It is a great pleasure to me to address the general assembly of the Contracting Parties to the General Agreement on Tariffs and Trade today in Tokyo, the capital of a country whose extraordinary industrial and commercial expansion commands the admiration of all those who are aware of the obstacles that the Japanese people has had to overcome to achieve such magnificent results.

I wish to take advantage of this opportunity to thank the Japanese Government and the Japanese authorities who have organized this session of the Contracting Parties in such a splendid manner, placed at our disposal all the necessary facilities, and made every possible effort in order that our work should be successful.

Let me tell you first, that in my capacity as Cabinet member I represent here both the French Republic and the Community. Furthermore, the French delegation, as you may be aware, includes amongst its members the Finance minister of the Chad Republic, a member of the Customs Union with the Central African Republic, the Republic of the Gaboon and the Republic of the Congo, and it also includes the Secretary of State for Finance of the Republic of Dahomey together with representatives of the Madagascan Republic and the Mali Federation.

At this time, when the fifteenth session of the Contracting Parties is just beginning, the economic situation presents itself under clearly favourable auspices, at least (and I hasten to add this - not without regret however) as far as industrialized countries are concerned. A mere reading of the recent and excellent report on international trade in 1957/58 published by the GATT shows us the extent to which the situation has changed in the last few months. While the authors of the report were bound, as was only natural, to mention in the first instance the stagnation which had affected the economies of many countries until the spring of 1958, the western world is now again benefiting from a rapid expansion which justifies an optimistic view of the future. Let us note in passing, with considerable satisfaction, that this short-lived recession gave us an opportunity to test the efficiency of the built-in mechanisms that are available today to counter such developments. Furthermore, the renewed expansion is now taking place on a sounder financial basis. Dollar reserves have never been more harmoniously distributed throughout the world, so that the dollar shortage is now a thing of the past and there is no further obstacle to an optimum expansion of international trade. The problem of international liquidity has disappeared with the substantial increase in the members' quotas in the International Monetary Fund and of the capital in the International Bank.
I. The present situation of international trade

The restoration of convertibility for a number of currencies was rightly greeted as a momentous monetary event. However, what is more important, in our opinion, is the trade effects of this decision, the only thing in fact that we have to deal with here.

The restoration of convertibility can only be a prelude to an expansion of international trade which should be much more rapid and above all much less subject to fluctuations and setbacks than at the time when owing to the lack of convertibility, any progress in the field of trade was precarious and sometimes short-lived.

In fact, the effects of the restoration of convertibility have soon been felt: since the beginning of the year, we have been watching what I would venture to call a race towards the establishment of a non-discriminatory system, I would even say towards the liberalization of trade between industrialized countries. The French delegation is of the opinion that for reasons of a monetary and economic nature, discrimination should no longer be practised by countries whose currencies have recently become convertible.

Considerable progress has already been achieved in this field and discriminatory practices tend to disappear. But there is more: the balance of payments of a number of countries which had shown a deficit for a number of years or are now on the point of being in equilibrium again and even of showing a surplus. That is the reason why the last meeting of the Board of Governors of the Fund raised the question of submitting those countries to the provisions of Article VIII of the Fund's Articles of Agreement which, in the Fund's system, constitute the general law.

We all believe that such a change would have important repercussions on the application of a number of GATT Articles, which the CONTRACTING PARTIES would be called upon to analyze and define, perhaps no later than next year if, in the very words of the General Agreement, the equilibrium in the balance of payments is restored on a sound and lasting basis.

I wish to take the liberty to mention the case of my country as an example of the restoration of economic and financial health, and of drastic modifications in foreign trade policy.

The basic features of the task of restoration that was undertaken at the end of last year have been the balancing of our budget and the equilibrium of our balance-of-payments attained in a context of wider and freer trade.

The measures of budgetary austerity have been accompanied by the gradual elimination of import restrictions, both in our regional trade with our OEEC partners and at world level in our trade with other GATT countries.

Similarly, the reduction of our customs tariffs after the entry into force of the Rome Treaty has been extended to all countries, as the CONTRACTING PARTIES have been notified.

I would wish, at this stage, to emphasize that this gradual restoration of free trade practices reflects the abandonment by my country of the protectionist measures and practices which had been established at the end of the nineteenth century and subsequently aggravated by the Great Depression and the Second World War.
The improvement of the French economic situation followed in the wake of this new policy. In the first half of this year we were able to equilibrate our trade balance, notwithstanding the fact that imports had been liberalized. Our exchange reserves have been gradually reconstituted, notwithstanding the important payments that we had to make. Our balance-of-payments surplus for the first half of this year has exceeded our total deficit for the whole of 1958.

Our exchange reserves now amount to 2 thousand million and the French franc which has been stabilised has become hard currency. French industrial production, which had gone through a period of stagnation as a consequence of the world recession, is on the upsurge again and is reaching unprecedented levels.

