

**GENERAL AGREEMENT ON
TARIFFS AND TRADE**

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NOTIFICATIONS BY CEYLON UNDER SECTION C OF ARTICLE XVIII

1. By letter dated 5 July the Government of Ceylon indicated that it intended to avail itself of the provisions of Section C of Article XVIII and to notify measures, for consideration by the CONTRACTING PARTIES at their Thirteenth Session, affecting the import of:

- (a) toothbrushes
- (b) electric bulbs, and
- (c) sarees made of cotton mixed materials.

2. It was indicated that the notification on item (c) would be concerned with an extension of the release granted by the CONTRACTING PARTIES at the Eleventh Session on Cotton Sarees.

3. The attached notification statements have been transmitted by the Government of Ceylon (by letter dated 3 October and received in Geneva on 7 October 1958).¹

4. The Ceylon Government has also supplied certain statistical data which are referred to in the statements. A copy of these data is on file at the secretariat and may be consulted by interested delegations.

¹ These statements have been drawn up along the lines suggested in the draft questionnaire in IC/W/73 before it was revised and considered by the Intersessional Committee.

I. TOOTH BRUSHES

A. NATURE AND SCOPE OF THE INDUSTRY TO BE ESTABLISHED

1. The industry to be established through the proposed measure:

The manufacture of tooth brushes (plastic handles and nylon bristles). Manufacture will be undertaken by a partnership. The establishment of this industry has been included in the list of projects outlined by the State for development through the private sector aided with Government support.

2. The present state of the industry and the projected scale at various stages of its establishment:

There is no manufacturing industry at the moment. All tooth brushes are imported, mainly from five main countries in Europe and the East. Tooth brush manufacture is a mechanised operation involving little capital outlay. The projected scale of the factory will aim at 80 per cent of current consumption, manufacturing all the components in a tooth brush.

So far one company has obtained Government approval to undertake this industry. This company aims at employing initially eighteen persons, including supervisory staff. The capital investment in the initial stage will be Rs.200,000 (£15,000), but this will increase once subsidiary manufacture is undertaken in:

- (i) the manufacture of containers (cardboard or plastic), and
- (ii) limited printed requirements.

3. The level of production of the industry at present or at the initial stage of its establishment, the rate of increase and the final level to be reached:

There is no production at the moment. The initial level of production will be approximately 800,000 tooth brushes per year (or 80 per cent of current consumption). The maximum production to be reached will, it is anticipated, be 1.6 million units per year by 1960 which could be achieved by working a second shift, once techniques have been mastered.

4. Estimates of the costs of production and selling prices:

Estimated costs of production work out to be 0.32 cents per brush. The estimated ex-factory price, depending on grade and quality, will initially be from 0.25 cents (4d) to 0.75 cents (1s.2d.) each brush. The

selling prices would, on the present price structure prevailing on imported tooth brushes, compare favourably with the corresponding grade, size and quality of imported brushes. These prices are given below:

Probable prices of local tooth brushes (Rupees)

Adults		Children	
Wholesale	Retail	Wholesale	Retail
0.97	1.08	0.65	0.72

5. The source of raw materials to be used and the effects of the establishment of the industry on primary production and imports:

No indigenous raw materials will be used until such time as Ceylon establishes its own plastic industry. The quantity and value of the raw materials required are set out in a statement below. These relate to the initial target of 800,000 brushes per year. The raw material figures should be doubled, for peak production of 1.6 million units per year.

Estimated raw material requirements
for 800,000 tooth brushes
(estimated)

Item	Quantity (lbs)	Value (c.i.f.) (Rs.)	Value inclusive of duty (Rs.)
Nylon bristles	2,700	45,000	52,650
Polystyrene or Acetate Butyrate	18,000	56,000	58,800
Nickel silver wire	1,000	4,660	4,960

6. The natural conditions and other factors for the establishment of the industry:

Ceylon imports annually 475 million rupees worth of manufactured goods, some of which are capable of local production based on indigenous raw materials. "In addition to the first essential of basic industries for any industrial

development, a second and overlapping line of development should be towards producing a whole range of goods which are at present imported for local use". (Vide page 183, First Interim Report of the National Planning Council.) These industries could be economically established in Ceylon though dependent on imported raw materials.

