

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

C/M/3

16 February 1961

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COUNCIL

## MINUTES OF MEETING

Held at the Palais des Nations, Geneva  
on Thursday, 9 February 1961

Chairman: Mr. J.H. WARREN (Canada)

Subjects discussed:

1. Ceylon import restrictions and tariff increases
2. Accession - Republic of the Congo (Leopoldville)

### 1. Ceylon import restrictions and tariff increases (GATT/AIR/218)

In GATT/AIR/218 contracting parties were informed that, as from 25 January 1961, Ceylon had intensified substantially import restrictions applied for balance-of-payments reasons and had made increases in customs duties. Details of these measures were set out in Ceylon Government Gazette No. 12274 of 25 January 1961. The Council had been convened to consider these measures, in conformity with the procedures (L/1394) adopted by the CONTRACTING PARTIES at their seventeenth session for dealing with the introduction of new restrictions or the substantial intensification of existing restrictions.

The representative of Ceylon described the reasons which had compelled his Government to introduce the measures under discussion. The full text of the statement of the representative of Ceylon has been distributed in document L/1419.

It was explained that the matter before the Council had three aspects, namely, (a) the intensification of import restrictions for balance-of-payments reasons, (b) the temporary 5 per cent tariff increases, necessary for balance-of-payments reasons, on the seventy-one items in the Ceylon Schedule not notified for withdrawal by the Government of Ceylon, and (c) the withdrawal of items in the Ceylon Schedule, notified for withdrawal by the Government of Ceylon in July 1960, before renegotiations with other contracting parties had been completed.

#### (a) Intensification of import restrictions

It was agreed that the consultation with Ceylon under Article XVIII:12(a) should be conducted by the Committee on Balance-of-Payments Restrictions, which would be convened to meet during the period of the meeting of the Council beginning 22 February. The International Monetary Fund had been invited to consult with the CONTRACTING PARTIES on this matter pursuant to Article XV.

(b) Temporary customs tariff increases

The Council discussed the question of the temporary 5 per cent tariff increases in relation to the seventy-one items in the Ceylon Schedule which had not been notified for withdrawal by the Government of Ceylon. It was agreed that the Council would consider this question further at its meeting beginning 22 February, and that the International Monetary Fund should be invited to consult with the CONTRACTING PARTIES in this connexion pursuant to Article XV.

(c) Tariff adjustments affecting items to be withdrawn from the Ceylon Schedule

The Council then discussed the situation with regard to the 105 items in the Ceylon Schedule which had been notified for withdrawal in July 1960 by the Government of Ceylon, but which had been withdrawn and subject to upward tariff adjustments as of 25 January 1961 before renegotiations with other contracting parties had been completed. The duty on some of these items had been raised to specified rates as set out in the Ceylon Government Gazette and all these items were also affected by the 5 per cent general increase. It was pointed out that once the 105 items had been withdrawn from the Schedule they would become unbound items and Ceylon would be at liberty to make tariff increases with regard to them. The problem arose only because the withdrawal procedure had not been completed. The Ceylon Government was prepared to resume renegotiations and, if necessary, to offer additional compensation, in order to obtain agreement to the withdrawal of all these items. The 5 per cent general increases applying to these items, in common with those applying to the ones mentioned in (b) above, were of a temporary nature but, as far as these items were to be unbound, the question of a waiver would not be relevant for them.

The Council then considered the legal situation resulting from the action taken by Ceylon. It was noted that, as the withdrawals had been properly notified in conformity with Article XXVIII, the only question was on what basis the withdrawals and the upward adjustments of tariffs made before the completion of all the renegotiations could be reconciled with Ceylon's obligations during the interim pending that completion. The Council first discussed whether this would require action under Article XXV:5. It then considered the possibility that the Ceylon action might be regarded as having been taken under paragraph 3(a) of Article XXVIII in view of the fact that Ceylon had properly notified the withdrawals and that the delay in the conclusion of the renegotiations had been due to causes partly beyond its control. In order that the invocation of this provision would fully meet Ceylon's present requirement it would be necessary, however, that contracting parties affected by the withdrawal of the 105 items would undertake to refrain from taking the action open to them under that paragraph, pending the completion of the renegotiations. It would also be necessary to establish a terminal date for the renegotiations. For these purposes the Council felt that the Ceylon delegation should proceed as soon as possible with exchanges of views with the delegations of contracting parties affected by the withdrawals. It was agreed that the secretariat should be informed of the outcome of the negotiations so that the effective date of withdrawal could be established for the purposes of paragraph 3 of Article XXVIII.

2. Accession - Republic of the Congo (Leopoldville)

The EXECUTIVE SECRETARY informed the Council that the Government of the Republic of the Congo (Leopoldville) had expressed the wish to accede to the GATT. The Government of Belgium was willing to make the necessary declaration that the Congo had acquired full autonomy in the conduct of its external commercial relations.

The Executive Secretary said that representatives of the Congo had indicated to him that their Government would be in a position to inform the CONTRACTING PARTIES of its willingness to accept fully the obligations of the General Agreement. He would notify the CONTRACTING PARTIES when the necessary communication from the President of the Congo was received. The Congo would then be deemed to be a contracting party and this would be formalized in the normal way through a Declaration by the CONTRACTING PARTIES at their following session.