When I now appear for the first time before you let me express my satisfaction, having this opportunity to address the ministerial representatives of the Contracting Parties. I intend to follow present practice in the GATT, namely to group the problems under three main headings: trade with the underdeveloped countries; trade in agricultural products and, finally; general conditions for further expansion of world trade. This disposition of the subject matter does not imply that I consider these problems in any way as unrelated issues. On the contrary, there is every reason to stress the strong interdependence between these various facets of international trade as well as between trade itself and the pattern and rate of economic growth.

The need for a continual forward momentum in the world economy must surely be an overriding preoccupation when considering ways and means to expand trade. The present trend is, obviously, unsatisfactory and presents acute problems particularly for the less-developed countries where ever increasing population pressure and declining prices on most of their export products has led to a serious structural disequilibrium in the world economy. Therefore, I feel justified in saying that from the point of view of international economic health the trade problems of the countries undergoing development should be given priority. Fortunately, owing to the preparatory work done in the GATT, we have facts and findings, and in some cases specific recommendations for action. What is required now is speedy implementation of these recommendations, and a clear mandate to the competent organs of GATT to develop further suggestions and programmes for early action.

With your permission, I will deal with the implementation problems by commenting briefly upon the Recommendations of Committee III as set out in document L/1557.

Recommendation No. 1 states that "contracting parties should give immediate and special attention to the speedy removal of those remaining quantitative import restrictions which affect the export trade of less-developed countries"; I believe that Sweden has fulfilled this Recommendation already, as well as Recommendation No. 2 regarding non-discrimination. As to Recommendations No. 3 to 7 inclusive, we are prepared to co-operate loyally in any study aiming at a world-embracing plan to equalize, harmonize and to diminish to a minimum the obstacles referred to in these paragraphs. In order to facilitate the effective co-operation of my Government in any such effort, competent authorities have already started a study of the relevant
problems and the contribution my country would be prepared to offer at this instance. We will take into due consideration the Recommendations 8, 9 and 10. In particular, the Swedish economy is prepared to shift to imports from less-developed countries whenever such an adjustment is indicated. By these means, I hope we will establish, as far as my country is concerned, satisfactory conditions for imports from the less-developed countries. On the other hand, we naturally hope that these countries will not unduly hamper trade, and, may I add, transportation in the air and on the seas. I also hope that other industrialized countries, will take speedy action in order to facilitate imports on a non-discriminatory basis from the less-developed countries. Reading the relevant GATT documents and gauging the feeling of a majority of my fellow delegates here, I have been strongly impressed with the urgency of the case.

Trade in agricultural commodities poses problems which are certainly neither unimportant, nor lacking in urgency. However, the desired short-term solution seems to be, in many respects, in contradiction to a sound long-term policy. Such a conflict must obviously be avoided or solved. Any temporary relief measures must be consistent with the fundamental need to give food to a world population increasing by some 60 million people a year. We are, therefore, prepared to study ways and means of affording access to markets to the efficient producers. For in the long run, it is to these that we shall have to look to provide the growing volume of food which will be required to feed the rapidly expanding world population. This has to be reconciled with the need to support the incomes of agricultural producers in the predominantly industrial areas. The reconciliation of these two in most instances conflicting needs may lead to temporary "surpluses". But can these not be moved into consumption where demand is not effective on a commercial basis because, although hunger exists, the means of payment do not?

It seems to me to be better to discuss practical solutions to these pressing problems, taking into consideration the various facts, views and recommendations recently put forward in the FAO.

The conditions for world trade seem at long last to become more consistent with the needs of modern technology. The method of negotiating tariff reductions on a product-by-product basis does, however, not give satisfactory results. The experience in Europe in recent years suggests that a new look at the problem of tariff reductions under GATT is timely. The EEC and EFTA have shown to what extent our present attitude towards tariffs is out of date. How otherwise explain that European countries are prepared to envisage the complete elimination of tariffs on intra-European trade within a decade or less?

The shortcoming in the GATT technique and the need for a bolder approach apparently has been foreseen already about ten years ago by the French Government. They have with what must surely be called great foresight presented a plan, the Pflimlin plan, for automatic tariff reductions. Since
1952 we have gained a great deal of experience in such an approach and we have solved some of the problems inherent in this system of trade liberalization. I shall not dwell upon the technical aspects but I think I can most usefully sum up my position by paying tribute to this French initiative and the variations on the theme so skilfully expressed by Mr. Baumgartner yesterday. I suggest that we entrust to a group of experts to work out a new version of the Pflimlin plan, modified according to our present experience and the needs of the world as it is likely to develop. I think recommendations should be ready for final discussion and adoption at the next meeting of the Contracting Parties. The main goal may be defined as a 50 per cent reduction in all customs duties within the next five years.

