majority of the rank and file are apolitical. As a result, the main insurgent groups have relied principally on slogans of Tamil nationalism to fill their ranks. [redacted]

Vulnerabilities

Factionalism. In our judgment, factionalism is the most important weakness hampering the insurgents' ability to mount a more effective campaign against the government. Rivalries among leaders and a lack of consensus on strategy have prevented the insurgents from forming an effective alliance. [redacted]

[redacted]

The insurgents' lack of a unified command, in our view, has resulted in competition between groups for control of Tamil territory, such as the battle between TELO and LTTE for control of the Jaffna peninsula earlier this year. Press reports indicate the main insurgent groups do not coordinate military operations. [redacted] rival groups frequently accuse each other of committing attacks that are unpopular with Tamil civilians. [redacted]

We believe that LTTE and PLOTE are on a collision course. This could be good news for the government if the two largest insurgent groups seriously weaken themselves in internecine warfare, but a struggle between the groups holds considerable perils for the government's ability to maintain control. As LTTE and PLOTE wage their struggle for supremacy, each

group is likely to increase attacks to demonstrate its preeminence as a defender of Tamil interests. Since PLOTE is not active militarily against government forces, this could lead to a significant upsurge in insurgent attacks. Moreover, should one of the two groups emerge clearly on top, the government would face a relatively united insurgency. [redacted]

[redacted]

Lack of Civilian Support. The insurgents' lack of civilian support, in our view, is their second major weakness. Insurgent propaganda and public statements by insurgent leaders indicate the main groups also regard this as a major shortcoming. [redacted]

[redacted] the insurgents operating in the Jaffna peninsula regularly extort funds from civilians to maintain operations. [redacted] an increase in young recruits and a decline in discipline among groups operating in Eastern Province have encouraged a proliferation of armed criminal gangs. The insurgents have plundered Tamil economic assets, destroyed bridges, and severed major rail and road links to economic centers in the south. As a result, the civilian population in contested areas—including 40,000 refugees—has grown weary of and in some cases hostile to the insurgents, according to press reports. [redacted]

The insurgents' exploitation of Tamil civilians will limit their long-term ability to establish control of Tamil areas, in our judgment. [redacted]

[redacted] living conditions in Eastern Province are abysmal, but the government's civil administration continues to function. Even though Tamil civilians are subject to frequent reprisals by the security forces, the insurgents have failed to capitalize on the government's conduct to win greater Tamil civilian support.

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We believe that unless the insurgents can destroy the government's presence in the east, establish their own civil administration, dispense economic aid, and protect Tamil civilians from attacks by undisciplined government security forces, the Tamil civilian population is likely to provide only passive support to the insurgents. [redacted]

The insurgents also lack support among Sri Lanka's 1 million Tamil-speaking Muslims, who account for 34 percent of the population in Eastern Province and are distinct from Sinhalese and Tamils. [redacted]

[redacted] the Muslims want to preserve their strong electoral position and they oppose both the creation of an independent Tamil state and moderate Tamil demands for a merger of Northern and Eastern Provinces in a federal structure. [redacted]

[redacted]

[redacted] We believe that, without Muslim support, the insurgents will remain incapable of establishing control of Eastern Province and could face armed Muslim opposition. [redacted]

[redacted]

The Government's Counterinsurgency

Goals and Strategy

Both public and private statements by government officials characterize Colombo's counterinsurgency goals as preserving the unitary state, reestablishing internal stability, and deterring Indian military intervention. A major unstated goal of the government is to maintain Sinhalese dominance over the Tamils. [redacted]

Sri Lankan President Jayewardene is attempting a dual policy of negotiations and military operations in pursuit of these goals. Military operations have failed to halt insurgent territorial consolidation or terrorist attacks, however, while government offers of Tamil autonomy have so far fallen short of insurgent demands. Unable to implement either a political or a

military solution, Jayewardene has blamed Sri Lanka's problems largely on India and has attempted to cast the conflict as a fight against Marxist-oriented international terrorism. [redacted]

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In our judgment, the government's counterinsurgency strategy is uncoordinated and poorly thought out. We believe that Colombo has favored a military buildup at the expense of political and economic concessions to the Tamils. [redacted]

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[redacted] the main features of the government's program are:

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- Intensifying ground operations aimed at denying insurgent consolidation in Eastern Province and regaining control over the north.
- A 100-percent leap in military spending, to \$520 million, and a 38-percent jump in the number of military personnel, to about 36,000, over the past year. Most of the money has been spent on arms and equipment.
- Reconfiguring the national security bureaucracy to promote more efficient military operations. Government actions include naming a Minister of National Security and forming the Joint Operations Command and the National Intelligence Bureau.
- Holding out promises of political concessions to Tamil dissident groups.
- Garnering domestic support in contested areas and gaining international support for the counterinsurgency.
- Resettling Sinhalese villagers in Tamil regions to reduce Tamil dominance in parts of the east and north. [redacted]

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So far, Colombo's pursuit of a military solution has produced only a bloody stalemate. [redacted]

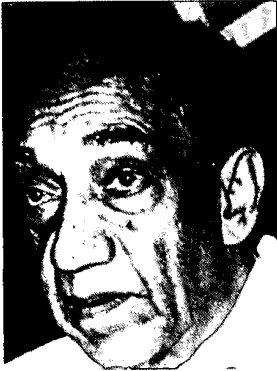
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[redacted] government operations are restricted mainly to road patrols and retaliation, often against civilians, for terrorist bombings and landmine, mortar, and hit-and-run attacks by the insurgents. [redacted]

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Senior Government Leaders**Junius Richard (J. R.) Jayewardene,
President**

Jayewardene has spent much of his presidency wrestling with escalating Tamil violence and has often appeared ambivalent about how to control the insurgency—at times approaching the bargaining table and at others supporting a military solution. He has also been alternately supportive of and antagonistic toward Indian mediation of the communal conflict. Jayewardene, who regards himself as South Asia's elder statesman and a political moderate, probably believes he must appear to search for a negotiated solution to the insurgency. [redacted]

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**Lalith Athulathmudali,
Minister of National Security**

