GENERAL AGREEMENT ON
TARIFFS AND TRADE

CONTRACTING PARTIES
Twentieth Session

CEYLON TEMPORARY DUTY INCREASES

Decision of 15 November 1962

Considering that the CONTRACTING PARTIES by Decision of 10 April 1961¹ waived, subject to specified conditions, the provisions of paragraph 1 of Article II of the General Agreement to the extent necessary to allow the Government of Ceylon to apply a temporary increase in customs duties, as an emergency measure designed to overcome the existing threat to its monetary reserves while certain corrective fiscal and monetary measures were being pursued, to those items included in Schedule VI which were specified in the table annexed to the Decision, it being understood that the increased duties shall be levied in a manner inconsistent with the provisions of Article I of the General Agreement;

Considering that one of the conditions of that Decision was that the additional duty authorized under it should be eliminated not later than 31 December 1962;

Considering that the Government of Ceylon has stated that the balance-of-payments situation which prompted the imposition of the increase in duties sanctioned by the Decision of 10 April 1961 has further deteriorated;

Considering that in order to safeguard its monetary reserves the Government of Ceylon has deemed it necessary to maintain the temporary duty increases authorized under the Decision of 10 April 1961 - with the exception of the seven items notified in the first annual report by Ceylon under the Decision (L/1551) - beyond 31 December 1962 and to introduce certain new measures including a temporary increase by 20 per cent ad valorem in the customs duties on a number of tariff items, including certain items on which Ceylon has assumed obligations under Article II and which are specified in Schedule VI to the General Agreement;

Considering that the increases in customs duties of Ceylon are inconsistent with the provisions of Article II of the General Agreement insofar as they apply to products specified in Schedule VI;

Having consulted fully with the International Monetary Fund in accordance with Article XV:2 of the General Agreement and considering that the Fund has confirmed that the general level of the various restrictive and tariff measures currently applied by Ceylon does not appear to go beyond the extent necessary at the present time to stop a serious decline in its monetary reserves

¹BISD, Tenth Supplement, page 35.
The CONTRACTING PARTIES, acting pursuant to the provisions of paragraph 5 of Article XXV of the General Agreement,

Decide that:

1. Ceylon is authorized to maintain until 31 December 1964 the increased duties specified in the Decision of 10 April 1961 except for the seven items mentioned above, subject to the conditions laid down in that Decision.

2. Subject to the terms and conditions laid down hereunder, the provisions of paragraph 1 of Article II of the General Agreement shall be waived to the extent necessary to allow the Government of Ceylon to apply, as an emergency measure designed to overcome the existing threat to its monetary reserves while certain corrective fiscal and monetary measures are being pursued, the newly-imposed temporary increase by 20 per cent in customs duties to those items included in Schedule VI which are specified in the table annexed hereto, it being understood that the additional duty shall be levied in a manner consistent with the provisions of Article I of the General Agreement.

Terms and Conditions

(a) The additional duty on the products specified in the annexed list shall not exceed 20 per cent of the normal rate of duty plus, where applicable, the 5 per cent temporary increase authorized by the Decision of 10 April 1961.

(b) The additional duty authorized under this Decision shall be applied only to the extent that the circumstances giving rise to its introduction shall justify its application and shall be progressively reduced or eliminated whenever possible. It shall be totally eliminated not later than 31 December 1964.

(c) In levying the additional duty authorized under this Decision, the Government of Ceylon shall take appropriate measures to avoid unnecessary damage to the commercial or economic interests of other contracting parties and the impairment of regular channels of trade.

(d) The Government of Ceylon shall submit, before 15 September 1963, a report on the action taken to reduce or eliminate the additional duty maintained under this Decision and on the circumstances which in its view still justify the application of the additional duty not yet eliminated. It shall enter into consultation with the CONTRACTING PARTIES at the twenty-first session as to the nature of its balance-of-payments difficulties, alternative corrective measures which may be available, and the possible effect of the additional duty on the economies of other contracting parties.
(e) If any contracting party considers that the effect of the additional duty maintained under this Decision is unduly restrictive, and that damage to its trade is caused or threatened thereby, it may make representations to the Government of Ceylon which shall accord sympathetic consideration to such representations and afford that contracting party adequate opportunity for consultation.

(f) If such consultation does not lead to satisfactory results, the contracting party concerned may request the CONTRACTING PARTIES to invite Ceylon to enter into consultation with them. If, as a result of these consultations with the CONTRACTING PARTIES, no agreement is reached and if they determine that the effect of the additional duty is unduly restrictive to the trade of the contracting party initiating the procedure and that serious damage is threatened or caused thereby, the contracting party initiating the procedure will be released from its obligation to apply to the trade of Ceylon concessions initially negotiated with Ceylon to the extent that the CONTRACTING PARTIES determine to be appropriate in the circumstances.

(g) When the CONTRACTING PARTIES are called upon to enter into consultation with the Government of Ceylon under this Decision, they shall consult fully with the International Monetary Fund to the extent provided in paragraph 2 of Article XV of the General Agreement.

3. This Decision shall cease to have effect on the date on which all increases in duties maintained under this Decision shall be eliminated, or on 31 December 1964 whichever date is the earlier.