The sixteenth session of the Contracting Parties is the first to be held in a new decade. In itself this is perhaps not particularly worthy of remark, but the opening of the sixties also coincides with what promises to be a new and unprecedentedly prosperous era in international trade. The last few months have seen profound changes in the economic background to our work in the GATT. We have seen, after many long years, the restoration of equilibrium in international payments which has opened up the possibility for the first time of a rapid dismantling of restrictions which have hampered the growth of international trade in the last decade. If we consider the substantial expansion achieved even in that period of restriction, we are entitled to look forward to a far more brilliant prospect over the next ten years. Although the outlook is thus promising, there are major problems to be faced and we are fortunate indeed in having at our disposal the well-tried mechanism of the GATT, and, above all, our experience of the beneficial results of friendly consultation about trade problems which has been one of the best features of the work of this organization. We must expect in particular that the growth of national economies will lead to an increasing pressure on export markets. This is a good and healthy thing; but if it is not to engender dangerous frictions, it is essential that these pressures shall develop in an expanding international market so that progress by one country is not at the expense of the vital interests of others.

It is in this spirit of optimism tempered by realism that we must approach the agenda of the sixteenth session.

Perhaps the most striking feature of this agenda is the prominence of the question of the regional liberalization of trade through Customs Unions and Free Trade Areas. We shall all, I am sure, welcome the initiative of the members of the European Economic Community in putting before us a further
progress report on the implementation of the Rome Treaty. Their action in
doing so gives us a welcome opportunity to discuss the impact on trading
relationships of the progressive application of the Rome Treaty. We also
have before us a Treaty creating a Free Trade Association between seven other
European countries which is presented for our examination under the provisions
of Article XVI. It is of course no secret that the existence of these two
trading arrangements side by side in Europe has given rise to serious
difficulties, but I feel that recent moves by the countries concerned to try
to remove these difficulties are well within the spirit and tradition of
multilateral consultation which we have evolved in the GATT. It is encouraging
to note that in embarking on these consultations which are being carried out
by a Committee in Paris, the governments concerned explicitly refer to their
concern for finding solutions consonant with their GATT obligations, and that
with this in mind they have invited the Executive Secretary to participate
in the discussions.

It is not in Europe alone that countries are seeking the advantages of
broader markets as a basis for their economic development. Representatives
of the contracting parties will perhaps excuse me if I express a particular
pride in the fact that seven countries of Latin America are also presenting
at this session a Treaty establishing a Free Trade Area. The parties to
the Montevideo Treaty place great hopes in this project as a means of helping
them to accelerate on a rational basis the economic development of their
individual countries and of Latin America as a whole.

The fact that these three important projects are on the agenda of the
Contracting Parties, and that the countries which are parties to these
arrangements stand ready and willing to enter freely into discussion and
consultation with their trading partners in the GATT, is sufficiently
eloquent testimony to the great importance - I might even say the essential
character - of the role which the GATT plays in international trading
relationships today.

It is in this context, and in the context of what I have said at the
opening of my remarks, that we must review the GATT programme for trade
expansion. In this programme lies the best hope of a broad advance in
the freeing of international trade which will provide the best guarantee
of achieving our hopes for the sixties, and also of arriving at mutually satisfactory adjustments to the new trading relationships resulting from the regional arrangements to which I have referred.

Arrangements are well advanced for the tariff conference in 1960/61. Nevertheless, it would perhaps be of some advantage if at this session Committee I, which is responsible for the preparations, should hold a brief meeting to review how matters now stand, and to recommend to the Contracting Parties what further measures of organization are necessary for the tariff negotiations.

We shall have before us at this session an important report from Committee II on the consultations which it has so far conducted on agricultural policies and their effects on international trade. These consultations — I think everyone is agreed — have great intrinsic value in themselves. They also throw a very clear light on the difficulty, complexity, and magnitude of the problem with which we are confronted in regard to international trade in agricultural and food products. At this session we shall have to consider what is the best method of proceeding further with this matter, and in this connexion we must keep in mind the important bearing which this question has on the scope and effectiveness of the tariff negotiations in 1960/61.

We also have before us another report of Committee III which deals mainly with problems relating to the export trade of the less-developed countries. The excellent spirit of co-operation and understanding which prevailed in this field at the Tokyo conference has happily carried over into the work of Committee III with fruitful results. The report of Committee III has a somewhat unusual character for a progress report in that it does report progress and points the way for practical measures in a field which all of us now recognize as one of primary importance and where speedy action is particularly vital.

As at previous sessions, we shall have to consider reports on consultations on balance-of-payments restrictions, and we shall have before us encouraging evidence that the Tokyo decisions on non-discrimination have found rapid reflection in national policies. We can also take considerable satisfaction that the list of countries invoking Article XII as a justification for import restrictions is steadily declining, and it is particularly gratifying that
the economic recovery of that great trading nation the United Kingdom has enabled that country to renounce its resort to Article XII in the interval since we met at Tokyo.

It is natural and appropriate at this stage of our work too, that we should be devoting more careful attention to other problems of trade policy such as subsidies, State trading, and dumping, and I would hope therefore that the Contracting Parties would give the careful attention and study which they deserve to the reports which have been presented by the Panel of Experts on these questions.

I have left to the end of this review of the major problems one which is among the most important and most difficult. I refer to the problem of market disruption. The Contracting Parties have, understandably, approached this problem with considerable caution, and in some quarters with misgivings. Nevertheless, I think that at Tokyo we took the right decision, namely that this question needs to be faced and that the problem is one which can only be handled through international co-operation. We have now available a factual report prepared by the secretariat, on the basis of information supplied by the contracting parties, and I hope that this will provide a starting point for serious and urgent study of the problem by the Contracting Parties, and a formulation of positive and liberal-minded solutions.

So far I have only touched on the major policy questions, but I hope that the Contracting Parties will never underestimate the importance of continuous and constructive work on the more technical aspects of the General Agreement.

Finally, as if to confirm what I have said about the growing importance and vitality of the General Agreement, we have received a further application for accession, and it may well be that we shall receive other applications during the session. The Declarations providing for the provisional accession of Switzerland and Tunisia have become effective since our last session.

I am sure that we shall all welcome these additions to our strength, but as our organization grows in size and in importance, we shall have to keep abreast of this growth through a suitable adaptation of our organizational arrangements. The bare recital of the number and scope of the problems which
lie before us is, I think, a sufficient argument for taking swift and adequate measures to make sure that our organization is adequately equipped to deal with this programme and in particular with the important role which GATT must play in helping the less-developed countries to share more fully in the benefits of world trade and economic expansion. I think that most of my colleagues will agree that this is hardly the case at the present time and I therefore commend the most careful attention of the Contracting Parties to suggestions on organization which we shall be receiving from the group of present and former officers of the Contracting Parties on this question.

I now declare open the sixteenth session of the Contracting Parties.