Athulathmudali is one of Jayewardene's closest military advisers and one of Sri Lanka's most staunchly promilitary Cabinet officials, according to US Embassy officials. He almost certainly played a seminal role in planning Sri Lanka's military offensive in May 1986 against the insurgents. Athulathmudali's public statements indicate he would never support either an independent Tamil state or a single, semiautonomous Tamil province. He told US diplomats last December he believed the Army had superiority over the insurgents but added that "disaffected Tamils have to be reintegrated as Sri Lankans." [redacted]

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**Ranasinghe Premadasa,
Prime Minister**

The noncontroversial Premadasa, 62, serves primarily in a ceremonial capacity with little role in policymaking. Nevertheless, under the Constitution he would succeed President Jayewardene in the event of an emergency. He is on record as favoring a political solution to the insurgency, but he does not support the creation of a single, semiautonomous Tamil province. Premadasa has been deputy leader of the ruling United National Party since 1977. [redacted]

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Senior Government Leaders (continued)**Lt. Gen. Cyril Ranatunge,
Commanding Officer, Joint Operations Command**

In 1985 Ranatunge, 55, came out of a two-year retirement to command the government's counterinsurgency forces. Ranatunge said last April that he had no alternative but to order flushing-out operations. He is credited with procuring helicopter and seaborne support for embattled police and Army outposts. A former Sandhurst cadet who is respected throughout the armed forces, he earned a ruthless reputation in suppressing a Marxist uprising in 1971. Ranatunge was Army Chief of Staff before his retirement.

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**R. J. G. (Ronnie) de Mel,
Minister of Finance and Planning**

US Embassy officials say de Mel, 61—one of the Cabinet's most effective members—plays an important role in financial decision making but is not heavily involved in political or military decisions. For his part, the Minister has told US officials privately that he has little faith in Sri Lanka's armed forces. Usually careful not to criticize the United States, de Mel said last April that India's proximity to his country made "other powers" unwilling to aid Sri Lanka.

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**Sirimavo Bandaranaike**

As the dominant figure of Sri Lanka's main opposition political party, the Sri Lanka Freedom Party, former Prime Minister (1960-65, 1970-77) Bandaranaike, 70, insists that the government consult her party about potential compromises with Tamil leaders. Bandaranaike, whose constituents include Sinhalese chauvinists, has publicly taken a hard anti-Tamil line since her political rights were restored last winter. Parliament had revoked her rights in 1980 after charging her with abuse of office during the state of emergency she imposed from 1971 to 1977.

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Expansion of the Security Forces

Colombo has added to the confusion among the security forces regarding their roles and missions by forming several new paramilitary organizations. The Army is currently augmented by the Special Task Force (STF), raised as an elite counterinsurgency unit; the Home Guard, an official paramilitary force; the police; and the National Auxiliary Force (NAF). The NAF is only now forming and is probably not even at cadre strength for its proposed complement of 10,000. The government last year also proposed creating a National Armed Reserve, although serious problems in training and equipment probably will delay its formation. [redacted]

The expansion of the security forces is shown in the following tabulation:

Unit	Strength	Unit	Strength
Army	23,500 (active)	STF	3,500
	12,000 (Volunteer Force) (about one-third on active duty)		
	8,000 (reserve)	Home Guard	15,000
Navy	4,700 (active)	Police	21,500
	500 (reserve)		
Air Force	4,000 (active)		
	1,000 (reserve)		
[redacted]			

The security forces' growing arsenal gives them greater firepower and the ability to inflict more casualties, but they are still unsuccessful in conducting effective operations against the insurgents. [redacted] the government's sweep of Jaffna peninsula in mid-May 1986 ground to an early halt after an advancing column from the south was unsuccessful in clearing landmines and overcoming insurgent resistance north of Elephant Pass. The Army also failed to expand its small strongholds in Jaffna's harbor, airfield, and old fort during the same operation, and its presence on the peninsula remains restricted to these enclaves, resupplied by air and sea. Smaller offensive operations in the north launched since May have

similarly failed to win much ground. The security forces maintain a higher profile in Eastern Province,

[redacted]

[redacted] Press reports of the Navy's firing on and seizing fishing boats and other craft in the Palk Strait are increasing as the government tries to interdict the flow of insurgents and materiel between India and Sri Lanka, but [redacted] the Navy has failed to enforce an effective security cordon. [redacted]

[redacted]

Barriers to a Military Solution

In our judgment, the government will not be able to effect a military solution to the insurgency any time soon because of the security forces' ineffectiveness. A successful counterinsurgency generally requires aggressively led, well-trained, mobile forces supported by a flexible logistic network and timely, accurate intelligence. In our assessment, the Sri Lankan military is poorly trained, undisciplined, has mediocre leadership, and suffers from poor procurement practices. [redacted]

Poor Procurement Practices. Although the government has concentrated its efforts on acquiring arms and equipment, its procurement program is unfocused and riddled with corrupt spending practices. [redacted]

[redacted]

As a result, the military is armed with a hodgepodge arsenal that not only complicates its primitive logistic system but also contains weapons only marginally useful for fighting a guerrilla war. The Army is