7. Effects of the establishment of the particular industry on the general standard of living:

The total value of tooth brush imports for the year 1957 is 400 thousand rupees. This is an industry selected by Government for promotion in the private sector as an aid towards the relief in unemployment and saving in foreign exchange. The savings in foreign exchange after making allowances for imports of raw materials is 195 thousand rupees per year.

The overall effect of setting up a series of such small industries on the general economy is expected to be substantial from the point of view of increasing the Gross National Product.

B. CONSIDERATIONS IN INVOKING ARTICLE XVIII

8-9. The standard of living in the country and the stage of development of the economy:

The Gross National Product per caput for Ceylon in 1957 is estimated at Rs.567 per annum, which is substantially below the figure of industrialized countries in Western Europe. The table below gives the per caput Gross National Product for Ceylon for the years 1953-1957. These figures compare favourably with the Gross National Product per caput of some of the under-developed countries in the East, but are clearly indicative of the low living standards Ceylon can support. (Vide paragraph 4 of the Report of the Panel on Article XVIII of the Twelfth Session.)

Gross National Product and per capita income

Year	Population 000's	Gross National Product Rs.millions	Per capita income Rs.
1951	7,742	4,619	597
1952	7,940	4,507	568
1953	8,155	4,491	551
1954	8,385	4,748	566
1955	8,589	5,304	618
1956	8,929	5,006	561
1957	9,165	5,200	567

Industrialization must necessarily play an important role in raising Ceylon's living standards. The contribution of industrial production towards Gross National Product remains low even by eastern standards. Industrial production as a percentage of Gross National Product has increased from 13 per cent in 1952 to 14 per cent in 1957.

For proportion of population engaged in various branches of production see Annex I.

10. The special difficulties which are expected to be met in establishing the particular industry and which calls for the proposed measure affecting imports:

The promoter of this industry anticipates difficulty in marketing his product unless an initial measure of protection is given. In Ceylon past experience has shown that there is a well established consumer and importer resistance to new products, particular of local origin. Moreover, importers are reluctant to undertake sales of a local product as commissions they earn on the sale of the imported products are, in a free market, much larger than what they could earn in a regulated market covered by the Industrial Products Act.

Not even adherence to the best standard specifications and lower prices will help a local manufacturer to market his products initially, in the face of trade boycott.

Governmental assistance is therefore necessary to secure the marketing of the local product in the face of these two established sources of resistance. The particular measure chosen by the Government in helping the establishment of this infant industry is the invocation of the Industrial Products Act.

11. The present rate of import duty and any other charges on the product to be affected by the measure in question. Describe any existing measure affecting the import of the product:

20 per cent ad valorem, general, which came into operation on 23 July 1953. There is no other measure affecting the import of tooth brushes.

12. Why no measure consistent with the other provisions of the General Agreement is considered practical to achieve the objective in question:

A protective tariff is inappropriate as importers would still maintain an even volume of imports in order not to lose foreign connexions and the tidy profits they gain in the marketing of the imported product. Moreover, a tariff fails to secure the marketing of the local product, which is the primary purpose of the measure to be invoked.

A tariff quota is equally inappropriate for reasons which were considered in great detail at the Panel Session of the GATT of 1957.

A subsidy is unnecessary as no loss is anticipated.

13. The provisions of the General Agreement which impose the obligations from which a release is sought:

It is the view of the Ceylon Government that the proposed measure is not in conflict with the GATT. The notification has been made in the light of the views of other contracting parties that measures applied under the Industrial Products Act are not fully consistent with Article XI of GATT.

14. Is the item the subject of a tariff concession granted under GATT:

It is not a bound item.

C. NATURE AND SCOPE OF THE PROPOSED MEASURE AFFECTING IMPORTS

15. The product the import of which is to be affected by the proposed measure:

Brushes tooth. Ex.899-13.99. Brooms and brushes of all materials - other.

16. The proposed measure, the methods of its operation and the legal basis of its imposition and operation:

The Industrial Products Act (I.P. Act for short) No.18¹ of 1949 is a measure designed for the express purpose of facilitating the marketing of a local product by regulating the imports of competing products.

