It gives me great pleasure to be attending a ministerial meeting of the GATT for the first time. There are many important issues to take stock of. The three committees have done valuable work which it is timely to discuss. It is necessary to decide how to give fresh impetus to their work. These are all pressing problems. It is our duty to grapple with them. This is a difficult and testing time for the organization.

The drafters of the General Agreement foresaw that in the years following the war there might be aspirations by countries to achieve closer economic relationships with one another, and provided for this.

The post-war years have seen the creation of Benelux and subsequently the coming into being of the European Economic Community and of the European Free Trade Association.

We in Britain are currently negotiating to join the EEC and other European countries have also applied to join it or would like to achieve some appropriate form of association with it.

Outside Europe, the countries of Latin America are seeking to work closer together in the Latin American Free Trade Area, and there is a growing aspiration among countries in Africa towards closer economic association.

With the developments which have already taken place in Europe and elsewhere, and the further developments we would hope to see in Europe, some may wonder whether the role of the GATT may not be impaired or weakened.

We do not think it will.

The steady and striking expansion of trade in industrial goods between the industrialized countries, and especially between the countries of Europe, to which the latest report on International Trade again draws attention, is a pointer to the economic benefits which wider European economic unity can offer to its members.
But beyond this there is the greater ability which a united Europe should give its members to contribute to the basic objectives of the General Agreement and, in particular, to meet the challenge of the needs of the less-developed countries.

We shall be discussing later this important question of the responsibilities of the more industrialized countries towards the less-developed countries. But the trade of the less-developed countries with one another, as they develop, can assume increasing importance.

It is thus that we have all welcomed here in the GATT the formation of the Latin American Free Trade Area, and it is similarly for the encouragement it can give to sensible and complementary development that we feel it right to encourage our African friends in their aspiration towards closer economic association.

These regional groupings may inevitably involve problems of adjustment in international trading relations and shift of emphasis as regards the nature of the problems to be tackled. But, in our view, they do not invalidate the basic objectives of the GATT or diminish its importance as an organization in which all its members can meet to discuss and resolve their mutual problems.

The GATT, since its inception, has seen substantial progress in the reduction of tariffs and other trade barriers.

In countries which no longer claim balance-of-payments need for restrictions, very substantial progress has now been made in getting away from quota restrictions on industrial goods. We are glad that we have been able to play our part in this process of liberalization, which we have every intention of maintaining.

Here I might mention that certain speakers have referred to Article XXXV of the General Agreement. We are at present negotiating with Japan the terms of a commercial treaty which I hope will bring about a satisfactory solution of this problem as it affects Great Britain and Japan.

The problems of agricultural trade have so far proved more intractable; but even in the industrial sphere there still remain a few instances of quota restrictions, whose continued justification traders find it difficult to understand or which discriminate against certain sources in violation of rights under the GATT.

We hope to see further progress in removing these remaining sources of friction and discontent. In general, however, international trade in industrial products enjoys the benefits of the series of tariff conferences held under the aegis of the Contracting Parties.
It has from the outset been our hope that the current tariff negotiations would lead to further substantial progress in the reduction of tariffs. The negotiations have been going on for a very long time and I trust that they can now be brought to a speedy and successful conclusion.

This is indispensable if we are to bring a proper sense of realism to the study of further tariff cuts which Mr. Ball has suggested. We shall cooperate to the full in this.

Even, however, with the maximum further progress that can be made at this stage, tariffs will widely remain at higher levels than are consistent with the healthy development of international trade.

It will thus remain our policy to welcome and support the negotiated reduction of tariffs on a multilateral basis.

This, as I understand it, is also the aim of the Member States of the European Economic Community. But our friends in the United States must also be able to play a full and effective part.

We are, therefore, encouraged by the consideration which is being given in the United States to the desirability of the United States Administration possessing wider and more flexible powers for the negotiated reduction of tariffs. We recognize the important new initiative marked by Mr. Ball's recent speech to the National Foreign Trade Council of the United States reinforced by his remarks today: it is important not only to be able to negotiate over a broad front - with a minimum of exceptions if indeed one feels one must have any - but also that exporters can have reasonable confidence that concessions will not be withdrawn when they result in increased competition on the domestic market.

The general expansion of international trade will make all countries stronger and richer. Trading, after all, is a two-way process, and one country's imports are the exports of another.

It is also important that tariff reductions should not be frustrated by valuation procedures which impair their value: otherwise the conditions for fair and healthy competition and interchange of goods cannot exist.

I hope therefore that this is also a point which our United States friends will have very much in mind in considering their future policies.

In conclusion I would like to express the hope that the tenor of our discussion today will be such as to give Mr. Ball and those in all countries who share his views strong support and encouragement in their efforts to expand and develop international trade.