



Sri Lanka President To Quit After Palace Stormed By Angry Protesters

Description

SRI LANKA: Update (1455ET): Sri Lankan President Gotabaya Rajapaksa announced he would step down late Saturday night after thousands of protesters rushed his official residence and offices earlier in the day.

Rajapaksa has taken refuge in an undisclosed location, some have pointed out, possibly on a naval ship.

Parliament Speaker Mahinda Yapa Abeywardena told the nation in a televised announcement late Saturday that Rajapaksa will resign Wednesday “to ensure a peaceful transition.”

Sri Lankan Prime Minister Ranil Wickremesinghe tweeted he will resign as well:

“To ensure the continuation of the Government including the safety of all citizens I accept the best recommendation of the Party Leaders today, to make way for an All-Party Government ... To facilitate this I will resign as Prime Minister.”

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— Ranil Wickremesinghe (@RW_UNP) [July 9, 2022](#)

The Sri Lankan constitution says if Rajapaksa and Wickremesinghe both resign, the parliament speaker will assume power for one month.

Footage circulating on social media show tens of thousands of demonstrators swarming the presidential palace.



Social unrest comes as the country has suffered runaway inflation and shortages of food and fuel after depleting foreign exchange reserves.

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Thousands of protesters stormed Sri Lankan President Gotabaya Rajapaksa's official residence as part of an anti-government demonstration calling for his resignation following the country's economic collapse.

Demonstrators marched to Sri Lanka's commercial capital of Colombo early Saturday. They jumped security fences surrounding the residence and overran the president's security forces. Rajapaksa was evacuated from the palace around 1000 local time, his secretary Gamini Senarath told Bloomberg.

"The president was escorted to safety," a senior defense source told AFP. "He is still the president, he is being protected by a military unit."

Alleged footage of the president fleeing on a naval ship.

?? BREAKING NEWS??

Footage emerges said to be of President Rajapakse fleeing Sri Lanka aboard a Navy Vessel. pic.twitter.com/yvaYv5uGvB

— UNN (@UnityNewsNet) [July 9, 2022](#)

Footage uploaded to social media platforms from the president's residence shows thousands of protesters surrounding the palace and then charging inside.

Colombo, Sri Lanka right now. The Presidential Palace has been stormed, President

Gotabaya Rajapaksa is said to have fled. Unbelievable scenes. Live reports on @IndiaToday: <https://t.co/p6JV6FzCub> pic.twitter.com/8zIJdBfN2P

— Shiv Aroor (@ShivAroor) [July 9, 2022](#)

BREAKING: Sri Lanka protestors have stormed the presidential palace pic.twitter.com/wMLTBymtot

— Insider Paper (@TheInsiderPaper) [July 9, 2022](#)

Protesters enjoying Sri Lanka's absconding President's swimming pool! No dictator should remain in illusion that the power is for ever, and when the end comes, it is always violent and nasty. pic.twitter.com/T3ePbkA0gM

— Ashok Swain (@ashoswai) [July 9, 2022](#)

?Breaking: Sri Lanka President Gotabaya Rajapaksa flees after he declared the nation as total bankrupt. The moment after that the citizens surrounded the presidential palace and waived black flag along with Sri Lankan??. There are no news yet on the whereabouts of President. pic.twitter.com/PGyev8IFxs

— Real Mac Report (@RealMacReport) [July 9, 2022](#)

Protestors inside President's House [#SriLanka](#) [#SriLankaProtests](#) pic.twitter.com/c1waEZ5zMM

— Jamila Husain (@Jamz5251) [July 9, 2022](#)

Prime Minister Ranil Wickremesinghe held emergency talks with party leaders before the parliament speaker during the unrest to decide what was next in resolving the worsening socio-economic crisis in the country of 22 million people.

Lawmakers asked Rajapaksa to relinquish his power to allow a new leader with a parliament majority to regain control and find a swift resolution to high inflation and shortages that have angered people for months.

The debt-laden economy of the tiny South Asian nation has “completely collapsed” as it lacks foreign exchange reserves to import essential items such as food and fuel. Shortages have materialized as the government began rationing goods last month.

Even though the government has held talks with the IMF, India, China, and Japan for new credit lines and even spoke with Russia about purchasing heavily discounted crude, the country entered a terminal phase where social unrest is spiraling out of control.

Visual Capitalist's Avery Koop details several reasons for this crisis and the economic turmoil has sparked unrest over the last several months. This visual breaks down some of the elements that led to

Sri Lanka's current situation.

Sri Lanka's Economic Crisis Explained

On top of a reliance on imports, and inability to buy them due to rapidly depleting foreign currency reserves, Sri Lanka is currently over **\$51 billion** in debt to foreign entities. Here's a look at how it happened.

2009

The country's civil war ended and the government turned its focus inwards to economic development, stressing local production and sales over exports.

2019

Significant tax cuts were introduced draining government revenues.

2020

The COVID-19 pandemic hit, severely hurting Sri Lanka's tourism industry.

2021

A ban on imported fertilizers was implemented to counter the depletion of the country's foreign currency reserves. But a reliance on local, organic fertilizers led to a crop failure and further reliance on food imports.

Apr 2022

Protests began in Colombo demanding President Gotabaya Rajapaksa's resignation.

May 2022

Pro-government supporters attacked protesters resulting in Prime Minister Mahinda Rajapaksa stepping down. Food inflation increased over 57%.

June 2022

The IMF arrived in Sri Lanka to discuss a potential bailout.

3 Key Causes of the Crisis:

A significant reliance on imports

Foreign currency reserves near empty
(Down 99% from 2019 until now)

Defaults on massive debt payments



The Crisis at a Glance

\$51B
Current debt

39%
Current consumer inflation

\$50M
Foreign currency reserve levels



Sri Lanka: Foreign Debt Summary as of end April '21

The country's recent defaults on its debt payments will discourage lenders to provide funds and with little foreign currency to buy even food and fuel imports, it will be a long time before the debts can be paid.

Source: Department of External Resources, Sri Lanka

What it Means:

1 Protests in Colombo are becoming increasingly violent

For Tagline

The Sri Lankan crisis carries the potential for an Arab Spring-style eruption across other countries that could quickly morph into an “Everywhere Spring” as people worldwide are angered by high inflation and shortage of food and fuel. This eruption in unrest could eclipse the revolution seen in 2011 that spread across the Arabic-speaking world due to high food prices.

Everyone’s favorite permabear, SocGen’s Albert Edwards, first warned about the consequences of central banks injecting record amounts of money into the global economy in late 2020 and how it could spark soaring food prices, similar to 2011, where social unrest and revolutions were seen in many Arab countries.



Edwards’ prediction appears to be playing out. It could be much worse than a decade ago as much of the world experiences economic hardships and what some believe could be the emergence of stagflation.

Could the fall of Sri Lanka signal that weak, heavily indebted countries worldwide are about to fall like dominos?

by Tyler Durden

Category

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