I am making today my first visit to this Assembly. I come among you in the firm conviction that world trade can expand peacefully and to the mutual benefit of all nations only through the establishment of a rule of law in the commercial sphere. I come among you in the realisation that it is the General Agreement on Tariffs and Trade that offers today the surest hope of success in mankind's endeavours to that end. I could have wished, therefore, that it had been possible for all contracting parties to be represented today by Ministers of State. Problems of the greatest importance remain for this assembly to solve, problems which can more adequately and authoritatively be discussed and resolved at Ministerial level. It is desirable therefore, that the annual sessions of the CONTRACTING PARTIES should be prefaced by a Ministerial conference to give authoritative direction and guidance to the technical deliberations which follow. I am reassured by the initiative taken by the Secretariat to inaugurate such conferences hereafter, and trust that the CONTRACTING PARTIES will wholeheartedly accept the suggestion.

The General Agreement on Tariffs and Trade has already demonstrated amply the efficacy of deliberation on questions of international trade. Despite differences of opinion, success has been achieved over a wide field in the effort to reduce trade barriers and to make multilateralism a reality. The review carried out in 1955 and the resulting revision, particularly of Article XVIII, have afforded much relief to under-developed countries from disabilities under which they had laboured earlier. Indeed, my own country, Ceylon, has benefited from these changes.
What the General Agreement has achieved, and the importance of that achievement, I gratefully acknowledge. I must observe, however, that although four Conferences have already been held, with the specific object of reducing tariffs, the measure of success achieved is but modest. Some countries undoubtedly require to retain tariffs, and high tariffs too, but I seriously doubt that all tariffs in operation today are justified.

One aspect of world commerce, an aspect that is crucial to underdeveloped countries, has been almost totally neglected. I refer to the stabilisation of commodity prices, and it is to this subject that I wish to confine my further remarks. The absence of provisions relating to commodity prices has made the Agreement completely lopsided, with emphasis being placed preponderantly on the safeguarding of the interests of highly industrialised countries. Had the Havana Charter become a reality, its sixth chapter would have contained the necessary basis for the operation of price stabilisation for commodities. As matters have turned out, it is a sore disappointment to us in the under-developed countries that no agreement has been reached after so many long years whereby stability could be provided to primary commodities. Such stabilisation is not of immediate concern to the developed countries, and the question is being asked in our countries whether the GATT is not an instrument devised for the benefit merely of the developed countries. Would it not be better, our people ask, to quit the GATT and make bilateral arrangements? I need hardly emphasise that if the rule of law is preferable to anarchy in the sphere of tariffs, it is at least equally so in the sphere of prices for primary commodities.

I wish to quote to you as an example of benefits flowing from stabilisation my country's own experience with rubber prices. We negotiated in 1952 a five-year agreement for the sale of rubber to the Peoples' Republic of China. We negotiated with China only after negotiations with certain contracting parties to the General Agreement on Tariffs and Trade had failed. It was apparent to us that the securing of reasonable prices for our rubber was a matter of vital importance for the very existence of this industry as well as for the stability of our country's economy. This agreement stabilised the price of rubber for five years and thereby created that degree of confidence in the future of the industry which strengthened the Government and the private sector in planning its rehabilitation. Almost a third of our total acreage in rubber has been replanted and the rest of the area has been maintained in good condition. But for our deal with the Peoples' Republic of China, our rubber plantations would have been seriously damaged through neglect.
In the absence of stabilisation of commodity prices, owners of agricultural land in the under-developed countries would have to build up reserves merely because the future of commodity prices is uncertain and the owners would naturally wish to be cushioned against a steep fall. Stabilisation would enable the bulk of these resources to be ploughed into the land to preserve fertility, improve yields and provide employment to millions in addition to enabling investment in other developmental projects. The lack of stability also presents considerable difficulty to the governments of under-developed countries in the formulation and execution of plans for economic development on account of the uncertainty with which they are faced in regard to the incomes that may be derived from agricultural products.

The Havana Charter and the General Agreement on Tariffs and Trade were alike motivated by a desire to provide full employment and to ensure a decent standard of living for all. In the under-developed countries this purpose will certainly not be achieved except through the stabilisation of commodity prices. Such a development alone can enable the maximum utilisation of our soil and provide employment to our inhabitants, increasing their incomes and making possible to them a decent standard of living. Agricultural production will ever remain the mainstay of these countries. My own country's economy depends primarily on its tea, rubber and coconut plantations, but how much longer will the production of these commodities invite investment, and how much longer can they provide employment to appreciable numbers, when their prospects are so uncertain?

I said earlier that the stabilisation of commodity prices was not of immediate concern to the developed countries. I used the word "immediate" advisedly, for it is only on a very short term view that those countries can regard themselves as being unconcerned. In the years after the War world trade has expanded phenomenally: but that expansion has occurred in the trade of developed countries alone while the trade of under-developed countries has remained static. To maintain her current standards of living the West must sell her manufactured goods in the markets of the world. Where will she find buyers outside her own confines if incomes remain at their existing low level in the East and in Africa, and sink lower still, as they must if price stabilisation is not accomplished forthwith? In South East Asia alone live 600 million, or nearly a third of the world's population. How great a market would they not provide for goods from the West, if only their purchasing power were increased!!

The under-developed countries are taking to industrialisation, but that need cause no alarm to the developed countries. Their ventures will necessarily be small scale industries, needing for all time machinery and other equipment from the West. We shall be able to manufacture only a small range of basic goods. In so doing we shall increase employment, and incomes, and thereby foster a demand for types of manufactured goods, like motor cars, refrigerators and wireless sets which only Western industry and a few countries in the East, which enjoy relatively greater resources of mineral wealth, can supply.
I am deeply convinced myself, and I hope that my remarks will have persuaded you, if indeed any of you stood in need of such persuasion, that a general improvement in incomes in the under-developed countries is essential for the continued expansion of trade. I am equally convinced that such improvement can be achieved only through the stabilisation of commodity prices. Failure to achieve this purpose is likely, I gravely fear, to have consequences also in fields other than the purely commercial. The recent liberation of peoples in the under-developed countries from Colonial regimes has brought with it a realisation of the right of every individual to a decent standard of living if he is prepared to work honestly for it. We deny that right at our peril. The orderly democratic governments which we now enjoy are likely, in an unreasoning fury, bred of frustration, to be a main object of attack. The prevailing discontents already provide ammunition for subversive groups ever on the alert to seize an opportunity for revolt. I appeal to this Assembly, therefore, to approach the problem of commodity price stabilisation, which is on the Agenda of the current session, in all seriousness and with a firm resolve to secure agreement. That resolve must be proof against deflection by too minute a concern with immediate or petty gains, and fortified by the conviction that through such agreement alone can our common aims be realised peacefully and conformably to human dignity.