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INFORMATION ON THE COTTON TEXTILE INDUSTRY IN CEYLON

In amplification of the information given in the written statement, the Ceylon delegation supplied further data on the domestic cotton textile industry and the plans for its expansion.

General

The textile industry in Ceylon has its roots in tradition. One of the first measures used by the Government to diversify its economy, hitherto dependent on agriculture, was to implement a plan of industrialization with increased targets of textile production as the goal.

Handloom installations are being intensified: more powerlooms, largely under Government ownership, are being set up to stimulate rural interest in speedy textile production. A Government spinning mill is to be set-up to supply the yarn requirements of weavers. Later, a weaving section is to be installed. At the moment, there is only one spinning and weaving mill in Ceylon. Its capital is entirely from Ceylonese investors. The present potential of the industry is estimated at 21.5 million yards, distributed over the one mill, 204 powerlooms and 7,023 handlooms. Plans for the future recognize an increase in equipment to 1,516 powerlooms and 14,000 handlooms. One private spinning mill is also proposed with a smaller production capacity of 600,000 yards per year of shirting only.

Production and Consumption

The textile industry in Ceylon presently makes some twenty-six varied items. The present level of production of the thirteen items for which a release is sought is 3.5 million yards.¹ Under schemes of reorganization, virtually the full potential of the mill, hand- and powerlooms will concentrate in the next five years on the thirteen items. The estimated levels of production are as follows:

1958	1959	1960	1961	1962
30	33.5	38	49	60
(million yards)				

¹ The Ceylon delegation amended its request for a release on fourteen items by withdrawing "curtains".

Import trends of textiles in the last few years show an annual increase of 10 per cent. The present level of imports is 85 million yards; and of consumption, 88.5 million yards.

Investment

Practically all handloom installations in the private sector are financed by the Government on long-term loans. The bulk of the existing powerlooms is Government owned. The levels of investment at present and in the future are as follows:

	<u>Present</u>	<u>Future</u>
Mills	6.0 million Rupees	8 million Rupees ¹
Powerlooms	2.0 " "	15.1 " "
Handlooms	<u>3.5</u> " "	<u>3.5</u> " "
	<u>11.5</u> " "	<u>26.6</u> " "

The total invested capital in this industry would be Rs. 38.1 million. The Government itself will finance the cost of 750 powerlooms in five new centres. Handlooms will be left to the private sector to be financed on long-term loans granted by the State.

Employment and Wages

There are 1,400 workers employed in the present spinning and weaving mill, and 14,800 others in hand- and powerloom production. The mill plans to go on to a second shift of production which will increase its employment by another 1,400. In the programme for more hand- and powerloom production, some 16,700 new persons will be employed.

The scheme in full maturity thus plans to provide employment for 34,000 persons. Wages paid to mill workers average Rs. 5 per day. The total pay roll in the three mills planned for the future is estimated at Rs. 5 million per year. Earnings of hand- and powerloom workers will approximate Rs. 15 million per year.

Production of Cotton

At present, cotton cultivation in Ceylon, which is on a village scale, is in extent 2,700 acres, and yields an output of 280 tons of cotton. Increased cotton cultivation is being planned in the context of the Government's scheme to set up a spinning mill, to supply the bulk of the yarn requirements of weavers. The increased cultivation will not encroach on food crops.

¹ This excludes a proposed investment of some Rs. 7 million in a Government weaving mill.

Approximately half the output of the existing cotton harvest is used by the mill in its own lines of production. The plan is to raise the acreage under cotton to 10,000, and to increase the yield per acre to twice its present level.

Effects on Trade

The plan to raise the output of textiles to 60 million yards per year by 1962 will doubtless have some effect on imports. Though the present level of consumption in the thirteen items on which a release is sought is 85 million yards, natural population increases, and higher living standards will provide an element of dilution in estimating the impact of the increased level of production on imports. The probable level of consumption in 1962 is estimated at 137 million yards.

Several compensatory factors tend to offset the reduced level of imports. Japan which has a substantial interest in exports to Ceylon will, in all probability, be the supplier of all the power loom equipment needed; while India, which has a similar interest, will find compensation in exports of some of the accessory equipment needed in the expanded programme of hand loom installations. In all probability, a proportion of the marginal requirements of cotton needed by Ceylon will also be imported from India.

The source of the equipment for the new mills to be established is as yet not settled, but Japan could count herself as a possible supplier.