1. As on a number of occasions in recent years the Contracting Parties assemble in the face of fundamental developments in the conditions of international trade. These developments present a new challenge to our Organization; at the same time they underline its importance as the focus and basis of a broad trading community embracing countries in all continents and in various stages of economic development. In the course of a few years we have seen the development of the European Economic Community and of free trade areas in Western Europe and South and Central America. At this session we shall be considering the association of Finland with the EFTA, of Greece with the EEC and the accession of Colombia and Ecuador to the LAFTA. Not on the agenda, but present in our minds, are the pending negotiations for accession of the United Kingdom and Denmark, and perhaps of other European countries, to the European Economic Community. What does all this portend for GATT? Some may be tempted to answer that the GATT has been overtaken by events and no longer has a major role to play. The consequence of such a conclusion would be to accept that the future will depend upon negotiations between powerful economic blocs and that countries outside those blocs will have to defend their interests as best they can in bilateral negotiations with them. This return to bilateralism would clearly be to the disadvantage of small and less influential members of the trading community. A more attractive alternative would be to use more fully the possibilities offered by the GATT system, which has proved its value over the years. The urgent task before us will therefore be to strengthen and adapt the GATT so that it can continue to play an effective and constructive role despite the changes which have taken place in the structure and pattern of world trade. The decision to convene a special meeting of Trade Ministers during the course of the present session is evidence that the Contracting Parties are determined to move in this direction. This decision is also, I hope, evidence that, in the midst of intense discussion within narrower groups, there is a continued awareness of the importance of the cohesion of the widest trading community which is based on the General Agreement; the preoccupation with the creation and extension of the former is not causing us to neglect the need to fortify and strengthen the latter.

2. The Ministers will consider the major structural problems which have been identified in recent work of the Contracting Parties through the Programme for Trade Expansion, which was initiated at a meeting of Ministers in 1958. These problems will form the principal object of their discussions and I would like to make a few remarks about the present position on each of three aspects.
3. The Tariff Conference is now drawing to a close. While we may expect to see significant results, it must be recognized that most of the important concessions will emerge from negotiations between industrial countries. The results may not greatly benefit the exporters of basic agricultural products. On the whole there have been few direct negotiations between the industrial and the non-industrial world, although the developing countries may derive some comfort from the extension to them of concessions negotiated among industrial countries and of linear cuts when applied in the conduct of negotiations. To a large extent the Tariff Conference has not improved significantly the lot of agricultural exporting and less-developed countries. Thus, a review and possibly an overhaul of the methods of tariff negotiation is an urgent task for the GATT, and we shall hope to obtain some guidance from the Ministers concerning the development of new techniques such as the general across-the-board cuts already adopted for the elimination of customs duties inside the European Economic Community and the European Free Trade Association, and introduced in the present conference by the European Economic Community. Apart from the tariff reductions which will result from the negotiations among present contracting parties, another gratifying consequence of the Tariff Conference will be the early accession of several countries to the GATT. We expect Israel to move from provisional to full accession to the General Agreement and, in addition, we hope to see the accession of Cambodia, Portugal and Spain.

4. Committee II has carried out extensive studies of the protection afforded to agricultural producers in nearly all the countries of the GATT and has performed a service of great educational significance. This part of Committee II's work has been nearly completed and we now have the grounds for a better understanding of the situation in both the importing and exporting countries and a clearer diagnosis of the difficulties of the agricultural exporting countries which are increasingly restive about the continued maintenance of serious barriers to their trade and the nullification of benefits which they rightly expected from GATT in the form of safe and growing markets. Similar remarks may be made about the work of Committee III. The export problems of the less-developed countries have been fully examined. Although few positive steps have been taken by the importing countries to reduce the barriers to the trade of the less-developed at least the Committee has been able to put forward unanimous recommendations for adoption by the Contracting Parties. Therefore, we may conclude that the stage is now set for action by governments in the light of the factual background.

5. It is not for us to anticipate the outcome of the Ministers' meeting, but we shall make preparations and arrangements for it. We shall decide on a draft agenda to place before the Ministers and we hope to receive guidance from them for the further development of our work. I have mentioned these matters in order to emphasize their importance for the future of this world-wide trade institution at a period in its history when guidance is urgently needed.
6. While it is proper that we should look to the future, it is equally important that we should demonstrate the continued effectiveness of our organization by dealing efficiently with our current agenda. This as usual contains a long list of items, many of them routine and unspectacular, others of greater importance. The Contracting Parties will, I am confident, examine all of them with the objectivity and technical competence upon which the high reputation of the GATT is founded and will hammer out practical solutions in a spirit of give and take.

