

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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Multilateral Trade Negotiations

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## COMMUNICATION FROM THE DELEGATION OF SRI LANKA

The following communication dated 6 April 1978 has been received from the delegation of Sri Lanka.

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I have the honour to inform you that the Government of Sri Lanka has, as a part of a far-reaching programme of economic rehabilitation and reform, put into effect radical measures for the reform of the exchange system together with a very substantial degree of liberalization of Sri Lanka's external trade. These measures which came into effect on 16 November 1977, include the unification of the exchange rate and the elimination of a very large part of exchange controls.

With regard to trade liberalization, the former structure of import controls, allocations and licensing procedures on external trade and payments has ceased to exist and the Government apparatus established in the past to administer controls is being correspondingly dismantled. With the exception of a few items, goods may be imported freely into Sri Lanka without the authority of an import licence. A very limited list of items for which an import licence will be required includes commodities subject to controls for security reasons, precious metals, alcohol and some minor consumer imports. Certain goods require the prior approval of the Investment Advisory Committees if the value of each consignment exceeds Rs 700,000. Imports of food and fertilizers will be subject to licensing procedures in order to facilitate their absorption under foreign aid programmes and the administration of the subsidy scheme for fertilizers.

Former public sector import monopolies for cotton yarn, textiles, crude oil, fertilizers, milk, tractors and certain other commodities have been withdrawn and both public and private sectors will be eligible to import. The import

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liberalization has been accompanied by a rationalization of the Sri Lanka Customs Tariff. The tariff, while ensuring the continued existence of efficient local industries also discourages inefficient, inferior quality, and unreasonably high priced local production.

In embarking on this programme of economic reform and, more particularly, import liberalization and tariff reform, the Government of Sri Lanka has also taken into account the purposes and objectives of the multilateral trade negotiations. These measures should therefore be considered as Sri Lanka's contribution to the multilateral trade negotiations. I am sending you a copy each of Gazette Extraordinary Nos. 291/7 and 291/11 which give details of<sup>1</sup> the import liberalization measures and the revised Customs Tariff.

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<sup>1</sup> Available at the secretariat for consultation by delegations.