SPEECH BY MR. T. HAGEN, COUNSELLOR TO THE SWEDISH EMBASSY, IN THE FEDERAL REPUBLIC OF GERMANY, DELIVERED AT THE PLENARY MEETING OF THE CONTRACTING PARTIES HELD ON 18 OCTOBER 1958

The Swedish authorities concerned have studied with interest the excellent report on Trends in International Trade submitted to us by the Panel of Experts appointed since the last annual Session of the Contracting Parties. This report will certainly require a more careful and thorough study, but I may be allowed to make a few comments on some of the recommendations of the experts now.

The experts recommend that a shift of methods of agricultural protection take place in Western Europe and North America away from price support policy towards deficiency-payment systems. According to Swedish experiences it is true that the price support policy introduced in most countries has brought about that the relation between prices on food and on other commodities has changed rather substantially as compared with the pre-war period. In countries with a low standard of living a shift over to deficiency-payments systems would bring about an important increase of consumption, but the possibilities to regulate such a shift may unfortunately not be the same as in countries where such a system is now applied, for instance in the United Kingdom. The Swedish authorities consider for this reason that the practical possibilities for the recommended shift of policy are rather small at present.

In the report it is further recommended that the Food and Agriculture Organization and GATT study together the possibilities to measure the degree of agricultural protectionism. The first stage of such a study has already been executed by the Economic Commission for Europe and the FAO in their reports on Output and Expenses of Agriculture. The Swedish authorities consider
that it would be appropriate that the second part of the same study also be entrusted to ECE and FAO. However, according to our experience, for instance from the discussions within the Organisation for European Economic Co-operation, it will be difficult to obtain comparable series of prices in this field.

The recommendation of the experts that the protection against the import of minerals should be reduced has of course our wholehearted support.

All in all, I think we can be very satisfied to have this very impressive report as a basis for our further deliberations on questions of agriculture and raw materials. There is general consent that such discussions are necessary. Like other delegations, we would like to express our readiness to participate in a review of agricultural policies as suggested by Sir David Eccles. It seems that most or all industrial countries are prepared to take part in such a review. We wish particularly to express our satisfaction that the United States Government is ready to discuss agricultural policies.

What the outcome will be remains to be seen. It is perhaps too much to hope for, to achieve general consent on these questions, as the interests of the countries mainly producing agricultural products and of those for which agriculture is an important side-line are conflicting. We must, however, arrive at a commonly acceptable compromise. It is obvious that the present GATT rules in this respect are not quite realistic. This can be seen from the fact that leading importing countries have great difficulties, to say the least, to accept integral GATT rules without waivers, or without calling upon reservations.

The agricultural question in Europe is a very difficult problem. It is important that production in the industrial countries should be rationalized and made effective without reaching such a size as to paralyse trade with other countries. It would be desirable that the big importing countries should keep a balance so that the proportion between home production and imports should be maintained, which would benefit world trade in agricultural products as a whole.

The German question in GATT is a part of the European agricultural problem. This was recognized by the German minister of agriculture in his speech when he underlined the importance of maintaining the traditional trade channels in agriculture, which belong to the structure of European economy. We were glad to hear Herr Lübke's recognition of the economic interdependence of the whole Western European area.

We are of the opinion that the question of the German import restrictions for agricultural products should be seen in its proper context and be dealt with accordingly.
The American proposals in the tariff field are very promising and we welcome this initiative, particularly in the present situation when we are being confronted with the new tariff of the European Economic Community. Mr. Dillon in his speech proposed a new round of tariff negotiations. In our opinion automatic tariff reductions would be preferable to a new round of protracted negotiations, the only result of which would be that some concessions would be granted by the individual contracting parties, which would most likely be very far from a more general 20 per cent reduction.

Such an automatic tariff reduction would be very much in accordance with the spirit of GATT.

We had hoped that it would have been possible to be able to present to the Contracting Parties a European Free Trade Area Agreement, fully compatible and in accordance with the General Agreement. I am sorry to say, however, that there have been considerable delays so that the negotiations in Paris have not achieved the results expected and hoped for by the non-Six members of the OEEC, largely owing to the difficulties which the Six have had among themselves to find a common platform. We have not given up hope that such a platform shall be established, and that the views of the other OEEC members will be met.

The Swedish Government earnestly desires the establishment of a European Free Trade Area, and is confident that it will serve its purpose of promoting and expanding free trade in the whole world.

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