7. As usual, the item of balance-of-payments restrictions figures on our agenda. The Contracting Parties will be glad to note that, since our last session, Austria and Norway have been able to announce that they are no longer resorting to Article XII for the maintenance of quantitative restrictions for balance-of-payments reasons, thus bringing to nine the number of contracting parties which have renounced action under Article XII in the past two years. Other contracting parties have also been able to make considerable progress in removing or relaxing restrictions as their balances of payments have improved, and I would refer in this connexion particularly to the liberalization programme announced by the Government of Japan. Consequently, our attention will now be directed more particularly to those restrictions which are maintained for other than balance-of-payments reasons. In this connexion a number of contracting parties have availed themselves of the consultation procedures of Article XXII. Some consultations have led to the elimination or alleviation of restrictions. In others the results have been less satisfactory, especially in the field of agriculture. The effectiveness of the procedures agreed upon a year ago will be examined in due course, but meanwhile the Uruguayan Government has found it necessary in a number of cases to invoke paragraph 2 of Article XXIII and has asked the Contracting Parties to consider these at the present session.

8. In 1961 the Contracting Parties have been called upon to consider certain problems arising in particular sectors of trade - butter and cotton textiles, both of which present special difficulties affecting both importing and exporting countries. Possible remedies have been examined. Although no agreed solution was reached for the peculiar difficulties in the marketing of butter in the United Kingdom, the discussions led to a better understanding of the immediate problems and of possible short-term palliatives. The question of longer-term solutions is now on our agenda. As for cotton textiles, practically all the exporting and importing countries which participated in the meeting arranged by the Council have accepted arrangements arrived at in the course of that meeting and are implementing a one-year agreement. They are now asking the Contracting Parties to establish a cotton textile committee which, in addition to facilitating the operation of the arrangements, would consider the working out of a long-term arrangement designed to allow the expansion of exports from the less-developed countries while avoiding disruptive effects of increased imports in the world markets. I have dwelt on these consultations and discussions on butter and cotton textiles because I believe they illustrate one of the most valuable functions the GATT can perform, that is to provide a forum where seemingly intractable problems of international trade can be examined by a group in which all interests are represented and can work out solutions which will bring the optimum benefit to all concerned.
9. We have a number of items relating to regional integration and regional economic organization. We shall once again receive information offered by the European Economic Community on recent developments under the Rome Treaty. Similarly, information will be furnished by the member countries of the European Free Trade Association on the implementation of the Stockholm Convention, and, I hope, also by the members of the Latin American Free Trade Area. Since our last session the Organisation for Economic Co-operation and Development has been established and next week we shall hear from the Secretary-General a description of the projected activities of that Organisation which I hope will serve to set at rest the anxieties expressed by a large number of contracting parties when this question has been discussed in the past.

10. During the intersessional period a Working Party carried out a review, under paragraph 2 of Article XXV, of the application of that Article to Japan. This is a delicate matter and the Working Party and the Japanese delegation are to be congratulated on the harmonious spirit which prevailed during its examination. It is now for the Contracting Parties to consider the question on the basis of the Working Party’s report, and we must hope that it will be possible at this session to see our way forward on this important question which has figured for many years on the agenda of successive sessions.

11. In conclusion, I wish to say a word of welcome to the observers from the newly-independent States which are represented at this meeting. There are now seventeen countries to whose trade the GATT continues to be applied on a temporary de facto basis while they review their tariff and trade policies before making up their minds whether to adhere formally to the General Agreement. The meetings of the Contracting Parties and of committees and working parties provide a forum in which representatives of the new States can engage in discussions and consultations on all commercial policy matters of interest to their economic welfare and advancement. I believe it is clearly to their advantage that trade between them and the contracting parties should continue to benefit from the application of the GATT rules and tariff concessions. Therefore, I hope their representatives, present at this session, will be able, on the basis of the experience which they will gain during our discussions, to recommend to their governments that they should accelerate the review of their policies with a view to reaching an early decision regarding a formalization of their relations with the GATT - a decision which will no doubt be greatly welcomed by all the governments parties to the GATT.