Under this Act, an importer is required to take out a licence for the import of a specified product. No restriction is placed on the quantity of the product to be imported so long as the importer purchases the prescribed proportion of the corresponding local product. The price at which the local product will be sold to an importer is prescribed under the Act.

17. The manner in which the import of the product in question is to be affected:

Imports of competing items will be regulated by licences issued by the Controller. These licences will not be issued until the importer purchases from the Controller the prescribed quantity of the local product at a price

¹ A copy of the Act will be supplied to each contracting party.

which is also determined. This quantity (known as the standard ratio) and the price of the local product (known as the standard price) are matters determined by the Minister under Section 9.

The ratio is, therefore, dependent on a physical stockpile of local products available for sale. Power is given under Section 9 for that ratio to be changed from time to time. These changes, will depend on the availability of local stocks, and in this way, imports will be so regulated so as to permit no starvation of the market from an inadequacy of local supplies.

18. Any measures or precautions taken to avoid discrimination:

The Industrial Products Act is a non-discriminatory measure in that licences are issued in respect of imports from any source whatsoever.

19. The contemplated duration of the measure:

The period for which the marketing device under the Industrial Products Act is required is estimated at five years.

During the period of protection, the scope of the measure will remain unchanged except in respect of changes in the price of the domestic article and the standard of ratio to be applied. Once the local product is well established on the market it may be possible to relax the measure.

D. EFFECTS OF THE PROPOSED MEASURE

20. The volume and value of domestic consumption, imports, and domestic production, if any, of the product in question:

As there was no production in the past five years, consumption levels are the same as import levels; a statistical table has been supplied to the GATT secretariat.¹

Consumption, production and import forecasts

(Thousands)

Year	Consumption	Production	Imports
1959	2,650	800	1,850
1960	2,720	1,600	1,120
1961	2,790	1,600	1,190
1962	2,860	1,600	1,260
1963	2,940	1,600	1,340

¹ See paragraph 4 on page 2.

22. Price or prices of the product in question on the domestic market:

The current market retail prices of imported tooth brushes are Rs.1.20 per adult brush and 80 cents per child's brush. The local product is expected to be retailed at Rs.1.08 per adult brush and 72 cents per child's brush. A tangible change in these prices is not anticipated during the period of development. The selling prices of the imported variety are given below:

Market prices of tooth brushes

Item	(Rupees)			
	Adults Price per brush		Children Price per brush	
	Wholesale	Retail	Wholesale	Retail
Tek tooth brush) (medium, hard) and extra hard))	1.00	1.10		
Do. No.53 Junior	1.35	1.45	0.72	0.80
Wisdom tooth) brush (adults))	0.88	1.00		
Do. Junior			0.73	0.80

23. Effects of the establishment of the industry on the demand for imports:

The establishment of the industry will stimulate an inflow of capital equipment, spares and replacements, raw materials and packing materials to the extent of which all or any part of them cannot be made in Ceylon.

The following are the particulars of the anticipated payment for imports:

(Rs.)	
Item	Value
(a) Capital equipment	55,000
(b) Spares	5,000)
(c) Plastic powder for handle manufacture	58,800)
(d) Nylon fibre for brush element) per year 52,650)
(e) Cardboard for packing) 18,000)

24. The overall effects of the measure on imports of the product in question:

If the anticipated level of production is reached early in the initial stages, the immediate effect of the measure on total imports of tooth brushes will involve a restriction of imports from the principal sources of supply which are:

Sources of supply	Percentage distribution of imports (based on import figures for the period) 1955 to 1957
United Kingdom	52% of imports
India	13% " "
Hongkong	31% " "
Germany	1% " "
The Netherlands	3% " "

But these drops assume that consumption is static. As consumption trends have already been indicated in the answer to question 21, the estimated recovery in trade by the principal sources of supply will show progressive increase as follows:

Estimated distribution of the imports of tooth brushes
by sources of supply

Country	(Thousands)				
	1959	1960	1961	1962	1963
United Kingdom	260	62	77	82	82
India	65	16	20	21	21
Hongkong	155	37	46	50	50
Germany	5	1	2	2	2
The Netherlands	15	4	5	5	5
Total	500	120	150	160	160

But this diminution in trade in the initial stages will to some extent be offset by imports of raw materials (vide table to question 5).

