I consider it a particular privilege to be with you today at the solemn opening of what is certainly a great event. It is a great event for the GATT organization, testifying to its strength, its growing vitality and influence in the world. It is a momentous occasion also for the community of trading nations which have to face, at this very moment, very complex problems fraught with great hopes and possible dangers, although, I think, the overall outlook warrants confidence and optimism. My optimistic feelings are due, and by no means least, to the fact that GATT and its able leaders preside with consummate skill over the destinies of international economic co-operation. It is only right that much tribute has been paid, all over the years since GATT exists but especially in recent times, to the role — a role increasingly important — GATT plays in the effort to cope with the intricate problems of world trade.

Before elaborating a little on the various aspects of these problems let me emphasize, first of all, how very much at ease Switzerland feels in this celebrated club called the Contracting Parties to the General Agreement on Tariffs and Trade. It was the fulfilment of a long-cherished wish when Switzerland was admitted to GATT at the end of 1958, though only as a provisional member for the time being. The economic philosophy underlying the GATT Agreement — the achievement of free trade and intense economic co-operation between all countries of the world — very much appeals to our own convictions. We always tried — I think not unsuccessfully — to live up to them to the fullest possible extent. When we arrived at the threshold of GATT, it was with a sound and well-balanced economy, a freely convertible currency, the absence of quantitative restrictions in the industrial field, an agricultural production allowing for large imports of agricultural products and, finally, a draft tariff that could rightly claim to be a moderate example of the species and which was further lowered during the negotiations held in view of Switzerland's accession. Moreover, we could show — and this may be the most essential element for the GATT community — a very high degree of economic integration with all parts of the world. A world trading nation we are, and a world trading nation we intend to remain. Is it, then, surprising that we should feel so much at home in GATT?
As I see it, GATT's main objective is to contribute to solving the world's problems by systematically developing international trade. I know full well that the achievement of world peace and prosperity is infinitely more complicated than that. Still, if there is one aim in which all countries of the world can concur, it is the fostering of economic cooperation among the nations. At the same time, there is, as far as regions still in the throes of economic development and stricken with widespread poverty are concerned, no more efficient, and, if I may so express myself, no more honourable way to help them lift their standard of living than to let them help themselves through increased trading opportunities. I am in complete sympathy with our good friends in the newly-developing countries who have expounded this thesis over and over again. I realise that, at times, the outlook does not seem too bright; but with courage and perseverance on their side and with whatever generosity can be afforded by the highly developed importing countries continuous progress should not only be a possibility but a certainty.

A word of warning, however, seems appropriate. What counts is not so much the written text of international agreements to which, with all the exceptions and escape clauses usually to be found in such documents, it is sometimes not too difficult to pay mere lip service. If there is to be real progress, the element especially required is a realistic spirit which alone can lead to agreement based on the practically feasible, not the theoretically desirable. The GATT organization can do much to promote such a spirit. What the newly-developing countries - and, for that matter, all agricultural exporting countries - really need, are practical indications and, if possible, commitments by their trade partners which gives them a clear picture of what they can count on and what, on the other hand, with all the good will in the world they cannot reasonably expect. It is in this direction that I can see a possible evolution, of the agricultural problem in particular, within the framework of the General Agreement.

Turning now to the juncture at which this conference is held, there can hardly be a doubt, I think, as to what makes it a very special occasion indeed. GATT has so far proved to be a very effective instrument in dealing with problems of world trade as a whole. It aims, as it were, at holding the world economically together and not letting it fall apart. Its objective is, in other words, world-wide economic integration.
Must it not seem paradoxical, at first sight, that economic integration, right now, is being sought in exactly the opposite direction - or at least in a roundabout way - through the regional association of a certain number of countries within different parts of the world? This new phenomenon, economic regionalism, has created one of the trickiest problems in the field of economic policy the world has had to face in many years. It is a problem of particular importance to GATT whose reaction is twofold as would naturally be expected; it cannot but welcome the effects of regional integration insofar as they tend to further the development of world trade; it must necessarily feel doubtful about the creation of economic blocs whose autarchic leanings may make access to their markets more difficult than it used to be before.

