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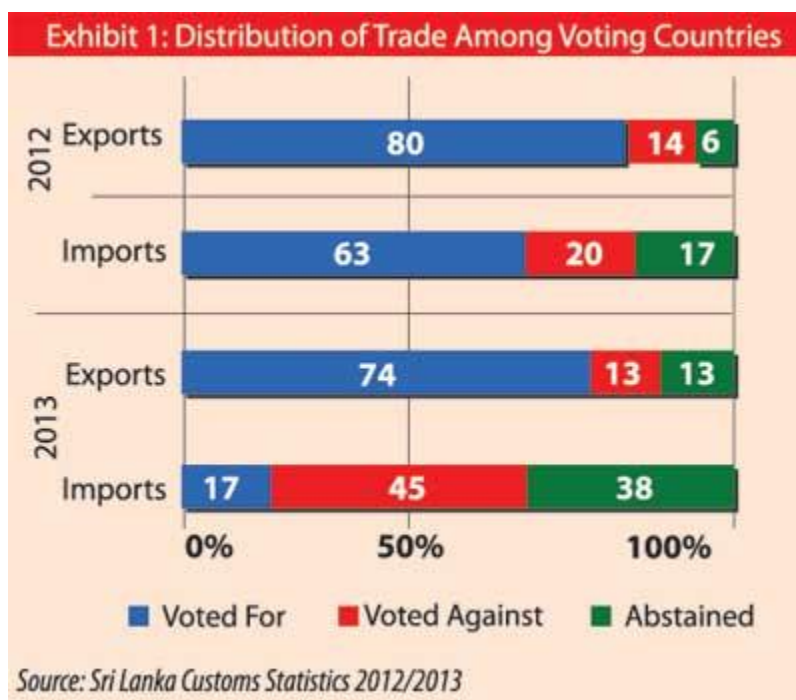
<https://www.dailymirror.lk/print/features/unhrc-measuring-consequences-and-implications/185-45346>

# UNHRC: Measuring consequences and implications

Last year Verité Insights examined the trading relationship between Sri Lanka and the countries that had voted for and against the UNHRC resolution on Sri Lanka both in 2012 and 2013. The findings were important.

## UNHRC voting insight for 2012 and 2013

The first finding was that those who have a stronger trading relationship with Sri Lanka were also the most supportive of the resolutions. Those who opposed or abstained are those that have a weaker trading relationship. Looking at Sri Lanka’s exports to and imports from the countries involved in the voting, those who voted for the resolution accounted for over 80 percent of the exports and over 60 percent of the imports. That means the countries that voted against the



resolution or abstained accounted for only the balance 20 percent and 40 percent of exports and imports.

The second finding was that Sri Lanka generally benefits more from countries that voted for the resolution. Benefits of trade are usually estimated on the basis of positive or negative trade balances. A country is in a beneficial relationship to another, when it exports more to them than it imports from them. This is called a positive trade balance. The opposite is a negative trade balance. Sri Lanka had a positive trade balance with countries that voted for the resolution (discounting India) and Sri Lanka had a negative trade balance with countries that voted against and the countries that abstained. India was an outlier that could have tipped the balance: Sri Lanka has a very high negative trade balance with India.