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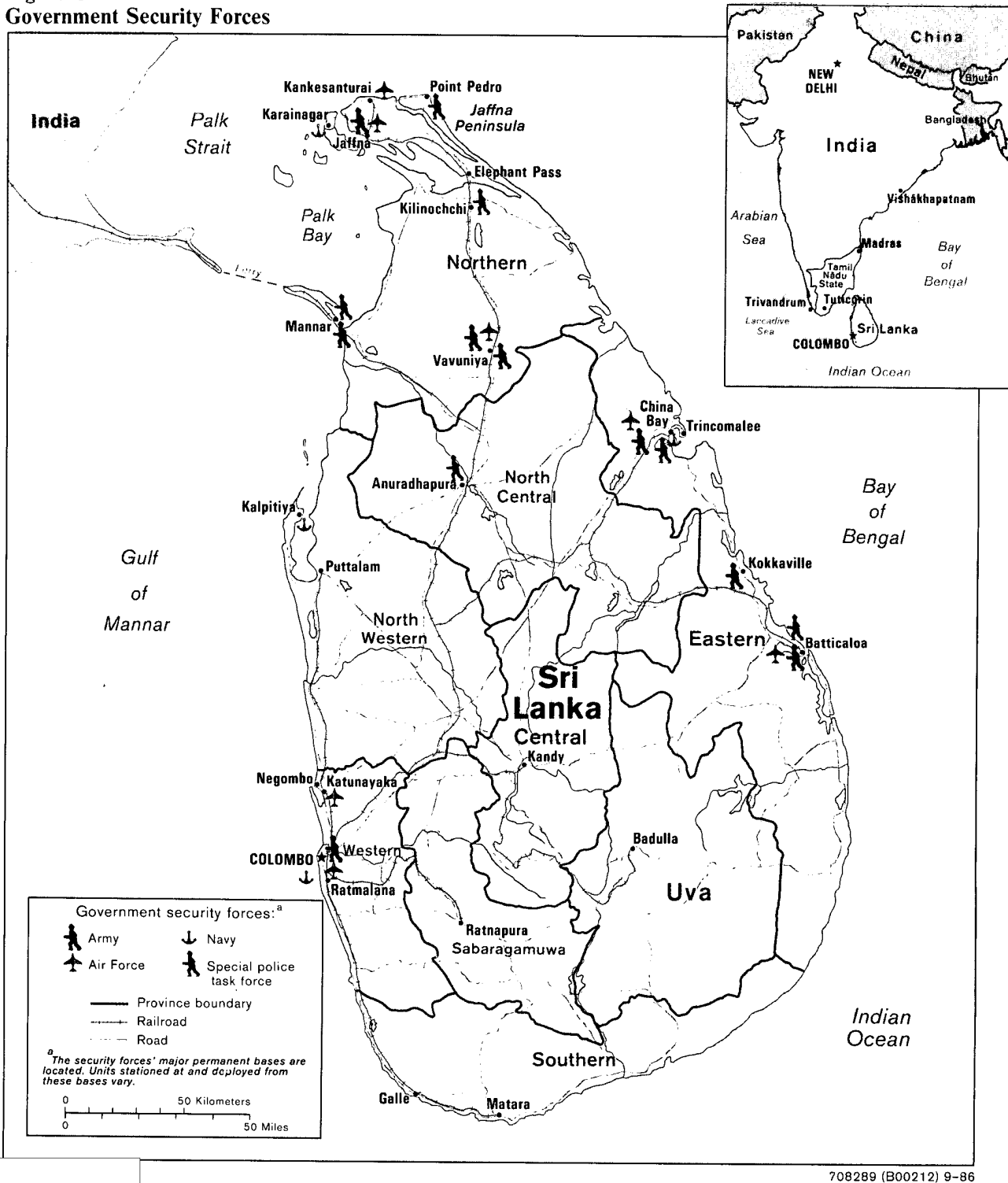
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Figure 8
Government Security Forces



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Figure 9. Air Force helicopter gunship on patrol. [redacted]



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buying antiaircraft guns and antitank weapons that have little if any utility in fighting Tamil insurgents. The Air Force has been buying light attack aircraft, which need landing strips and are difficult to deploy and support in the field and whose performance has been disappointing, [redacted]

[redacted]

The government's steps to correct its arms-buying problems have been slow and, in our judgment, incomplete. Colombo only recently has begun acquiring armed helicopters that can operate out of unprepared forward areas, loiter over target, and give more accurate gunfire than fixed-wing aircraft. [redacted]

[redacted]

[redacted] We believe, however, that only a complete overhaul of the arms procurement process will root out its endemic corruption and inefficiency and that such a move is unlikely as long as senior officials share in the graft. [redacted]

[redacted]

Inadequate Training, Leadership, and Discipline. Military training has received less emphasis than arms acquisitions. US defense attache reporting indicates the Sri Lankans are incapable of teaching their military personnel much beyond basic training and a few technical skills. [redacted]

[redacted]

[redacted]

[redacted]

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[redacted]

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Figure 10. Home Guardsmen in training. [redacted]



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Sri Lankan military personnel attend courses abroad, but only the Pakistani programs appear to provide training applicable to a counterinsurgency mission.

[redacted] and Home Guardsmen

in basic infantry courses last year. [redacted]

[redacted]

Embassy reporting, the junior officer corps is composed largely of young Sinhalese with hardline views toward the communal conflict and is among those groups pressing hardest for a military solution. The rank and file are mostly Sinhalese peasants who often see the conflict in ethnic rather than political terms. As a result, units are often poorly led and prone to draw little distinction between insurgents and Tamil civilians, leading to attacks on civilians and a further hardening of Tamil attitudes toward the government.

[redacted]

[redacted] although the STF shows greater discipline and professionalism than other security units, it is among the worst perpetrators of violence against Tamil civilians. The STF appears to be the backbone of the government's operations in Eastern Province, carrying out more intensive patrolling and being mentioned more often

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Israeli Involvement in Sri Lanka

Sri Lanka receives some arms and security training assistance from Israel and offers the Israelis better relations and a diplomatic presence in Colombo in return. Israel opened an Interests Section in the US Embassy in Colombo in May 1984, its first official representation in the country since the SLFP government closed the Israeli Embassy in 1971. A security assistance group was attached to the Interests Section when it opened, but it has remained small. In July 1985 Jayewardene publicly characterized Israeli security assistance as providing advice on counterinsurgency methods to some police investigative staff.

[redacted]

The Sri Lankan Navy has already received two of as many as six patrol boats purchased from Israel. [redacted]

Despite Colombo's need for more security assistance, the relationship with Israel will not expand significantly, in our judgment, because of pressure on Jayewardene from his political opponents and Sri Lanka's Muslim community. The major opposition party has already criticized the government over its warming relations with Israel and has announced publicly that, when it returns to power, it will close the Israeli Interests Section. [redacted]

[redacted] prominent Sri Lankan Muslims—whose support Colombo needs to maintain its position in Eastern Province—are concerned that the government is becoming increasingly pro-Israeli. We believe Jayewardene is sensitive to this opposition and will limit contact to arms buying and the present low-level security assistance. US Embassy sources report Israeli diplomats repeatedly asked Colombo during the past two years to request more security assistance, but the Sri Lankans made no response. [redacted]

in press [redacted] accounts of counterinsurgency operations in the east. We believe the STF's superior combat performance relative to the Army is due to its

