

**STATEMENT OF PRINCIPLES AGREED BY THE GOVERNMENT OF CANADA AND
THE GOVERNMENT OF CEYLON CONCERNING THE COOPERATION OF THE
TWO GOVERNMENTS IN THE DEVELOPMENT OF CEYLON**

The Governments of Canada and Ceylon, wishing to cooperate for their mutual benefit in the promotion of the development of Ceylon, establish the following principles to govern the provision of social and economic development assistance by the Government of Canada to the Government of Ceylon.

1. The assistance provided by the Government of Canada to the Government of Ceylon shall consist of goods and services in accordance with specific programmes and projects agreed upon from time to time between the two Governments.

2. The goods and services provided by the Government of Canada to the Government of Ceylon shall be financed by grant funds or by funds made available pursuant to loans the terms of which shall be agreed upon from time to time between the two Governments. The Government of Ceylon undertakes to repay such loans in accordance with the terms of repayment specified in loan agreements concluded with respect to such loans pursuant to paragraph three (b) hereof.

3. In pursuance of the objectives of this Statement, the Government of Canada and the Government of Ceylon, acting directly or through their appropriate agencies, may conclude from time to time subsidiary arrangements, evidenced by letters, notes or memoranda in writing, relating to the following matters:

(a) the responsibilities of each government with respect to the support and conditions of service of officers and employees of Canadian firms, teachers advisers and other technical assistance personnel and their dependants assigned by the Government of Canada to serve in Ceylon in response to requests of the Government of Ceylon,

(b) the amount, purposes, terms and conditions of development loans made by the Government of Canada to the Government of Ceylon,

(c) the establishment of counterpart fund accounts and the conditions governing payment into and out of such accounts,

(d) such other matters which may enable the two Governments to pursue jointly the objectives set forth in this statement.

4. The following basic principles shall govern the provision of Canadian Development Assistance to Ceylon:

(a) except as may be otherwise agreed by the Parties from time to time in relation to specific projects, costs incurred in Ceylon shall be the responsibility of the Government of Ceylon.

(b) except as may be otherwise agreed by the Parties from time to time in relation to specific projects, the cost of transportation of goods from a seaport in Canada to and within Ceylon shall be the responsibility of the Government of Ceylon. The cost of goods lost or damaged, during