25. Special steps taken or envisaged which aim at giving effect to the proviso to paragraph 10 of Article XVIII:

In the application of the Industrial Products Act on imports of tooth brushes, care will be taken to see that the maximum standard ratio shall not exceed nine local to one imported which would always enable a minimum of 10 per cent of the market to be supplied by imports. The allowance of a definite quota for foreign-made tooth brushes will thus be consonant with the proviso to paragraph 10 of Article XVIII.

II. ELECTRIC BULBS

A. NATURE AND SCOPE OF THE INDUSTRY TO BE ESTABLISHED

1. The industry to be established through the proposed measure:

The industry to be established is the manufacture of electric bulbs of the household type, 230 volts, 15 to 100 watts.

This industry will be undertaken by a Government sponsored company, already registered under the Companies Ordinance, with an authorized capital of 5 million rupees. The Government has undertaken to contribute Rs.300,000 towards the capital of this Company.

The position of this Company in relation to the economy as a whole will be that this activity, being a State promoted venture, will be exclusively recognized to make all the domestic requirements of electric bulbs in Ceylon.

2. The projected scale at various stages of its establishment:

There is no electric bulb industry in Ceylon. The capital investment in the electric bulb industry is estimated at Rs.2.4 million. The estimated number of employees is sixty-nine. The full capital of Rs.2.4 million will have to be raised in the initial stages to finance equipment, buildings, raw materials, training of Ceylonese and the financing of experts for the initial operation of the factory.

3. The level of production of the industry:

The initial level of production of the new factory will be 2 million bulbs per year working on a single shift.

As the current level of consumption is only 2.5 million bulbs, it does not seem practicable to catch up with the additional domestic demand by working a partial shift, which would involve overtime. When consumption increases to a minimum of 4.4 million bulbs it would pay the factory to work a complete second shift. This does not appear to be possible until the year 1961.

4. Costs of production and selling prices at the various stages of the development:

The estimated cost of production is 57 cents per bulb. The weighted average ex-factory price will be 75 cents per bulb. The following table gives the estimated ex-factory prices by wattages in the first stage of operation (in Rupees):

Wattage	Ex-factory Selling Price
15	.75
25	.75
40	.75
60	.75
75	.90
100	1.10

5. Source of raw materials and effects of the demand on primary production and imports:

The sources of raw materials, coming chiefly from the United Kingdom, in respect of each component are set out in the following table:

Item	Quantity	c.i.f. Value Rs.	G.i.f. Value inclusive of duty Rs.
Standard Cap.	pcs. 2,080,000	197,000	202,000
Filaments	pcs. 2,100,000	131,000	134,000
Welds	prs. 2,100,000	14,000	14,000
Exhaust tube	kgs. 4,800	20,000	21,000
Cane Glass	kgs. 180	1,000	1,000
Stem tube	kgs. 8,400	28,000	28,000
Support wire	m. 120,000	4,000	4,000
Getter	kgs. 70	1,000	1,000
Washing Gas	lts. 960,000	1,000	1,000
Bomb for above*	pcs. 160	42,000	43,000
Filling Gas	pcs. 440,000	7,000	8,000
Bomb for above*	pcs. 80	21,000	21,000
Capping Cement	kgs. 5,600	10,000	10,000
Solder	kgs. 1,080	7,000	7,000
Soldering Flux	kgs. 60	1,000	1,000
Bulb/mark solution	kgs. 2.0	100	100
Soda Ash	tons 14.1	6,000	1,000
(Silica Sand	tons 36.0	400	
Local (Lime	tons 7.4	400	
(Felspar	tons 0.6	100	
(Solder	tons 1.1	3,000	

* Contains 6,000 litres.

These figures relate to the first stage of production commencing in 1962, when a second shift becomes possible in view of an anticipated increase in consumption.

The establishment of this industry involves the mining of local silica sand which would establish a secondary industry for the collection, transport and purification of this sand.

The mining of this silica sand will open up new areas for increased cultivation, as these sands are now spread over a large area where only a limited variety of agricultural crops (coconut and cinnamon) are grown.

6. The natural conditions and other factors for the establishment of the industry:

The natural conditions which stimulate interest in electric bulb manufacture are the size of the market which is now within an economic unit of manufacture, the ready availability of silica sand in Ceylon within a ten mile radius of the proposed factory, and the fact that technical know-how has been secured to establish this industry, train Ceylonese and to assist the Company with the benefit of fresh patents and devices by the Technical Assistance Group.