I do not hesitate to admit that I entirely sympathise with this reaction. Whatever good these regional groupings may do to their members, the essential question remains whether they will or will not contribute to the expansion of world trade as a whole. This is the acid test to which, I think, outsiders are entitled to submit any scheme of regional association. But however this may be, economic regionalism poses to GATT a problem which will require all the manifold resources the General Agreement provides if solutions acceptable to all members of the world trading community are to be found.

May I now be permitted to address myself to the issue of European regionalism in particular, to the problems created by the existence of the two groupings, the Six of the European Economic Community and the Seven of the European Free Trade Association, since here we are faced with problems of vital scope, both to Europe and the rest of the world. Quite legitimately, the question arising in everybody's mind is what GATT can do to deal with these difficulties.

As the representative of a country belonging to the European Free Trade Association I may recall that we advocated the adoption of a formula which the General Agreement very conveniently puts at our disposal, namely the creation of a European free trade zone, in the sense of Article XXIV of GATT, comprising the whole CEEC area. We still think that this is the best solution to the problem if we seriously desire to avoid a disruption of traditional trade channels in Europe. If there is an economic area in the world that was already integrated in actual fact to a very considerable extent before even the catchword of "integration" was launched, it is certainly Western Europe, where, owing to the admirable achievements of EEC, a prosperous and expanding economic community had emerged from the ruins of World War II.

So it seems appropriate to ask ourselves whether it is reasonable to jeopardize the existing unity, loose though it may be, in order to embark on more far-reaching ventures. Let me make one point absolutely clear: we are surely not lacking in sympathy for the programme of achieving political integration which our friends of the six countries of EEC stand for. We feel that their efforts could greatly contribute to the stability of our old continent. We are, on the other hand, heartened also by the repeated assurances given by leaders of the EEC that economic stability is just as much in the forefront of their minds, with particular regard to the interests of extra-European countries.
As for the European Free Trade Association, it is, by its very nature, an outward-looking community. Member countries retain the autonomy of their foreign trade policy and can thus uphold their very close and intense trading relations with the outside world. Since both EEC and EFTA agree on a common objective, there should be no slackening in our efforts finally to accomplish an integrated European trade system, compatible with the rules of GATT, committed to liberal foreign trade policies, so that our overseas partners will be able to preserve and steadily develop their share in European markets.

In the meantime, while we are awaiting this happy solution—which, we hope, is very close—the new GATT tariff conference provides us with a magnificent opportunity to prove the seriousness of our purpose to maintain existing trade channels. We therefore intend—and here I can speak for all EFTA countries—to participate in the tariff negotiations with the European Economic Community. Our participation should, however, not in any way be construed as our having relinquished the hope to establish a trading system that will include all OEEC countries. In other words, what we seek with the Six is, as in the past, association in a European trading system and not merely compensation.

This being said, let me tell you what possibilities I personally see to preserve existing trade patterns in Europe through the instrument of the GATT negotiations. The first thing to remember is the old, simple and time-honoured experience that low tariffs favour trade while high tariffs don't. This means that trade flows more abundantly to regions where, for the products in question, tariff rates are moderate, low or even non-existent. It follows that if we want to maintain the channels which low tariffs have carved through the trade geography of Europe, we have to maintain these rates wherever we can. Around such low tariff rates, which are among the most precious vehicles of international trade, a whole system of traditional relationships, personal, financial and others, has usually been built, which it would be disastrous to destroy. I greatly value these traditional trade patterns and all the numerous elements they consist of, because highly meritorious human efforts have made them what they are today. On the other hand, I feel rather doubtful, I am afraid, about so-called compensation, calculated arithmetically, pencil in hand, which claims to replace by a merely intellectual operation what years of toil and labour have achieved in the world of economic reality. Whoever has any practical knowledge of commercial relations will, I think, agree with me. I am far from contesting that calculations of the kind I mentioned may be required to live up to the letter of some international agreements; but what is needed still more is to respect the necessity of maintaining—and further developing—economic relations as they exist, in Europe as well as between Europe and the rest of the world, to the benefit of all countries concerned. It is in this spirit that, I trust, the forthcoming negotiations in GATT will be conducted.

All that remains for me to say is to thank you again for asking me to be with you today, to wish you full success in your work and also some enjoyment during your stay in this country which has always considered it as one of its principal tasks to provide appropriate surroundings for all men of goodwill in their earnest endeavour to make this world of ours a better place to live in. Thank you.