I wish to welcome the new members, Ghana and the Federation of Malaya. I wish to congratulate you and the Executive Secretary. The Executive Secretary provided an excellent report, and in the course of my short intervention I wish to refer to the report more than once.

On pages 47-48, the report contains an excellent analysis of the effects of trade liberalization inside the OEEC countries and shows that the effect was to provoke an increase of trade inside and outside OEEC countries. There were no trade distortions, with the exception of two commodities: cereals and artificial fibres, and most probably the increase in trade inside the area greater than the increase in trade in these two commodities outside the area is attributable to reasons other than the commercial regime, and the report shows that the expansion in trade inside Europe has had the effect of increasing in parallel trade outside Europe; as is shown on page 125, the expansion had beneficial effects, namely for countries producing primary products. The totality of the expansion of trade between the European countries and non-European countries is attributable to an increase in imports of primary materials. I think that these conclusions of the report are of great importance in order to appreciate the possible effects of the establishment of the European Economic Community. I think that if, as is most probable, the establishment of the European Economic Community results in a further expansion of economic activity inside the associated countries, the effect will certainly be, as it was in the case of the OEEC countries, an expansion in imports of commodities from the outside world, and especially of primary products. In this respect, I think that to have in the world a vast area with a high level of production, consumption and investment is in the interest of the world trading community. Having regard to the experience of my own country, the development of trade in recent years shows quite clearly that on the one hand the members of OEEC and the members of the European Economic Community have had a greater importance as an outlet for our exports, whereas the non-OEEC and non-members of the Community of the Six have grown in importance as suppliers of basic products. And the more our country has made progress in becoming more and more a manufacturing country, the more our imports concentrated on primary products coming from so-called non-industrialized countries. I think therefore that the statistical evidence which is at our disposal shows
that the establishment of a vast community in which there are prospects of an accelerated expansion in production, consumption and investment is in the interest of the world community also as a stabilizing factor.

There is a second point to which I wish to draw the attention of our distinguished colleagues who expressed some doubts as to the effects of the European Economic Community. I think that it is a great mistake to consider the Community as a customs union; it is much more than that. For instance, I wish to quote what might be the effect of the so-called mutual aid provided for in Article 108 of the Treaty. In the last fiscal year, we have had in Europe a great imbalance, the effect of which was to shift monetary reserves from certain countries to others. The total volume of European reserves remained practically unchanged, but the distribution changed greatly because of balance-of-payments surpluses of certain countries, and balance-of-payments deficits of other countries. If in the framework of increased European solidarity we are able to find the means to provide the necessary credits to limit the effects of imbalance in intra-European trade, this might be beneficial to all countries in the world, because countries having balance-of-payments difficulties have to impose restrictions on imports from all sources; but if we succeed in limiting their difficulties through increased European solidarity, this will be beneficial to all countries in the world.

Then there is the problem which was mentioned by my distinguished colleague on my left [Indonesia] - that of trade between industrialized and non-industrialized countries. The main reason why there are difficulties in the expansion of trade between industrialized and non-industrialized countries, as analyzed in the report (page 9 and page 130), is that the purchasing power of these products in terms of manufactured goods is declining, and therefore there is an expanding gap in trade between the industrialized and non-industrialized countries which in 1956 amounted to $1,200 million. I think that the problem is first to foster the process of industrialization in non-industrialized countries, and I think that a united Europe having a high industrial potential is certainly in the interest of an acceleration of the process of industrialization in the world. Secondly, there is the problem of stabilizing prices of basic materials. As far as this is concerned, we sympathize with solutions aiming at a better equilibrium between the prices of basic materials and manufactured products.

Then I wish to quote a provision in the Treaty establishing the European Economic Community which is often forgotten: Article 104. This Article establishes the policy of the Community and reaffirms the principle that the policy of the members should aim at the maintenance of the equilibrium of the overall balance of payments; in other words, it affirms the principle that the countries in conducting their commercial policy have to consider their relations with members and non-members. I think that this is an additional indication of the spirit of universality which is at the basis of the Community established by the Six. And yet another indication of this spirit is the decision recently taken in Paris by the Council of Ministers.
which recognized the exigency of extending a system of free trade to countries which at present are not members of the European Economic Community.

I think, to conclude these few remarks, that there is a misunderstanding at the basis of the apprehensions of some of our colleagues. They have given too much attention to the provisions of the Treaty relating to tariff reduction, and too little attention to the other provisions which form an integral part of the Treaty itself. I think that the essence of this great experiment which Europe is making is to establish a Community which we hope will achieve—and there are good reasons to believe that it will—a much higher level of production and consumption, and therefore I think that there will be in the world an association which will have the effect of a stabilizing factor in international trade.

Again, I think I should draw attention to the fact that the implementation of the provisions of the Treaty will take time. None of us is in a position at this time to express final judgments. For instance, problems which have been mentioned by some of our colleagues are problems which are not solved yet, such as the problems of external tariffs on commodities in List G of the Treaty. For all these reasons, I think there is scope for continuing consultations between the Community and GATT, and consultations will be in the interest of both these institutions, which have the same aim: the expansion of trade. And for that reason, I personally would welcome the institutionalization of GATT by the establishment of OTC.