

# GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/1258

4 August 1960

Limited Distribution

## CEYLON NOTIFICATION UNDER ARTICLE XVIII:C REGARDING TEXTILE PRODUCTS

### Completion of the procedures of paragraph 18 of Article XVIII

1. At the sixteenth session the CONTRACTING PARTIES considered the notifications made by Ceylon under Section C of Article XVIII regarding the regulation of imports, under the Industrial Products Act, of three groups of products. Releases were granted by the CONTRACTING PARTIES at that session with respect to two of the groups of products covered by the notifications. As regards the third group, it was noted that the request related to the thirteen grades of piecegoods which came under tariff item Nos. 652-02.05 and 653-05, but which were excluded from the release granted at the thirteenth session. The Ceylon delegation stated that, in making this application Ceylon was concerned about the continuous increase in its imports in the products classified under these two items, which consisted largely of sarees and saree cloth. These imports provided direct competition to domestically produced piecegoods, cotton sarees and cotton camboys, i.e. products covered by releases already granted under Article XVIII (see Annex I).
2. The CONTRACTING PARTIES considered that since both these tariff items were those on which Ceylon had assumed obligations under Article II of the Agreement, the appropriate procedures to follow should be those provided for in paragraph 18 of Article XVIII. Ceylon should therefore enter into consultations with the contracting parties with which the particular concessions in Schedule VI had been negotiated, and with any other contracting parties having a substantial interest in the products in question. It was further agreed that the Council of the CONTRACTING PARTIES should be given the necessary powers to complete the procedures provided for in paragraph 18 of Article XVIII (see paragraphs 12 and 13 of L/1224).
3. By cable dated 15 July 1960 the Ceylon Government has advised that:  
  
"Ceylon has concluded consultations with Japan. Copy of Agreement being air mailed. Of the other countries which Ceylon is bound to consult, U.S.A. has waived its right and France, Italy and India have failed to exercise their right to be consulted within prescribed time. . . .".
4. By letter dated 18 July 1960 the Ceylon Government has transmitted the text of the agreement, referred to above, reached between Japan and Ceylon in the course of the consultation under paragraph 18 of Article XVIII. The text of the agreement is reproduced in Annex II.
5. As noted above, the Council has been authorized by the CONTRACTING PARTIES to complete the procedures of paragraph 18 of Article XVIII. It is proposed that the matter be considered by the Council at its meeting to be held from 19 September, with a view to taking a decision in accordance with paragraph 18 of Article XVIII.

Annex I: Ceylon Notification under Article XVIII:C  
regarding Cotton Textile items

1. Ceylon notifies the CONTRACTING PARTIES that its application for a release on cotton textiles submitted to the fifteenth session at Tokyo is substantially modified for the purpose of the sixteenth session.
2. Ceylon only requests a release to include thirteen grades of piecegoods which come under Tariff Item 652-02.05 and 653-05 which grades were excluded from the release granted by the CONTRACTING PARTIES at the thirteenth session (vide BISD, Seventh Supplement, page 27).
3. In accordance with the procedures required by paragraph 18 of Article XVIII of GATT, Ceylon will enter into consultation with the countries affected with a view to negotiating the terms of the release.
4. The two tariff items are:
  - (a) 652-02.05 - piecegoods of cotton mixed with less than 50 per cent of other materials (bound to China and United States);
  - (b) 653-05 - piecegoods in which the weight of artificial silk and synthetic fibre including any admixtures where the artificial silk content is not less than 50 per cent n.e.s. (bound to China, France, United States and Italy).
5. Annexed is a statement of imports of piecegoods in respect of all the nineteen tariff items conceded at the thirteenth session which includes imports under the two tariff items on which negotiations are to be conducted.
6. The thirteen grades which were excluded from the release are:

flannel, hair cord, velveteen, corduroy, gaberdine, satin, serge, brocade, curtain furnishing fabrics, flush, crepe, figured fabrics, pile fabrics.
7. Ceylon's Customs Returns do not separately itemize imports of these grades which are bulked together in the tariff items already specified.
8. The Customs duty on the two items which are bound is:
  - (a) 652-02.05 - 15 per cent preferential - 25 per cent general;
  - (b) 653-05 - 15 per cent preferential - 25 per cent general.

