Statement by Representative of International Monetary Fund

1. The International Monetary Fund has transmitted to the CONTRACTING PARTIES a paper containing background material on Ceylon, dated February 2, 1961, and in addition a supplementary background paper dated February 16, 1961. It is possible that minor corrections will be made to the background material. If so, they will of course be made available to the CONTRACTING PARTIES. At this time I should like to express the Fund's thanks to the authorities of Ceylon and also the GATT secretariat for the provision of material which facilitated the Fund's preparation of the supplementary paper.

2. Concerning the intensification of import restrictions now under consideration by the Committee, the general level of restrictions of Ceylon which are under reference does not go beyond the extent necessary at the present time to stop a serious decline in its monetary reserves.

3. With respect to alternative corrective measures which may be available, the trend toward intensification of restrictions in Ceylon has arisen in large measure from internal inflationary pressures. The Government of Ceylon has undertaken and intends to undertake certain corrective fiscal and monetary measures. It is not clear, at this time, that these measures will be sufficient to deal with the situation.