It should be noted also that the measures instituted at the end of 1958 and during 1959 would not have yielded the expected results so rapidly unless France had made considerable efforts towards expanding and modernizing its output ever since the end of the war. In particular, the discovery and tapping of new sources of energy has contributed and will still further contribute in the years to come to the equilibrium of our trade balance.

However the present balance remains a delicate one. Although our exchange reserves are fairly important compared to their level one year ago, they are small in comparison with our international commitments and in particular with the payments that we have to make next year. Caution therefore commands that we should not eliminate at once all the barriers which still protect our domestic economy.

There is one other reason why we should refrain from liberalizing at once all products manufactured in countries with exceptional levels of wages, whether they are industrialized countries like Japan or countries in the process of development: I refer to the need (in the very interests of such countries) not to cause sudden disruptions in our economy while it is still precarious, because, in a democratic country where the Government cannot go against public opinion, such disruptions would, I feel certain, bring about measures of safeguard which would be still more restrictive and which in certain circumstances are permitted by the General Agreement.

We have, however, decided to liberalize to all GATT countries a number of items the list of which will soon be communicated to the CONTRACTING PARTIES.

We are fully aware of the need to expand trade with all countries including those which still afford only low levels of wages. To this end, and within the framework of the policy which has been outlined by the President of the Republic, having regard to the desirability of ensuring a better distribution of wealth throughout the world, we are firmly determined to increase our purchases in the less-developed countries.

But we believe that the best method, in the case of the more sensitive products, is to develop trade through an increase in quotas so as to avoid any possible setback which hasty measures of liberalization would bring about.
Let us now revert to the examination of the present status of international trade. I would like to say, briefly, that the establishment of a true world market which, until now, had been considered to be sheer Utopia, will no doubt become a possibility.

I emphasize this point because the idea is of course vital for the future of international trade and in particular for the GATT; indeed, it provides a test for the so-called "normal" clauses that constitute the general law in the General Agreement and have, until now, received far wider application than the exceptions - I should say the waiver clauses - written into the GATT. We shall certainly have to ask ourselves whether the basic rules of the Agreement are well adapted to the present situation and whether - to take a well-known example - it is reasonable not to differentiate between agricultural and industrial products and to require that trade in these products should be conducted under the same rules, the moment a country has adequate currency resources.

The French delegation therefore, is of the opinion that all the problems with which the CONTRACTING PARTIES are confronted should be examined and resolved having regard to the necessity of establishing a true world market.

2. Problems related to the establishment of a world market

You will not be surprised, I am sure, that a country like France, which is a member of the European Economic Community, should feel that the first of these problems is the co-existence of a world market and regional markets, and the relations between these various entities.

If those are to be harmonious relations, and if we are to have peaceful co-existence between these entities, it is necessary, and I hasten to say that it is just sufficient, that the establishment of a regional market should promote economic expansion. It is in fact by reason of this beneficial influence on the expansion of trade that the framers of the General Agreement deemed it necessary when they drew up Article XXIV to allow an exception from such a fundamental provision as Article I of the Agreement.

This beneficial influence is, I must say, very widely recognized at least as far as the economies of the constituent territories within a customs union are concerned. It may well be that this conclusion is dictated by an abrupt piece of reasoning, as follows: large economic entities are actually assured in advance, and with a certain degree of automaticity, of enjoying substantial advantages, such as mass production, economies of scale, etc. etc. and therefore the setting up of a customs union will, of necessity, promote economic expansion. This kind of reasoning, that we shall carefully refrain from questioning, for our part, will not in fact assume its full validity (in other words the expansion resulting from the elimination of customs barriers will not become a quasi-certainty) until and unless the economic integration of the customs union concerned has been provided for, and until and unless the customs union is or tends to become an economic union.

However, even though the above contention may be challenged, the best way for the new economic entity to show, not from the point of view of logics but in terms of facts, that there is no contradiction between the regional approach and the global approach, is to follow an open policy towards the rest of the world.
That is what the European Economic Community is doing, as is shown by the provisional measures which it took on 1 January, in extending to all GATT countries the benefit of the lowering by 10 per cent of all tariffs in excess of the common external tariff, as is shown by the proposal by the President of the Commission to take a similar measure next year, and again by the attitude of the Community, as recalled by the delegate for Italy towards the 1960-61 multilateral round of tariff negotiations, by the negotiations with a view to associating Greece and Turkey in the EEC, etc. etc.

While, therefore, there is no incompatibility between the regional approach and the global approach, it is nonetheless true that the disparity between the different stages of development of the various countries, that is, the existence of under-developed countries, constitutes a real obstacle to the establishment of a world market. In this connexion, we carefully bear in mind that until now the industrialized countries are practically the only ones which have benefited from the economic upsurge which I mentioned before, although the appreciable improvement in the balance of payments of major countries like India is a source of considerable satisfaction to us.

