A newcomer to the meetings of the Contracting Parties, I feel greatly honoured by being called upon to submit the point of view of France in the most serious and most important debates which have taken place since the General Agreement was signed.

The Contracting Parties have decided and France, I would recall, was a party to the decision to review the General Agreement and to define more accurately the principles of commercial policy on which the Agreement is based.

These ambitions must not lead us to forget the real services which the Agreement, imperfect as it may be, has rendered us especially in the field of tariff policy. As our Chairman pointed out in his opening address, the General Agreement has contributed towards a reduction of the level of customs protection throughout the world. It has ensured tariff stability favourable to the development of trade and lastly it has promoted to some extent a simplification of customs formalities and a decline of this form of protectionism which if perhaps of a somewhat artful nature is as efficient as administrative protectionism always is.

Furthermore, the elasticity with which the clauses of the General Agreement have been applied has permitted the development of institutions of a regional character, such as customs unions and the European Coal and Steel Community. The Contracting Parties have recognized that the signature of the Agreement should not result in infusing excessive rigidity into international commercial life, and, while preserving the right of supervision which is theirs, they have been able to adapt their action to the necessary evolution of economic relations.

Finally, and from a less juridical standpoint, stress must be laid on the positive results achieved by the General Agreement in connection with consultations between countries.

Thanks to the Agreement, the countries of the whole world have the advantage of a meeting place, a sort of club of which I am personally proud to be a member, where they can discuss all the various difficulties which hamper trade and where they can in final instance appeal to the Contracting Parties in plenary session in order to ensure respect for their fundamental rights. In this respect, it must not be forgotten that there is an important part of the Agreement's success which will never be mentioned in its records, consisting as it does of arrangements made spontaneously and to some extent off the record, for the simple withdrawal of a number of complaints from the Agenda of the Contracting Parties.
Thus, the Contracting Parties have achieved positive results in spite of the somewhat precarious legal standing of the General Agreement. The vital spark has triumphed over the fragile nature which characterized the birth of the General Agreement and the enterprise and efforts of the Contracting Parties have been consolidated and strengthened.

The success of the General Agreement is due partly to the constructive determination of the Contracting Parties and partly to the modest ambitions of the Agreement itself. Far from embracing a multitude of problems and thereby increasing the causes of dissention, it covers only matters which the Contracting Parties are likely to be able to handle in a spirit of co-operation.

The same modesty must continue to inspire us if we wish to avoid compromising the results obtained so far by an exaggerated desire for immediate results or by too rigid conceptions.

It is, of course, plain to all that improvements can be made immediately in the General Agreement without long debates being necessary. The General Agreement can be amended and its text lightened and cleared of useless phraseology. International law must, moreover, consecrate everything which time has proved worthwhile, and the General Agreement must become a real treaty, our pledges must acquire legal worth and more definite standing. Our institutions must be finally consolidated and completed.

On this part of our future progress there should be no cause for disagreement between the contracting parties. But the consideration of the actual nature of the obligations to be undertaken by us will, undoubtedly, require much more discussion of a more delicate nature, for it may well be that from the very outset our views will not coincide as to what we have to add or delete from the Agreement in order to adapt it more closely to present-day requirements.

The problem of renewing the General Agreement calls for decisions on three distinct questions: the definition of the principles of commercial policy, the scope of the competence conferred on the General Agreement, and the methods of intervention to be embodied in the Agreement.

