GENERAL AGREEMENT ON TARIFFS AND TRADE

Fifteenth Session of the CONTRACTING PARTIES

STATEMENT BY H.E. SIR SUSANTA DE FONSEKA,
AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY OF CEYLON TO JAPAN,
AT THE PLENARY MEETING ON 29 OCTOBER 1959

I wish to tender, on behalf of the Honourable R.G. Senanayake, Minister of Food, Commerce and Trade of the Government of Ceylon, his deep regret that urgent and important issues which require his presence in Ceylon have unavoidably prevented him from accepting the invitation extended to him by the Government of Japan and from participating in this session.

On behalf of my Government, I wish to associate myself and my delegation most warmly with the expression of thanks voiced by previous speakers to the Government of Japan for the excellent arrangements made for this session of the CONTRACTING PARTIES in Tokyo. Although Japan is an industrialized country, she may justly be regarded as being in the van of countries which have been late starters in industrialization, and as both an inspiration and an example to them. We therefore look upon this session as symbolic of the greater attention which the CONTRACTING PARTIES have devoted since the revision session of 1955 to the problems of the under-developed countries.

Tariff reduction and elimination of discriminatory treatment have been of only limited efficacy for the development of the under-developed and semi-industrialized countries. The prime needs of these countries are adequate returns for primary commodities and opportunities to establish suitable industries to provide employment for those who cannot be absorbed by agriculture, enabling reduction of imports of consumer goods and a rectification of their unfavourable balance of trade.

While we gratefully acknowledge the assistance we have ourselves received towards establishing certain small-scale industries in Ceylon, we view with anxiety the policies of protection in force in certain industrialized countries, the possibilities of diminution of export earnings of semi-industrialized and under-developed countries inherent in the formation of economic blocs and the continuing poor returns, relative to the prices of manufactured goods, which primary commodities command.

We have noted with interest and appreciation the concern which has been expressed by several representatives of industrial countries about the deterioration that has taken place in the trade of the less-developed countries, and welcome their determination to see this situation remedied. While earnest attention should be paid to the problem of access to markets in the industrial countries for manufactured goods from the less-developed countries, we would urge that the contracting parties should not lose sight of the pressing need for expansion of the earnings of the less-developed countries from the export of their primary commodities. Many of these countries cannot rapidly or to any
marked degree diversify their exports or profitably establish industries for export, and must continue to rely almost entirely on the export of their primary commodities for their foreign exchange earnings. We submit that the industrial countries can make a significant contribution by a substantial reduction of import duties and internal levies on these commodities.

We feel strongly that the difficulties caused to certain producing countries by agricultural protectionism must be removed or mitigated, but not through measures involving a contraction of world production particularly of food, but rather through improvement of incomes of the inhabitants of under-developed countries, enabling them to pay reasonable prices for their imports. In this connexion, schemes which enable a country to purchase food in its own currency can be of considerable value.

A reference has been made, Mr. Chairman, to the decision of the Executive Directors of the International Monetary Fund, which has been made available to us, to bilateralism and payments relations with State-trading countries. While we whole-heartedly deplore the distortion of trade that can result from arrangements which are of a strictly bilateral character in substance as well as in form, we maintain that arrangements which are bilateral in form can still be based on strictly commercial considerations. In our own endeavour to expand and diversify our trade we have concluded payments agreements with China, the Soviet Union and certain east European countries, to facilitate trade with those countries; but the trade itself proceeds solely and strictly on a commercial basis and involves no discrimination against any country. We maintain that such arrangements are not obnoxious to the principles of the GATT, and will continue to be the only effective means by which trade between some at least of the contracting parties to the GATT can maintain and foster their trade with the State-trading countries until the latter are willing and able to pay for their purchases in a convertible currency.

Mr. Chairman, ever since the inception of GATT, tributes have been paid to the great principles on which it has been established, especially of freedom of trade and non-discrimination. It is therefore to be regretted that Japan should be permitted membership, but that at the same time a large number of countries should refuse her full GATT association in the true sense of that word and refuse her most-favoured-nation treatment. It is somewhat difficult to justify how she alone of all the members should be differentiated against in this manner.

Ceylon welcomes the recent applications by several countries for accession to the GATT and looks forward to a growing increase in membership with consequent strengthening of the Agreement and further possibilities of expanding multilateral trade.

Thank you.