

No. 5251

**CEYLON
and
FEDERAL REPUBLIC OF GERMANY**

**Trade Agreement (with annexes and exchange of letters).
Signed at Colombo, on 1 April 1955**

Official texts: English and German.

Registered by Ceylon on 18 July 1960.

**CEYLAN
et
RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE**

**Accord commercial (avec annexes et échange de lettres).
Signé à Colombo, le 1^{er} avril 1955**

Textes officiels anglais et allemand.

Enregistré par Ceylan le 18 juillet 1960.

No. 5251. TRADE AGREEMENT¹ BETWEEN THE GOVERNMENT OF CEYLON AND THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY. SIGNED AT COLOMBO, ON 1 APRIL 1955

Moved by the desire to promote and enlarge to the greatest possible extent commerce and trade between the two countries the Government of Ceylon and the Government of the Federal Republic of Germany have agreed as follows :

Article 1

Both Governments are agreed that in the issue of import licences, which will be done in accordance with the licensing procedure in force in each country from time to time, each country will treat the other no less favourably than any third country scheduled by it as belonging to the same currency group as the other.

Article 2

The Government of the Federal Republic of Germany, considering that Ceylon belongs to the currency group of those countries which settle their accounts with the Federal Republic of Germany through the European Payments Union (EPU) but are not themselves members of the Organization of European Economic Co-operation (OEEC)—so-called Non-Participating Countries—permits freely without quantitative restrictions in particular the import of those commodities originating in Ceylon which are set out in Annex “ A ”² to this Agreement, as long as these commodities are included in the German list of commodities, which can be imported without quantitative restrictions from member countries of the Organization of European Economic Co-operation and from their Dependent Overseas Territories, (hereinafter referred to as the German Liberalization List) as published from time to time, and are also admitted freely for import from the so-called Non-Participating Countries.

The Government of the Federal Republic of Germany will further authorise the importation of those Commodities originating in Ceylon which are set out in annex “ B ”³ up to the amounts indicated therein.

¹ Came into force on 1 April 1955, upon signature, in accordance with article 11.

² See p. 64 of this volume.

³ See p. 66 of this volume.

The Government of the Federal Republic of Germany will be further prepared to consider sympathetically any request of the Government of Ceylon relating to the import of Ceylonese commodities which are not incorporated in the above-mentioned Annexes.

Article 3

The Government of Ceylon agrees to treat the Federal Republic of Germany in the matter of imports no less favourably than any third country in the same currency group as that to which the Federal Republic of Germany is at present scheduled to belong. The Government of Ceylon at present imposes no quantitative restrictions on imports under General Import Licence procedure from the Federal Republic of Germany.

Article 4

The Government of Ceylon agrees, until such time when it will be possible for it in pursuance of its policy of Ceylonization of trade to apply to imports from the Federal Republic of Germany the same procedure as to imports from any other country, to keep the Ceylonization policy under review so that corrective action may be taken to overcome any particular hardship arising from this policy with regard to German exports to Ceylon.

Article 5

Both Governments are agreed that in order to maintain and expand the volume of trade between the two countries export licences would be granted, where required, without territorial discrimination except in cases covered by the following sub-paragraph :

With regard to commodities in short supply which are subject to export restrictions and prohibitions, both Governments will from time to time consult with each other with a view to facilitating the exportation of such commodities in order to meet the essential requirements of either country.

Article 6

Both Governments are agreed that trade between the two countries shall be conducted through normal commercial channels except in cases where the Government of Ceylon and the Government of the Federal Republic of Germany may otherwise decide by mutual agreement. The Government of Ceylon and the Government of the Federal Republic of Germany may make purchases or sales on their own account in each other's territories and such purchases or sales shall be reckoned as being within the terms of this agreement.

Article 7

During the validity of this Agreement the Contracting Parties agree in order to facilitate the execution of the Agreement to consult each other in respect of any matter arising from or in connection with the flow of goods between the two countries. Any such consultation may be carried out at a level to be fixed by mutual agreement. In the event of a commodity mentioned in Annex "A" having been removed from the German lists of commodities which can be imported without quantitative restrictions from Ceylon, the two Governments will consult each other with a view to fixing an import quota for any such commodity affected thereby or to taking measures designed to avoid unnecessary hardships arising from such a situation.

A similar procedure will be followed if and when any commodity which can be imported at present into Ceylon under General Import Licence should be subject to any quantitative restriction.