KMS training and the close supervision it receives from the National Security Ministry. Even so, US Embassy sources assert the STF is behind most of the violence against Tamil civilians in Eastern Province. These sources report a common STF tactic when fired upon while on patrol is to enter the nearest village and burn it to the ground. [redacted]

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Organizational Deficiencies. Colombo, in our view, has failed to mold an efficient, high-level organization for waging counterinsurgency. The creation in 1984 of the new post of Minister of National Security has succeeded mainly in introducing into the Cabinet another voice in the cacophony of advice on the communal conflict and has not produced an effective focus for strategic planning and direction of the counterinsurgency. [redacted]

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National Security Council exists at the Cabinet level to make informed, high-level decisions on the counterinsurgency, but [redacted] decisions are still made almost solely by Jayewardene and whichever official he chooses to listen to. [redacted]

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The Joint Operations Command (JOC), created in 1985 to provide centralized coordination for security force operations, is experiencing problems in filling that role. [redacted]

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[redacted]

Intelligence Problems. Although the National Intelligence Bureau has improved its ability since its establishment in 1984 to collect raw intelligence and report on the insurgency, the reactive nature of government military operations suggests that the intelligence is not reaching the right security units in time or that they are not capitalizing on it. [redacted]

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[Redacted]

Losing Hearts and Minds

The political dimensions of Colombo's counterinsurgency strategy, in our view, have proved inept so far. The government holds out promises of political concessions, but only on conditions it knows the Tamils are unlikely to accept—renunciation of violence and the union of Northern and Eastern Provinces. As a result, Colombo has been unable to reach an agreement, even with the more moderate TULF. Meanwhile, the insurgents do not trust the security forces and will not lay down their arms. [Redacted]

The government is unwilling to make additional political concessions, in our judgment, because of pressure from Sinhalese hardliners. [Redacted]

[Redacted] Prime Minister Premadasa and National Security Minister Athulathmudali oppose significant concessions and have strong ties within Parliament and the security forces, respectively. We believe Premadasa and Athulathmudali hope to use the communal issue to advance their own political fortunes at the expense of the present government. Although US Embassy and press reporting indicates President Jayewardene and Finance Minister de Mel both favor political accommodation with the Tamils, even these concessions would fall short of insurgent demands. [Redacted]

The major opposition party, the Sri Lanka Freedom Party (SLFP), is the political heart of Sinhalese chauvinism. The US Embassy in Colombo reports SLFP leader Sirimavo Bandaranaike is determined to exploit the communal issue for partisan gain. Even if Jayewardene's government can agree on significant concessions to the Tamils, the SLFP is likely to press for a national referendum on a settlement. Press reports indicate Bandaranaike is making a major political comeback, especially among the rural Sinhalese electorate. We believe Jayewardene will have to work hard to blunt her appeal to the Sinhalese electorate and that he may order Prime Minister Premadasa—popular among rural Sinhalese—to appease concerns over the settlement talks. [Redacted]

Unless Jayewardene includes the SLFP fully in the negotiations, we believe he will be unable to establish a Sinhalese consensus on concessions to the Tamils. If the SLFP succeeds in imposing its views on concessions, the resulting government offer is unlikely to be acceptable to the Tamils. Moreover, future SLFP governments may regard a settlement reached under Jayewardene and ratified only in Parliament as non-binding. [Redacted]

Colombo's efforts to develop civilian support for the counterinsurgency have been stillborn. [Redacted]

[Redacted]

[Redacted] The program was designed to beef up Colombo's assistance to those areas suffering the war's ravages and to associate the military with more positive efforts in behalf of the local populace. The Cabinet was split in its assessment of the proposal, the first move by the government toward a "hearts-and-minds" approach to the insurgency, and it was not accepted. [Redacted]

Colombo began trying last year to resettle Sinhalese villages from the south to the north and east to dilute the Tamils' numerical superiority in these areas. So far, the Sinhalese settlers have only been introduced into previously uninhabited areas or areas with an already strong Sinhalese presence. We believe that resettlement will have to be greatly expanded to further Colombo's effort to exert Sinhalese dominance throughout the island, but this will prove unfeasible given insurgent opposition. The insurgents have begun targeting Sinhalese villages on the edges of Tamil areas, probably to frighten off settlers and to respond to attacks on Tamil civilians by security forces. [Redacted]

The government continues to try to garner support from outside powers by mounting a propaganda effort to portray the communal conflict as both a fight against terrorism and a struggle between a democratic government and a Marxist insurrection. So far, this argument has not proved convincing. We believe Pakistani and Chinese arms sales to Colombo reflect

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more a desire by India's rivals to challenge New Delhi's regional preeminence than Colombo's diplomatic success. [redacted]

Indian Equities

India, the power most affected by the insurgency, has long been concerned that instability in Sri Lanka could threaten its security interests by involving outside powers, provoking a flow of refugees to South India, creating internal pressure on New Delhi to take action, and raising sympathetic unrest among India's many minority communities—especially its 50 million Tamils. We believe that New Delhi would not intervene militarily in Sri Lanka unless it judged that the communal situation had deteriorated enough to threaten Indian interests and nonmilitary efforts to end the violence had failed.³ [redacted]

India's foremost interest in the Sri Lankan conflict is to demonstrate its dominance by managing the crisis without third-country interference. In our judgment, Colombo's search for international support for its counterinsurgency efforts directly challenges New Delhi. Colombo receives most of its military aid from India's rivals, Pakistan and China. The Indians have publicly criticized Jayewardene for seeking Commonwealth involvement in a settlement and are wary of increased US military support, according to the US Embassy in New Delhi. The strengthening ties of the insurgents to international arms markets and radical groups also raise the possibility of the involvement of others whom India regards as troublemakers. [redacted]

New Delhi seeks to preserve the government of India's southern state of Tamil Nadu, which rules in coalition with Gandhi's Congress Party. Press reporting indicates the state government feels increasingly threatened by the Sri Lankan conflict and is pressing New Delhi to find a solution. Press reports indicate that over 130,000 Tamils have fled Sri Lanka and settled among their ethnic "cousins" in Tamil Nadu, causing

