

Sri Lanka to restructure loss-making flag carrier

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Colombo : The Sri Lankan government will restructure the loss-making national flag carrier after efforts to find a buyer for its management control failed, President Anura Kumara Dissanayake said.

Presenting the 2025-26 budget on November 7, Dissanayake said, "There are no buyers, referring to efforts by the successive governments to divest the Sri Lankan Airlines' management from government control."

The national carrier's divestiture became crucial with the tough conditions attached to Sri Lanka's International Monetary Fund (IMF) bailout of nearly USD 3 billion, extended in 2023 after the island nation announced its first-ever sovereign default.

"We will restructure its management by early next year; the management has been asked to formulate a business plan for the work,"

said Dissanayake, who is also the finance minister.

He, however, added that the government hopes to restructure the airline by the end of December.

Without elaborating, Dissanayake said if the restructuring failed, there will be alternative action.

Successive governments have so far resisted the idea of completely shutting down the airline to prevent bleeding of the national treasury.

According to a report by the Auditor General, the airline's accumulated loss was SLR 596,461 million (approximately USD 2 billion) as of March 31, 2025.

Dissanayake said the airline's defaulted debt stood at USD 210 million.

The airline borrowed USD 175 million through a five-year bond, which is now in arrears.