First of all, Mr. Chairman, I am charged with conveying to you and to the Ministers and Heads of delegations the sincere regret of my Minister, the Honourable E.H. Halstead, Minister of Industries and Commerce and of Customs, that he has not been able to attend this meeting. Pressure of duties in New Zealand at this particular time unfortunately made it impossible for him to come, but he has asked me to convey his views to this meeting.

Mr. Halstead was particularly concerned that his unavoidable absence should not in any way be taken as indicating any lack of interest on his part, or on the part of the New Zealand Government, in GATT, in this meeting, or in the problems which are at present confronting us in the field of world trade.

Indeed, Mr. Chairman, no New Zealand Government or Minister - in fact no New Zealander - can possibly fail to have the keenest interest in these problems. New Zealand's international trade, per head of population, is one of the very highest in the world. Even more so than with most countries is it true for us that international trade is our life-blood.

What is the nature of New Zealand's trade? Stated simply, we export mainly a narrow range of primary agricultural goods - meat, dairy produce, wool and a few others - and we import from all over the world manufactured goods, industrial raw materials, and many other types of commodities. But we can only maintain our high level of imports to the extent that we can sell abroad at remunerative prices the products of our efficient, competitive and expanding farming industries.

That, Mr. Chairman, is enough to establish the sort of framework within which New Zealand must consider the problems of the day.

First may I refer to two documents which are before the Contracting Parties at this Session of GATT and which are specially relevant to our problems.

May I recall the opening remarks of Sir Claude Corea as Chairman of the Contracting Parties. In the course of his brief but penetrating survey Sir Claude referred to - and I make no apology for quoting him because it would be difficult to state the case more cogently - "the persistent phenomenon of the failure of the exports of non-industrialised countries as a whole to keep up with the general rate of trade expansion. It is obvious that the
development of these countries is closely dependent on their capacity to maintain and increase their export earnings in order to pay for imports essential to their development programmes and also to service development loans and credits. Most important of all, in this context, is the part played by the industrial countries and their capacity to absorb the products of the non-industrial countries. The relative decline in trade between the industrial and non-industrial areas of the world during recent years has been intensively studied by the GATT secretariat and it seems likely that this trend will continue."

I would also refer, Mr. Chairman, to another valuable document we have before us - the report to the Contracting Parties of the Chairman of the Interim Co-ordinating Committee for International Commodity Arrangements, Sir Edwin McCarthy. This report, too, underlines problems facing the countries which depend on exports of primary products and the disabilities under which they labour as compared with the industrial nations.

In the case of primary products what does New Zealand - and equally the other agricultural exporters - find? You all know what we find - elaborate systems of subsidy and other forms of special support for the agricultural producers in big industrial countries, plus in some cases total exclusion of imports, and in others limited and even derisory provision for imports. Let me make myself clear - I am not talking about restrictions legitimately needed to safeguard a country's balance of payments, but about those which, whether now permitted by a GATT waiver or not, are deliberately protective. Often export surpluses are thus artificially created - surpluses which can only be disposed of in competition with the products of efficient exporters by dumping, export subsidies and other devices.

All this adds up, Mr. Chairman, to this - the conditions of world trade in primary products are not the same as those of trade in industrial goods and what applies to the latter does not necessarily apply to the former. Therefore, Mr. Chairman, we submit that the objectives of GATT stated in Article I are inevitably frustrated. May I read some of those objectives as a reminder - "... developing the full use of the resources of the world and expanding the production and exchange of goods, and promoting the progressive development of the economies of all the Contracting Parties". Are these objectives really being attained in the field of trade between the agricultural countries and the industrial countries? Is GATT really doing as good a job for us as it is for the industrial nations?

We are certainly not saying that there is any magic wand which can be waved to make these problems disappear. We would have been encouraged by any signs, however slight, that progress was being made towards reduction of agricultural protectionism, but unfortunately developments have all too often seemed to be in the opposite direction with the reinforcement and entrenchment of the very policies we are discussing. That is why this is a problem which is squarely before us as Contracting Parties to GATT to examine with a view to finding solutions compatible with our declared objectives.
It could be said, Mr. Chairman, that New Zealand is a small far-off country whose importance is not very great in relation to that of the major industrial nations. Even if the fallacy of that line of reasoning had not been established in recent history, I would still say that there are a great many New Zealands, called by many different names, and that no system of world trade consistent with the accepted objectives of GATT or indeed with a healthy world economy, can be conducted without due regard being paid to the problems I have referred to.

Now, Mr. Chairman, what should be done about this? The features of the problem must be identified - the imbalance brought about by the widespread subsidization of agriculture in industrial countries and the use of restrictive import policies, the accumulation and disposal of the resultant surpluses, the consequent pressure on the balance of payments of agricultural countries - in short the whole vicious circle. We have gone a long way towards reaching this step of identification.

