May I begin by reading a message from President Eisenhower relating to the tenth anniversary of the signing of the General Agreement on Tariffs and Trade, which we will celebrate next Wednesday, 30 October:

"Please give my greetings to all attending the Twelfth Session of the Contracting Parties to the General Agreement on Tariffs and Trade."

"Over the past ten years, the General Agreement has steadily grown in importance and value until it stands today as a major instrument for world trade co-operation. On this occasion I am glad to join in paying tribute to those who have worked so effectively through GATT for the expansion of international trade and for the solution of our common trade problems."

"Strengthened by a growing tradition of worldwide service, the General Agreement will enjoy continuing progress."

"Congratulations and best wishes."

I am sure that all of us, in appraising the past accomplishments of the General Agreement, will immediately call to mind the fact that our successful collaboration over the years has owed much to our Executive Secretary, Mr. Eric Wyndham White, and his staff. On this occasion, I should like to express to him the thanks of the United States delegation for all that he has so effectively done to further the objectives of the General Agreement on Tariffs and Trade.

The General Agreement is continuing to move forward. It is becoming more firmly established. It is broadening its membership. It is operating more effectively.

The substantive amendments to the basic trading rules of the General Agreement, which are designed to strengthen and improve its operation, have recently entered into force for two-thirds of the contracting parties, including the United States, and we hope will soon enter into force for all of the other contracting parties.
Membership in GATT continues to grow. At this Twelfth Session we are welcoming to our ranks, as full contracting parties, the newly independent countries of Ghana and the Federation of Malaya. During the past year, also, the participation of Japan in the General Agreement has widened with the establishment of GATT relationships between Japan and Brazil. It is our earnest wish that additional contracting parties will be able to assume GATT relations with Japan in the near future. Switzerland is in process of acceding to the General Agreement, and I am sure that all of us take great pleasure in looking forward to the occasion when Swiss accession will be complete.

The criticism has sometimes been voiced that the Contracting Parties have been too much concerned with tariff problems and have given too little attention to the removal of other barriers to trade. The experience we have gained this year with the balance-of-payments consultations which, for the first time, were conducted at the invitation of the Contracting Parties on a comprehensive basis, should help to answer this criticism. These consultations have stimulated governments to undertake a genuine re-examination of their systems of quantitative restrictions with a view to relaxing them wherever possible. In a number of cases it was found that substantial liberalizing measures could be taken without the serious consequences which had sometimes been feared. The consultations have provided an opportunity to discuss the effects on the trade of exporting countries of the restrictions still in force. They have also provided an opportunity for countries in balance-of-payments difficulties to explain the export and other problems they must overcome in achieving a position that will permit the full liberalization of their trade.

We have, in addition, gained valuable experience which should help us in carrying forward the systematic consultations on balance-of-payments restrictions under the new and improved trade rules which have just entered into force. All in all, the Contracting Parties can take satisfaction in having made a notable contribution to the common objectives of the General Agreement and the International Monetary Fund of freeing international trade from restrictions based on balance-of-payments grounds.

The Executive Secretary has suggested that during the meetings being held this week those of us who wish to do so should comment on prospective developments with respect to the future of the General Agreement. In the United States the legislative authority for participation in the General Agreement on Tariffs and Trade has been the Trade Agreements Act. Under this legislation, which was first enacted over twenty-three years ago and which has been periodically extended by the Congress on nine occasions, the President of the United States has been authorized to enter into agreements for the reduction of tariffs and other barriers to trade on a reciprocal and mutually advantageous basis. The authority of the United States to carry out new tariff negotiations after 30 June of next year will depend upon further appropriate action by the Congress. The Executive Branch favours the extension of the Trade Agreements Act and believes that the life of the trade-agreements programme should be extended by the Congress for a sufficient period to provide stability to the programme as well as adequate authority to consolidate and expand the gains that have been made in world trade.

MORE
The effectiveness of the General Agreement would, we believe, be greatly increased by the establishment of the Organization for Trade Co-operation which is provided for in the agreement drawn up by the Contracting Parties in 1955. Accordingly, my Government will again recommend that the Congress authorize the participation of the United States in the OTC.

The activities of the Contracting Parties are, of course, directly affected by world economic trends. Once again world output and consumption have increased and international trade has reached new records. Both the industrialized and less developed areas have participated in this expansion, although to different degrees. Some of the less developed areas, for example, have outpaced highly industrialized areas in rates of growth, while growth in other less developed areas has not increased as fast. Also, as has been pointed out in the Secretariat’s interesting report on *International Trade, 1956*, there has been an apparent tendency for the international trade of the newly industrializing areas to increase at a slower rate as the industrialization of those areas proceeds and shifts take place in the output of primary commodities. Such adjustments are to be expected in a dynamic world. What is important is that the main trend toward increased growth and productivity in all areas, coupled with the maximum practicable freedom of trade, be continued.

