

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

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AUTONOMOUS LIBERALIZATION MEASURES

Sri Lanka

The following communication, dated 2 January 1992, has been received from the Permanent Mission of Sri Lanka.

I am pleased to inform you that, effective from 12-13 November 1991, the Government of Sri Lanka implemented further autonomous liberalization measures, which could justifiably be described as extremely bold, and which would contribute tremendously towards affording greater market access. Those measures are:

- (a) Elimination of tariffs over 2,713 HS lines;
- (b) Reduction of tariffs on 2,937 HS lines; and
- (c) Reduction in the number of tariff bands to four.

Consequently, Sri Lanka now has a four-band tariff structure, as contrasted with the thirteen-band tariff structure that prevailed prior to 12-13 November 1991. The present tariff bands are as follows:

- a) 10% for basic raw materials, machinery, equipment and similar capital goods;
- b) 20% for components, semi-processed and intermediate goods;
- c) 35% for certain finished goods; and
- d) 50% for other finished goods.

Complete details of the four-band tariff structure, together with particulars of products on which customs duties have been either eliminated or reduced, have been published in the Revenue Protection Order N° 91/12 of 12-13 November 1991, issued by the Government of Sri Lanka. I may add that, prior to the establishment of a thirteen-band tariff structure in 1990, Sri Lanka had a nineteen-band tariff structure. Hence, this measure, which must necessarily be seen in that context, can justifiably be regarded as a courageous liberalization measure, which is in compliance with the Uruguay Round objectives of improving market access. A copy of the relevant Revenue Protection Order has already been given to the GATT Secretariat.

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With the elimination or reduction of customs duties on a very large number of products, details of which appear in the Revenue Protection Order, the Government of Sri Lanka is estimated to incur a revenue loss of Rs 250,000,000 (US\$ 589,235). For a developing country, such as Sri Lanka, beset with financial and other constraints, this is an extremely bold step. Furthermore, with the elimination or reduction of customs duties to levels well below 50%, the Government of Sri Lanka has gone beyond its agreement to reduce tariffs to the level of 50 per cent towards the end of the Uruguay Round. I wish to kindly reiterate that this is yet another autonomous measure made by the Government of Sri Lanka to liberalise and improve market access in compliance with the objectives of the Uruguay Round negotiations. Accordingly, it is the wish of the Government of Sri Lanka to seek appropriate recognition for this and earlier liberalisation measures, which have been implemented after June 1986.