1. The principles of commercial policy - As it stands, the General Agreement bears the mark of the exceptional times in which it was conceived. The chaos resulting from the war had barely been overcome, trade was still in a state of confusion, while reconstruction was absorbing the vital strength of many countries. Yet at that time men did not hesitate to affirm that the existing disorder was merely of an episodic character. Special measures had to be taken to ensure its disappearance when, according to classical economic ideas, free exchanges would stimulate a general economic development and contribute towards raising standards of living. In accordance with these principles, quantitative restrictions would be authorized only as an exceptional and temporary measure; in any case such measures would be abolished without undue delay.
The experience of the last ten years does not invite us to reverse our opinion. Whenever in countries enjoying normal economic development it has been possible to maintain free trading conditions and whenever within national frontiers fair competition could be encouraged, classical economic hopes have not been deceived. Improved job specialization, increased productivity and a gradual rise in living standards have been the results obtained. On the other hand, although the objective is to remain the same, the methods adopted for its achievement cannot possibly be so simple as those originally contemplated. To ensure greater freedom of trade, more than governmental decisions abolishing quotas is required.

Experience has shown that the measures (for the liberalization of trade) meet in practice with three main difficulties.

The first obstacle derives from differences between the standards of living and in particular between the wage and social charges of the different countries. The existence of high wage and social commitments—a desirable result of progress—may change the conditions of fair competition for the worse. While it is true that trade causes a healthy international division of work which incites each country to carry out those activities which its natural resources allow it to carry on in the best conditions, this presupposes that competition does not encounter excessive differences in conditions of production which would nullify its effects. There can be no question of seeking a lowering of export prices at the expense of social progress or of adopting high customs rates leading gradually to a regrettable autarky.

On the other hand, customs tariffs may, as a temporary measure, serve to protect undertakings which are striving to offset backward productivity in order to reach the level of international competition and to develop types of production likely to promote higher standards of living.

The country which I represent has experienced these difficulties in no uncertain manner. Decided to liberalize its trade in accordance with the general principle of which I have just affirmed the value, it has had to introduce as a provisional measure a tax preparing the progressive and I hope rapid adaptation of our economy to a competitive régime. And I would add that the provisional nature of this tax will be confirmed in the near future by a government decision to reduce its rate.

The second difficulty is to decide to what extent trade is to be liberalized. While the principle I have just mentioned is of an absolute character it is none the less true that the majority of the more advanced countries themselves maintain in certain sectors—strategic or agricultural for example—a number of quantitative restrictions. In economic matters, the need is gradually becoming apparent for full employment in relation to national institutions, which prohibits a state from relinquishing entirely certain rights or certain economic measures. This is not a doctrinal principle but a statement dictated by experience and which must not be forgotten during our discussions.

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At the same time, the progressive abolition of quantitative restrictions is none the less necessary. I feel I am entitled to emphasize this point all the more as France has, for the past year, been making a great effort to that end. Thanks to the existence of a system of multilateral payment we have been able progressively to raise the volume of liberalized trade with certain countries of the OEEC from 18 per cent in the autumn of 1953 to 53 per cent in April 1954 and the figure of 65 per cent which I had promised to reach for the month of November has just been achieved. This progression will be pursued and before 1 April France will have liberalized 75 per cent of its global imports from OEEC countries. Our effort will not cease until it achieves the common limits defined by the OEEC itself when that organization asks Member States to provide it with nil returns.

The last obstacle derives from the internal economic situation. The obligatory nature of economic laws within individual countries and in the international field has come to be less and less accepted during the course of the twentieth century. This relaxation, regrettable, perhaps, from a theoretical standpoint, marks an important conquest: the priority gradually given to social matters over economic considerations. Phenomena such as sudden changes in industrial activity, large-scale unemployment and a general slump in agricultural prices are no longer tolerated by certain countries. It would be paradoxical or false complacency to claim to respect at an international level laws which are no longer recognized as obligatory nationally. The obligatory nature in this case must give way to normalization.

These reflections, based as they are on the observation of the results of the last ten years policy, do not lead us to minimize the value of the principle of free trade. It merely shows us that the way to complete freedom of trade does not lie along a single path but along three parallel paths, including (1) customs measures compensating for and ultimately reducing the inequalities between the charges supported by the different economies of the world, (2) a progressive abolition of quantitative restrictions, and (3) the co-ordinated and dynamic progress of the country's internal economy.

