Oil workers’ strike heightens Sri Lankan government crisis

K. Ratnayake
21 August 2004

A strike by oil workers on August 13 has provoked a serious crisis for Sri Lanka’s minority United Peoples Freedom Alliance (UPFA) government, which is already facing widespread hostility over broken election promises and deteriorating social conditions. While union leaders averted further industrial action by reaching a temporary deal with President Chandrika Kumaratunga on August 18, none of the underlying issues have been resolved.

Around 2,800 workers at the main Ceypetco oil storage depot stopped work in protest over government plans for a partial privatisation of the state-owned corporation. The unions alleged that a secret agreement had been struck to sell off shares in retail outlets to the Indian-based Bharath Petroleum Corporation, and demanded it be called off.

The stoppage halted the distribution of oil products and rapidly affected petrol and diesel supplies. Many filling stations shut down while long lines of vehicles queued at stations in Colombo and other towns. Large numbers of private buses and three-wheeler taxis were forced off the road.

Striking workers refused to talk to Deputy Power and Energy Minister Kumar Welgama when he visited their workplace. A spokesman told the media: “We supported this government because it promised not to sell or privatise Ceypetco, but now it has let us down terribly.” Last year, the previous United National Front (UNF) government sold 100 fuel stations to the Indian Oil Company (IOL) as part of its economic restructuring program.

Last week’s strike threatened to escalate into a confrontation involving the corporation’s entire workforce of 5,200 employees. But the trade unions suspended industrial action pending talks with President Kumaratunga, who insisted on waiting until Tuesday for the return of Power and Energy Minister Susil Premajayantha. Negotiations were delayed for another day after the president pleaded illness.

There is no doubt that intense discussions were taking place behind the scenes. The UPFA took office after elections in April pledging to end privatisation, increase wages, provide jobs and restore and maintain subsidies. But, faced with a severe financial crisis, exacerbated by rising global oil prices, the government has reneged on most of its promises, leading to growing unrest among workers and the rural poor.

Most of the unions involved are affiliated to the UPFA parties, including Kumaratunga’s own Sri Lanka Freedom Party (SLFP) and the Janatha Vimukthi Peramuna (JVP). Union officials were compelled to call the strike because of mounting anger among oil workers over the lack of a wage rise and the threat to their jobs posed by privatisation. None of the unions offer any alternative, however. The JVP’s main objection to the sale is that the shares will go to “foreign corporations”.

On Sunday, some 50 JVP-affiliated unions, including in the ports, railways, health and transport, threatened to join the oil workers’ strike if talks over the dispute failed. Jobs and conditions are slated to be slashed in all of these state sectors as well, through corporatisation or selling off to private enterprise.

On Wednesday, Kumaratunga and the unions sought to defuse the dispute. The president admitted that her government had been considering the sale of another 100 fuel stations to a “third player” and promised not to proceed without consulting the unions. In return, union officials assured the president that workers “would not take actions that would inconvenience the public or disrupt the government’s development plans.”

At Kumaratunga’s request, unions promised to submit proposals to “solve the [corporation’s] financial crisis”. Any “solution”, however, will inevitably mean oil workers will be called on to bear the brunt through job cuts or reduced pay and conditions. These sacrifices will only pave the way for the next round of management demands, all in the name of being “competitive” and “viable”.

Whether union leaders can impose such measures is another matter. There is profound distrust among workers towards the entire political establishment, including the trade unions. Just four months after coming to power, the UPFA confronts growing unrest over declining living standards and continuing attacks on jobs, services and conditions. Recent strikes and protests include:

* Railway workers have started a campaign to demand the withdrawal of the Railway Authority Bill, which is aimed at transforming the rail system into a profit-making corporation, with the loss of thousands of jobs. Prior to the election, the UPFA promised to repeal the legislation. Unions affiliated to the opposition United National Party (UNP) held a picket on Wednesday to demand the bill's withdrawal. Under pressure from angry members, unions affiliated with the ruling UPFA have called a protest for August 23.

* More than 5,000 workers from the Kotagala Plantations, near Hatton, stopped work last Monday to demand a pay rise. About a thousand of the striking workers attended a picket in Kotagala. The initiative for the strike did not come from the trade unions but from a human rights organisation. The workers have decided to withhold their union dues because of the unions' refusal to fight for rights and conditions. The protest reveals broad discontent among Tamil-speaking plantation workers, one of the most oppressed sections of the Sri Lankan working class.

* All academic staff from the Open University have been on strike since August 5 to demand that the administration withdraw its suspension of promotion schemes. On Wednesday, hundreds of non-academic staff at the same university stopped work in solidarity, and warned of further action if the government failed to settle the issue.

* Paramedical workers have refused to carry out on-call duties because the ministry has failed to pay them for the work, claiming it does not have the money. Nurses have not been paid for overtime. Last September, a 13-day strike by 80,000 health workers provoked a severe crisis for the former UNF government, which reacted by bringing the army into the hospitals. The pay issue that provoked the strike has still not been resolved.

* In the private sector, about 500 workers at the Bata shoe company, owned by a Canadian multinational, have been engaged in a bitter struggle to defend jobs since June. Police have launched two vicious attacks on the strikers this month—the first to end their occupation of the factory, the second to break through a blockade at the factory gate. Last Monday, thousands of private sector workers took part in a protest to support the Bata employees.

There is also mounting hostility among the urban and rural poor to the continuing slide in living standards. On the same day as the oil workers' strike, the government lifted the price of petrol by 3 rupees a litre and diesel by 4 rupees a litre, on top of a price rise of 6 rupees a litre just three weeks ago. Rising fuel costs will inevitably lead to higher prices for other items. In the past five months, the cost of living index has jumped by 249 points, or 7.3 percent, from 3,426 points in March to 3,675 in July.

Like the previous UNF government, Kumaratunga has committed herself to a far-reaching program of economic restructuring. The UPFA is under pressure from the IMF and World Bank to reduce the budget deficit, which is forecast to be 8.5 percent of GDP. To meet even this target will mean further cutbacks to subsidies and public programs.

A Central Bank statement issued last week dropped the forecast growth rate from 6 percent to between 5 and 5.5 percent and urged the government to further slash subsidies, particularly on fuel. Noting that recent fuel price rises would not cover the huge accumulated losses, the bank declared: "It would not be prudent for the budget to bear the cost of such subsidies, as it amounts to sacrificing other essential public expenditure programs."

Finance Minister Sarath Amunugama warned last week that the government was planning to remove subsidies on a variety of basic consumer items including sugar, chillies, potatoes and onions. "In the next couple of weeks you will hear that we are taking the first tough decisions to shift our investments away from subsidies... Heaven help us all, but I think we have to do it," he said.

Amunugama knows very well that such a move will provoke widespread opposition and only intensify the political crisis confronting the government. To push through its economic agenda, the Kumaratunga regime will inevitably resort to repressive measures: police crackdowns, like that carried out against the Bata workers, and the whipping up of anti-Tamil chauvinism to divert and divide the working class.

The JVP and other Sinhala extremist groups are already engaged in a communal campaign against attempts to revive peace talks with the Liberation Tigers of Tamil Eelam (LTTE). The inevitable logic of their reactionary crusade is to rekindle the country's disastrous civil war.