

GENERAL AGREEMENT ON TARIFFS AND TRADE

L/3145
28 November 1968
Limited Distribution

CEYLON - INCREASES IN BOUND DUTIES

Decision of 25 November 1968

Considering that the CONTRACTING PARTIES on 10 April 1961 waived, subject to certain conditions, the provisions of paragraph 1 of Article II of the General Agreement to the extent necessary to allow the Government of Ceylon to apply increases in certain specified customs duties bound in Schedule VI; and that since that date the same provisions have on a number of occasions been waived in respect of some of these and other duties bound in Schedule VI;

Considering that the latest of the aforementioned Decisions will lapse on 31 December 1968;

Considering that the Government of Ceylon is carrying out a reform of its customs tariff with the aim of better adapting it to the financial, fiscal and developmental needs of the national economy;

Considering that in the course of the tariff reform, which has, inter alia, resulted in the adoption of the Brussels Nomenclature, the Government of Ceylon has already reduced a number of duties, both bound and unbound;

Considering, however, that the Government of Ceylon continues to collect on a number of products customs duties which are higher than the duties bound in Schedule VI, although they are, according to information supplied by the Government of Ceylon, outweighed by the duty reductions already put into effect;

Considering further that in the case of three sub-items certain modifications of duties in Part I and in Part II of Schedule VI have resulted in margins of preference which are higher than those existing on 10 April 1947;

Taking note of the desire of the Government of Ceylon to complete as soon as possible the process of reform of its tariff so as to be able to rely on it as a more effective instrument of commercial policy;

Taking note that if by the time the tariff reform is completed, there remain in force duties higher than those bound in Schedule VI the Government of Ceylon is prepared to take the appropriate steps to renegotiate any such duties; and that it is considering the reduction as soon as possible of the increased margins of preference to the level of 10 April 1947;

The CONTRACTING PARTIES, acting pursuant to the provisions of paragraph 5 of Article XXV and in accordance with the procedure adopted by them on 1 November 1956,

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Decide to waive the provisions of paragraph 4 of Article I and of paragraph 1 of Article II of the General Agreement to the extent necessary to permit the Government of Ceylon to maintain in effect (a) the increased duties specified in Annex A attached to this Decision, and (b) the increased margins of preference specified in Annex B; subject to the following terms and conditions:

1. The Government of Ceylon will, not later than 1 October 1969, inform the CONTRACTING PARTIES of the final results of the tariff reform in so far as they affect Ceylon's obligations under Articles I and II of the General Agreement.
2. If by 1 October 1969 Ceylon still maintains in effect duties which are higher than those specified in Schedule VI, it shall enter into negotiations or consultations with interested contracting parties under the procedures of paragraphs 1 to 3 of Article XXVIII.
3. Pending the entry into force of the results of the negotiations or consultations referred to in the previous paragraph, or the unilateral abolition of the duty increases, the contracting parties will be free to suspend concessions initially negotiated with Ceylon to the extent that they consider that adequate compensation, bearing in mind the provisions of Part IV of the General Agreement, is not provided within a reasonable time by the Government of Ceylon (subject to the right of any third contracting party having a principal supplying interest or a substantial interest therein to withdraw substantially equivalent concessions initially negotiated with such other contracting parties).
4. This Decision shall be valid until Ceylon shall have made the necessary arrangements, including the completion of the negotiations mentioned above, to bring the application of its customs tariff into conformity with the provisions of Articles I and II, or, at the latest until 31 December 1970.