It would be remiss of me not to commence my statement this morning by adding my Government's tribute to the achievements of the General Agreement on Tariffs and Trade during the ten years that it has been in existence. The review of the Agreement which was undertaken during the Ninth Session of the Contracting Parties showed clearly their ability to keep the General Agreement a flexible instrument which, while always attaching first importance to a code of rules governing international trade and ensuring fair conduct of trading relations, recognises that the circumstances of the countries subscribing to the Agreement are not identical and that provision must be made to enable different countries and different types of economies to develop and maintain themselves according to their peculiar circumstances. This flexible concept of the GATT is clear not only from the waiver procedure of Article XXV but also from its special provisions in regard to quantitative restrictions and, more especially, the provision for underdeveloped countries which is written in Article XVIII. It seems to us quite apparent that GATT can only continue as a vital force in international relations if it continues to show its willingness to move with the times.

My Government, which unfortunately has not found itself able to spare a Minister for this Session, regards as of greatest importance the discussions in connection with commodity policy and surpluses, and on the Treaty establishing the European Economic Community.

With regard to the former, we have found much food for serious thought, not only in the report on international trade in 1956, but also in the report which was presented to the Contracting Parties a few days ago by the Chairman of ICCICA and in the statements which have been made by many speakers during this Session. Much stress has been laid in these various utterances upon the expanding gap between the trade levels of the industrialized and the non-industrialized countries, and attention has been drawn to the downward trend in the price levels of so many major primary commodities.

That this should be a matter of concern to all Contracting Parties is readily apparent when one realizes that while the cheapening of raw materials may be to the immediate advantage of importing industrialized countries, it reacts to the detriment of those countries in the process
of development which are most in need of, and amongst the best customers for, the manufactured products of the industrialized countries.

This does not mean that the industrialized countries should be expected to pay scarcity prices for raw materials, but simply that they should be prepared to pay a price which is fair in relation to the general price levels throughout the world.

Although in general the critical items which have figured in discussions on commodity prices and supplies have been agricultural and, with the exception of tobacco, we have not been significant exporters of agricultural produce, my Government has taken an active interest in the various studies which have been made by GATT of this problem. We have not done this because of an altruistic or even a doctrinaire outlook, but in recognition of the fact that a slowing down of trade or industry must have repercussions everywhere, on the producers of metal as well as on the producers of food or textiles, and it must also affect the ability of capital hungry countries to get their requirements and of capital exporting countries to find the means to assist them. We are conscious too of the acute problems which have been raised for other countries in the recent past by violent swings in the price of such commodities as wool or rubber, and over recent months we have seen a similar violent movement in the price of copper, which is our main export commodity.

It is sufficient to remark at this stage that in our view the stability which the Contracting Parties are seeking in these matters depends to only a degree on the orderly disposal of burdensome surpluses. It requires also an examination of whether domestic policies have developed production at costs which are out of keeping with reasonable price levels for the products concerned. It follows from this that the issue has to be faced of whether to keep sub-economic producers in existence by artificial protection or subsidy means, or whether the productive industries are going to be rationalized so that they make their fair contribution to world trade at no greater cost than world economy in general can legitimately afford.

If this natural development is not to be allowed to take place, then it would seem that the only alternative is to work through international commodity agreements, but we would doubt the efficacy of these, except as crisis measures providing a palliative rather than a cure.

We are inclined to agree with the Australian Government's view that the General Agreement does not adequately cover the practices and indeed the principles of most of the trading nations of the world in their handling of their domestic agricultural situation and we would agree that the issue of agricultural protectionism must be squarely faced. We see merit in the suggestion for a special examination of this question during the consideration of the Rome Treaty.
With regard to the Rome Treaty itself, we join wholeheartedly with the representatives of other countries who have paid tribute to the imaginativeness and courage which are bringing the European Economic Community into being. We too look forward to the consequent development of the European free trade area and we regard it as most urgent that those negotiations should be carried to a successful conclusion.

However, again like others, we would expect that in these complicated matters full regard must be paid to the interests of other parties who are outside the association which is being established.

The most successful free trade groupings have been achieved between countries at similar levels of development. We have had experience ourselves in Southern Africa of endeavouring to establish a close economic union between countries at different levels of development and we have found that it is impossible to attain complete reciprocity of treatment in such circumstances. If, in fact, there were complete reciprocity, rationalization would be carried to the extreme, and the less developed partner would, as a general rule, simply remain an exporter of primary produce to the partner who was more highly developed industrially.

Because of this we find it difficult to visualize a free trade area between the Six and their overseas territories in the sense which it seems to us is contemplated by Article XXIV of the GATT. Not even the forcefulness of M. Andre Philip has convinced me that an association which will provide free passage of produce one way and permit tariffs against produce the other way means free trade.

I might say that my country has a particular interest in this matter because of the fact that we are contiguous to one of the overseas territories in question and one with which we look forward to developing trade in increasing volume in the years to come.

We find that there are other provisions of the Rome Treaty which will be of direct concern to us. We are interested in the tariff levels and, while these will no doubt be examined more closely in committee, I should say at this stage that an import duty of 30 per cent. on unmanufactured tobacco, although lower than the existing rate into Germany, is higher than the rate now levied by the other five partners in the Community. We are concerned also with the duty on maize and we would have to reserve the right to make representations on certain other tariffs in which we are interested but which have not yet been fixed. Among these I might mention groundnut oil, wattle bark extract, and ferrochrome.
We too would appreciate further clarification of the provisions of the Treaty regarding agricultural marketing. While in this matter we are not so directly concerned as others (unless tobacco is included in this group) we feel it essential to have assurances that the implementation of the Treaty between the Six is not going to result in any intensification whatever of restrictions against any of the remaining thirty-one contracting parties.