When I last spoke to you on the subject of the GATT and the Organization for Trade Cooperation (OTC) at the Tokyo Congress in 1955, I was able to do so in a spirit of substantial optimism. Speaking to you today again, and looking to the future, I do so with much greater hesitation.

It is true that on the one hand the intervening two years have been filled with fruitful activity. We have in this period carried out a further important general tariff conference which added significantly to the already substantial tariff agreements embodied in the General Agreement. We have set on foot an important series of consultations about import restrictions which are still maintained in some countries for balance-of-payments reasons. We have also defined in a practical manner the attitude of GATT to problems arising out of the trade in primary commodities. Japan has acceded to the General Agreement and thus taken her rightful place in the GATT trading community. It was unfortunately not possible for certain contracting parties to accept the application of the GATT to their trade with Japan but a very great majority of the contracting parties have done so. We have also made arrangements which have cleared the way for the provisional accession of Switzerland.

On the other hand, however, at this date, more than two years after the successful review of the General Agreement, neither the constructive amendments which were then agreed upon, nor the Organization for Trade Cooperation, designed to strengthen and place on a permanent basis the administration of the Agreement, have been brought into operation. It would be misleading to pretend that this situation is not serious. It is true that the GATT has a working administration and that it can, I think, be said to have worked in a reasonably satisfactory manner. Equally, the Agreement in its present form has been in operation for over nine years and by common consent has made substantial contributions to the great revival of international trade which has taken place in that period. Nevertheless, as I said at the time of the completion of the Review, the reaffirmation and consolidation of the General Agreement was an event of major significance. By submitting the OTC to the approval of member governments, the CONTRACTING PARTIES were in effect submitting their work during these years to a vote of public confidence. Quite apart therefore from the important practical advantages to be derived from the ratification of the OTC Agreement, and the other fruits of the review, this action would reinforce the GATT and strengthen its prestige. Contrary-
wise, if this approval is withheld, the GATT must inevitably be weakened. As I pointed out in speaking the other day about the European Common Market and the Free Trade Area, these great developments will place a heavy strain on the General Agreement. The General Agreement takes on, in the light of these developments, an even greater importance for international trade since it is an essential framework within which the European arrangements must operate, and through which the necessary adjustments in international trading relationships can be worked out in a manner which will take into account all the interests involved. It is in this field that the greatest tasks of GATT lie in the near future. To accomplish them successfully it needs the reinforcement which the approval of the OTC could give.

As you will recall, the Organization for Trade Cooperation cannot be brought into being until contracting parties whose trade makes up 85 per cent of all of them have ratified. This in effect means that all the major trading countries must ratify if it is to be brought into being. At the present moment only the United Kingdom and India among the principal trading countries have accepted the Agreement. Because of this basic uncertainty a number of other countries have delayed putting into motion the legislative process of ratification until the decisive decisions have been taken by the major trading powers.

I feel that we are at a critical moment in the life of the GATT, and that if at Tokyo I could sound a note of optimism, here in Naples I must necessarily sound an alarm and utter a call for action. The first and immediate need is for a speedy action to establish the Organization for Trade Cooperation. The Rome resolution of the ICC Council recognizes this need in clear and forceful language. What is needed now is to pass from resolution to action. This, as I have said, is the immediate and urgent task. Looking further ahead I should like to see the ICC, through its National Committees, lending an ever increasing and invaluable service to the GATT - the objectives of which are the same as the fundamental aims of the ICC - by bringing home to public opinion the importance and significance of the aims and achievements of the GATT. Without a much greater measure of informed public support - and we see the effects of this in a practical way in the difficulties we have encountered in seeking the speedy establishment of the OTC - we shall not achieve our common aims. It lies much in the power of the Chamber to awaken the public awareness, and thus strengthen and support the major intergovernmental mechanism for translating the liberal and internationalist outlook of the Chamber into concrete action by governments through international agreement.