Moreover, the manufacture of electric bulbs is one of those industries earmarked for development through the private sector with State participation.

7. Effects of the establishment of the industry on the general standard of living:

The total value of electric bulb imports in 1957 is Rs.1.2 million. This is a State sponsored industry with private capital participation, selected as an aid towards the relief of unemployment and saving in foreign exchange.

Foreign exchange savings, after making allowance for imports of raw materials, are estimated at Rs.650,000.

The overall effect on the general economy in the setting up of a series of industries of this and similar type is expected to be substantial from the point of view of increasing the gross national product.

B. CONSIDERATIONS IN INVOKING ARTICLE XVIII

8-9. The standard of living in the country and the stage of development of the economy:

The Gross National Product per caput for Ceylon in 1957 is estimated at Rs.567 per annum, which is substantially below the figure of industrialized countries in Western Europe. The table below gives the per caput Gross National Product for Ceylon for the years 1953-57. These figures compare favourably with the Gross National Product per caput of some of the under-developed countries in the East, but are clearly indicative of the low living standards Ceylon can support. (Vide paragraph 4 of the Report of the Panel on Article XVIII - Twelfth Session.)

Gross National Product and Per Capita Income

Year	Population (000's)	Gross National Product Rs. million	Per Capita Income Rs.
1951	7,742	4,619	597
1952	7,940	4,507	568
1953	8,155	4,491	551
1954	8,385	4,748	566
1955	8,589	5,304	618
1956	8,929	5,006	561
1957	9,165	5,200	567

Industrialization must necessarily play an important role in raising Ceylon's living standards.

The contribution of industrial production towards Gross National Product remains low, even by Eastern standards.

The industrial production as a percentage of Gross National Product has increased from 13 per cent in 1952 to 14 per cent in 1957.

For proportion of population engaged in different branches of production see attached Annex.

10. The special difficulties which are expected to be met in establishing the industry:

The promoter of this industry anticipates difficulty in marketing his product unless an initial measure of protection is given. In Ceylon past experience has shown that there is a well established consumer and importer resistance to new products, particularly of local origin. Moreover, importers are reluctant to undertake sales of a local product as commissions they earn on the sale of the imported products are, in a free market, much larger than what they could earn in a regulated market covered by the Industrial Products Act.

Not even adherence to the best standard specifications and lower prices will help a local manufacturer to market his products, initially in the face of trade boycott.

Governmental assistance is therefore necessary to secure the marketing of the local product in the face of these two established sources of resistance. The particular measure chosen by the Government in helping the establishment of this infant industry is the invocation of the Industrial Products Act.

11. The present rate of import duty and any other charges on the product to be affected by the measure in question, and any existing measure affecting the import of the product:

17.5 per cent Preferential and 27.5 General, ad valorem, which came into operation on 20 January 1948.

Temporary import control was imposed on electric bulbs on 19 May 1958 in anticipation of the application of the Industrial Products Act so as to avoid a situation of dumping of excessive imports, which would upset the market when the local factory is in production. Licences issued on import control allow the average of the imports for the past years to all importers, thereby maintaining a sufficient volume of bulbs in the market, without creating a scarcity.

12. Why no measure consistent with the other provisions of the General Agreement is considered practical to achieve the objective in question:

An increased tariff is inappropriate, as brand-conscious persons would still extend support for imported bulbs, until acquaintance with the local products convinces them of its merits. This acquaintance can only be achieved through the Industrial Products Act.

An increased tariff is unacceptable, as established resistance to purchase of local bulbs would invite the trade to continue imports of bulbs which under the increased tariff would compel the consumer to pay a higher price. Moreover, an increased tariff lacks that essential ingredient of marketing which is a necessary prerequisite for the establishment of infant industries surrounded by a climate of resistance.

A tariff quota is impracticable for reasons considered at the Panel Session of 1957 (BISD, Sixth Supplement, page 114, paragraph 8).

A subsidy is inappropriate as no loss is involved.

