

# Sri Lankan government begins electricity board restructuring backed by unions

Wimal Perera

10 November 2025

From the last week of October, the Sri Lankan government has begun the process of splitting the Ceylon Electricity Board (CEB) into four state-owned companies.

In response, the trade unions at the CEB halted all action in opposition to the restructuring, forcing workers to submit applications to the management expressing their willingness to join the new companies. By October 27, most workers had sent their applications.

The treachery of CEB unions is not a surprise. Like their counterparts elsewhere in the public sector, the union leaders support the International Monetary Fund (IMF)-dictated austerity program being implemented by the Janatha Vimukthi Peramuna/National People's Power (JVP/NPP) government.

The government has not explained when the break-up of the CEB will be completed or what the position of employees in the new companies will be. More than 2,000 employees have opted for the Voluntary Retirement Scheme (VRS) but do not know when they will receive their compensation. As a result, the workforce of more than 22,000 employees in this key state-owned enterprise (SOE) is now in a state of confusion about their future.

The CEB was created in 1969 by the United National Party (UNP) government, transforming the Electricity Department into a statutory body. Since the introduction of the pro-market restructuring in 1977 by the right-wing UNP government, there have been several attempts to privatise the CEB.

Some sections of the CEB have been outsourced, but until now governments have been unable to dismantle the core sections of electricity generation and distribution because of the sustained resistance of workers, who have also won significant gains to their pay and conditions.

Now the government of President Anura Kumara Dissanayake is dismantling the CEB—a task that his Ranil Wickremesinghe was unable to complete—and opening the door to further restructuring and privatisation.

The CEB's break-up is part of the broader IMF program negotiated by Wickremesinghe in March 2023 to be implemented as part of its \$US3 billion bailout loan.

The loan was obtained after the unprecedented 2022 economic collapse triggered by Colombo's default on foreign debt that resulted in four months of mass protests and strikes against soaring inflation and the collapse of social services and infrastructure.

The IMF dictated that there should be no retreat from its austerity program that is geared to the repayment of foreign debts

and boosting investor profits. A key demand has been the restructuring of more than 400 SOEs—closing dozens, and commercialising or privatising others.

The lessons of the CEB workers' struggle against restructuring are essential not only for around the 500,000 workers in state-owned entities but also for all other workers seeking to defend their jobs, wages, and working conditions.

The Wickremesinghe government announced a CEB restructuring bill in early January 2024 which was passed through parliament in July that year. He was unable to implement the measures due to workers' opposition.

The CEB Joint Trade Union Collective (JTUC), including trade unions controlled by the JVP, Samagi Jana Balawegaya (SJB), and the Sri Lanka Freedom Party (SLFP), called limited actions, including sick-leave protests. However, they sowed the illusion that the Wickremesinghe government could be pressured to abandon the restructuring.

In January last year, tens of thousands demonstrated in front of the CEB head office in Colombo, defying the draconian Essential Services Regulations imposed by Wickremesinghe and the cancellation of employees' leave. The CEB suspended 62 employees, held inquiries, and confirmed the suspensions.

In July last year, JVP's National Trade Union Centre leader and current agriculture and livestock minister, Lal Kantha, declared that party trade unions should not call industrial action that would "create inconvenience for people."

He said such actions would harm the JVP/NPP's presidential and parliamentary election campaigns and help "reactionary forces." All JVP-affiliated unions, including its Ceylon Electricity Employees Union, immediately halted its limited campaign. With the JVP/NPP in power, the JVP trade unions are continuing this anti-working class ban.

The cancellation of the previous Electricity Act and halting privatisation was one of the bogus promises made by President Dissanayake during his election campaign. However, his regime dropped all those promises after coming to power and committed to implement the IMF agenda in full.

His administration has amended some clauses of the Electricity Act and begun the process of dismantling the CEB. The amended Act says the CEB will be split into four companies, which will remain as state entities.

However, employees correctly view these changes as cosmetic and believe that, in the future, they will face the threat of

privatisation and attacks on their job security.

In fact, the JVP/NPP government published a Public-Private Partnership Bill in September, a precursor to bringing all state-owned ventures under its sway. The bill is to be passed into law in the first months of 2026 and is a step towards privatisation.

