It is a great privilege for me personally to be associated in the work of this conference where important questions connected with international trade and commerce, i.e. to say concerning the material welfare of large sections of humanity are to be discussed and decided. The conference is expected to last from now till the middle of 1961. My function is merely to play the opening bars, as it were. I will therefore adhere as closely as possible to the score. I shall certainly endeavour to be brief.

Every time we meet, the contracting parties will do well to remind themselves of the objects of GATT: these were, and I believe, still are, to raise standards of living, ensure full employment and a steady growth of real income. It was hoped that these objects would be achieved by arrangements directed to the substantial reduction of tariffs and the barriers to trade, and to the elimination of discriminatory treatment. That was what we agreed to in 1948.

How does the score stand now?

GATT came into existence on 1 January 1943. The Marshall Plan though announced in June 1947 came into effect only on 1 April 1948. Almost an age seems to have passed since then. Marshall Aid and hard work have transformed war-ravaged Western Europe into a land of plenty. In the process each country was obliged to adopt certain measures to buttress its economy though it meant erecting barriers to the free flow of commerce. Almost every one of these countries had encountered balance-of-payments difficulties. But with the steady growth of production, full employment, rise in the standard of living, etc., difficulties of balance of payments have become things of the past. And yet trade barriers of all kinds persist. Why?

Because while we all profess to be international in our outlook, we are not always so in practice. It is not that "procedures" are not "available". GATT is full of procedures. The real reason has been stated on page 7 of the Report on the Activities of GATT 1959/60: "When seeking solutions to international problems it is often difficult to reconcile what is desirable with what is practicable. This applies particularly in the field of international trade where a country's prosperity and the individual's livelihood are at stake. Sectional and private interests, public opinion and domestic political influences can often impede the adoption of commercial policies which governments may know to be internationally desirable and, at least in the long term, nationally beneficial." As an example of the kind of thing I mean, I would refer to the proposal made at the Tokyo session to the effect that participating countries may enter into negotiation on a broad category of non-tariff measures. This is what the Report says:

"Important trading countries, while accepting the principle that non-tariff measures should be negotiable, have already indicated that they would be unable to undertake commitments of this sort."
In spite of these discouraging features, my Government believe that, through the procedures available in GATT, it is possible to secure appropriate adjustments in economic policy and practice, and it is in this belief that my Government have notified their intention to participate in this Conference which is the most important of its series that has been held so far: for apart from the vast changes in the economic and political field since GATT came into existence, there have come into existence since the last conference in 1956 two regional economic groupings, which, whatever their justification, had not been envisaged in 1948. The present conference will provide a test of how and to what extent these regional groupings can be reconciled with the principles of GATT, and the liberalization of trade on a world-wide basis. We, therefore, look forward to the present round of negotiations with the United States of America, the European Economic Community and the contracting parties with whom there is the possibility of exchange of tariff concessions to mutual benefit.

It is a fact that less-developed countries like mine have not been able to achieve rates of growth at all comparable with those of their most industrialized trading partners. The economic development of these countries continues to be inhibited by low levels of savings and resources and by persistent balance-of-payments difficulties. In this situation, these countries often face serious difficulties in relaxing controls on imports and reducing tariffs even when they are convinced that this would help them to find larger markets for their exports.

It also follows from the economic realities of our times that in the tariff negotiations, more attention should be paid to the relative imbalance in the economic position of the industrialized and the less developed countries. There is happily today some realization of the urgent need for less-developed countries to expand their export earnings in order that they might be able to go ahead with their development programmes. Some of these countries are still exporters of raw materials and primary articles of food and drink. But many others, like my country, are increasingly producing semi-finished and processed goods for which they are seeking markets abroad. The success of the present conference from the point of view of the less-developed countries would depend greatly on the willingness of industrialized countries to extend their tariff concessions on products which the developing countries are increasingly in a position to export to them on the basis of natural cost advantages.

It is equally evident, Mr. Chairman, that under existing conditions the value of the present conference in achieving the world-wide expansion of trade will also depend on the willingness of the industrialized countries to understand the special difficulties and problems of less-developed countries in the field of tariff negotiations and make an approach which does not insist on reduction of tariffs being matched by equal and balancing concessions. I do not wish to suggest, Mr. Chairman, that less-developed countries should try to evade their responsibilities and not explore every
possibility of adjustment in their tariffs which would help to provide a stable and progressively expanding market for the exports of their more industrialized trading partners. It is certainly my Government's intention to do so but in assessing the value of concessions offered on either side we should not overlook what they mean in terms of the relative capacities of countries at different stages of development to forego a given amount of revenue or an existing measure of protection or a current saving of foreign exchange.

We are all aware, Mr. Chairman, that the timing of this conference and also, to a very large extent, its dimensions have been determined by the establishment of a common tariff by the member states of the European Economic Community and the willingness of the United States to negotiate a reduction on its tariffs. In these circumstances, the importance of this conference will also depend largely on the part which it plays in achieving a downward adjustment of the EEC tariff. The general considerations mentioned by me earlier are fully relevant to the question of the compensatory adjustment which the six member states have to offer in lieu of the withdrawal of bindings on their present tariffs and to the new concessions which they may be willing to afford. It is a fair comment that it is precisely in the sector of manufactured goods and in items like jute, cotton textiles, woollen carpets, etc., which developing countries like India can now export to the six, that the common tariff tends to be most restrictive. We have also in common with the less-developed countries, explained in the earlier discussions, the urgent need for the six member states giving concessions which would offset the harm which the Association of the Overseas Territories may cause to exports from less-developed countries. We hope that these tariff negotiations will give practical expression to the assurance given by the member states of their intention to achieve an expansion of their mutual trade in the context of progressive growth in their trade with the outside world.

Unlike the member states of the Economic Community, those of the European Free Trade Association will not be establishing a common tariff for imports from outside countries. Nevertheless, their willingness to grant concessions on their tariffs will play an important role in keeping their Association outward looking and helping to expand exchanges between them and the less-developed countries.

We must admit, Mr. Chairman, that the procedures for this conference may not meet all the wishes of contracting parties round this table. Our own expectations would, to some extent, be affected by the reluctance of a number of industrialised countries to offer concessions on their internal taxes or revenue charges which inevitably affect consumption of many articles we are in a position to export to them. At the same time, we recognize that the agreed procedures represent an extremely thoughtful and pains-taking effort by contracting parties to adapt the long-established principles of tariff negotiations to current needs and requirements. We are, therefore, confident that given the necessary understanding and goodwill, this conference will enable the contracting parties to take an important step forward towards the objectives embodied in the General Agreement.