The significance of this meeting has been emphasized by previous speakers with whom I would like generally to associate myself. As representative of a young Asian country I feel proud that the capital of the most industrialized country in Asia should have been chosen as the venue of the fifteenth session of GATT. In fact, the Japanese Government has created a precedent for future GATT sessions to be held outside Europe. It would be a pity in my view if this precedent is not followed in the future, for the importance of GATT as a world organization, which brings about order and stability in international trade, should be made known to the world as a whole. From the space devoted to reports concerning this GATT session in the newspapers of Tokyo, one could say that GATT has received due publicity not only in Japan but also in Asia and indeed the whole world. This publicity is important in view of the problem, which, I submit, exists of popularizing the aims and the objectives of the General Agreement in the field of commerce.

The importance of the session, as has been stated previously by various delegates, is that it is the first Ministerial meeting of GATT after the world trade recession of last year. It is generally agreed that it was a relatively mild recession and the damage which had resulted from it had not been too serious, as had been anticipated. But even so, most countries, particularly those which depended on a few primary commodities for their economy, were not free from the anxieties and possible damage to their exports as a result of the falling prices of their primary exports. The economy of my country, for example, which depends almost exclusively on rubber and tin, suffered a serious setback. The tin industry especially not only suffered from the effects of the recession but was also confronted with a crisis which resulted from the dumping of tin in the world market. However, thanks to the International Tin Agreement, which, Mr. Chairman, is an excellent example of the success of a commodity stabilization scheme in recent years, the tin market recovered. I would like here to thank all those countries which were not members of the Agreement for their contribution to the success of the Agreement in meeting the onslaught of cheap tin. Consideration will soon be given by the International Tin Council to the drawing up of a new tin agreement. Here in this organization the problem of commodity stabilization is one of those problems for which we would like to find a solution. The International Tin Agreement has demonstrated its success in solving the problem of instability in the commodity market, and the consumer countries particularly those highly industrialized countries, would do a great service to the producers of tin and the stability of their national economies, by giving full support to the new Agreement when it has been drafted, either directly or indirectly.

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Natural rubber, our most important export commodity which accounts for about two thirds of our export earnings, did not also escape from the effects of the recession. In 1956 the average price of rubber was estimated to be about 10 per cent less than that in the preceding year. This resulted in considerable reduction in our export earnings as well as in Government revenue from export duties. However, this did not stop us from continuing our extensive rubber replanting programme which up to date represents an investment of over 100 million Malayan dollars. The replanting programme involves the replacement of old rubber trees with high yielding seedlings with the objective of reducing cost of production, increasing the yield and improving the quality of rubber produced. This will not only enable us to compete with synthetic rubber on a more favourable basis but it will also benefit consumers because of the higher quality of natural rubber produced.

While on the subject of rubber, Mr. Chairman, I would like to mention that recently the United States and the United Kingdom decided to dispose of their stockpiles in the market. They informed us about their intention to dispose of their stockpiles of rubber well ahead and in such a way as not to disrupt the rubber market, in accordance with the resolution of the CONTRACTING PARTIES dated 4 March 1955. Up to date the disposal has been undertaken in accordance with their declared intention and it is the hope of my Government that this will continue to be so until the whole of their stockpiles have been disposed of.

Another significance of this Ministerial meeting is that it takes place in the wake of a number of currencies being declared convertible. As a member of the Sterling Area, the Federation of Malaya was happy that the convertibility, albeit limited convertibility, should have taken place. After the Montreal Conference of Commonwealth Countries last year, at which Commonwealth countries reaffirmed their policy for a multilateral trade, and following the external convertibility of sterling, the Federation of Malaya seriously reviewed its policy on dollar restrictions. Early this year some twenty items of dollar imports were liberalized. This was a test move to see how the import markets in the Federation of Malaya reacted to the liberalization. I am happy to say that after the experience which we have had since January this year we were able to decide on 1 August on the removal of all effective restrictions on dollar imports. It is true that we have still a licence formality for some imports from certain countries, but as my delegation has stated before the Balance-of-Payments Restrictions Committee on 20 October, this formality is merely a licensing procedure which will come up for review in the near future and if necessary it will be removed. This is again in line with the declared policy of my Government that trade should be as free as possible. We have removed the only effective restrictions on dollar imports, and at present we have practically no import restrictions at all. We feel that the spirit and terms of GATT should as far as possible be followed faithfully in the interest of multilateral trade.
Perhaps, Mr. Chairman, it is not generally known that the Federation of Malaya is one of the few countries which have a very short list of import and export duties and very low rates of duties. There are fiscal duties which are collected for purposes of Government revenue. The Federation of Malaya therefore regrets that it is not possible for her to participate in the round of tariff negotiations which has been recommended by Committee I, to take place in 1960-1961. My Government has indicated this formally to the secretariat but I would like to make it clear here that my Government would welcome any request for tariff negotiations from any contracting party. On agricultural protectionism for which Committee II has recommended a consultation procedure I think it is generally agreed that we cannot let the work of the Committee fail. The difficult problem of agricultural protection is a challenge to GATT itself, and it would appear that whether GATT would be strengthened or weakened in the future will to a great extent depend on our ability to solve this problem of agricultural protection. A few countries had appeared before the Committee and Malaya's turn will take place during this session. Without anticipating the consultation which my delegation will undertake with Committee II I would like to say just briefly that we have strictly no agricultural protection, which would damage the agricultural exports of contracting parties.
The Federation of Malaya welcomes the setting up of Committee III relating to barriers to exports of under-developed countries. It is the hope of the Federation of Malaya that the work of the Committee will result in the removal of such barriers and thus enable the under-developed countries to have a fair share of the world markets particularly in the industrialized countries. In this connexion I would like to support the proposal by the United States delegate that a panel of experts should be appointed to examine this matter.

