CONSULTATIONS UNDER ARTICLE XIV:1(G)

Results of the Consultation of the
International Monetary Fund with Ceylon

The Fund has transmitted to the CONTRACTING PARTIES as relevant for their consultation with Ceylon the results of the Fund's 1953 consultation with that Government. These results are reproduced below. The Fund has also supplied, for the use and information of the CONTRACTING PARTIES, a background paper prepared by the Fund staff in connection with the Fund's consultation with Ceylon. This will be circulated to delegations at the Eighth Session as soon as the copies sent by the Fund are received:

"The Government of Ceylon has consulted the Fund under Article XIV, Section 4, of the Fund Agreement concerning the further retention of its transitional arrangement.

"The Fund notes that there was a serious deterioration in Ceylon's balance of payments position in 1952 and the first half of 1953, resulting in a sharp decline in its international reserves. Ceylon was in approximate equilibrium with the dollar area during the first half of 1953 with the possibility of a small surplus by the end of the year. Ceylon at present is only slowly emerging from serious balance of payments difficulties and the equilibrium in its dollar position has only been achieved with the aid of intensified restrictions. In these circumstances the Fund considers that Ceylon needs to continue restrictions for the time being.

"The Fund welcomes the vigourous fiscal and monetary measures recently undertaken by the Ceylon Government to achieve domestic equilibrium and improve the balance of payments position.

"In concluding the 1953 consultations, the Fund has no further comments on Ceylon's restrictions maintained under Article XIV of the Fund Agreement."