Trade in Agricultural Products

I have followed with close attention the references by many speakers to the problems of trade in agricultural products.

The nature of these problems has been brought out both in the report of Committee II, and in many of the statements we have heard this week.

One fact brought out by the work of the Committee is the extent to which virtually all countries feel the need to assist their farmers by special measures of one kind or another.

This is true not only of the more industrialized importing countries; it is also true of many of the traditional agricultural exporting countries.

European developments may underline these problems, but the problems exist, and are growing, independently of these developments.

I can illustrate what I have in mind from experience in the United Kingdom.

In the last year or two we and our main suppliers have been obliged to pay increasing attention to two facts which have been borne in upon us more and more forcibly by events.

First, there are the increasing agricultural surpluses, caused by steadily increasing production in many parts of the world. Here, the advances of science and increased mechanization have played a prominent part.

Secondly, as the United Kingdom is the largest - indeed, for some commodities, virtually the only - open market in the world, these surpluses tend inevitably to be attracted to the United Kingdom.

We have, of course, our interests as consumers. At the same time this situation can involve problems for us as producers for which we have to find solutions. It also can involve difficulties for countries which depend on the United Kingdom market as the main outlet for their produce and are naturally suited for production for export.

When one of my predecessors, Sir David Eccles, addressed you in 1958, he referred to complaints about agricultural protection made by producers in exporting countries who saw their overseas markets threatened by subsidized exports. At that time butter was very much in our minds.
Butter has again emerged as a major international problem. I listened with interest to what Mr. Marshall said. Behind the short-term problem, there are, as he pointed out, the fundamental issues of production and consumption policies generally. With the action which has been taken to deal with immediate problems, opportunity has been provided now to get to grips with these longer-term issues on the broadest international basis. The GATT should seize this opportunity now.

Butter is, however, but one instance of the problems of rising production generally in the world. We have also already had a problem on barley; and the range and scale of these problems appears to be growing.

As I see it, the main conclusion of Committee II can be simply stated: moderation of agricultural protection in both importing and exporting countries. While the Committee recognize that different techniques react on international trade in different ways, they are particularly concerned about the intensity with which a particular measure is applied - the degree of support or the price level aimed at.

In our existing policies, we accept the need, subject to our obligations to our producers, to seek to avoid levels of protection for basic agricultural products which are so high that they tend to discourage domestic consumption or create undue difficulties for low-cost producers elsewhere. When we plan the level of our support arrangements, we take international considerations into account. For example, we have reduced the guaranteed price of wheat in four out of the last six years.

It is thus our own policy to aim to keep a balance in this matter. In Britain, however, as elsewhere, the immense strides in efficiency resulting from increased mechanization and advances in science are apparent. Thus, however moderate we all of us may aim to be in our support policies, we may well have to look forward - in our part of the world as well as elsewhere - to increasing expansion of production.

If this happens, apart from any developments arising from our application to join the Common Market, changes in the trade pattern for some agricultural products may anyway become inevitable.

We are very conscious - as I am sure all here are - of the importance of these world-wide problems for the agricultural exporting countries. We are - for many products - the main world import market for which some exporting countries have largely developed their production.

If, however, the problems are difficult and complex, this makes it more, not less important, that the Contracting Parties should continue to play a part in the search for solutions.

In this, study of new lines of approach should not excluded; and we have noted what Mr. Baumgartner suggested in his speech.

I think, however, that we should all recognize that such a study may well, in the nature of the problems, be a long and complex process.
The negotiation, for example, of new kinds of international arrangements for cereals - where there is already the tried and tested device of the International Wheat Agreement - would involve many countries with varying interests, and many problems of policy and technique. To mention some of these, there would be the problems of finance, price, and the interchangeability of different cereals.

I would, therefore, wish to support other speakers in saying that we ought not to abandon existing techniques and objectives precipitately before practicable and equitable alternatives have been worked out. Nor ought we to allow ourselves to be diverted from other pressing problems. In particular, it is most important that the progress of our negotiations to join the European Economic Community should not be delayed. We must continue to press on with our consideration of these immediate problems. On this understanding, we shall be very ready to participate in whatever further studies may be initiated in the GATT.