GATT Article XVIII provides that a contracting party may obtain authority to impose non-discriminatory, protective measures for the purpose of economic development. Applications for authority to impose such measures are treated in accordance with established procedures and are judged by certain criteria depending on whether the measures would conflict with commitments negotiated under GATT or with other provisions of GATT.

Ceylon is one of the contracting parties which have been authorized by the Contracting Parties temporarily to maintain or impose measures under Article XVIII. At the Third Session the Contracting Parties granted authority for Ceylon to put into operation the Industrial Products Act No. 18, which was designed to facilitate the sale of certain local industrial products by regulating the importation of like commodities from abroad.

At the Seventh Session the Delegation of Ceylon requested the Contracting Parties, under Article XVIII:7, for authority to add an additional four products to the list of products for which a release had already been granted. After the application had been examined by a Working Party, which had the benefit of the presence of Mr. G.G. Ponnambalam, Minister of Industry and Fisheries of Ceylon, the Contracting Parties decided to grant the authority requested by Ceylon.