Meritorious efforts have already been made, especially in a recent period, to resolve the problems arising out of this imbalance. The considerable expansion of the United Nations Programme of Technical Assistance, as a result of the setting up of a special Fund, the continuing development of the financial assistance which is reflected in the projected establishment of the International Association for Development, show that the industrialized countries are becoming more and more aware of what I do not hesitate to call their duties towards the less fortunate countries. But I shall not dwell at any greater length on this subject. In fact, our main concern, in GATT, is to work towards an expansion in the trade of the less-developed countries. To that end, several methods can be envisaged.

In the first instance, there are the methods which have been suggested by Committee III on the expansion of international trade. The Committee, which has been examining the question as to how best to increase the export proceeds of the less-developed countries, has emphasized the principle that inequality between the various stages of development calls for much more than a mere determination of legal equality, much more than a determination that the less-developed countries and the industrialized countries, whatever their respective situations, stand on the same legal footing.

On second thoughts, it appears that this simple, straightforward principle is in fact a revolutionary one. We recognize thereby that we are prepared to abandon in part the rule of reciprocity which is a basic feature of the General Agreement, the moment we deal with our relations with the less-developed countries. Furthermore, we have already applied this principle implicitly, so to speak, for instance when we agreed that certain countries in the process of economic development could raise their customs tariff unilaterally, without providing any compensation.

The principle of unilateral action by industrialized countries in favour of the less-developed countries being agreed to, we must recognize that its application promptly comes up against a number of limitations:
- Already, imports of raw materials from the less-developed countries are admitted in the industrialized countries very liberally and nearly always free of duty or subject to low rates of duty. This means that, in this case, the industrialized countries can hardly do more to facilitate the export trade of the less-developed countries.

- On the other hand, industrialized countries can hardly grant another claim by the less-developed countries, by bringing the duties levied on manufactured or semi-finished products into line with the duties levied on raw materials. The principle of duty rates which increase in proportion to the degree of processing is generally applied throughout the world.

- The expansion of outlets in industrialized countries for products manufactured in the less-developed countries should be brought about without any unduly harmful consequences, in particular from the social point of view, in the industrialized countries.

Whatever these difficulties may be, it is necessary to arrange for concerted action in order to overcome them, and this is precisely the reason why the French delegation wishes to participate actively in the work of Committee III. I am pleased, in any case, to note that the progress of industrialization in the less-developed countries is such that these countries are seeking outlets for an increasing variety of products.

As regards those matters which Committee III still has to take up, I would wish to mention the stabilization of prices of primary commodities at a level satisfactory to the producing countries.

It is clear in this respect that any structural imbalance between supply and demand could not be remedied by straightforward tariff measures, by a mere "laissez-faire" approach.

It should be stressed however that what has generally been agreed to is only the principle of these attempts and their justification for which the General Agreement provides a basis. But the moment they have to be translated into deeds, differences arise. I do not intend to analyze them, as certain items on the agenda will give the French delegation ample opportunity to do so. I shall only mention the results, which I think are fully convincing, obtained until now in respect of certain products, such as tin (which to a large extent is an Asian product) to illustrate my general meaning, that the health and prosperity of the world market depends on thorough attempts to organize it.

I shall be forgiven for mentioning the experience of the French franc area. Within the framework of the French franc area very convincing results have been obtained and we, as contracting parties, hold it in our power to secure much more considerable success on a world-wide scale.

In our attempt to establish a true world market we come up against other obstacles. It is not my intention to analyze them or even to enumerate them. There is one however which, on account of its magnitude, deserves a special mention. I refer to the determination of the relations between the CONTRACTING PARTIES and countries with centrally planned economies. Shall we, on the occasion of the fifteenth session, deal with this problem otherwise than by passing over? I, for one, do not know. I only believe that now or later we will not avoid coming to grips with this question which is very important for the expansion of GATT.
I further believe that on this point, just as when we deal with our relations with the less-developed countries, with countries with low levels of wages or again with the agricultural provisions of the GATT, we are always faced with the same fundamental option. This fundamental option, as I see it, is one between a do-nothing attitude and a process of adaptation, a choice between our attachment to legal schemes allowing unbridled and disorderly competition between free States, whence we expect some good will issue forth with some kind of magic for the international community of nations, and on the other hand a feeling of confidence in a deliberate attempt at rational organization, commensurate with the problems that the GATT must resolve. Even if GATT does not resolve these problems it will still play a useful and an essential role, but it is only if it achieves a solution that GATT will become the great, the ambitious organization that we would like it to be and that, after all, its own Charter commands that it should be.