### **Repeating analysis for 2014**

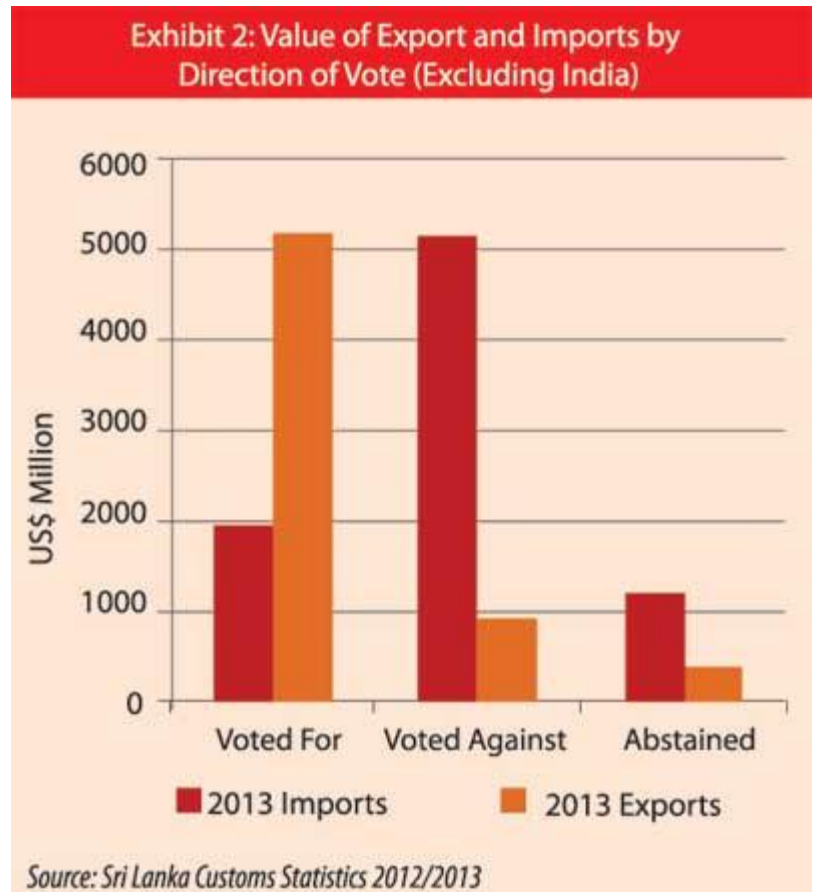
The same analysis can be conducted on the voting pattern in March 2014 (using data on 2013 trade) and the analysis changes somewhat. The important difference in 2014 is this: it is not simply those who have a stronger trading relationship that voted for or abstained on the resolution, the pattern is more nuanced: it's more those who Sri Lanka exports to than those that Sri Lanka imports from that voted "for" the resolution.

But first, a note on how voting patterns changed. In 2012 and 2013, no country that voted on both occasions ever changed their voting position. If "for" the resolution in 2012 they had remained "for" it in 2013 and the same for being "against" and "abstaining". But in 2014, six countries changed their voting position. India changed from being "for" to "abstaining" and Botswana went the other way, from "abstaining" to "for". The Philippines, Indonesia and Kuwait, all went from having been against to abstaining and Kenya went the other way from having "abstained" to being "against".

## Proportion of exports and imports amongst UNHRC voters

Of countries voting in 2014, it is the countries that Sri Lanka most exports to that voted “for” the resolution – they account for 74 percent of Sri Lankan exports to the voting countries. That means that the countries voting “against” or “abstaining” account for only the remaining 26 percent of Sri Lankan exports (even with India – which abstained – alone accounting for 8 percent).

The countries that voted “against” or “abstained” dominated the total imports by Sri Lanka from the voting countries. They accounted for 83 percent of the total imports (with India accounting for 27 percent of that). The countries that voted “for” the resolution accounted for only 17 percent of Sri Lanka’s imports. (The shift from last year, is, on the final analysis, a sign of India’s importance in Sri Lankan imports – without India, the “for” voters in 2012 and 2013 would not have dominated the imports).



## Positive and negative trade balance, discounting Indian

Given that positive trade balances are beneficial to the country while negative trade balances are not, it is helpful to evaluate the countries that voted not only in terms of the export and import volumes but in terms of the trade balance with those countries.

Sri Lanka has a large trade surplus (US \$ 3.2 billion – up from US \$ 2 billion on the 2013 vote) with the countries that voted “for” the resolution in 2014 and

a large trade deficit (of US \$ 5.1 billion – up from US \$ 2.6 billion in the 2013 vote) with the countries that voted against or abstained in 2014 (this is excluding India, if India is added, the trade deficit increases to 7.7 percent). Therefore, not only did those voting for the resolution emerge, once again in 2014, as the “beneficial friends” but the extent to which they are beneficial is much larger in 2014. With India, which has been excluded from this section, Sri Lanka has a trade deficit of about US \$ 2.6 billion.

### **Implications**

Sri Lankan exports directly account for 16 percent of gross domestic product (GDP) (2013) and through the multiplier effect, the benefit to the economy could be considerably larger. The countries that sat on the UNHRC in 2014 alone account for 70 percent of total exports from Sri Lanka. The countries that supported the resolution

accounted for 52 percent. That is a large chunk of Sri Lanka’s total exports.

Countries with which Sri Lanka has a positive trade balance are countries that are helping Sri Lanka avoid a balance of payment problem

and vice versa. Therefore, on this trade-related analysis there is an important message. Sri Lanka has a great deal to gain by cooperating with the countries that voted “for” the resolution. They make up more than 50 percent of Sri Lanka’s exports and they have huge positive trade balance with Sri Lanka.



*(Verité Research provides strategic analysis and advice for governments and the private sector in Asia. Comments welcome, email insights @veriteresearch.org)*