13. The provisions of the General Agreement which impose the obligations from which a release is sought:

The Ceylon Government is of the opinion that the proposed measure is not in conflict with the GATT. The present notification has been submitted in the light of the views of other contracting parties that measures applied under the Industrial Products Act are not fully consistent with Article XI of GATT.

14. Is the product in question the subject of a tariff concession under GATT:

It is not a bound item.

C. NATURE AND SCOPE OF THE PROPOSED MEASURE AFFECTING IMPORTS

15. The products, the import of which is to be affected by the proposed measure:

Lamp bulbs, n.e.s. gas-filled
Lamp bulbs, n.e.s. other (other than torch bulbs)
Ex.721-03, 03 Lamp bulbs - all descriptions.

16. The proposed measure, the methods of its operation and the legal basis of its imposition and operation:

The Industrial Products Act (I.P. Act for short)¹ No.18 of 1949 is a measure designed for the express purpose of facilitating the marketing of a local product by regulating the imports of competing products.

Under this Act, an importer is required to take out a licence for the import of a specified product. No restriction is placed on the quantity of the product to be imported so long as the importer purchases the prescribed proportion of the corresponding local product. The price at which the local product will be sold to an importer is prescribed under the Act.

17. The manner in which the import of the product in question is to be affected:

Imports of competing items will be regulated by licences issued by the Controller. These licences will not be issued until the importer purchases from the Controller the prescribed quantity of the local product, at a price which is also determined. This quantity (known as the standard ratio) and the price of the local product (known as the standard price) are matters determined by the Minister under Section 9.

The ratio is therefore dependent on a physical stockpile of local products available for sale. Power is given under Section 9 for that ratio to be changed from time to time. These changes will depend on the availability of local stocks, and in this way imports will be so regulated as to permit no starvation of the market from an inadequacy of local supplies.

18. Any measures or precautions taken to avoid discrimination:

The Industrial Products Act is a non-discriminatory measure in that licences are issued in respect of imports from any source whatsoever.

19. Contemplated duration of the measure:

The period of release desired is three years commencing from the date on which the Industrial Products Act is first applied.

¹ A copy of the Act will be supplied to each delegation.

While the basic nature of control will remain unchanged during the period of operation, changes in the standard ratio and standard price are unavoidable, as the ratio is dependent on the volume of production, while prices would need to be changed as and when increased production secures a cheap product.

D. EFFECTS OF THE PROPOSED MEASURE

20. Volume and value of domestic consumption, imports, and domestic production, if any, of the product in question:

As there was no production in the past five years, consumption levels are the same as import levels. A statistical table has been supplied to the GATT secretariat (see paragraph 4 on pages 2-3).

21. Estimated annual volume and value of domestic consumption of the product during and at the end of the period when the proposed measure is in force; of imports of the product during and after the same period:

Consumption, Production and Import Forecasts

(million bulbs)

Year	Consumption	Production	Imports
1959	3.2	2.0	1.2
1960	4.2	2.0	2.2
1961	4.9	4.0	.9
1962	5.9	4.0	1.9
1963	7.1	4.0	3.1

22. Price or prices of the product in question on the domestic market:

Average market prices of comparable imported bulbs

(Rupees)

Wattage	Price
15	.95
25	.95
40	.95
60	.95
75	1.20
100	1.20

A tangible change in these prices is not anticipated during the period of development. The market prices of the imported variety are given above.

23. Effects of the establishment of the industry on the demand for imports of capital equipment, raw materials and other goods:

The establishment of this industry will stimulate an inflow of capital equipment, spares and replacements, raw materials and packing materials to the extent of which all or any part of them cannot be produced.

The following are particulars of the anticipated value of imports:

<u>Item</u>	<u>Value (Rupees)</u>
Imported Plant and Machinery	637,000
Imported Raw Materials	495,000 (per year)
Spares and Replacements	45,000 "

24. Effects of the measure on the imports of the product in question:

If the anticipated level of production is reached early in the initial stages, the immediate effect of the measure on the total imports of electric bulbs will involve a major restriction of imports from the principal sources of supply which are:

<u>Sources of supply</u>	<u>Percentage distribution of Imports</u> (Based on import figures for the period 1953-57)
United Kingdom	63% of imports
The Netherlands	12% "
Germany	11% "
Other countries	14% "

But these drops assume that consumption is static. As consumption trends have already been indicated in the answer to question 21, the estimated recovery in trade by the principal sources of supply will show progressive increase as follows:

<u>Country</u>	<u>Estimated Distribution of Imports</u> (000 bulbs)				
	<u>1959</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>
United Kingdom	756	1,386	567	1,197	1,953
The Netherlands	144	264	108	228	372
Germany	132	242	99	209	341
Other countries	168	308	126	266	434

But this diminution in trade in the initial stages will to some extent be off-set by imports of raw materials. (Vide table to question 5.)

