

# Shocked by Trump's tariff increase, Sri Lankan president calls for "national unity"

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The tariff war unleashed by US President Donald Trump on friends and foes alike is set to deepen the economic and political crisis in every country including in the US itself. China, Canada and European countries have responded with retaliatory increases on US imports.

Trump's tariff war will see harsh attacks on the jobs, wages and conditions of workers in the US, Europe and internationally, an intensification of the class struggle, and an escalation of the descent into catastrophic imperialist conflicts.

On Wednesday, Trump announced a 90-day "pause" on the increased tariffs on 75 countries while boosting his tariffs on Chinese goods to 145 percent. It is entirely unpredictable what the US president plans after this announcement or after the 90 days have elapsed.

Sri Lanka has been hit with a huge 44 percent tariff hike. President Dissanayake's Janatha Vimukthi Peramuna/National People's Power (JVP/NPP) government and Sri Lanka's ruling elite were shocked by the increase and have responded desperately. Yesterday they breathed a sigh of relief after the announcement of Trump's pause, but remain deeply concerned about what will happen next.

The tariff increase has further exposed the extent of the economic crisis facing the Sri Lankan capitalist class and its government which is currently implementing the International Monetary Fund's (IMF) brutal bailout measures.

The single largest destination for Sri Lankan exports is the US, currently accounting for 25 percent of the island's total exports, worth \$US3 billion of its \$US18 billion total annual export income. US exports to Sri Lanka last year only amounted to \$356 million.

Sri Lanka earns \$1.5 billion annually from garment exports to the US, with the garment industry estimating that it would lose more than \$600 million annually if the US tariff rises to 44 percent.

A collapse in Sri Lankan garment exports to the US would see numerous factory closures and massive job losses. The industry employs 350,000 workers with about 600,000 indirectly employed.

Garment companies have already called on subcontractors to reduce their costs by 40 percent, signalling large layoffs, wage cuts and increased productivity demands. Some garment

companies are already outsourcing production to slash costs.

Sri Lanka also exports plastic and rubber products, food, jewellery and precious metals to the US, all of which are under review. Workers in these industries will face similar attacks on their jobs.

On Monday, the Colombo Stock Exchange (CSE) all-share price index suffered a 227-billion-rupee loss, adding up to a loss of almost 500 billion rupees (\$US1.68 billion) since April 2. Yesterday the stock exchange gained after hearing about the temporary tariff pause.

Sri Lankan website *EconomyNext*, noted the socio-political impact of new tariff regime. "Politically, this could also weaken the new administration, fuel public anger, and create space for populist or protectionist backlash," it said.

The ruling class is no doubt haunted by the mass protests and strikes that erupted in April–July 2022 when millions of workers and poor, amid the collapse of the Sri Lankan economy, rose up against the government forcing President Gotabhaya Rajapakse to flee the country and resign.

Addressing an election rally on April 7, President Dissanayake declared: "We must face this [tariff] issue as a nation. I call on everyone in the country to prepare as a nation to face it, while carrying the maximum intervention to prevent such problems from occurring."

Under the guise of saving the "nation," Dissanayake's appeal is a demand that all working people bear the burden of a future economic collapse.

Addressing parliament on Tuesday, Deputy Minister of Economic Development Anil Jayantha Fernando listed various government measures to deal with the new tariffs. Dissanayake has appointed an expert committee to investigate into the repercussions of the tariff hike and make proposals.

Fernando and some Sri Lankan officials held a virtual meeting on Tuesday with Assistant US Trade Representative for South Asia Brenda Leach and other top representatives. They presented a proposal outlining their willingness to reduce Sri Lankan tariffs on US imports.

While Fernando said that President Dissanayake has written to Donald Trump informing him that Sri Lanka will take "mitigating actions," he admitted to the media, "We cannot resist the policies of the US."

After 12 opposition party leaders called for a meeting with the Sri Lankan president, Dissanayake met with them at the Presidential Secretariat leaders' forum, explaining how his government would respond to the tariffs. "We had a constructive dialogue on proposals for engaging with the US and strategies to diversify our export markets," Dissanayake stated on his X account.

Harsha de Silva, a senior Samagi Jana Balawegaya leader, later wrote that the meeting made a "common agreement that while we do everything to strengthen trade with [the] world, [the] immediate issue is to arrive at a HS Code [Harmonised System] based bilateral trade deal with the US."

De Silva had previously called for a "unified national approach" to address the tariff crisis and added: "This crisis is national. The fallout could be huge."

Namal Rajapakse, a leading Sri Lanka Podujana Peramuna parliamentarian and son and nephew of former presidents Mahinda and Gotobhaya Rajapakse, made a similar call for "all political parties to work together and support the affected sectors."

Calls by the opposition parties for "national unity"—like their support for IMF austerity measures—are pledges that they will fully back the government attacks on workers and the poor, and the state repression of the inevitable popular opposition.

Sri Lanka's big-business lobby, the Ceylon Chamber of Commerce, which is already working closely with Dissanayake, welcomed Rajapakse's response, and told the government to reexamine "its tariff structure and implement measures that will improve trade facilitation and improve the ease of doing business."

The chamber is calling for more tax cuts and other concessions to big business and foreign investors and for the imposition of increased burdens on working people.

Irrespective of the desperate appeals by Dissanayake and the opposition parties for a mitigation of the tariffs, Washington's measures are inseparable from its demands that all countries line up with its geo-political agenda and economic interests.

As the White House Fact Sheet on the tariff regime states, "trading partners" can obtain tariff relief only by taking "significant steps to align with the United States on economic and national security matters."

The Dissanayake government has already gone a long way in this direction. Senior US military figures travelled to Sri Lanka, meeting with Dissanayake soon after he became president last September.

Those visiting included Admiral Steve Koehler, the commander of the US Pacific Fleet, Donald Lu, the US under-secretary of state for South and Central Asia and Admiral Samuel J. Paparo, commander of the US Indo-Pacific Command. These visits involved discussions about strengthening Colombo's military ties with the US.

Prime Minister Narendra Modi's visit to Sri Lanka last week had the same objective. India is the main regional partner in

Washington's anti-China war strategy.

According to a report in the Colombo-based *Sunday Times*, Sri Lankan government leaders have turned to Modi to support their appeals to Washington. Indian Foreign Secretary Vikram Misri told a media briefing on April 5 that Modi had assured Sri Lankan government officials that they would assist in discussions on the US tariff issues.

Sri Lankan workers must reject the reactionary call of the government and opposition to "prepare as a nation to face the crisis." Why should workers and the poor sacrifice their jobs, wages and living conditions to save Sri Lankan capitalism and its ruling elite?

Trump's actions are an expression of the historic crisis of capitalism, the result of the contradictions between globally integrated production and private ownership of the means of production, and the rival nation-state system. The demagogic calls of the JVP/NPP and the opposition parties for a unified national response to Trump's tariff war cannot disguise the fact that there is no national resolution to this economic breakdown and collapse.

The working class must urgently prepare to fight for its democratic and social rights. This can be done only by breaking from all capitalist parties, the trade union bureaucracies and all their hangers on, and mobilising the industrial and political strength of the working class to fight for a socialist and international perspective.

The Socialist Equality Party calls upon workers to build their own action committees in every workplace and in all the major economic centres to mobilise independently. The rural masses need to build their own action committees to join this struggle.

The working class can wage this fight by uniting with its international class brothers and sisters, building the International Workers Alliance of Rank-and-File Committees.



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