Article 8

The Government of the Federal Republic of Germany shall be prepared at the request of the Government of Ceylon to use its good offices in order that German companies, firms and individuals put their experience at the disposal of the Ceylon Government or Ceylonese interested parties for the development of new industries or the improvement of existing ones or the development of technical research in Ceylon or for the development of Ceylonese import and export trade.

Such technical assistance shall also include technical and commercial education and practical training of Ceylonese nationals within the territory of the Federal Republic of Germany.

The Government of Ceylon shall, on the other hand, at the request of the Government of the Federal Republic of Germany, use its good offices in order to give nationals of the Federal Republic of Germany the opportunity of practical commercial and technical training within the territory of Ceylon.

Article 9

With respect to the contracts entered into during the currency of this Agreement between nationals or firms of either country with the knowledge and approval of the Governments of Ceylon and the Federal Republic of Germany for the supply of capital goods, the contracting parties agree that the fulfilment of such contracts shall not be adversely affected, if this Agreement should be terminated, and in particular that in such an event both contracting parties shall facilitate the transfer of payments due under such contracts.

Article 10

The two contracting parties agree that the provisions of this Agreement shall apply also to the "Land Berlin", unless the Government of the Federal Republic of Germany shall within three months after the entry into force of this Agreement have made a declaration to the contrary to the Government of Ceylon.

Article 11

This Agreement shall be effective for an indefinite period from the date of its signature. It may be terminated at any time but not before the 1st April, 1956, at the request of either Government upon 90 days notice in writing.

Article 12

The Agreement dated 22nd November, 1952, expires with the entry into force of this Agreement.

The English and the German texts of this Agreement shall be equally authentic.

DONE in duplicate at Colombo on the 1st day of April, 1955.

For the Government
of Ceylon :

S. F. AMERASINGHE

For the Government
of the Federal Republic
of Germany :

H. R. KIDERLEN

ANNEX "A"

ITEMS INCORPORATED IN THE PRESENT GERMAN LIBERALIZATION LISTS FOR IMPORTS VALID FOR CEYLON

- | | |
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| <ol style="list-style-type: none"> 1. Coconut fresh. 2. Desiccated coconuts. 3. Tea, with exception of packages of tea weighing 5 kg. or less. 4. Spices. 5. Copra. 6. Sesame seed. 7. Crude drugs, including medicinal herbs and papain as well as coconut-shell-charcoal. 8. Coconut oil, crude. | <ol style="list-style-type: none"> 9. Coconut oil, refined, for technical purposes only. 10. Cocoa beans, raw or roasted. 11. Kapok. 12. Essential oils, including citronella oil. 13. Rubber, raw. 14. Coir fibre, including kitul fibre. 15. Coir yarn. 16. Precious and semi-precious stones. 17. Curios. |
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ANNEX "B"

ITEMS OF CEYLON ORIGIN FOR WHICH THE GOVERNMENT OF THE FEDERAL REPUBLIC OF GERMANY WILL ISSUE IMPORT LICENCES UP TO THE CORRESPONDING AMOUNTS ANNUALLY SUBJECT TO ANNUAL REVIEW UPON REQUEST BY EITHER GOVERNMENT

1. 580,194-580,294 Coir mats DM 20,000 (Value f.o.b.)
2. Miscellaneous including Handicrafts DM 100,000 (Value f.o.b.)
3. 250,410-250,450 Graphite unrestricted
4. 230,452 Oilcake from coconuts or copra . unrestricted

EXCHANGE OF LETTERS

I

MINISTRY OF COMMERCE, TRADE AND FISHERIES

Colombo 3, 1st April, 1955

Dear Mr. Kiderlen,

With reference to Article 4 of the Trade Agreement between the Government of Ceylon and the Government of the Federal Republic of Germany signed today,¹ I should like to state the following :

(1) The Government of Ceylon is prepared to issue licences freely, upon application, to non-Ceylonese importers for the import of any commodities from the Federal Republic of Germany that can now be imported by registered Ceylonese traders on their General Import Licences. Such licences to non-Ceylonese importers will, however, be granted on condition that the goods they require to import from Germany are for processing or use by the non-Ceylonese importers concerned.