Then the necessary action must be suggested, and here it must be emphasised that any mere retaliatory action will not meet the position. The withdrawal, for example, of tariff concessions by agricultural countries whose exports are being frustrated by the kinds of measures I have referred to, is not a solution. Indeed it may further extend the area of harm to world trade. The responsibility for action is clearly with the countries whose policies have led to the situation we have described. Should they perhaps, for example, undertake a programme of import quota increases, or should quota provisions for agriculture be more specifically provided for as compensation for tariff reductions on industrial goods? Should the provisions of the existing GATT be more rigidly enforced, or should GATT itself be amended?

These, Mr. Chairman, are pointers both towards what needs doing and towards how it could be done. We consider that ultimately any effective action in this field must be taken through the GATT. However, as a first step, we support the proposal made by the Australian delegate yesterday that a panel of recognized experts be set up to report to the Contracting Parties and through them to world opinion on appropriate action in this field.

We would envisage that such a panel would consist of a small number of highly qualified individuals who would not represent any particular governments and who would therefore be able to produce an impartial report not influenced by the need to make allowances for particular policies followed by individual countries. The report produced by these experts would provide a good basis for further discussion among the Contracting Parties during their next Session.

I would now like to comment on the agenda item which, apart from the Ministerial meeting itself, is of the greatest importance and that is the Rome Treaty establishing the European Economic Community. At the outset, let me say that the New Zealand Government welcomes the movement towards economic integration in Europe. We feel that if the Treaty of Rome is implemented in the liberal spirit indicated by Professor Hallstein yesterday, it would be a considerable contribution to the expansion of world trade which we all desire.
There are, however, some aspects of the Treaty which cause us concern. I have said earlier that New Zealand depends for its export earnings almost entirely on a limited range of agricultural products. I shall, therefore, confine my present remarks to the agricultural provisions of the Treaty. This should not be taken as a suggestion that New Zealand is not concerned with the other aspects of the treaty tariffs, quantitative restrictions etcetera - all of which New Zealand will wish to take up in appropriate circumstances. These we have carefully examined, but we have not been able to form an adequate picture of how the Treaty will work in practice either during or after the transition period. We have therefore availed ourselves of the opportunity to submit a number of questions which are included, together with the answers of the Six, in Document L/656. Despite these answers we are not satisfied that the agricultural provisions will in practice be operated in accordance with the letter or the spirit of the GATT. There are many points on which we are doubtful.

I would like to give only one example: Article XXIV of GATT provides that a Customs Union should not raise barriers to the trade of other contracting parties with the members of such a union. The Rome Treaty provides for a common agricultural policy and recognises that there may be need for price controls, subsidies, arrangements for stock-piling, and common machinery for stabilizing imports and exports. Much will depend on the common policy for determining the level of agricultural support or minimum prices. It would of course be possible to so fix common minimum prices as to enable an increase in imports from third countries. On the other hand it is fairly obvious that if, as we fear, minimum prices in the various Member countries are all raised to the level required by the country currently paying the highest prices to its producers, then the scope for imports from third countries into the Community would be reduced in a manner contrary to Article XXIV of GATT.

The conclusion to be drawn from this and other aspects of the Rome Treaty is that while the agricultural provisions could be consistent with GATT, there is no certainty that they will in fact be consistent. This being so, the New Zealand Government considers that the Contracting Parties are not yet in a position to accept unconditionally the proposition of the Six - and I quote from document L/728 - "That they are entitled to obtain from the Contracting Parties the recognition of the fact that the Rome Treaty fulfils the conditions enumerated in paragraphs 5 - 9 of Article XXIV...".

One of the conditions which the New Zealand Government have in mind is that adequate machinery must be set up through which the Contracting Parties collectively and individually could consult with the Six about any important decisions before they are implemented. Mere annual reports to the Contracting Parties of what developments have taken place would not be satisfactory from our point of view. If difficulties are to be reduced to a minimum it would, we submit, be desirable that there should be an opportunity to comment during the process of decision rather than after it. There are a variety of ways of achieving this objective but these might be discussed during the consideration of the Treaty after this Ministerial meeting.
To summarize, the points of greatest importance to New Zealand in the Treaty of Rome are its arrangements for agriculture. While these arrangements could be consistent with GATT, so many important decisions are left to be made by the new institutions that there can at this stage be no certainty of such consistency. The New Zealand Government therefore considers that the Contracting Parties should set up machinery to work in consultation with the Six, and to ensure that the Contracting Parties individually and collectively will have adequate opportunities to make representations to the Six before any important decisions for the implementation of the Treaty of Rome are finally taken.