2. Scope of the competence conferred on the General Agreement - The aim of the treaty which we are called upon to prepare is to promote the development of more liberalized commercial exchanges by the expansion of markets and international commerce. In order to remain faithful to the arguments I have just put forward, it appears essential that the organization to be set up should be given competence to deal with all the conditions necessary for the realization of free trade.

In the first place, it goes without saying that it would be vain to wish to provide it with measures of intervention in the internal policy of States. Decisions leading towards economic expansion may, of course, derive from the general principles raised by the General Agreement, but I am sure you will all agree that such decisions cannot result from categorical recommendations.
The second problem concerns the abolition of quantitative restrictions. I know that delegations from a number of countries intend to propose that the scope of the Agreement should be broadened in this field. While agreeing with their sentiments, I must personally express a certain amount of doubt as to the practical possibilities of this extension.

It raises in the first place a question of convenience. As I have already said, the results obtained so far from the General Agreement are in proportion to the restricted scope of its objectives. That restriction conferred great virtue and power of effective decision on its recommendations. That would no longer be the case if we included in an international treaty a principle whose integral realization could not, in any case, be ensured in the near future. To agree to include, as a compulsory measure, a pledge which could not be wholly redeemed would weaken the legal value of the instrument which we are going to prepare.

Here opportuneness coincides with efficacy. Whatever the result of the current enquiries into convertibility, I personally think that, in view of the varying facets of the problem of the liberalization of trade in different parts of the world and the state of economic progress of the different nations, that regional authorities are best suited to study them.

I shall give two examples:

The OEEC has obtained outstandingly remarkable results within the frontiers of Europe. These results were obtained thanks only to very close personal co-operation between the Ministers responsible for economic affairs in the different countries in question. The institutional strength of the OEEC was not only increased but also to some extent defined by the personal character conferred on it by that cooperation. At the same time, this cooperation was possible only within a geographical unit which was sufficiently homogeneous.

The efficacy of this method was recently confirmed when we broached in common the problem of extension of those commercial facilities to countries situated outside Europe.

The second example refers to relations between economically developed countries and those in which the standard of living is somewhat backward. It would be vain and even unfair to attempt to impose on countries, which are striving to develop and improve the conditions of their backward production, the abolition of quantitative restrictions which would open their markets to competition which they would be unable to meet. For such countries we shall inevitably be led to provide for escape clauses which as a result of their extension, will ultimately undermine the general conditions and perhaps the substance of the obligation laid down.
On the other hand, we find in customs tariffs the very field where an attempt should be made to strengthen and extend the attributions of the General Agreement. By their nature, by their technique and in view of the administrative procedure involved, customs tariffs fit exactly into the framework of an international obligation which we can define and of which ensure the respect.

The results obtained so far allow us to foresee methods of examination and legal stipulations better adapted to real requirements than those included in the General Agreement as it now stands.

A special clause would have to be included concerning tariff relations within certain political communities including both industrialized territories and underdeveloped regions.

It is true that so far the General Agreement has permitted the establishment and the implementation of such agreements, but the French Government intends to go still further. Thus so far as concerns the French Union, there is a question of simplifying the circulation of goods within and outside the Union and between its component territories and the other countries of the world. This plan must make provision for recasting a number of tariff systems which on account of special circumstances have been drafted in very different terms.

As the Contracting Parties well know, France devotes every year large amounts of public and private capital to promote the development of the French Union in which it has invested since the end of the war an amount exceeding the total loans granted by the International Bank.

It is indispensable that this movement of capital be developed so as to permit, in particular, the industrialization of overseas territories, without which there can be no rise in standards of living, and also to diminish production costs in the French Union. Our overseas territories must, through the massive financial assistance of the metropol, be put in a position to raise progressively their price levels to the level of world prices.

To this end, the Government must assure the financing of the investments necessary for the development of the agricultural, industrial and mining output of the overseas countries, by increasing in the overseas territories modern agricultural methods and the appropriate economic measures in the field of co-operation, banking and the organization of markets by reducing the fiscal charges which weigh on the undertakings and by introducing the necessary measures of co-ordination in commercial and customs matters.

