As the President of the Board of Trade said yesterday, Britain is going into the Kennedy Round with the will to do all we can, in co-operation with other countries, to make a success of these trade and tariff negotiations. This applies also to the agricultural sector of these negotiations, since trade in agricultural produce forms a major part of world trade and presents problems which for many countries are of even greater importance than those of trade in industrial goods. Britain has a dual interest in this field. We have a vital and increasingly efficient domestic agricultural industry, and at the same time we are probably the major market and certainly the freest for exports of agricultural produce.

Britain's present farm support system, broadly of unrestricted entry for imports and price guarantees for domestic producers, was devised in times of relative shortage of food. The agricultural revolution in the developed world in recent years has led to a quite different balance of supply and demand, and it is indeed the rapid shift in this balance, as agricultural production has been increasing faster than consumption, which makes it so essential that agriculture be included in our deliberations and decisions in the Kennedy Round.
During the last few years with our free and open market, we have seen the
effect of this on a number of commodities. In 1961 the price of imported
cereals - barley in particular - in the British market suffered a dramatic
fall. Then the meat market weakened. Then butter went the same way. In the
early months of this year pressure of supplies again had their effect on the
meat market. Time and again we have had complaints from exporting countries
that the prices they were receiving on our free market were below their produc­
tion costs and international competition was forcing them to subsidize their
food exports to a country which was highly developed and enjoying a high
standard of living. My colleagues will readily understand that to import food
cheaply has advantages for an industrial nation like the United Kingdom. We in
our turn appreciate that many exporting countries have felt a sense of disappoint­
ment over the extent to which the British Government has hitherto seen fit to go
in their policy on international commodity agreements.

What of the future? The changing balance of supply and demand has been
putting a growing strain on all agricultural systems. We have seen it reflected
in many different countries in many different ways. Ours is no exception. We
are of course determined to safeguard the standard of living of our agricultural
community. At the same time, we have our responsibilities, as the largest single
commercial importer of food, towards exporting countries, and we believe that it
is right on both counts that we should be ready to adapt our system in order to
bring a greater measure of stability into our market. We realize, of course,
that action of this character will have its effect on our import needs and you
will understand that we will be looking in these negotiations for compensating
advantages for our exports. I hope my colleague, Mr. Erroll, and I have made
it clear that we will be entering these discussions with a real will to reach
agreement. To this end we give our full support to the proposal to set up meat
and cereal groups. Here I find myself aligned with the Australian Minister.
We think they could start work without any further delay and propose that they
should begin early in June. Do let us get on with it. We see these groups as
negotiating groups and their ultimate purpose being to bring about international
arrangements. Mr. Herter has suggested that these groups should in the meanwhile
be considering interim solutions. For our part we can go along with this and we
will wish ourselves to participate constructively in that part of the work too.

To sum up. Both at the Commonwealth Prime Minister's Conference of
September 1962 and in the Brussels negotiations, the British Government had
stated its willingness to pursue a fresh and constructive approach to these inter­
national commodity problems. The Kennedy Round offers a new and broad opportunity
to evolve international arrangements, particularly for cereals and meat in the
context of general trade negotiations, and the British Government is prepared to
play an active and constructive part.

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