³ In 1971, New Delhi accepted an invitation from Colombo to send forces to help restore order in the wake of a political insurrection by Sinhalese radicals attempting to overthrow the government. Four Indian frigates, six helicopters, and about 3,000 troops were deployed to Colombo for less than a week. [redacted]

strains as they compete for jobs. The state government is threatened by the burden of these refugees and by opposition efforts to portray it as insufficiently sympathetic to the Sri Lankan Tamils' plight. [redacted]

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Because New Delhi wants to hold the line against separatist movements in South Asia, the Indians, in our judgment, will not tolerate the creation of a Tamil state in Sri Lanka. Rajiv Gandhi has stated publicly that he does not consider a separate Tamil state viable. India, a mosaic of many ethnic, religious, and linguistic communities, is already faced with active separatist movements in Punjab and the northeast and, we believe, views Sri Lanka's communal conflict as a threatening example, especially to its own Tamils. In our judgment, the likelihood of Tamil separatism spreading to India is slim because Indian Tamils do not feel sufficiently discriminated against in their own country and Tamil nationalism is not strong in India. [redacted]

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Indian efforts under Rajiv Gandhi to end the Sri Lankan conflict have focused mainly on gaining leverage over both the government and the insurgents to bring about a negotiated settlement. US Embassy reporting indicates Gandhi has put considerable personal prestige on the line in pursuing a conciliatory strategy, playing on Jayewardene's vanity as peacemaker while trying to isolate him from international support for anything but the Indian-brokered peace process. [redacted]

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Gandhi has continued his mother's policy of trying to control the insurgents by covertly supplying them arms and [redacted] allowing them sanctuary in Tamil Nadu for training and for smuggling operations. [redacted]

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[redacted] New Delhi tends to favor TELO, EROS, and EPRLF—the less radical major insurgent groups—while continuing to maintain ties to all the groups. We believe that the more New Delhi attempts to exercise its leverage by manipulating its support, the less control it will wield as the insurgency continues to grow and the various groups forge ties elsewhere to buy arms and to free themselves from Indian domination. In our view, New Delhi would prefer not to be

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involved in arming and training the insurgents because of the difficulty of keeping this support secret and the embarrassment caused by Colombo's charges that India supports in Sri Lanka what it accuses Pakistan of doing in Punjab—fomenting separatism and aiding terrorism. [redacted]

In our view, Gandhi's frustration at Colombo's intransigence in pursuing a military solution and his support to the insurgents indicate that India may be turning from brokerage and more toward advocacy of the Tamils' rights and political aspirations short of independence as the conflict grows. [redacted]

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Are the Soviets Involved?

We believe the Soviets are reluctant to put their more important security interests in India at risk by directly supplying weapons and training to Tamil insurgent groups. The Soviet Union, in our view, wants to appear supportive of New Delhi's leadership on the issue. The Soviet Ambassador to Colombo in spring 1986 publicly denied accusations of support to the insurgents. [redacted]

In our judgment, the Soviet Union has played only a minor role in the Tamil insurgency. [redacted]

[redacted] The capture of an insurgent arms shipment delivered by sea to Eastern Province in spring 1986 is the clearest indication of possible Soviet support to the insurgents. According to the US Embassy in Colombo, the cache included Czechoslovak 9-mm pistols and was discovered three days after a Soviet cargo ship and smaller vessels were sighted offshore with no stated purpose. [redacted] [redacted] the Soviet Embassy in Colombo helped the Tamil United Liberation Front to establish Soviet, Cuban, and East German friendship societies in Tamil areas of Sri Lanka, beginning in 1977. The Soviets also have printed Tamil-language propaganda for TULF in the past. [redacted]

We believe that strengthened insurgent ties to Cuba and Nicaragua would give the Soviets an indirect means to influence the insurgent movement without risking India's ire, although the Soviets would be certain to keep even this indirect support low key. Guerrilla links to Sinhalese Marxists and possible training in Nicaragua and Cuba could lead to a further infusion of Marxist ideology into the Tamil insurgency. [redacted]

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Prospects for a Settlement

Although chances for a negotiated settlement between the government and Tamil moderates during the next year are fair to good, no settlement with the most hardline nationalist groups is likely, and, as a result, the fighting will continue. The devolution of central government powers to provincial governments throughout Sri Lanka is at the heart of current negotiations between the moderate TULF and the government. The US Embassy in Colombo reports the talks have made some progress. TULF and the government agree in general terms on which powers

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Colombo will retain and which it will devolve to provincial governments. The question of how much control provincial governments will have over local police forces and allocations of newly irrigated lands are still unresolved. [redacted]

The most intractable problem, in our view, is finding a compromise that would satisfy TULF's demand for a single Tamil province and Colombo's insistence on no formal linkage between Northern and Eastern Provinces. Compromise formulas calling for informal linkage have been suggested by New Delhi, but TULF appears reluctant to risk settling for less than one Tamil province, particularly after insurgents assassinated two moderate TULF politicians earlier this year. [redacted]

Any settlement, in our view, will have to reckon with the hardline nationalism of LTTE. Since the moderate TULF does not control any insurgent group and its party leadership is weak and divided, its negotiations with the government are hostage to a veto by the main insurgent groups. We doubt the government and TULF can reach any agreement satisfactory to LTTE and other hardline groups. As a result, TULF will remain heavily dependent on New Delhi and Colombo to implement a settlement and clamp down on LTTE. Unless New Delhi can reassert control over LTTE, Tamil moderates are likely to remain weak and in the shadow of LTTE. [redacted]

PLOTE is also likely to try to take advantage of any negotiated settlement. PLOTE's refusal to prey upon Tamil civilians and its abstention from hit-and-run attacks, in our view, have increased its popular support and reputation as a disciplined insurgent group. [redacted] PLOTE may be willing to accept a negotiated settlement to consolidate its political power in a future Tamil provincial government. We believe PLOTE's popular support, relative strength, and international network would give it substantial political standing in Tamil areas of Sri Lanka and allow it to establish a base for pursuing its revolutionary goal of an islandwide Marxist state if a settlement is reached. The influence of PLOTE and other Marxist Tamil groups on a future provincial government will probably create long-term tensions with Colombo and Sinhalese border areas. [redacted]