I put forward 50 per cent as a target figure for the sole reason that I hope it will prove an acceptable compromise between the natural reluctance in all countries to accept change and challenge and the imperative need not to shun our duties nor lose our opportunities. My feeling is, however, that the 50 per cent reduction, if anything, is too modest a goal. We have seen how successfully countries within the various integration circles can support competition. It would be to the benefit of all industrialized countries to widen the area of competition, to intensify it, and thus broaden and fortify the very basis of progress. The real contribution of the EEC would be to take an active part in the work to liberalize the trade and widen the competition among the members of GATT. But there is another aspect which makes such an evolution more than a pleasant and profitable alternative for the industrialized countries. Hundreds of millions of people in the less-developed countries have a sound desire of self-advancement. They have adequate incentive for that standard of labour and achievement which each individual must be encouraged in the common scheme to afford. But they are living and labouring under heavy handicaps. If we should limit the full and free industrialized competition to members of our own family, then we would gradually intensify these handicaps and thus achieve the very opposite of that state of affairs which human and social considerations and political wisdom would seem to recommend.

In trade relations between industrialized nations, we are justified in asking for a kind and a degree of reciprocity which is possible to achieve only between countries having a certain basic economic similarity. That is, I believe, one of the fundamental reasons why the present world tendency towards trade liberalization has manifested itself primarily in integration schemes such as the EEC, the EFTA and the Latin American Trade Groups. But the less-developed countries cannot afford to "pay", to reciprocate, in the same way that the participants in the existing integration circles have done. Nor does the old GATT formula in tariff reductions, commodity by commodity, offer a feasible alternative. I therefore invite my honoured fellow delegates to give due consideration to the many reasons - economical, psychological and political - which seem to lend support to the linear reduction plan along the lines hammered out years ago during discussions in GATT. I now propose that this modified plan, with special provisions for the less-developed countries, be accepted in the form I have just outlined as a basis for further study, and speedy action in GATT.
In this context I must emphasize that the present time seems to be unusually appropriate for action in view of the objectives of international trade policy, lately outlined by various spokesmen for the United States Government. I have particularly in mind the ideas which have been expressed on recent occasions by our colleague at this meeting, the Under-Secretary of State, Mr. Ball. I think it is a sign of the future economic health of the world that the United States Government now seems to be firmly committed to courageous and constructive co-operation in the field of international trade.

May I add a word about Japan. As the Minister of Japan pointed out yesterday, a wide-spread invocation of Article XXXV against Japan, an important trading nation, is a serious problem confronting GATT itself. I should like to urge that the problem be settled by the disinvocation of the Article by the countries concerned.

In conclusion I shall revert to the problems related to linear tariff reductions for countries not having a satisfactory level of employment. A linear reduction scheme should have some flexibility and permit a sufficient freedom of choice so as to delay the exposure of some weaker segments of the economy to increased competition. But such exclusion should be temporary, to afford time for adjustment, not permanent. The process of adjustment is just as much in the interest of the country concerned as it is of the international economy as a whole. I feel that such a limited "escape possibility" is more realistic and also sounder from an overall point of view than to punch too many holes in the linear reduction scheme through irrevocable exceptions for selected commodities.

I believe I am right in saying that for all practical purposes the ministerial representatives of the Contracting Parties have in their various statements displayed unanimity regarding the advantages to be derived from international trade, increasingly, progressively freed from quantitative restrictions, customs duties and other impediments. Let us not be lulled, however, by this unanimity of opinion and the consistency of these views with the basic principles of the General Agreement, into believing that we have started on an easy road. On the contrary, a great many difficulties exist and many countries will be faced with problems of considerable magnitude. In this context it would seem appropriate to stress the great significance and the vast possibilities of the GATT organization as a forum for consultations, be they bilateral or multilateral, between member countries facing acute problems. In order to create optimum conditions for such consultations it is in our common interest, indeed a common duty, to further and strengthen the GATT organization. This we can best do by not hesitating unduly to implement those recommendations which are already agreed upon amongst the Contracting Parties or in the sub-committees of the GATT. Let us face it: vistas of grim realities open up if we choose non-action; and in action difficulties are unavoidable. Therefore, let us all make GATT efficient and strong.