9. In making this application, Ceylon is concerned with the tendency for imports to increase particularly under Tariff Item 653-05 which consists largely of sarees and saree cloth which directly compete with the domestic products, viz. cotton piecegoods, cotton sarees and cotton camboys.

10. By the inclusion of these grades in the release granted at the thirteenth session to Ceylon, it does not anticipate that the current standard ratio which is 1 local to 5 imported would need to be increased.

Imports of Textiles 1955-1959

Piecegoods

(Million yards)  
652.02 and 653.05

| Year | Cotton Piecegoods - 652.02 |             |                     |                |              |       |   |                 | Fabrics of synthetic fibre and spun glass<br>653.05 | Total<br>652.02<br>and<br>653.05 |
|------|----------------------------|-------------|---------------------|----------------|--------------|-------|---|-----------------|---|----------------------------------|
|      | Bleached<br>.01            | Dyed<br>.02 | Colour woven<br>.03 | Printed<br>.04 | Other<br>.99 | Total | With less than 50% of other material<br>.05 | Total<br>652.02 |   |                                  |
| 1955 | 19.2                       | 18.1        | 3.1                 | 25.4           | .6           | 66.4  | 2.0   | 68.4            | 40.2  | 108.6                            |
| 1956 | 21.9                       | 19.8        | 4.5                 | 36.3           | .7           | 83.4  | .6  | 83.9            | 42.3  | 126.2                            |
| 1957 | 21.4                       | 17.3        | 3.4                 | 31.4           | .6           | 74.1  | .3  | 74.4            | 41.6  | 115.9                            |
| 1958 | 23.7                       | 17.1        | 2.9                 | 44.2           | .5           | 88.5  | .2  | 88.6            | 60.0  | 148.7                            |
| 1959 | 19.9                       | 16.3        | 2.7                 | 30.7           | .9           | 70.5  | .1  | 70.6            | 53.9  | 124.5                            |

Sarees, Camboys, Sarongs

(Million yards)  
841.05

| Year | Sarees |     |     |      |     |              | Camboys |     |               | Sarongs |      |     |      |     | Total<br>841.05 | Total |
|------|--------|-----|-----|------|-----|--------------|---------|-----|---------------|---------|------|-----|------|-----|-----------------|-------|
|      | .03    | .12 | .13 | .20  | .21 | Total Sarees | .10     | .11 | Total Camboys | .04     | .14  | .15 | .22  | .23 |                 |       |
| 1955 | .4     | .7  | 2.2 | .06  | 1.3 | 4.7          | -       | 2.4 | 2.4           | .3      | .04  | 7.6 | .006 | 2.2 | 10.0            | 17.1  |
| 1956 | .6     | .9  | 3.0 | .001 | 2.1 | 6.6          | ..      | 3.2 | 3.2           | .9      | .008 | 8.0 | ..   | .07 | 9.0             | 18.8  |
| 1957 | .7     | .6  | 2.9 | .001 | 2.4 | 6.6          | -       | 3.0 | 3.0           | 1.1     | .006 | 4.8 | -    | -   | 5.9             | 15.5  |
| 1958 | 1.0    | .5  | 2.3 | .006 | 1.2 | 5.0          | -       | 2.2 | 2.2           | 1.5     | .2   | 4.3 | .02  | .04 | 6.1             | 13.3  |
| 1959 | 1.2    | .7  | 2.7 | .03  | 1.3 | 6.0          | .1      | 1.4 | 1.5           | .01     | .02  | 6.7 | -    | -   | 6.73            | 14.16 |

