ACTION UNDER SECTION C OF ARTICLE XVIII

Seventh Annual Review

Note by the Secretariat

In the following paragraphs, based on information supplied by the Government of Ceylon, there is described Ceylon's application of measures under Section C of Article XVIII in the period since the last review by the CONTRACTING PARTIES. It will be noted that as from 12 November 1966 the import of textiles has no longer been tied to a requirement that a quota of locally made sarongs be purchased; the Government of Ceylon has also stated that the release granted to Ceylon is now no longer necessary. No other contracting party has been applying measures under Section C.

The report by the Government of Ceylon follows.

By their Decision of 9 March 1964, the CONTRACTING PARTIES extended the release granted to Ceylon under Section C of Article XVIII with respect to sarongs, sarees and cotton piece-goods under the control of the Industrial Products Act. The period of validity of the release is up to 27 August 1968.

Imports of the tariff items subject to regulations under the Industrial Products Act were estimated at 111.95 million yards in 1965 and imports for 1966 were 127.54 million yards. Domestic production of textiles in 1965 was 34 million yards and production in 1966 was 80 million yards. It is also estimated that the domestic production in 1967 will be about 90 million yards.

The expansion in the domestic production has proceeded together with technical improvement in the industry. Thus, earlier methods of manufacture through the use of twisted yarns, which had met with consumer resistance, has been largely replaced by a switch-over to the use of single yarn. The increased use in the number of sizing plants for the production of sized single yarn warps has also led to the improvement of the quality of the product.

1BISD, Twelfth Supplement, page 35.
The Government, therefore, decided that the protection granted to sarongs under the Industrial Products Act should be discontinued. As from 12 November 1966, the import of textiles into Ceylon is not tied to a requirement that a quota of locally made sarongs should also be purchased. Protection under the Industrial Products Act is not necessary for locally made sarongs, sarees and cotton piece-goods.

The release granted to Ceylon under Section C of Article XVIII is now no longer necessary.