

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED  
LIMITED C  
GATT/CP 4/12  
1 March 1950  
ORIGINAL: ENGLISH

CONTRACTING PARTIES  
FOURTH SESSION

RESULTS OF NEGOTIATIONS CONDUCTED  
BETWEEN CEYLON AND CERTAIN  
OTHER GOVERNMENTS UNDER  
PARAGRAPH 5 OF ARTICLE XVIII

Note by the Executive Secretary

1. There are circulated herewith a letter from the High Commissioner for Ceylon in London and a report annexed thereto on the results of the negotiations conducted in September and October 1949 between Ceylon and certain other governments under paragraph 5 of Article XVIII.
2. The release granted by the CONTRACTING PARTIES to Ceylon at the Third Session under paragraph 5 of Article XVIII in respect of the five items referred to in the report was to be effective in accordance with the terms of any agreement reached between Ceylon and the materially affected contracting parties and subject to any limitations agreed upon between them. The agreed terms and limitations are set forth in paragraph 2 of the report.
3. In accordance with the decision of the CONTRACTING PARTIES at the Third Session (GATT/CP.3/73/ Rev. 1, paragraph 59 (e)), the release will be effective after the expiration of a period of 30 days from the date of the present document and in the absence of any objection from any contracting party to the results of the negotiations.
4. Paragraph 3 of the report refers to Cotton Vertices, an item which does not fall within the scope of the decision taken by the CONTRACTING PARTIES at the Third Session. A further decision of the CONTRACTING PARTIES will therefore be needed for the granting of a release in respect of this item.

Letter from the High Commissioner for Ceylon in London to the Chairman of the Contracting Parties.

"I have the honour to refer to letter EWW/JR/BW dated 7 September, 1949, addressed by the Executive Secretary of the ICITO to the Minister of External Affairs, Colombo, Ceylon, in connection with the application of the Government of Ceylon for release under the provisions of Article XVIII of the General Agreement on Tariffs and Trade in respect of five items which it is proposed to regulate under the Ceylon Industrial Products Act (No. 18 of 1949). I am happy to be able to inform you that negotiations were conducted in London between representatives of my Government and the Governments of the materially affected countries as directed by the CONTRACTING PARTIES at their Third Session, and that complete agreement has been reached regarding the terms on which a release should be granted.

I annex hereto copies of an agreed Report which Ceylon and the materially affected countries wish to make to the CONTRACTING PARTIES, recommending the terms on which a release should be granted to Ceylon in respect of the five items in question."

Report to the Contracting Parties of the results of negotiations conducted by Ceylon with Representatives of the Czechoslovak Republic, Denmark, Finland, India, Sweden, The United Kingdom of Great Britain and Northern Ireland and the United States of America in connection with the Ceylon application under Article XVIII of the General Agreement on Tariffs and Trade.

1. The Representatives of the Government of Ceylon and of the Governments of the Czechoslovak Republic, Denmark, Finland, India, Sweden, the United Kingdom of Great Britain and Northern Ireland and the United States of America, met in London pursuant to the decision of the CONTRACTING PARTIES to the General Agreement on Tariffs and Trade (hereinafter called the General Agreement) taken at the 44th Meeting of their Third Session held at Annecy on the 13th August, 1949. The decision of the CONTRACTING PARTIES which applied to:-

China and Porcelain Ware	Ex III B 231
Leather Goods	III Q 430
Glass Ware	Ex III B 235
Cotton Textiles	Ex III I 339
Plywood Chests for packing	
Tea and other Ceylon products	Ex III U 492

was:-

"To grant a release under paragraph 5, in accordance with the terms of any agreement reached between Ceylon and the materially affected contracting parties, subject to any limitations which may have been agreed upon between them. Such release, however, is to be effective only after the expiration of a period of 30 days from the notification by the Chairman to each contracting party of the results of the negotiations and in the absence of any objection to those results. The results of the negotiations would also be circulated by the Chairman to the acceding Governments for their information."

2. Accordingly the representatives of the Governments referred to in the first paragraph have agreed that

- (a) At any time between the coming into operation of the Industrial Products Act of Ceylon (No. 18 of 1949) and the expiration of the release granted by the CONTRACTING PARTIES in respect of the five items enumerated in paragraph 1, the Governments of the Czechoslovak Republic, Denmark, Finland, India and Sweden will be free to negotiate compensatory concessions with the Government of Ceylon in connection with the items China Ware and Porcelain Ware and Leather Goods (in the case of the Czechoslovak Republic), and Glass Ware, Leather Goods, Cotton Textiles (Ex III I 339) and China Ware and Porcelain Ware (in the case of India), and Plywood Chests for packing Tea and other Ceylon produce (in the case of Denmark, Finland and Sweden), if at any time during the period aforementioned the Governments concerned consider that their imports into Ceylon in respect of any of the items in which they are interested are materially affected in consequence of the operation of the Industrial Products Act. Any such negotiations will be conducted and any agreements resulting therefrom will be put into effect in accordance with the provisions of the General Agreement.

