

JVP/NPP government in Sri Lanka preparing further attacks on workers amid growing crisis

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As the global economic crisis intensifies, compounded by energy price hikes driven by the US-Israeli war against Iran, the JVP/NPP government in Sri Lanka is responding with harsher attacks on living conditions. At the same time, the ruling elite is increasingly nervous about the growing anger in the working class.

On May 20, addressing a public meeting in the eastern town of Batticaloa, President Anura Kumara Disanayake said “strict measures are underway to tackle Sri Lanka’s dollar crisis,” pledging that he would not allow another economic collapse, according to media reports. He said the rupee was under pressure, pointing to its depreciation against the US dollar.

Disanayake added that the government was working with the International Monetary Fund (IMF) and had submitted several proposals, including cutting fuel consumption, restricting imports and reducing overall import costs.

He cited a 29 percent drop in tourist arrivals in April and a surge in fuel import costs from \$98 million in February to \$522 million in May.

The president declared: “We must all think about how we can prevent dollars from leaving the country. There is only a short window, and we must face it with strength.”

His promise that the government will “never allow a recurrence of the past economic devastation” was aimed at fostering false hopes and appeasing growing public anger. The call to “face it with strength” is really a demand that working people must endure even greater sacrifices.

The IMF, which dictated ruthless austerity measures in 2023 after the previous year’s economic collapse, will not come to the rescue of workers and the poor. Its role is to advise on measures to defend the capitalist system.

Last week, an IMF spokesperson reiterated that Sri Lanka’s eligibility for the next \$700 million tranche of its \$3 billion bailout depends on restoring cost-recovery pricing for electricity and fuel. This means that working people must bear the full burden of the fuel price hike.

The greatest fear of the JVP/NPP government and the ruling class is that the present crisis could trigger an uprising of workers and oppressed people on an even greater scale than in 2022. In that year, the country was faced with rapidly depleting foreign reserves, curtailing or halting imports, creating rampant shortages and causing fuel, food and medicine prices to skyrocket, with long hours of power cuts. The government was forced to announce the suspension of foreign debt repayments.

The unbearable conditions led to a four-month uprising beginning in April, involving millions of workers, rural poor and young people across the country. The mass struggle culminated in the collapse of President Rajapakse’s government and his downfall.

Disanayake has previously warned that his government cannot continue bearing losses on fuel and electricity. He claimed that diesel costs 720 rupees (\$US 2.09) per litre while consumers pay only 392 rupees, insisting that the Treasury cannot continue providing subsidies.

Sri Lanka’s Central Bank has also warned that the country is likely to face a current account deficit in 2026 for the first time in four years. Deputy Central Bank Governor Chandranath Amarasekara admitted that “outflows [will be] greater than inflows this year,” mainly due to soaring oil prices and rising import costs.

The state-owned Ceylon Petroleum Corporation has already spent more than \$1 billion on fuel imports during the first four months of 2026, compared to just \$1.5 billion for the whole of 2025.

At the same time, the rupee continues to slide sharply, depreciating by 4.8 percent against the US dollar from January to May, leading to sharp rises in the prices of all imported goods.

Desperate to halt the outflow of foreign reserves, the government imposed a 50 percent surcharge on vehicle imports last week and is considering further import restrictions. Deputy Finance Minister Anil Jayantha

Fernando urged people to cut fuel consumption and “economize your personal fuel use.”

In response to global energy shocks produced by the Iran war, the government has already increased fuel prices by around 40 percent since February, while gas prices have risen by 31 percent and electricity tariffs by 32 percent. These increases have created a chain reaction of rising prices for goods and services. Water tariffs are also due to rise at the end of June.

The increases will be devastating for workers and poor families already burdened by soaring living costs, stagnant wages and unemployment. Last year, the World Bank estimated that 22 percent of Sri Lankans lived below the poverty line and another 10 percent just above it, while more than half the population faced food insecurity. The government has now raised the official poverty line to 16,690 rupees from 16,658 rupees (\$US 48.47) a month, meaning that an individual requires at least that amount simply to meet minimum living costs.

While workers are told to cut fuel use, reduce consumption and tighten their belts, the government is protecting the enormous profits of big business, the banks and corporations. Telecom giant Dialog Axiata reported on Monday that its first-quarter 2026 net profit doubled year-on-year to 9.6 billion rupees (\$US29 million).

A survey conducted by the Sri Lanka Sustainable Energy Authority found that around 70 percent of fuel sold in the country is consumed by the wealthiest 30 percent of society. The findings indicate that fuel subsidies in Sri Lanka disproportionately benefit higher-income households rather than the poor.

Sections of the ruling elite are clearly alarmed by growing social anger. A report by the editor-in-chief of the *Daily Mirror* revealed sharp internal disputes within the JVP/NPP leadership. Senior figures reportedly proposed inviting opposition MPs into the government, effectively discussing a broad “national government.”

Neither the ruling party nor any opposition party has denied the reports, indicating that such preparations are underway. There is a long history in Sri Lanka of capitalist parties closing ranks whenever their rule is threatened by a revolutionary upsurge. This was the case during the 2022 mass uprising, which threatened to overturn the entire capitalist establishment. At the time, Dissanayake denounced the uprising as “anarchy”—despite the JVP’s later claim that its election represented the fulfilment of the aspirations of the mass movement.

While all capitalist parties, including the Samagi Jana Balawegaya and the Sri Lanka Podujana Peramuna (SLPP), make bogus criticisms of the government in order to exploit growing public discontent, they do not oppose the IMF’s

dictates.

Despite growing attacks on workers, the trade union bureaucracy is suppressing calls for even a single protest, fearing the potential for a mass movement against the government.

Equally bankrupt are pseudo-left groups such as the Frontline Socialist Party (FSP). During the 2022 uprising, it worked systematically to subordinate mass opposition to capitalist parliamentary politics and block independent working-class action.

Like Dissanayake in Sri Lanka, leaders in India, Pakistan, Bangladesh and other countries in the region are responding to the deepening economic crisis in the same way: on the one hand, extending support to the US-Israeli war against Iran; on the other, placing the burden of the war directly on the working class and the oppressed.

The working class now confronts a decisive question: how to fight back. Workers cannot rely on pseudo-left organisations or the trade union apparatus, which are hostile to any struggle against the state to defend living conditions and democratic rights.

During the 2022 uprising only the Socialist Equality Party fought for the independent mobilisation of the working class and rural poor. It called for the formation of a Democratic and Socialist Congress of Workers and Rural Masses, assembled from democratically elected delegates drawn from independent action committees in workplaces, plantations, hospitals, universities and rural areas across the country. Such a Congress must advance a fighting program: full wage indexation linked to the cost of living, an end to privatisation, the repudiation of foreign debts owed to the IMF and international finance capital, and the placing of banks, major corporations and the energy sector under the democratic control of the working class.

Workers in Sri Lanka do not fight alone. Their struggle must be consciously linked to the growing struggles of working people internationally against austerity, imperialist war and the barbarism of a decaying capitalist order.

We urge workers, youth and all those determined to fight to join and build the SEP—the only party fighting for a workers’ and peasants’ government and the socialist transformation of Sri Lanka as part of the broader struggle for world socialism.



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