I heartily welcome this opportunity of presenting to you a few comments on the problem of the growth of international trade.

In the first place, it is impossible to isolate the agricultural problem from the narrower problem of tariffs and the much broader one of the economic growth of the third part of the world.

It may, secondly, seem illogical to deal with the expansion of agricultural trade without, at least, mentioning domestic policy in its manifold aspects: financial, budgetary, social, etc. Thus, though I may from time to time have to discuss general economic policy in its relationships with foreign trade, I shall confine myself to making a few comments on the close relations which exist, in my opinion, between the development of European agricultural integration and the expansion of world trade.

In the remarkable statement by the Executive Secretary which prefaced our discussions we glimpsed a certain disappointment that he felt about the policy followed by a large number of contracting parties vis-à-vis the clauses of the General Agreement that are intended to facilitate the development of trade.

Without wishing to get involved in the numerous diagnoses which have been, and certainly will be, put forward here, I should like to give you a brief idea of how we in the Commission of the EEC envisage a possible link-up between our organizational plans in the field of agricultural policy and a growing world trade.

As far as international trade is concerned, our plans have been motivated by one major concern: to maintain a suitable equilibrium between the Community items and imports.

First of all, I should like to say that this is not a static, frozen form of equilibrium. The fact of accelerated, industrial development being centred in Europe means that Europe for decades has been absorbing enormous amounts of foodstuffs and agricultural raw materials brought from all continents. The economic expansion and the growth in demand produced by integration are not likely to lessen this trend - rather the contrary.
Integration, however, will, in its turn, affect the agricultural sector and there is no reason why, there as elsewhere, it should not lead to concentration, selection and the reduction of costs and prices - in a word, why it should not accentuate the theoretical capacity of the Community's agriculture to satisfy increased demand. This demand, however, is becoming diversified - fewer cereals, and more proteins, fruits, vitamin foods, tropical products. For all these products, economic integration, because of its effects upon earnings, will obviously create additional import needs.

In short, for reasons of ordinary economic logic the EEC will, obviously, continue to be an importer of agricultural products for an indeterminate length of time. It is equally clear that the composition of its imports will have to be changed.

So far, I have only spoken of the Community as composed of its founder members. How will the expansion of the Community's economic area to other countries be likely to change this tendency? Clearly, the physical ability to be self-sufficient in agricultural products can only be lessened by the accession of industrialized countries and, at the same time, the economic need for imports will become more and more marked.

And, of course, as the proportion of agricultural imports brought in under the aegis of integration becomes larger and larger, I can understand the anxiety felt by the countries which supply Europe, who are going to find their traditional framework of trade altered. I should like to tell these countries that we are well aware of the responsibilities imposed upon us by this new situation. As I see it, in the present economic situation there is only one way of forestalling the disturbing effects which might arise in the structure of agricultural trade when the traditional importing countries integrate. It is to negotiate the organization of a world market.

It seems clear to me that we need straightaway to return to the idea of a world price.

All our discussions revolve around this central idea of price. If, as at present, our reference basis has no meaning, I do not see how agricultural trade could grow in volume and value. The world price, therefore, which now has no significance, should regain its function as a regulator of trade.

We are all perfectly familiar with the techniques which distort competition in prices on the few consumer markets which are still open. Committee II of GATT has identified them as export subsidies, dumping, multiple exchange practices, etc., to such good effect that it has become quite impossible to compare the profitability of one crop with that of a neighbour country. The essential point is that the real price should have its two basic functions fully restored - it should indicate, on the one hand, the level of prices that we must reach in order to export without budget losses, and, on the other hand, the level of income which we must maintain so that the producer should receive a fair return for his labour.
It would, therefore, be desirable for GATT to decide, with the means of information at its disposal, what is the real price, i.e. the price which for the best-placed producer objectively represents a reasonable return for his work and his capital. This implies, and I realize that this will be no easy matter, that we should try to determine the price actually received by the farmer in the best-placed country, a price which at the moment is split up into a multitude of payments allowances, rebates and various types of support representing the assistance given, and action taken, by the public authorities in the fixing of agricultural prices.

On this simple basis - the real price obtained by the farmer of the best-placed country - a series of agreements might be concluded. Under these agreements all the exporting countries would undertake that export subsidies would never have the effect of reducing the price of their products on the world market below the price charged by the most efficient exporters. This minimum export price, in short, would represent a limit placed on the subsidies which the less well-placed producers apply in order to maintain competition on the international market. I see a whole series of advantages resulting from such agreements.

For the exporter they would mean that they could count on being able to export at a price regarded as fair by the farmers. Further, the agreements would put an end to this competition in subsidies which makes a country's export capacity depend more on its financial resources than on the efficiency of its producers. Lastly, still as regards exporters, it is extremely likely that such agreements would lead to a stabilization of prices and hence a more dependable rate of foreign exchange earnings.

The importing countries would likewise benefit from the stabilization of export prices and the standardization of trade relationships which would follow. Of course, a decrease in subsidies would have a moderating effect on the agricultural development of some countries because it would no longer be possible to sell production surpluses at any price. Internal prices would thus reach such a level that they would ensure as close an approximation as possible between supply and demand.

I have talked to you at some length on what is certainly not an immediate solution - I do not think there is one - but rather a method of trying to help GATT in its efforts to restore competition in the field of agricultural trade. The international organization of trade now seems to be threatened by two dangers: anaemia, or the repeated disregard of rules, and dislocation through the autonomous development of integrated zones.
We in the EEC Commission believe, of course, in the merits of market organization, whether it be the European market or the international market.

Even in the embryo stage, organization of the world market is going to demand a lot of patience and a long period of time. This time will be necessary to ensure a meeting - perhaps half-way-between the methods which we are proposing for their approval to the member States of the Community and those demanded by countries which are pleading for integral free trade. But I am convinced that we must, from now on, make it our business by the international organization of agricultural markets, to create the framework of our future economic development.