Imports of Textiles 1955-1959

Summary

| Year | Piecegoods       | Sarees                                    | Camboys              | Sarongs                               | Total  | Bed linen,<br>Table linen,<br>Toilet linen &<br>Kitchen linen<br>Other |
|------|------------------|---|----------------------|---------------------------------------|--|--|
|      | 652.02<br>653.05 | 841.05<br>.03<br>.12<br>.13<br>.20<br>.21 | 841.05<br>.10<br>.11 | 841-05.04<br>.14<br>.15<br>.22<br>.23 | Piecegoods,<br>sarees, camboys,<br>sarongs<br>652.02<br>653.05<br>841.05 | 656-04.99  |
|      | (Mill.yds)       | (Mill.yds)                                | (Mill.yds)           | (Mill.yds)                            | (Mill.yds)   | (Mill.doz)   |
| 1955 | 108.6            | 4.7                                       | 2.4                  | 10.0                                  | 125.7  | .231   |
| 1956 | 126.2            | 6.6                                       | 3.2                  | 9.0                                   | 145.0  | .06  |
| 1957 | 115.9            | 6.6                                       | 3.0                  | 5.9                                   | 131.4  | .11  |
| 1958 | 148.7            | 5.0                                       | 2.2                  | 6.1                                   | 162.0  | .1   |
| 1959 | 124.5            | 6.0                                       | 1.5                  | 6.73                                  | 138.66   | .15  |

Annex II: Agreement reached at Consultations between Japan  
and Ceylon under paragraph 18 of Article XVIII

1. Japan and Ceylon have satisfactorily concluded their consultations on Ceylon's application to the sixteenth session of the CONTRACTING PARTIES to apply the Industrial Products Act of Ceylon to the following thirteen "grades" of piecegoods:

- |              |                                     |
|--------------|-------------------------------------|
| 1. Flannel   | 8. Gaberdine                        |
| 2. Hair cord | 9. Curtain )<br>Furnishing) Fabrics |
| 3. Velveteen | 10. Plush                           |
| 4. Corduroy  | 11. Serge                           |
| 5. Satin     | 12. Figured fabrics                 |
| 6. Crepe     | 13. Pile fabrics                    |
| 7. Brocade   |                                     |

2. The present consultations only concern the release to apply the said Act to import to Ceylon under Tariff Items 652-02.05 and 653-05.

3. Ceylon admits the claim of Japan to be a party having a substantial interest in the export of textile fabrics under these two tariff items of Ceylon.

4. With a view to reducing as much as possible the effects of the proposed regulation of imports of the thirteen grades under the two tariff items concerned, Ceylon agrees to limit her application to only three of these thirteen grades, viz. satin, "crepe" and hair cord.

5. The word "crepe" is a technical term used by textile manufactures to refer to a type of weave with twisted yarn. In fact, "crepe" fabrics can be made not merely out of artificial silk, but of any other type of yarn of thread or spun fibre. The term "crepe" will hereafter be used in this sense. Therefore it is agreed that, in place of the term "crepe", the following grades of crepe fabric woven with twisted yarns be substituted:

1. Georgette crepe
2. Oriental crepe
3. Sheer crepe
4. Flat crepe
  - Pearl crepe
  - Beauty crepe
  - Crepe de Chine

6. It is agreed that the exports of satin, hair cord and crepe from Japan to Ceylon in widths which do not exceed 36", would not directly compete with Ceylon's local sarong or saree industry. The parties, therefore, agree that:

- (a) all imports into Ceylon in excess of 36" width of satin, hair cord and crepe shall be subject to regulation under the Industrial Products Act;
- (b) all imports into Ceylon of satin, hair cord and crepe up to 36" width shall not be subject to regulation under the Industrial Products Act, provided that every consignment so imported into Ceylon is accompanied by a certificate issued by a competent authority recognized by the Government of Japan, that the width of the fabric so imported does not exceed 36".
- (c) as it is not practicable to keep strictly to the widths of textile fabrics to be exported to Ceylon within the limit of 36", it is understood that wherever the figure 36" has been referred to in this note on consultation, it shall read as follows: "36" (with a 1" tolerance)".

7. Subject to the conditions laid down in this note, Japan has no objection to the release being granted to Ceylon to apply the Industrial Products Act on the three items of textiles, viz. satin, hair cord and crepe.

Signed this 14th day of July 1960 at Colombo.

Signed: M. Osato.  
On behalf of the Government  
of Japan.

Signed: K. Alvappillai.  
On behalf of the Government  
of Ceylon.