SPEECH BY PROF. DR. J. ZIJLSTRA, MINISTER FOR ECONOMIC AFFAIRS
OF THE KINGDOM OF THE NETHERLANDS AT THE PLENARY MEETING OF
THE CONTRACTING PARTIES HELD ON TUESDAY, 29 OCTOBER 1957

It is with great pleasure that I join my colleagues in paying tribute to
Mr. Wyndham White and his able staff on the tenth anniversary of GATT. We are
aware that they have rendered us outstanding services.

May I also congratulate you, Mr. Chairman, with your election to the high
function which you perform with so much ability and tact.

Your task is not an easy one. I know of no better way to assist you than
to speak frankly about the problems which are under discussion.

As I do not wish to take more of your time than is necessary, I had better
restrict myself to one point on our agenda: The European Economic Community.
This does not mean, however, that I underestimate the importance of the other
subjects under discussion. The contrary is true.

Mr. Chairman, as to our efforts to strengthen European co-operation,
questions have been raised which deserve a clear and unequivocal answer so as to
dispose finally of the misconceptions that have arisen. I shall not speak about
the formal side of the European Economic Community as the rules of GATT provide
explicitly for the possibility to conclude such treaties.

It is, therefore, that I would like to enter into the question with a
more general approach. Does the European Economic Community contribute towards
achieving the objectives of the GATT? In other words, will the Rome treaties
cause an expansion of world trade or will they not? I am of the opinion, Sir,
that the fear of harmful repercussions expressed around this table is ill
founded. For what are in fact the ultimate aims of the European Economic
Community Treaty? The answer is not difficult. I have only to repeat what
Mr. Hallstein said yesterday. It is to achieve a more intensive exchange of
goods, a higher standard of living, an increase in production, a gradual
liberalization of trade together with the harmonization of certain parts of the
economic policies.

There is no doubt, Mr. Chairman, that our efforts in this direction would
fail were we not to maintain imports from third countries and even increase them,
as we shall need more raw materials and more capital goods. Shifts of course
may occur - no one denies that - but it seems right to state that the intensi-
ification of mutual trade will not be at the expense of third countries. This is
no idle statement as M. André Philip stated, but one which is based on the
experience we gained in the Benelux in which union no tariffs nor quantitative
restrictions do exist. Mr. Chairman, we should indeed not forget that the
Benelux provides us with a practicable example from which we can learn most of
the answers on the questions that have arisen with respect to the effects of the
European Economic Union. What happened among other things was that the
Netherlands tariffs were increased and this in some cases substantially.
I remember listening to long and serious arguments about the ill effects this
action would have in the field of our trade with third countries.
We are in a situation now to point out what happened in reality.

Trade between the Benelux partners has vigorously expanded. Was this accompanied with a contracting volume of trade with third countries? Definitely not. Third countries have actually profited by the Benelux Union owing to the increase of its imports. I quote here my French colleague and would add some facts. With the increase of the national income of Belgium and the Netherlands as from 1938 by 50 and 70 per cent respectively. Imports from third countries have gone up by no less than 65 and 85 per cent, respectively. We see, and it is worthwhile to reflect upon these figures, that imports from third countries have increased more than the national income did, notwithstanding the common Benelux tariff.

Mr. Chairman, I feel convinced that in the future we will be seeing an identical development with respect to the trade of the European Community with the outside world. The Rome Treaty, as Professor Hallstein also pointed out, emphasized in various places the importance of close co-operation with third countries who are our partners in GATT. And when we drafted these articles we were definitely also thinking of our own interest. Accordingly, my Government look upon the European Economic Community Treaty rather as a jumping board by which to attain a freer world trade. This has been an important reason for overcoming the objections which have been raised in my country against the Treaty.

I thought it wise to point out these facts to you with a view to the fears expressed around this table. I have listened with the greatest attention to my distinguished colleague of Ghana. Ghana is a country, Sir, with which the Netherlands have traded for many many years and it is certainly not only our trade which links us, as there exists indeed a real friendship between our countries. No need to explain that the fate of Ghana has our sincere interest. However, I do not share the anxieties of my colleague of Ghana. I understand his concern, but I am convinced that the near future will show that his fears, understandable as they are, will not come true.

Is it not true, that in a community where economic expansion is one of the primary goals and where by common effort the best possibilities are created for a further rise in prosperity? Is it not a well known fact that in such a community income effects are far more important than price effects? That is, Mr. Chairman, why countries exporting to Western Europe especially consumer goods like coffee, tea, tobacco and cocoa may face the future with more confidence than is done now.

I have thought it important to ask attention for these aspects of the European Economic Community. I would like to add that it has never been the inclination of the Six countries to isolate themselves from the rest of the world. This appears already from the fact that after the publication of the Spaak Report invitations to join went out to other countries. These countries, however, were not prepared to enter into negotiations on the wide basis of this Report. And thus it was, I am sorry to say, that this integration could not be extended from the outset beyond this already important group of countries. This fact, Mr. Chairman, did however not stop us to enter - already before the Rome treaty came into force - into negotiations with respect to the establishment of the free trade area. Finally, it is beyond doubt that in the
attitude of the Six countries towards the General Agreement nothing has changed. Like M. AndréPhilip stated, there is no doubt that all obligations we undertook in the General Agreement will always be completely honoured by the Six countries. Like in the past we will always be ready to take an active part in all constructive initiatives taken under this Agreement to make further steps towards freer trade. It will become apparent that the European Economic Community partners are open to discussions and that they will strive to attach the greatest possible weight to the interests of other countries. I may in particular draw attention here to the willingness which the countries, parties of the European Economic Community, have expressed to consider specific problems of particular significance for any individual contracting party. May I repeat here what is said in the common Declaration of the Six countries relating to co-operation with States members of International Organizations. I repeat:

Recognizing that the establishment between themselves of a customs union and of a close collaboration in the peaceful development of nuclear energy, these being effective instruments of economic and social progress, shall contribute not only to their own prosperity but also to that of other countries.

I believe that, on the other hand it is not unfair to expect that third countries also on their side show sufficient understanding.

I would conclude by stressing the essential character of the relationship with the overseas territories. The form also for the Netherlands is an integral part of our integration plans. In my view, an important economic tie is formed here between industrial and non-industrial countries. By investing substantial amounts in these areas it will be possible to develop them further and to raise their prosperity. I consider this important, because an increase of wealth in such countries is in my opinion of paramount importance to improve sound international economic relations in the world. To this end the Treaty will contribute in a large degree.

Mr. Chairman, it is my firm conviction that if the spirit of co-operation which has hitherto guided us in GATT will continue to exist, the Working Party which will be set up will come to a satisfactory conclusion for all of us.

I have now come to the end of my considerations. The European Economic Community countries have taken a momentous and historical decision. The European Economic Community countries have crossed the border which kept Western Europe divided. Unless the signs fail, the time when Western Europe was nearly always the smithy in which the weapons for mutual strife were forged, has passed forever. They will henceforth go forward together, not to aggravate economic divisions in the world, but, on the contrary, to contribute to improve international relations in the world.