Civilian attitudes toward a settlement are unclear. Press reports indicate many Sinhalese, Tamils, and Muslims in contested areas are exhausted and eager for a settlement. Reporting from the US Embassy in Colombo suggests many Tamil civilians, however, still rely on the insurgents—despite their conduct—for protection against Sinhalese local militias and government security forces and would be hesitant to give up this protection. The insurgent shift toward attacks against Sinhalese civilians, in our view, could also make Sinhalese—especially members of the Sri Lanka Freedom Party—reluctant to reach a settlement. [redacted]

Jayewardene will seek parliamentary ratification of any settlement, but he will not allow a general referendum. [redacted] He probably calculates the Sri Lanka Freedom Party would use a referendum for its own partisan gain, encouraging Sinhalese voters to reject the settlement and calling for early general elections. [redacted]

Outlook

The fighting is likely to get worse over the coming year, but neither the insurgents nor the government is likely to make enough military gains to establish full control of Eastern Province. We believe rivalries among the insurgents will continue to keep them from achieving enough military and political unity to reach their goal of an independent Tamil state. The insurgents, however, will receive increased Tamil civilian support if government-backed local militias continue their random attacks. Government forces will remain beleaguered by leadership, training, and discipline problems. As a result, we doubt they will be able to capitalize on insurgent weaknesses and will have to struggle merely to maintain a stalemate with insurgent forces. [redacted]

We expect the insurgents will resort more frequently to terrorist attacks against Sinhalese civilians and economic targets throughout Sri Lanka. Continued insurgent success against these targets probably will weaken the government's support among Sinhalese and could provoke destabilizing communal rioting between Sinhalese and Tamils. [redacted]

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Economic Impact of the Insurgency

The economic cost of the insurgency to the Sri Lankan Government is mounting. During the last year alone, defense expenditures jumped from \$230 million to \$520 million and are now the second-largest item in the budget. Spending on rural development projects, public-sector industries, and social welfare programs has been reduced. The fighting has disrupted rail and road links, damaged rice production, and threatens Sri Lanka's tea exports—providing approximately 30 percent of foreign exchange earnings. The US Embassy in Colombo reports the shift in insurgent attacks to economic and civilian targets last spring has dealt a serious blow to Sri Lanka's tourist industry. Fishing, a major part of the economy in the north, has fallen off sharply. Products supplied from Jaffna to the rest of the country—fish, salt, and cement—are in short supply throughout Sri Lanka because of the decline in economic activity in the north. Press reports indicate Sri Lanka imported \$67 million worth of rice—440,000 tons in 1985 and 1986, in part to bolster national stocks and alleviate shortages caused by fighting in Eastern Province.

Press reports indicate Finance Minister Ronnie de Mel is increasingly vocal in his calls for a political settlement, and diplomatic reporting indicates de Mel is urging President Jayewardene to reach a settlement with the Tamils soon. If the insurgents continue attacks in Colombo, where 90 percent of foreign investment is based, the government, in our view, will have difficulty attracting new investment and could lose those investors already operating in Sri Lanka.

Meanwhile, we expect the government to face an increased threat to its control of Eastern Province. The insurgents will continue targeting government

post offices, police stations, and local courts for attacks as well as individual government administrators for assassination in order to undermine Colombo's authority in Tamil areas. Tamil civilians there are unlikely to provide strong support for the government unless it can provide sustained material benefits—including law and order, food, shelter, and access to markets in the south for agricultural products. Under these circumstances, continued fighting probably would lead to growing civil disorder in Northern and Eastern Provinces. A direct confrontation between PLOTE and LTTE will also intensify fighting and civilian casualties. The government is unlikely to attempt to reestablish control of Jaffna by military force but will fight to maintain its military presence in the north. [redacted]

Colombo's military buildup probably will lead to bloodier conflict as the insurgents seek to match Colombo's growing arsenal by acquiring more sophisticated weapons themselves. The government's decision to begin aerial bombardment against suspected insurgent strongholds may have prompted New Delhi to provide some insurgent groups with SA-7 missiles. Even if New Delhi is reluctant to continue providing increasingly sophisticated weaponry to the insurgents, we believe the insurgents have sufficient access to the international arms market and other foreign backers to preserve at least a stalemate against an expanding counterinsurgency. [redacted]

Unable to achieve a military solution, Jayewardene, in our view, will remain committed to negotiations with some Tamil groups. Jayewardene is likely to continue responding to Indian pressure by engaging Tamil moderates and Sinhalese opposition parties in negotiations, but we doubt he will risk the support of his Sinhalese constituency by granting the Tamils a unified Northern and Eastern Province—in effect Eelam—especially if LTTE continues its attacks in Colombo and other Sinhalese areas. According to the US Embassy in Colombo, Jayewardene may unilaterally devolve powers to provincial governments this

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fall. Even if a settlement is reached, LTTE is likely to disrupt an accord by continuing operations and targeting moderate Tamils seeking to join any future provincial government. [redacted]

The deteriorating security situation has so far not fueled significant Sinhalese opposition to the government. We have no information suggesting Sinhalese hardliners—including members of the Buddhist clergy or members of the opposition—are plotting against the government. Widespread terrorist attacks against Sinhalese, however, and a deterioration in civil order would encourage many of these groups to oppose the government through public demonstrations, strikes, and parliamentary opposition. A military coup is unlikely even if Jayewardene's counterinsurgency continues to falter, but he could face assassination from Sinhalese hardliners fearful of a sellout to the Tamils. [redacted]

Prime Minister Gandhi will seek to balance India's regional objective of maintaining stability and preventing the establishment of an independent Tamil state with domestic concerns in Tamil Nadu. If Gandhi believes increased Soviet or other Communist country support is reaching the insurgents, he will probably raise the issue with Moscow. Meanwhile, New Delhi will try to prevent the insurgents' outside links from growing too strong by supplying them with weapons and training. Despite its dominance in the region, India will remain incapable of imposing a settlement on the most hardline Tamil groups. [redacted]

The fighting will put increased pressure on Colombo and New Delhi to find a negotiated solution to the insurgency. Jayewardene's recent willingness to offer new concessions to Tamil moderates suggests he and his United National Party recognize that an exclusively military solution will not work. We believe New Delhi is eager to isolate LTTE by forcing the smaller insurgent groups to accept a settlement. New Delhi may have to resort increasingly to crackdowns by its internal security forces to reassert control over Tamil insurgent strongholds in South India and to put additional pressure on the Tamils to negotiate. [redacted]

