

OPENING ADDRESS BY THE PRIME MINISTER AT THE FIFTEENTH SESSION OF THE INTERNATIONAL TIN COUNCIL, KUALA LUMPUR ON 24TH OCTOBER, 1974

Mr Executive Chairman, Distinguished Delegates, Honourable Ministers, Your Excellencies, Ladies and Gentlemen.

It is indeed an honour for me to have the opportunity to address and officially declare open this Fifteenth Session of the International Tin Council.

I understand that it has become a practice for the International Tin Council to hold its quarterly session periodically outside its headquarters in London. In doing so, the changing scene provides you with a different perspective from which to view the problems in the field of tin and the prospects of the tin industry.

We are in Malaysia proud to play host to such a distinguished gathering of officials and experts in the field of tin from member countries associated with the Fourth International Tin Agreement, especially so since this is the first time that the quarterly session of the International Tin Council is held in our capital city of Kuala Lumpur. On behalf of the Government and the people of Malaysia, I wish you all welcome—"Selamat Datang" and a pleasant stay in our country.

While you are here, I hope you will find opportunity to see the different aspects of our country and our overall development efforts apart from that of the tin industry itself, and carry back with you happy thoughts and pleasant memories of your stay in our country.

Distinguished Delegates, Ladies and Gentlemen.

Malaysia has been closely and actively associated with the International Tin Council since the inception of the First International Tin Agreement in 1956, an association which has both been satisfying and beneficial to us. We have witnessed the coming into force of four International Tin Agreements, a testimony of the ability of the international community to co-operate in this vital field of commodities on which the majority of developing

countries like Malaysia which are so highly dependent in terms of export earning. During the intervening years, we have witnessed the development of closer bond between producers and consumers in the International Tin Council in their efforts towards creating better conditions for their own mutual benefits.

The changing economic situation and the challenges faced by the International Tin Council through the years have enabled the Council to gain and maintain a wealth of experience from which to draw on in order to meet the challenges of the future. I am happy to note that the International Tin Council has become to be accepted and looked at as a major single stabilising force in the field of tin. I would like to take this opportunity, Mr Executive Chairman, to pay tribute to the impartiality and hard work which you and members of your staff in the Secretariat have given to the International Tin Council. I am convinced that this has, in itself, been the singular factor which has enabled the International Tin Council to steer through many a sensitive and critical situation.

In recent times, the work of the International Tin Council has increased tremendously. The sense of dedication demonstrated by you and your staff has contributed in no small measure to the success of the work which has been carried out by the International Tin Council. It is my hope that the International Tin Council will be able to continue to call upon such service for the benefit of all concerned.

Ladies and Gentlemen.

In recent years, we have witnessed an economic upheaval in the field of primary commodities. As far as the tin industry is concerned, last year was considered the most eventful year for a decade. After having stagnated for a while, the conditions on the world tin market suddenly changed with dramatic speed characterised with very strong upward movement in the price of the commodity. The daily price of Straits tin recorded a new peak of M\$1,380 per picul in April this year, a phenomenon which has been brought about by a conglomeration of factors quite beyond the normal confines of the metal. Unfortunately, these are forces beyond the control of the International Tin Council. While, on the one hand, the improved prices have a revitalising effect on Malaysia's tin industry in particular and our economy in

general, inflation has on the other hand taken a considerable toll of this increase in price. Inflation imported from the industrialised countries, coupled with world shortage of food and materials and the international monetary instability have contributed to unprecedented price increase and this in turn impose severe economic strain on developing countries like Malaysia.

We are in the unfortunate situation of having to put up with inflation, on the one hand, which appears to remain for quite a while, while on the other, the prospects of uncertainty in the prices of our primary commodities. We continue to be dictated by the uncertain and gloomy economic situation surrounding us all. These are problems which are intricate enough to require global strategies and solutions to surmount them. In looking at these strategies as a whole, which require a systematic and rational approach, it is the spirit of co-operation and understanding such as found in the work of the International Tin Council, which will be a vital and important factor in helping to resolve these problems.

I would like in particular to commend the initiative taken by the International Tin Council in establishing a Committee on Costs and Prices to consider and review the costs of production in member countries. As I have indicated earlier, the economies of developing countries like Malaysia are more susceptible to inflationary pressures yet less able to withstand them for long periods of time without making sacrifices in our development efforts. It is heartening to note that with the setting up of this Committee, the International Tin Council will be in a better position to assess more effectively the kind of prices which will enable us to play our role and to meet our obligations as a major producer of tin more realistically for the mutual benefits of all parties in the International Tin Council in particular and to the consuming world at large.