25. Any special steps taken or envisaged which aim at giving effect to the proviso to paragraph 10 of Article XVIII:

In the application of the Industrial Products Act on imports of electric bulbs, care will be taken to see that the maximum standard ratio shall not exceed nine local to one imported, which would always enable a minimum of ten per cent of the market to be supplied by imports. The allowance of a definite quota for foreign-made imported bulbs will thus be consonant with the proviso to paragraph 10 of Article XVIII.

III. C O T T O N S A R E E S

At the Eleventh Session the CONTRACTING PARTIES authorized Ceylon to invoke the Industrial Products Act No. 18 of 1949 to promote the development of local production of cotton sarees, against imports of corresponding cotton sarees. (BISD, Fifth Supplement, pages 30-31, 94-95.)

The maximum domestic availability was fixed at 2 million yards a year, with a maximum standard ratio of two local to one imported. The period of release was five years commencing from a date (not later than 30 June 1957) on which cotton sarees were brought under regulation under this Act.

Cotton sarees are classified under the Tariff Item 841-05.12 "Manufactures of Cotton Sarees, Mill-made" and 841-05.13 "Manufactures of Cotton Sarees, Handloom". Preparatory steps taken to impose control on cotton sarees have shown that imports of sarees of mixed materials with cotton as a base could legitimately avoid the contact by import substitution. These substitutes are classified under the following tariff items:

841-05.10	Manufactures of Cotton-Camboys, Mill-made.
841-05.11	Manufactures of Cotton-Camboys, Handloom.
841-05.12	Manufactures of Cotton Sarees, Mill-made.
841-05.13	Manufactures of Cotton Sarees, Handloom.
841-05.20	Manufactures of Mixed Materials - cotton mixed with less than 50 per cent of any other material - Sarees, Mill-made.
841-05.21	Manufactures of Mixed Materials - cotton mixed with less than 50 per cent of any other material - Sarees, Handloom.
652-02.01	Cotton Piece Goods, Bleached.
652-02.02	Cotton Piece Goods, Dyed.
652-02.03	Cotton Piece Goods, Colour Woven.
652-02.04	Cotton Piece Goods, Printed.
652-02.05	Piece Goods of cotton mixed with less than 50 per cent of other materials.
652-02.99	Cotton Piece Goods - Other.

The volume of imports of the above items for the past five years is given in the statistical tables which have been lodged with the GATT secretariat (see page 1, paragraph 4).

Sarees and saree cloth were brought under control on 27 August 1958. The initial standard ratio fixed was one local to three imported (against a maximum of two local to one imported authorized by the CONTRACTING PARTIES).

In view of the possibility of import substitution Ceylon requests the CONTRACTING PARTIES to modify the release earlier given by permitting the extension of the application of the measure covered by this release, not only to cotton sarees made purely of cotton, but also to sarees made of mixed materials, both mill and handloom whether imported as units of apparel or as piece goods.

ANNEX

GAINFULLY OCCUPIED POPULATION¹ - 1953 CENSUS
(Provisional Figures)

Occupation	Number
1. Professional, Technical and related workers	113,614
2. Managerial, Administrative, Clerical and related occupations	131,461
3. Sales and related occupations	221,075
4. Farming, Forestry, Hunting, Fishing occupations	1,535,571
5. Mining and Quarrying occupations	23,043
6. Operating Transport occupations	77,792
7. Crafts, Production, Process and related occupations	398,008
8. Service occupations	434,277
9. Owners	45,838
10. Occupations unclassified	9,324
TOTAL	<u>2,990,003</u>

¹ Consists of the following status groups: Employers, employees, own-account workers and unpaid family workers.

Source: Department of Census and Statistics.

