

# Sri Lankan government prepares to privatise Kahatagaha graphite mines

Naveen Dewage  
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President Rajapakse's cabinet of ministers has approved a paper to transform Kahatagaha Graphite Lanka Limited (KGLL) into a Public Private Partnership (PPP) with a private investor.

Cabinet spokesman Bandula Gunawardena told the media on February 5 that Industry and Commerce Minister Wimal Weerawansa had submitted the plan and that his ministry is "expected to call international tenders to find a partner to add value to Kahatagaha Graphite mines." Raw graphite is currently exported from the mine without any added value, Weerawansa told the cabinet.

While no other details about the cabinet paper have been made available, it is a first step towards the complete privatisation the mine, whose workers will face escalating management demands for increased production and job cuts to make the company profitable. It follows International Monetary Fund directives for privatisation and commercialisation of Sri Lankan state-owned enterprises.

The Rajapakse government's moves to transform the mine into a PPP operation follows last month's three-day walkout and hunger strike protest involving its 130 workers. The state-owned mine currently produces about 65–70 metric tons of graphite per month.

The mine strike, which began on January 21, was held in defiance of the two trade unions covering the mine workers, the Nidahas Sevaka Sangamaya and Jathika Sevaka Sangamaya, which are affiliated to Sri Lanka Freedom Party (SLFP) and United National Party respectively. The SLFP union now backs Rajapakse's Sri Lanka Podujana Peramun (SLPP)-led government.

The striking mine workers, who were demanding higher pay and better conditions, reluctantly ended the walkout after Industry and Commerce Minister

Weerawansa promised a miserable 50-rupee increase in their daily wage and to meet other demands by the end of this month.

On January 25, *Silumina*, a government-owned Sunday newspaper, published an article about the strike headlined "A simple discussion solves the deepest mine's issue." The newspaper hailed the minister as a "workers' hero," took the side of the double-crossing the mine management and thanked the government.

The bogus story, which appears to have been planted by the ministry, falsely claimed that for the first time in history all of the workers' demands had been granted. But instead of agreeing to all the workers' demands, minister Weerawansa has, within weeks, initiated action to privatise the mine.

Government attempts to privatise the Kahatagaha graphite mine in 2016 were met with fierce resistance by the mine workers. In October that year, workers went on strike and held a hunger protest inside the mine for seven days.

The proposal to transform the mine into a PPP operation is part of the SLPP-led government's broader plans to privatise other state-owned corporations.

On February 10, Weerawansa told the media that all currently inactive state-owned-enterprises would be "revived" through PPPs plans. Such claims are false. PPPs are used to deflect workers rightly-held concerns about the job destruction and other socially retrogressive results of privatisation, while the largest private investors and the drive for profit determines all management decisions.

Weerawansa recently announced that Eastern Valaichchenai Paper Mills and North Saltern have been earmarked for their transformation into PPP operations. The Valaichchenai Paper Mills is currently being renovated by the military.

The state-owned Ceylon Ceramic Corporation factory at Oddusudan, in the war-ravaged northern Mullaithivu area, is to be turned into joint-venture operation with Samson Rajarata Tile Private Limited, which is owned by DSI, one of Sri Lanka's largest family-owned conglomerates. According to Weerawansa, the Ceylon Ceramics Corporation would retain ownership of the Oddusudan factory's building and machinery but collaborate on production with Samson Rajarata Tile.

Cabinet has also approved to establish a PPP operation for the development of export "value added" products made from mineral sands extracted by Lanka Mineral Sands Limited.

The Sri Lankan ruling elite is anxious to transform the country's dependence on the export of raw materials and transform these commodities into valued added products for the world market.

Last September 18, during a parliamentary Committee on Public Enterprises, a government official revealed that although one metric ton of Kahatagaha graphite was sold on the global market for \$US2,000, one kilogram of graphene, an extract from graphite, could be sold for \$5,000. Graphene is used in the manufacture of batteries and for water purification, anti-corrosion paints and polymer composites.

Previous Sri Lankan government plans for the privatisation or commercialisation of state enterprises are now being carried forward by Rajapakse's SLPP regime. All the rhetoric about reviving a national economy is a fraud and an attempt to cover up plans to transform the country into a profit-making haven for foreign investors.

In the lines with these plans, President Rajapakse has recently reactivated the Strategic Development Project Act, first introduced in 2008. It provides a staggering 25-year tax holiday for foreign investors. The government has also insisted that it would not subsidise unprofitable and debt-ridden state-owned corporations.

On February 7, the WSWS warned the Kahatagaha mine workers that the government was organising a well-prepared assault on the rising mass opposition of the Sri Lankan working class to its austerity measures.

"The Kahatagaha graphite miners—like other workers coming forward to defend their social rights—confront not just mine management but Colombo's pro-investor policies, IMF-dictated austerity, the drive towards an authoritarian regime and, most importantly, the

outmoded profit system," the WSWS wrote.

The Sri Lankan government's decision to transform the Kahatagaha mines has confirmed this warning. The fight by graphite miners and other state-sector workers to defend jobs and win better wages and conditions cannot be secured under capitalism but in the fight for workers' control and socialist planning under a workers' and peasants' government.

For that workers need to build their own organisations, workers' action committees—independent of, and in a political struggle against, the trade unions—to fight their own interests and to coordinate their struggle among with other sections of the working class and on the basis of a socialist program.

*The author also recommends:*

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