Ladies and Gentlemen.

The recent increase in the price of oil has brought forth to the international community the realisation of their high dependence on a single yet so strategic a raw material. As the leading producer of tin, we see the logic in the philosophy underlying the question of exhaustible and non-renewable resources but we also believe that as a member of the Fourth Tin Agreement, we are under obligation to share these resources with the rest of the world.

We are happy to undertake this obligation but we would like to see that our depletable resources are used to the optimum level by all concerned; otherwise, the hope of our people for progress and development will not be achieved to the maximum extent possible. The Tin Research Institute should intensify its efforts to find more uses for tin as seen in the development of the organotin industry. We would like also to see more growth in the tin using industries in our country. This is not a new dimension but one whose spirit is implicit in the International Tin Agreements. We would specially like to welcome member countries in the International Tin Council to initiate steps in this direction.

The Fifth International Tin Agreement will be negotiated in Geneva next year in order to allow the International Tin Council to continue its work with the expiry of the current Agreement in 1976. We look forward to the forthcoming negotiations and it is my hope that special attention will be given to ensure the continued effectiveness of the next Agreement in serving our mutual interests in the most equitable and in the best possible manner. It is inevitable that due principally to nature's endowment of natural resources, we see less producer as compared to consumer countries in the membership of the current International Tin Agreement. We take heart in this state of affairs, which strongly manifests the keen interest shown by consumer member countries in the work and aims of the International Tin Agreement in the field of commodity arrangements.

The varied circumstances affecting all commodity markets as a result of the current monetary fluctuations, the energy crisis and the rising cost of production will certainly make the International Tin Council's effort in implementing the objectives of the Agreement more complex than usual.

However, there are still substantial areas of tin consumption and production which lie outside the scope of the International Tin Agreement. It would certainly be more reflective of the true nature of the world's consumption and production situations if these areas could be encouraged to participate in the Agreement and contribute to the effectiveness of the work carried out by the International Tin Council. We would welcome this move as an additional stabilising element in the field of tin.

Ladies and Gentlemen

Whether we meet in a political forum or an economic forum such as this, our basic ultimate goal is to bring to our people significant improvement in their standard of living—a goal towards which we in the developing world are working in earnest. Let us hope therefore that your deliberation will contribute in no small measure towards the attainment of that goal.

Mr Executive Chairman, the ultimate yardstick in measuring the success of an international commodity agreement such as the International Tin Agreement, is its continued ability to ensure the stabilisation of prices, which are remunerative to producers and yet fair to consumers. It is fundamental, in order to bring about this desired end, that sufficient resources are constantly made available to the organisation concerned. In this connection, I wish to recall the recent Sixth Special Session of the United Nations on the Study of the Problems of Raw Materials which saw the need for international financial institutions, like the IMF, to help in the financing of commodity buffer stocks.

I am hopeful that in the case of tin, for which there have already been four successive Agreements, some concrete initiative will be undertaken by the International Tin Council to begin a meaningful dialogue with the relevant financial institutions, to find ways and means in order that the spirit of the New International Economic Order is effectively realised.

I am aware that this is a relatively new area which still needs to be fully explored; but for the beginning, any indication from the relevant international financial institutions, for example, to stand as guarantors for stand-by credit facility purposes will be seen as an initial step forward. Indeed the IMF should consider the financing of the Tin Buffer Stock to augment the efforts to bring about price stabilisation that I mentioned earlier. It is time that the philosophy underlying international commodity buffer stocks and price stabilisation measures, which are mutually beneficial to all concerned, be re-casted in the light of the new relationship envisaged in the New International Economic Order.

Distinguished Delegates, Ladies and Gentlemen.

It has been a privilege for me to address you this morning. I note that most of you will be able to remain after the close

of the Council Session to participate in the Fourth World Conference on Tin beginning next week. It is a real pleasure for us in Malaysia to have you even though for a short period. We hope that you will take this opportunity of seeing a bit of our country and meet our people of various groups. By this means you will be able to understand their needs and aspirations as well as their problems and difficulties. I hope you will have a pleasant and enjoyable stay in our country.

It now gives me great pleasure to declare this Fifteenth Session of the International Tin Council open and to wish you all a successful conference.