(2) The Government of Ceylon has since re-defined the requirements for companies that desire to qualify for registration as Ceylonese Traders. These requirements are as follows :

- (i) The company should be incorporated in Ceylon under the Companies Ordinance and the shares quoted in the local share market;
- (ii) The majority of the directors or partners in the business should be Citizens of Ceylon;
- (iii) Not less than 50 per cent. of the staff whose emoluments are Rs. 500 per month or more should be Citizens of Ceylon, and not less than 75 per cent. of the staff whose emoluments are less than this figure should also be Citizens of Ceylon;
- (iv) The directors or partners should not be employees or shareholders, partners or directors (other than shareholders in public companies) of, or have any interest direct or indirect in, any non-national import, export, indent, retail or wholesale business in Ceylon which has the purpose of defeating the Government policy of Ceylonization;
- (v) Proof of payment of income tax should be produced or trading accounts for the preceding year (except in the case of a new business).

(3) The Ceylon Government shall, whenever a case of particular hardship results from the present regulations in force with regard to imports from the Federal Republic of Germany, give sympathetic consideration to any request placed before them by competent German quarters. It is agreed that any correspondence on this point can be carried on between the Departments concerned.

I should be obliged if you would confirm that the above correctly renders our discussions on this point.

Yours sincerely,

S. F. AMERASINGHE
Leader, Ceylon Delegation

H. R. Kiderlen, Esq.
Leader, German Delegation

¹ See p. 58 of this volume.

Ersuchen wohlwollend erwägen. Es wird vereinbart, dass der diesbezügliche Schriftwechsel zwischen den zuständigen Ministerien geführt werden kann.

Ich wäre Ihnen verbunden, wenn Sie mir bestätigen würden, dass die obigen Ausführungen eine richtige Wiedergabe unserer Besprechungen über diesen Punkt darstellen.“

Ich bestätige, dass Vorstehendes eine richtige Wiedergabe unserer Unterhaltungen darstellt.

Ihr sehr ergebener

H. R. KIDERLEN

S. F. Amerasinghe Esq.
Leiter der Ceylonesischen Delegation

THE LEADER OF THE GERMAN DELEGATION

Colombo, 1st April, 1955

Dear Mr. Amerasinghe,

I have the honour to acknowledge receipt of your letter of today's date which reads as follows :

[*See letter I*]

I confirm that the above is a correct statement of our discussions.

Yours sincerely,

H. R. KIDERLEN

S. F. Amerasinghe, Esqr.
Leader of the Delegation of Ceylon

III

[GERMAN TEXT — TEXTE ALLEMAND]

DER LEITER DER DEUTSCHEN DELEGATION

THE LEADER OF THE GERMAN DELEGATION

Colombo, den 1. April 1955

Colombo, 1st April, 1955

Sehr geehrter Herr Amerasinghe,

Dear Mr. Amerasinghe,

Ich habe mir erlaubt, während unserer Unterhaltung zu erwähnen, dass die Regierung der Bundesrepublik Deutschland vorschlägt, mit der Regierung von Ceylon ein Abkommen zur Vermeidung der Doppelbesteuerung von Unternehmen der See- und Luftfahrt dahingehend abzuschliessen, dass diese Unternehmen nur in dem Lande, in dem sie eingetragen sind, zur Steuer herangezogen werden.

During our discussions I had the honour to mention that the Government of the Federal Republic of Germany suggests to conclude an agreement with the Government of Ceylon to avoid double taxation for shipping and aircraft companies, so that such companies are liable to taxation only in the country in which they are registered.

Ich würde es begrüßen, wenn die Regierung von Ceylon diesen Vorschlag in Erwägung ziehen, und die Gesandtschaft der Bundesrepublik Deutschland in Colombo zu gegebener Zeit über ihre Entscheidung unterrichten würde.

I would be pleased if the Government of Ceylon would consider this suggestion and inform the Legation of the Federal Republic of Germany in Colombo in due course of time about its decision.

Ihr sehr ergebener

Yours sincerely,

H. R. KIDERLEN

H. R. KIDERLEN

Herrn S. F. Amerasinghe
Leiter der ceylonesischen
Delegation

S. F. Amerasinghe, Esqr.
Leader of the Delegation
of Ceylon

IV

MINISTRY OF COMMERCE, TRADE AND FISHERIES

Colombo 3, 1st April 1955

Dear Mr. Kiderlen,

I have the honour to acknowledge receipt of your letter of today's date which reads as follows :

[See letter III]

We shall as requested inform the Legation of the Federal Republic of Germany in Colombo in due course of our decision in this matter.

Yours sincerely,

S. F. AMERASINGHE
Leader, Ceylon Delegation

H. R. Kiderlen, Esq.
Leader, German Delegation