

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/558

18 October 1956

Limited Distribution

## INTERIM REPORT OF THE WORKING PARTY ON ARTICLE XVIII APPLICATIONS

### Applications of Ceylon under paragraphs 5 and 8 of Article XVIII

#### Cotton sarongs and towels

1. The Working Party considered those applications of Ceylon which related to the extension of releases granted by the CONTRACTING PARTIES for the following group of products:

#### Cotton Sarongs and Towels

Sarongs, handloom	- 841-05.15
Sarongs, millmade	- 841-05.14
Turkish towels	- 656-04.01
Towels, cotton - other	- 656-04.09
Cotton piece goods (Terry towelling)- other	- 652-02.99

2. After hearing statements by the representative of Ceylon in support of the applications concerning these items, the Working Party agreed that they fell within the provisions of Article XVIII.

3. On none of these items had Ceylon assumed an obligation under Article II, and the Government of Ceylon submitted the applications under the provisions of paragraph 7 of Article XVIII. After a full discussion of the meaning of condition (1) in sub-paragraph 7(a) of that Article, the Working Party considered that the proposed measures could not be examined under the provisions of paragraph 7 but under those of paragraph 8. The Ceylon representative thereupon stated that in view of the consensus of opinion in the Working Party his delegation would be willing to proceed according to the provisions of sub-paragraph (a) of paragraph 8 and would enter into direct consultations with India and Japan which, in its judgment, would be materially affected by the proposed measures:

4. Sub-paragraph 8(a) requires that an opportunity be afforded to the CONTRACTING PARTIES to determine whether all materially affected contracting parties are included in the proposed consultations. For this purpose the

Working Party proposes that the CONTRACTING PARTIES request that the Working Party be notified as soon as possible and in any case not later than 25 October by any contracting party other than those mentioned in paragraph 3 above which considers itself materially affected by the measure with respect to the items in question. It is further proposed that if any such notifications are received, the Working Party be authorized to make the required determination on behalf of the CONTRACTING PARTIES.

5. The Working Party will report to the CONTRACTING PARTIES on this item upon completion of the consultations carried out by Ceylon with the materially affected contracting parties.

Razor blades

6. The Working Party considered the application of Ceylon which related to razor blades (tariff item number 699-17.01). After hearing a statement by the Ceylon representative the Working Party agreed that the request with respect to this item was eligible for consideration under the provisions of Article XVIII. As this item was one on which Ceylon had assumed an obligation under Article II of the Agreement, the provisions of paragraph 5 of Article XVIII were applicable. The Ceylon delegation therefore asked that the CONTRACTING PARTIES, in accordance with that paragraph and the related provisions of paragraph 3(b), sponsor negotiations between it and the materially affected contracting parties. The representative of Ceylon indicated the willingness of his Government to negotiate with the Federal Republic of Germany and the United Kingdom which it agreed to be materially affected by the proposed measure, and with any other contracting party which can establish that it would be materially affected by it.

7. The Working Party therefore proposed that the CONTRACTING PARTIES request that the Working Party be notified, as soon as possible and not later than 25 October, by any contracting party which considers itself materially affected by the measure with respect to the item quoted in paragraph 6. It further proposes that it be authorized, on the basis of any such notifications, to determine the materially affected parties, to sponsor negotiations between such contracting parties and Ceylon, and to establish a time schedule as envisaged in paragraph 3(b) of Article XVIII.

8. The Working Party will report to the CONTRACTING PARTIES on this item as soon as the negotiations are concluded.