I would like to mention here that we have embarked on a modest industrialization programme. We have adopted various measures to encourage foreign investors to invest in the country. Such measures include income tax holiday for the maximum period of five years to those enterprises which have been granted pioneer status, and the granting of import duty relief on raw materials required by industries. I would like to point out, Mr. Chairman, that we have not resorted to restrictive practices even though we are aware of the provisions of Article 18 under which an under-developed country like ours could obtain a special waiver to impose import restrictions for the purpose of industrial development. In fact, we are losing revenue from income tax and import duty relief, but, we feel that it is in the interest of trade as a whole that we should adhere to the basic policy of freedom of trade. Even for those imports which compete directly with goods produced by our infant industries, we welcome their competition provided that such competition is fair and equitable. I have dwelt on this point at length because of our anxiety over subsidized and dumped imports from abroad. We have had unpleasant experiences in this matter and although it is within our right to impose countervailing or anti-dumping duties under Article VI of the General Agreement, it is our earnest desire to avoid having to undertake such painful measures until and unless it becomes absolutely necessary. I would therefore appeal to countries which export goods to the Federation of Malaya to appreciate our position and to assist us in our modest industrialization programme which is based on a liberal policy of free competition.

I should mention that we have signed an Investment Guarantee Agreement with the United States in which we undertake to guarantee the safety of United States investment in Malaya. This is part and parcel of our policy to encourage the flow of foreign investment into our country.

We are glad to hear of the promises of assistance made by the industrialized countries towards the expansion of the international trade and the development of the economy of the less-developed countries. I would particularly like to refer to the decision made at the recent World Bank meeting in Washington to form a new institution called the Industrial Development Association. My country welcomes this move and looks forward to a greater impetus in the future for the development of the less-developed countries. However, I would like to point out that any assistance for the development of these countries will not be beneficial unless at the same time opportunity is given to them to expand their legitimate share in the world market.

The problem of economic integration on regional basis has, I understand, taken up much of the time of the CONTRACTING PARTIES. Generally speaking we support such regional economic integration but we subscribe to
the view that the formation of such economic blocs should be outward-looking and trade-creating instead of inward-looking and trade-diverting. The question of the European Economic Community has been debated at length in this forum and we hope that suitable satisfactory solutions will be found to meet the problems faced by other contracting parties in their trade relations with the Six. The recent move to form a free trade area of the Seven in Europe is another welcome move towards the liberalization of trade. We hope that this new institution will not only form a bridge between the Six and the Seven and ultimately embracing all members of the OEEC but also will lead to greater expansion in international trade.

Finally I would like to refer to the subject of our GATT relations with Japan. The Federation and Japan have had long-established trade relations and so far no difficulties have arisen out of this relationship. The Federation does not impose any effective restrictions on imports from Japan, apart from the licensing procedure which we inherited from the pre-independence days. On becoming independent we immediately acceded to the General Agreement and maintained the status quo then existing concerning the application of Article XXXV to Japan. During the short period of our membership of GATT we have not been able to consider the matter seriously. But at the preliminary trade talks between the two countries held in August this year, this question was raised by Japan. In a joint communiqué issued at the end of the talks it was stated that the Federation would seriously consider the question of the withdrawal of GATT Article XXXV subject to the satisfactory conclusion of a trade agreement between the two countries. Negotiations for the agreement are scheduled to be held some time early next year, and amongst other things this question will come up for discussion and I am sure that a happy conclusion will be arrived at.

In conclusion Mr. Chairman, I wish to thank our host, the Japanese Government, for the excellent facilities and extremely conducive atmosphere perhaps second to none for the conduct of an international conference of this importance and magnitude, which have been made available to all of us. I am sure that all of us will return to our respective countries with lasting impressions of a beautiful country, of a most courteous people and above all of an excellent host.