Perhaps the most pervading economic problem today is that of inflation. This has not been confined to any one area. In the United States, after three years of relative stability, the cost of living increased 2 per cent in 1956 and has continued to increase in 1957. It has also risen, often by greater percentages, in every Western European country and in most other countries of the world.

Clearly, inflation, if not checked, can undermine economic strength and growth and lead to the deterioration of international trade. Fortunately, most governments have been acutely aware of these dangers. More important, determined steps are being taken to bring inflation under control through measures which do not involve rigid economic controls and regimentation.

As we all know, there have been certain strains in the balance-of-payments of some countries during the past year. In some countries these strains have resulted from a rapid expansion in internal demand leading to heavy imports from foreign sources generally. In others, temporary factors have been responsible for sudden demands on monetary reserves. During this period the United States has continued to supply, through current payments for goods and services, government expenditures abroad and United States private investment, a large flow of dollar outpayments to the rest of the world. During the year ending 30 June 1957, the total of such payments reached a record of $27.2 billion, which was substantially in excess of foreign purchases of goods and services from the United States. During this period, also, the United States has co-operated through the International Monetary Fund and the
Export-Import Bank in helping other countries to adopt effective programmes for overcoming balance-of-payments difficulties and achieving monetary stabilization.

This year, as in the past two sessions, the delegation of the United States will present information to the contracting parties regarding its programme for the disposal of surplus agricultural commodities. At this time I wish to emphasize a few central points in connexion with this programme. The first is that United States agricultural surpluses have in fact been put to highly constructive uses in many parts of the world, especially in under-developed areas confronted with balance-of-payments difficulties which have precluded them from buying commercially all of the agricultural products which their people want and need. The second is that, in carrying forward this programme, we have done our best to avoid any undue disruption to prices and markets for commercial trade, including the commercial trade of other exporting countries. We believe that we have largely succeeded in our efforts. In particular, the prices of the major internationally-traded farm exports which move in greatest volume under our programmes have been very stable in the past two years. For the future we will continue to exercise care to assure that our surpluses will enter into increased consumption as much as possible and will disturb commercial markets as little as possible.

The United States recognizes the problems which may arise from excessive fluctuations in the prices of primary products for countries whose economies depend largely on the production and export of such products. The United States is prepared to meet and discuss commodity problems. However, we do not favour extensive control of commodity trade and prices.

In the several international forums in which my Government has the opportunity to speak, it has consistently supported the objective of the economic integration of Western Europe. Now, with the signing at Rome, in March of this year, of the Treaty Establishing the European Economic Community, an important milestone has been reached. This is an event of major historical importance and a development in international economic relations of the greatest potential significance.

The six governments signatories of the Rome Treaty are also contracting parties to the General Agreement on Tariffs and Trade. So that now, at the first annual session of the Contracting Parties following the signing of the Rome Treaty, it is appropriate that we begin our consideration of the new trade relationships which are about to develop.

How should we approach these relationships? First let us all recognize the fundamental fact that the General Agreement and the Rome Treaty have common and mutually-reinforcing aims; aims which are clearly reflected in the language of both of these basic instruments. These aims are to promote closer economic relations among nations, to reduce barriers to international
trade, and to stimulate economic growth, productivity and competitive enterprisewithin a free society linked by bonds of friendship and co-operation. The Rome Treaty and the General Agreement, therefore, are companions on the road to improved economic relationships between nations and a better life for their peoples.

The Rome Treaty seeks to place on a common and unified basis, over a transitional period, the now separate economies of the six countries of Western Europe. The General Agreement both endorses this objective and provides the basis for a continuing expansion of trade on a mutually advantageous basis between those six countries and other contracting parties. The foundations, therefore, are clear. They are foundations on which can be built the full development of both the European Economic Community and the GATT Community.

It is obvious that, as progress is made in the merging of six separate economies into one, problems will arise in trade relationships between the six countries and other contracting parties to the General Agreement. This is only natural, and indeed inevitable. Our objective should be not to suppress these problems, which might then give birth to greater ones, but to examine them frankly and to seek solutions which will give confidence to all contracting parties that future relationships will grow in ways which will both further the creation of the European Economic Community and expand international trade among that very large segment of the world which is represented by the Contracting Parties. My Government, Mr. Chairman, is prepared to co-operate wholeheartedly in this endeavour.