For this programme to succeed, it is essential that no excessively rigid provisions and especially customs duties should hamper the movement of goods and capital essential for the development of the overseas territories. The provisions of the new agreement should, therefore, not oppose the tightening up of the economic links between France and its overseas territories and France will request that certain articles be amended in order to permit - in conditions fixed by common agreement - the formation of real economic and commercial communities between peoples united by political links.
3. **Measures of Intervention** - In the opinion of the French Government, this Session of the Contracting Parties should busy itself mainly with the improvement of the tariff provisions of the Agreement.

If, however, the majority of the contracting parties were not able to agree to that suggestion but felt it preferable to put the emphasis on quantitative restrictions, France would associate itself with that point of view.

But, in that case, will it not be appropriate to infuse more realism in certain Articles of the Agreement, the implementation of which had, in the past, met with a certain amount of difficulty.

The maintenance of quantitative restrictions is linked, under the present system, with the continuance of a deficitory balance of payments.

This view which has the advantage of referring to an objective and easily calculable notion is none the less confuted by the maintenance of numerous quantitative restrictions by countries with a credit balance of payments.

The French delegation, therefore, wonders whether this omission should not be rectified by the introduction into the text of Article XI – XIV of the provisions necessary to take account of commercial restrictions different from those justified by a deficitory balance of payments, and to provide procedure designed to abolish them.

Some such procedure could be based on that which was carried out by OEEC at a regional level in what I consider to be most favourable conditions.

But it should be so conceived as to allow a reduction of tariffs and the liberalization of exchange to be carried out at the same speed. Just as a too sudden reduction of customs protection is liable to endanger the future progress of trade liberalization, so it may be feared that the precipitate abolition of quotas may give rise to a new wave of customs protection.

To obviate that risk, the French Government would be prepared, as soon as agreement is reached on an adequately realistic regulation of quantitative restrictions, to consolidate the tariff levels reached for a further period.

Finally, and herein lies one of the greatest difficulties we are likely to meet in this connection, we shall have to take measures to promote the development of countries whose progress has been slowed down by geographical and historical factors. In this connection I note that the instability of the relationship between the prices of primary products and manufactured articles is an important cause of the unrest which affects those countries. The regulations we would propose should include a special section for those countries which would be a sort of statute under which they could be grouped once and for all.
In addition to these general proposals, the French Government has considered the concrete problems raised by the establishment of the international organization we are planning. As I have already pointed out, my Government can see only advantages in a separation between the structural provisions of the General Agreement, and the trade rules, if that were the wish of the majority of the contracting parties. It agrees with many States in considering it necessary to reinforce the structure of the Contracting Parties, by a small Committee representative of the various groups of member countries. It also feels it essential that the relations between the Contracting Parties and the International Monetary Fund should be defined so as to make allowance for their different attributions.

I hope the Contracting Parties will excuse the air of reserve which some of my suggestions may convey. This reserve is in no way connected with the substance of the problems we are broaching together, but is due to the prudence which seems to me to be necessary when defining the contents of legal instruments, be they new or merely up for revision.

But I want to assure the Contracting Parties of the profound interest of the French Government in the objectives which they have chosen for a common study. This interest will be shown not only by the part which the French delegation counts on playing in the search for solutions likely to reconcile the various points of view, but also in the systematic effort made by France to associate the progress of its internal economy with the development of international trade.

France is pledged to follow that path. By reverting to a trade liberalization policy, by organizing the progressive adaptation of its economy, and by participating in the work of currency convertibility, it provides evidence of the policy it intends to pursue.

I trust that this Session of the Contracting Parties will enable us to express, in the rather arid form of a treaty the confidence we place in the progress of international trade as the "open sesame" to a higher standard of living which must be the social consummation of our will to co-operate.