While JVP trade union leaders are supporting the government's move, the other CEB trade unions, amid widespread anger and opposition among workers, called limited industrial action against the Dissanayake government's restructuring.

On September 17 and 18, around 20,000 employees gathered in Colombo, to express their opposition. Dissanayake invoked the Essential Services Act on September 21, which could be used to sack and punish CEB workers.

Amid resistance by CEB workers, IMF mission chief for Sri Lanka, Evan Papageorgiou, told the media on October 9: "This [CEB restructuring] is one of the building blocks of the EFF programme. The goal is for the utility to function on commercial terms, making sound financial decisions like any private enterprise."

He said the next instalment of the loan would be released if the government's budget was in line with its program, including the restructuring of the CEB. This statement was a veiled threat to workers opposing its demands.

The trade union bureaucracy bowed to the government's threat and limited its actions to a work-to-rule campaign.

They also formulated some 24 demands, including payment for unused medical leave, setting up a mechanism under the supervision of the Labour Commissioner to solve disputes, continuation of loan facilities, a salary increase of 25 percent, and setting up a separate company to manage employees' pension funds.

On October 13, the power and energy minister, Kumar Jayakody, held a discussion with union leaders and promised to address the demands. Union leaders immediately suspended the work-to-rule action, effectively ending workers' resistance. Later, the minister informed the unions of his readiness to address some demands but rejected an increase in VRS compensation.

As another diversion, the union bureaucracy filed a case in the Appeal Court requesting it direct the government to issue letters to employees clearly defining their duties in the new companies. They also requested the court to direct the government to increase payments under the VRS, according to the trade unions' formula.

On October 24, the Appeal Court rejected both requests.

The bitter experience of CEB employees—and for the working class as a whole—is that militancy and determination are not sufficient to defend their rights. They need a clear program to defend their interests.

They are facing crisis-ridden capitalism intensified by the global downturn and the austerity demands of the IMF, which represents international creditors. The Dissanayake government is committed to imposing these attacks.

All opposition parties, including the SJB, SLPP, SLFP, and Tamil and Muslim capitalist parties, are supporting the IMF policies. If they criticise the government for burdening the masses, that is only to exploit the growing opposition.

Workers cannot fight against the JVP/NPP government's IMF

austerity under a trade union bureaucracy that supports its agenda. The CEB trade union leaders' betrayals are a stark warning to all workers.

To fight against IMF austerity and government repression, it is essential to mobilise workers independently in a united struggle, breaking from all capitalist parties and trade union bureaucracies.

The Socialist Equality Party (SEP) and the Collective of Workers' Action Committees in Sri Lanka were with the CEB struggle from the outset. We urged workers to form their own action committees, independent of pro-capitalist unions and capitalist parties, in order to organise a fight for their class interests.

Authorities have repeatedly claimed that the CEB can and must be run with fewer employees—around 5,000—and increase efficiency to earn profits. This attempt to slash jobs and working conditions using new technologies is undoubtedly part of the agenda of the new companies.

Trade union bureaucracies have planned to establish unions in these companies to collaborate with the government and management. Do not believe or rely on these pro-capitalist organisations.

We say CEB workers must form their own action committees to democratically discuss actions to defend their rights.

CEB and other workers cannot defend their rights within the crisis-ridden capitalist system. The struggle to defend their rights is a political struggle against the Dissanayake government, the entire capitalist class, the IMF and the international creditors it represents.

It is necessary to place all SOEs, banks, big companies, and plantations under the democratic control of the working class. Foreign debts must be repudiated. The working class must rally the rural poor and fight for a workers' and peasants' government to implement this socialist program.

This struggle needs to be developed as part of a united international fight of the working class for socialism. Independent workers' action committees in Sri Lanka should link up with their brothers and sisters in the International Workers Alliance of Rank-and-File Committees.

We urge workers and young people to discuss this program with us and join the SEP to build it as the mass revolutionary party needed to lead this struggle.



To contact the WSWS and the Socialist Equality Party visit:

**[wsws.org/contact](https://wsws.org/contact)**