Before I comment on some of the outstanding features of the work that lies ahead of us at this Session, I propose to take a brief look at the world trade picture. International trade has reached an unprecedented level. Since 1948, when the GATT came into effect, world trade has increased by over 50 per cent in value and by 60 per cent in volume; and it looks as if further substantial gains will be made this year.

But, as is clearly indicated in the GATT Annual Report, the industrial and the non-industrial areas of the world have not profited equally from these developments. There has been a very rapid increase of trade between the countries that compose the industrial areas — by no less than 80 per cent in value since 1948. On the other hand, trade between the industrial and non-industrial areas has increased by scarcely half that figure. While there has been a marked increase in the proportion of world trade carried between the industrial areas, the proportion of trade carried between the industrial and the non-industrial areas has actually declined. This disproportion in the share of progress in trade must be a matter of very serious concern, not only for the underdeveloped countries, but for all of us, as in most of the countries of the non-industrial group their economic development must depend on the expansion of their foreign trade. This failure of most of the under-developed countries to enjoy a comparable share of increasing world prosperity is alarming particularly in view of the interest that we have in seeing the less developed countries progress towards higher standards of living as rapidly as possible. It must be a matter of great concern to us as contracting parties and I suggest that representatives might address their minds to the problem — namely the decline of the relative importance of the under-developed areas in world trade — since it seems to me to be a direct challenge to the contracting parties to the GATT who, in that Agreement "recognize that their relations in the field of trade should be conducted with a view to, inter alia, raising standards of living ... and promoting the progressive development of the economies of all the contracting parties".

During the past year we completed the fourth GATT tariff conference, thus continuing the process of tariff reduction which we began at Geneva in 1947. It was a conference which, as you will remember, started on a note of pessimism and ended with significant achievement. Some sixty negotiations were completed and the volume of trade affected by concessions granted at this conference was estimated at about 2.5 billion dollars. The fourth tariff conference made a significant addition to the already substantial tariff stability guaranteed through the GATT tariff bindings.
The past year has not been altogether propitious for the dismantling of restrictions on trade; due to inflationary difficulties in many countries the march towards convertibility - and thus the complete elimination of import controls - has slackened. Nevertheless many of those contracting parties which resort to the provisions of the Agreement to impose or maintain import restrictions to safeguard their balance of payments have found it possible to move a long way towards the progressive removal of restrictions in accordance with the obligations laid down in Articles XII and XIV and to relax their discriminatory restrictions.

During the past year, I am glad to note, that good progress has been made in the strengthening of relations with the International Monetary Fund. Cooperation between the staffs of the GATT and the Fund has been further extended and improved arrangements have been made for day-to-day liaison.

I would also like to draw your attention to the successful initiation of the trainee programme, which is organized in cooperation with the United Nations Technical Assistance Administration. As you will note from their report, the Intercessional Committee stressed the advantages for young officials of less-developed countries to study commercial policy and to become better acquainted with the Agreement. The first group comprised officials from Chile, Greece, Haiti and India; the second group, who are at present working in the secretariat, come from Ceylon, Cuba, Indonesia, Pakistan and Turkey. The Contracting Parties will be asked to authorize the continuation of what is clearly an imaginative and beneficial scheme.

On the debit side, during the past year, we must record our disappointment that neither the amendments to the Agreement which were drawn up at the Review Session nor the Agreement for the establishment of the Organization for Trade Cooperation have come into effect. Failure to act on both these matters must have a detrimental effect on the administration of the GATT. I hope that during this Session steps will be taken to bring this state of affairs to a happy end. For, I must point out that the uncertainties which surround the future development of GATT are making it increasingly difficult to maintain the position of GATT as the principal international forum for the discussion of trade questions and there is considerable pressure to set up alternative machinery to this end.

So much for the past. Looking ahead, there must, I think, inevitably be a slackening in the pace of tariff reduction through the methods we have so far employed. In the meantime very important developments have taken place in Europe on the question of tariff matters. Suggestions are being discussed in the first place for a customs union among the six countries (which today form the Coal and Steel Community) and in the second place for a free trade area to comprise this customs union and other European countries. If these schemes come to fruition, their effect on the development of international trade would be at least as far reaching as, for example the repeal of the British Corn Laws in the 19th century or the adoption of the policy embodied in the United States Reciprocal Trade Agreements Act. In terms of statistics the Western European countries are today responsible for 40 per cent of world trade. Of this, about half - or 20 per cent of world trade - represents commerce between
them. Those developments are clearly of close concern to the contracting parties as a whole, since the effects of the proposals would not be confined to certain countries but would extend to all countries which have a stake in international trade. At this Session we shall be particularly concerned to establish working relationships between the Contracting Parties and the groups in question.

It seems that there will now be a pause in the series of full-scale Tariff Conferences which we have staged since 1947. It may well be that, in the immediate future, GATT should pay a more active part in liberalization of trade from those quantitative restrictions which are still being applied. For this reason I welcome the proposal that we have before us that the Contracting Parties should invite all member governments which are still restricting imports for balance-of-payments reasons to enter into consultations. At this stage, we shall be mainly concerned with making the arrangements necessary for carrying out these consultations. I think it is fair to stress the significance of this development. It is an indication that the full benefits of the GATT, which have hitherto been impeded by restrictions, generally agreed to be necessary for monetary purposes, may begin to be reaped by all the contracting parties. It is clear that so long as these restrictions on a substantial volume of trade remain in force the objectives and purposes of the GATT and its obligations cannot be fully achieved.

In another proposal, we are asked to consider some aspects of the liberalization programme of the Organization for European Economic Co-operation, and, in particular, the application of liberalization to contracting parties which are not members of the OECD. Here again, we have evidence of the essential role of GATT in providing a world-wide forum for examining regional problems in a broader perspective.

Turning to those items of our business which recur at each Session, we appear to have fewer complaints of action that is inconsistent with GATT obligations than at any time in the past six or seven years. We can regard this as encouraging evidence of the growing recognition that the GATT rules are effective and well suited to the conduct of trade relations.

I am particularly gratified that we have to deal with the application of Switzerland for accession. Those of us who were at Havana in 1948 will remember the forceful contribution made by Mr. Stucki. Since that time the Swiss representatives have followed our sessions as observers, with close attention. Switzerland is one of the major trading countries and her traditional commercial policy is closely in line with the philosophy of the GATT. Her accession would therefore be a source of strength.

In conclusion, I welcome all representatives of contracting parties, the governmental observers and the representatives of the United Nations and other intergovernmental agencies.