Even in the event of a negotiated settlement acceptable to some insurgent groups, Sri Lanka faces the

prospect of prolonged internal instability. Unless the government shares more political power with Tamils in the central government and increases economic aid, employment, and educational opportunities for Tamils, we believe Sri Lanka will remain divided between two hostile ethnic communities. Moreover, Colombo's willingness to cede control over local law and order to Tamils would make it even more vulnerable to attacks from LTTE and other radical groups likely to use the north and east as havens for continued operations. [redacted]

Implications for the United States

In our view, a deteriorating security situation will make Colombo increasingly eager for US military support. Sri Lankan President Jayewardene will continue his efforts to brand Tamil insurgents as terrorists to legitimize government military operations and to win US and other international support. Insurgent use of terrorism against Sinhalese civilians and foreign nationals will help Colombo make its case, particularly if the insurgents attack overseas Sri Lankan missions. Moreover, we believe Marxist influence is likely to grow among the insurgent groups over the coming months, adding grist to Jayewardene's claims of a Marxist threat. [redacted]

Sri Lanka probably will continue requesting US arms and training support. ⁴ The US Embassy in Colombo reports Jayewardene has asked this year for AH-1 helicopter gunships as well as devices to protect the helicopters in the Sri Lankan Air Force from surface-to-air missiles. He probably also will request more training openings for Sri Lankan personnel at US military schools, especially those teaching counterinsurgency and aircraft maintenance courses. If rebuffed, he probably will scale down his arms requests eventually to small arms and ammunition but will keep pressing for more access to US military schools.

⁴ According to the US Embassy in Colombo, US military assistance to Sri Lanka is limited to a small training program for Sri Lankan officers—\$144,000 is budgeted in FY 1986 for approximately 15 officers. There also was \$855,000 in commercial exports of small arms and ammunition in FY 1985. [redacted]

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Alternative Scenarios

We see two possible alternative scenarios. In the more likely scenario, the Sri Lankan military's increased training and experience in counterinsurgency would eventually yield significant gains against insurgent strongholds and stem the rate of terrorist attacks in Colombo. Under these circumstances, President Jayewardene would be more likely to offer concessions on Tamil autonomy—including greater provincial control of police forces and land settlement policies—and negotiate a settlement with some Tamil groups. [redacted]

If New Delhi believes a negotiated settlement between the government and the moderate TULF is attainable, it would try to force those groups it influences most—TELO, EPRLF, and EROS—to sign on. New Delhi could quickly disband camps in Tamil Nadu and deny arms, funds, and training to all insurgent groups operating on Indian soil. [redacted]

An Indian crackdown would not be sufficient to contain LTTE. We believe LTTE could reestablish its operational headquarters and training camps on the Jaffna peninsula within several weeks and would absorb members from other groups. The crackdown would probably force LTTE to seek additional funding from narcotics trafficking as well as possible increased training from the PLO, Cuba, and Nicaragua. [redacted]

In the second scenario, LTTE could use its assets among radical Sinhalese Marxists and its own disciplined ranks to terrorize Sinhalese urban centers,

target foreign facilities and personnel, and cripple transportation links and economic installations—including tea estates. The deterioration of civil order in Sinhalese areas and severe damage to the Sri Lankan economy could spark a military coup led by junior officers close to the Sinhalese opposition or a Sinhalese assassination of Jayewardene [redacted]

Widespread LTTE attacks in Eastern Province could bring Sri Lanka's 1 million Muslims directly into conflict with Tamil civilians, accelerating the collapse of civil order. Moreover, communal violence could force even more refugees into Tamil Nadu, putting intense pressure on Indian Prime Minister Gandhi to deploy troops to restore order. Some insurgent groups—most likely LTTE and PLOTE—could seize upon the chaos to declare unilaterally an independent Tamil state, a move that might provoke Indian military intervention. [redacted]

We believe an Indian military intervention could cripple Sri Lanka's prospects for maintaining a multiparty democracy. An Indian troop presence in Sri Lanka would underscore the weakness of the Colombo government and most likely force a postponement of the general election scheduled for 1989, deterring foreign investment and making Sri Lanka militarily, politically, and economically dependent on India. [redacted]

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US military support to Colombo's counterinsurgency would probably provoke Tamil insurgent threats and possibly attacks against US facilities and personnel in Sri Lanka. A new Voice of America relay station, staffed by US personnel, and US Navy port calls are potential targets for the insurgents. The insurgents have publicly threatened multinational corporations operating in Sri Lanka and did attack a joint Sri Lankan-Japanese cement factory last spring. They

kidnaped a British journalist in January 1986 suspected of gathering intelligence for Colombo and in 1984 kidnaped an American couple under contract with the US Government. [redacted]

[redacted]

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insurgents lack the capability to launch widespread attacks against Colombo's military suppliers overseas, the insurgents' international network of drug smugglers in Europe and the Middle East, their proven terrorist capabilities with high explosives, and their offices in West Germany, Britain, Switzerland, Canada, and Bahrain give them the infrastructure to put US personnel and facilities outside Sri Lanka at risk.