- 2 (b) Ceylon will make the following final compensatory concessions to the United States of America in connection with the items Plywood Chests for packing Tea and other Ceylon produce, Glass Ware and Cotton Textiles (Ex III I 339) which will be subject to regulation under the Industrial Products Act and regarding which tariff concessions have been negotiated between Ceylon and the United States of America:-

	Concession Rate		Present Rate	
	<u>M.F.N.</u>	<u>Prefer- ential</u>	<u>M.F.N.</u>	<u>Prefer- ential</u>
Ex Item 312 Agricultural Machinery and parts thereof N.E.S.	15%	5%	22%	12%
Ex Item 325 Non Domestic Refrigerators	27½%	22%	45%	40%

These concessions will be implemented as soon as it is feasible for the Government of Ceylon to do so after any of the items in which the United States is interested has been brought under regulation in the meaning of the Industrial Products Act, but in any case not earlier than 31st July, 1950. These concessions will be incorporated in Schedule VI of the General Agreement in accordance with any procedure required under that Agreement.

- 2 (c) The compensatory concessions to be granted to the United States of America, mentioned in sub-paragraph (b), constitute adequate concessions to the United Kingdom in respect of the items Glass Ware, Plywood Chests for packing Tea and other Ceylon produce, China Ware and Porcelain Ware, in which the United Kingdom is interested.
- 2 (d) Ceylon will ensure that the following maximum quantities of domestic availability will be used in calculating the standard ratio between such quantities of domestic availability and imports for the purpose of issuing Import Licences under the provisions of the Industrial Products Act.

China and Porcelain Ware	450 tons
Leather Goods	2,000 suitcases
	200,000 wallets
	200,000 ladies handbags
Glass Ware	700 tons
Cotton Textiles - curtain material	40,000 sq. yds.
Upholstery	60,000 sq. yds.
Plywood Chests for packing Tea and other Ceylon produce	492,000 Chests

- 2 (e) In accordance with the decision of the CONTRACTING PARTIES mentioned in paragraph 1, 30 days after the notification of this Report by the Chairman to each contracting party, if there has been no objection to this report before the expiration of that period, Ceylon will be released for a period of five years under Article XVIII of the General Agreement from the relevant obligations which she has assumed under the General Agreement in respect of the five items mentioned in paragraph 1.

- 2 (f) The compensatory concessions which Ceylon has undertaken to grant to the United States and to the United Kingdom and any compensatory concessions which she may grant in consequence of any future discussions as envisaged in paragraph 2 (a) to any of the other Governments who are materially affected and have participated in these negotiations will be operative only during the period of the release granted to Ceylon in respect of these five items.
3. During these negotiations it was noticed that in the Ceylon application made to the CONTRACTING PARTIES (vide G.A.T.T./CP.3/54) a mistake had been made in the description of an item which the Ceylon Government wished to bring under regulation in terms of the Industrial Products Act. This item was described as "other household linen" but was intended to cover curtain material, upholstery and verties. The last is an item of clothing while the two former are items of household linen. Verties therefore does not fall within the scope of the decision of the CONTRACTING PARTIES quoted in paragraph 1 which only refers to certain types of other household linen - Ex Item III I 339. (The Ceylon representative explained that the mistake arose from the fact that verties is also classified under tariff item III I 339). A release under Article XVIII can therefore only be granted in respect of verties by a further decision of the CONTRACTING PARTIES. Nevertheless, the negotiating parties have stated that they will not seek further negotiations under paragraph 5 of Article XVIII, if the CONTRACTING PARTIES at their next session decide that a release from the relevant obligations which Ceylon has assumed under the G.A.T.T. in respect of cotton verties be granted for a period of not more than five years and that in calculating the standard ratio between domestic availabilities and imports for the purpose of regulating imports of Cotton Verties under the provisions of the Industrial Products Act, Ceylon will ensure that a maximum of 400,000 sq. yds of domestic availability is used provided that:
- (i) The concessions set out in paragraph 2 (b) and the procedure for bringing them into effect in respect of the United States will be applied by Ceylon to Cotton Verties and
  - (ii) India will be free to negotiate compensatory concessions in respect of Verties in accordance with the provisions set out in paragraph 2 (a)

