

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

BOP/22

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Committee on Balance-of-Payments Restrictions

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IMPACT SURCHARGES AND RESTRICTIONS OF

C E Y L O N

Supplementary Information Supplied by the International Monetary Fund on the Financial Position and Restrictive System of Ceylon

The representative of the International Monetary Fund has transmitted to ~~the Chairman of the Committee on Balance-of-Payments Restrictions~~ the following statement supplementing the information contained in the Fund's background paper dated 10 September 1962, Ceylon - Recent Economic Developments and Changes in the Restrictive System, one copy of which was transmitted to each contracting party under cover of document Spac(62)239.

The Ceylonese authorities have confirmed that on October 10, 1962, import items valued at Rs. 630 million in 1961 were newly placed under individual licensing. This represents over 35 per cent of total imports in that year. The Ceylonese authorities have also stated that the total annual saving of foreign exchange from the intensification of restrictions and tariff increases which have taken place from July 1962 is estimated at Rs. 100 million. This total is made up as follows: restrictions on textiles and on tires and tubes in July 1962, Rs. 53 million; contractive effect of increase in import duties introduced in July and August 1962, Rs. 25 million; restrictions on 47 items introduced on September 15, 1962, Rs. 10 million; and restrictions introduced on October 10, 1962, Rs. 12 million. The authorities added, however, that the import quotas for the extensive list of items brought under restriction on October 10 had not yet been determined.

Revised balance of payments data for the first half of 1962 show a larger current account deficit than those in Table 8 on page 15 of the supplementary background paper provided to the CONTRACTING PARTIES in September 1962. This change was largely offset by a change in the figure for "net errors and omissions". The revised data are given in the attached table. For the first half of 1962, these data show a current account deficit (encompassing goods, services and transfer payments) amounting to Rs. 49 million. Very tentative figures for the third quarter of the year indicate a current account deficit of Rs. 70 million, its large size being due to the concentration of payments for food imports. This deficit was financed principally through a decline in foreign assets of Rs. 54 million and net long-term borrowing of Rs. 7 million. For the fourth quarter of the year, the Ceylonese authorities expect a small current account surplus.

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Provisional data on Ceylon's foreign assets at the end of September 1962 show a total of Rs. 494 million. This represents a decline of Rs. 46 million over the preceding 12 months or of Rs. 100 million if account is taken of the Fund drawing of the equivalent of Rs. 53.8 million in February 1962. Of the foreign assets at the end of September 1962, Government holdings accounted for Rs. 32 million, government agencies for Rs. 227 million, the Central Bank for Rs. 124 million, and commercial banks for Rs. 111 million.

Ceylon's Balance of Payments, First Half, 1961 and 1962

(In millions of rupees)

	First Half ¹ 1961	First Half ² 1962
Goods and services		
Exports	883.6	846.3
Imports	<u>530.6</u>	<u>876.3</u>
Trade balance	53.0	-30.0
Transportation and insurance	-15.9	29.8
Investment income	-17.8	-18.9
Other	<u>-30.7</u>	<u>-12.1</u>
Total goods and services	-11.4	-31.2
Private transfer payments	-16.8	-17.5
Official donations	0.6	--
Private capital movements	-0.4	-2.8
Net errors and omissions	<u>6.6</u>	<u>17.3</u>
Cumulative total	-21.4	-34.2
Official and banking institutions		
Long-term assets	-17.7)
Long-term liabilities	8.3)
Short-term assets	-43.3	}34.2
Short-term liabilities	<u>74.1</u>)
Total	21.4	34.2

Sources: Central Bank of Ceylon, Bulletin, November 1961; and data supplied by the Central Bank of Ceylon.

¹Provisional.

²Revised, preliminary.