[Redacted]

US military aid, in our view, would seriously complicate US relations with India. New Delhi's longstanding opposition to the US military presence in the Indian Ocean has made it anxious about US policy toward Sri Lanka. Faced with prospects for continued fighting, New Delhi—under pressure from the Indian Parliament—is likely to resort increasingly to the excuse of foreign intervention to shield it from a failure of its peace initiatives in Sri Lanka. The failure of New Delhi's bid to broker a negotiated settlement has already fueled Indian accusations of Pakistani, Israeli, and British interference in Sri Lanka. Moreover, India could move to offset US aid to Colombo by increasing its assistance to the Tamils. As a result, Washington and New Delhi could find themselves on opposite sides of the conflict. [Redacted]

President Jayewardene may unilaterally impose a settlement by granting provincial councils to Tamil areas with the support of some moderates and the smaller insurgent groups. This situation is likely to pose particular difficulties for the United States since Jayewardene could claim he had reached a settlement by making concessions and that US military aid was necessary to make a settlement stick. The likelihood of a threat from hardliners in LTTE would make Jayewardene especially eager to establish an expanded military relationship with the United States. [Redacted]

If the security forces can contain LTTE after a settlement, Jayewardene will probably turn his attention to PLOTE. Widespread political organizing and the resumption of guerrilla warfare by PLOTE would make Jayewardene eager to win US support for combating Marxism. [Redacted]

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In the event of a negotiated settlement, we believe Colombo would seek increased US economic aid. To make a settlement viable, Colombo would need to assimilate Tamils into a revived economy, provide emergency economic assistance to displaced civilians, and begin costly reconstruction of roads, bridges, and rail links destroyed in the fighting. The government would also have to continue its high security expenditures to contain insurgents who refuse to accept a settlement and to maintain order in Northern and Eastern Provinces. New Delhi would probably welcome such US aid. [Redacted]

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Regardless of whether a negotiated settlement is reached, Sri Lanka is likely to face growing international criticism for human rights violations. Colombo will have difficulty disbanding local Sinhalese militias—often involved in attacks against Tamil civilians and now accustomed to wielding authority at the local level in Eastern Province. The Sri Lankan Parliament would probably lift the declared state of emergency if a settlement is reached but may be slower to repeal the Prevention of Terrorism Act—the government's principal instrument for detention of suspected Tamil insurgents. In response, Tamil expatriate lobbyists are likely to continue seeking Western—especially US—pressure on Colombo, citing human rights violations. [Redacted]

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Appendix

Increasing Indian Military Capabilities Toward Sri Lanka

Buildup of Military Capabilities

India is rapidly expanding the forces it could use to intervene in Sri Lanka. Although New Delhi claims that these forces are being developed to defend its offshore territories, we believe it would consider using them offensively in Sri Lanka if the government collapsed or the insurgents established an independent Tamil state. [redacted]

The Navy has nine recently acquired Polnocny-class mechanized landing ships and seven utility landing craft stationed with its amphibious squadron at Vishakapatnam on the east coast. With sufficient naval escort, logistic support, and civilian shipping, the squadron could transport one and possibly two fully equipped infantry brigades—about 2,500 to 5,000 men—with artillery and light armor to Sri Lanka.

[redacted] the Navy considers its amphibious abilities to be very good and used modified merchant ships as troop transports—a lesson learned from British naval operations in the Falklands war—during an exercise in the Andaman Islands in March 1985. [redacted]

The Indian Army's 54th Infantry Division, stationed in the south, has long experience in amphibious operations, and its 91st Brigade is often deployed in annual exercises with the Navy. US defense attaches report the Army is proposing the creation of a standing marine force, patterned after the US Marine Corps, of which we believe the 54th Division would form the nucleus. [redacted]

India is also improving its ability to deploy airborne forces, which would play a key role in an intervention in Sri Lanka. The Air Force's growing transport fleet, centering on six IL-76 heavy transports, 60 AN-32 medium transports, and 66 MI-8 helicopters, could deploy to Sri Lanka all of the 4,600-man 50th Parachute Brigade, the only Army unit trained in either airborne or heliborne operations. The paratroopers probably would try to seize an airfield so that

reinforcements could be brought in by air. US defense attache sources report the Army and Air Force practiced such an operation late last year at Trivandrum, with the assault force receiving offshore fire support from Navy warships. Trivandrum closely resembles Colombo in topography—a city on a west coast with its airport situated by the shore. [redacted]

New Delhi is establishing new bases in the south from which it could launch an operation against Sri Lanka. The Army has created a local command at Madurai with six infantry battalions, a likely second-echelon force for a Sri Lankan intervention. The Navy and Air Force have established subcommands at Tuticorin and Trivandrum, respectively. Although no more than token forces have been committed to these subcommands, they are well situated to coordinate naval and air units against Sri Lanka. [redacted]

Sri Lanka as a Battleground

How an Indian intervention in Sri Lanka would proceed depends on the circumstances under which forces would be introduced. In our view, an Indian intervention would most likely come, as in 1971, following a request from Colombo for help in restoring internal order. The possibility exists, however, that New Delhi would intervene without an invitation if it believed the situation had deteriorated enough to threaten Indian interests. We believe the Indians, if uninvited, would try to take Colombo and other important centers and defeat any resistance. Alternatively, they may confine their intervention to Eastern Province, where most of the fighting between the government and the insurgents is taking place, to halt the violence and hold territory perhaps important enough to both sides to force them back into negotiations. [redacted]

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We believe the 36,000-man Sri Lankan military would offer only token resistance to an Indian intervention. We calculate that an Indian landing force of about 8,000 amphibious and airborne troops—much better trained, led, and supported than the Sri Lankan forces—could be reinforced by about 15,000 infantry within a week and would soon overrun the major cities and most important facilities on the island. In the ensuing months, more of the over 1-million-strong Indian Army could be deployed to Sri Lanka.

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In our judgment, the most serious opposition to a prolonged Indian intervention would come from Tamil, and possibly Sinhalese, insurgents. We believe some of the more than a dozen Tamil insurgent groups, with far better knowledge of local terrain and with a sympathetic populace among which to operate, would soon direct attacks against an occupying Indian force. Sri Lankan Tamils engaged in training and smuggling activities in southern India also could carry out guerrilla operations within India itself, threatening the rear area of the Indian force occupying Sri Lanka. Colombo's forces probably would become the core of a Sinhalese resistance movement against an Indian occupation.

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We believe Indian forces would be ill prepared to contend with the insurgency currently being waged in Sri Lanka. The Indian Army has gained some counterinsurgency experience in operations against tribal separatists in India's northeastern states. In Sri Lanka, however, it would be a foreign presence not long tolerated by an armed, organized enemy—Sinhalese or Tamil. Indian conventional forces trying to hold territory and maintain a peace would be a welcome change for Colombo's military. If New Delhi continued to oppose a separate Tamil state, we believe Tamil insurgents would resist the Indians as they now do the Sinhalese. In our view, if Indian intervention were not soon followed by a settlement between Colombo and the insurgents, violence would again flare between the island's communities, but this time with Indian forces caught in the middle.

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