I am very glad to be here to meet in council with so many countries devoted to the ideal of expanding trade.

I read with the greatest interest and admiration Sir Claude Corea's speech at the opening of this Session. He made a number of most valuable observations about the past and future trends in international trade. In particular he stressed the fact that the industrialised nations are expanding their overseas trade faster than the less developed countries.

I do not find this surprising. There may, as Sir Claude’s analysis indicates, be many contributory causes for it. Some of these we can be confident are temporary. One such important cause is that new machines and methods are being so rapidly introduced in the countries which already are industrialised. The fact that this is so should not be discouraging to any of us. In time it will help the under-developed countries to find the capital they need to raise their own standard of life.

They look to the industrialised countries to provide a large part of their resources and wherever they look they meet a scarcity of capital.

The difficulty in attracting enough lenders arouses disappointment. But it is worth noting that a country cannot export capital unless it has first made itself rich; and therefore any nation, who needs to borrow, should see the expansion of trade in the industrialised countries as a necessary preliminary to their lending more abroad. This sequence of events is an inevitable condition of that world-wide prosperity we all desire.

I can assure members that the United Kingdom wishes for nothing more than to be in the position to increase her loans and investments overseas. This has been our policy in the past and it will remain our policy in the future.
Sir Claude also said with truth how regrettable it is that the Organisation for Trade and Co-operation has not yet been established. Here the decisive move rests with the United States. I welcome the news that the Administration has decided to seek Congressional approval once more for United States membership of the Organisation and also for an extension of the Reciprocal Trade Agreements Act. We all, I am sure, were greatly encouraged by Vice-President Nixon's recent speech. There is no need for me to remind you how necessary it is for the Americans to continue to put back into the world the dollars they take out. In fact the leadership of the United States is indispensable to the success of all our work in the General Agreement on Tariffs and Trade.

I wish the rôle of the GATT as the champion of expansion in world trade was better understood. I am afraid it is true that most people in Britain look on the GATT as the private liturgy of the bureaucrats rather than as a place where useful things can be done.

There may be something in this scepticism but not much. If the GATT has not achieved many spectacular positive acts, it has done much good in modest ways, and it has been invaluable in preventing members from resorting to restrictions on trade which all of us at times are tempted to use.

The importance of this watchful function of the GATT is well seen in the major question we have on the agenda at this Session - the Treaty of Rome.

None of us here, I am sure, wants to approach this imaginative and historic Treaty - for that is what it is - in a spirit of dry legalism. But the right of countries under the General Agreement to form customs unions or free trade areas is subject to certain conditions. These constitute the safeguards for the legitimate interests of outside countries. It is our duty to be scrupulously careful to see that these conditions are observed whether or not as individual members we think that the Treaty of Rome contains provisions which are likely to damage our own interests or the interests of those for whom we speak.

Thus a thorough examination of the Treaty is precisely the kind of work which the GATT was set up to do. Yet you may think it equally or even more important to discover whether the spirit which animates the Treaty of Rome is the same spirit as animates the GATT.

In the United Kingdom we have always assumed that the European Economic Community did aim at the expansion of Trade both within its area and beyond it. If we had not believed this it would have been useless to propose the free trade area as an extension of the common market.
But it has been made clear to us that many members of the GATT want to be reassured that this view, which we hold, is correct. They ask to be convinced that the common market philosophy and the GATT philosophy are the same.

How could one define the philosophy of the GATT? Perhaps you would accept this definition; that expansions in trade deliberately sought by governments between any pair or group of countries should not be at the expense of other members of the GATT; that we should all hold firmly to the principle of getting rich together and set our faces against changing the methods of international trade in any way that, though some may gain, others must lose.

Members gathered here are right to ask whether this basic philosophy also animates the common market. Is it the intention of the Six to do more trade among themselves and with their overseas territories at the cost of less trade with the rest of the world? Or will the dynamic possibilities of a single European market be directed to expanding trade outwards as well as inwards?

We cannot pretend this question does not exist. It can only be completely answered by events; that is by the way in which the common market develops and is administered.

Now if, as I believe, we shall hear firm and most welcome declarations regarding the liberal and outward-looking spirit or philosophy of the common market, then it cannot be embarrassing to the signatories of the Treaty of Rome - who are also signatories of the General Agreement - to give those who supply Europe with food and raw materials concrete assurances that their trade will not be penalised in ways which are contrary to the letter and spirit of the GATT.

These anxieties arise in relation to two main areas of the Treaty - the provisions for agriculture and the arrangements for the association of overseas territories with the common market of the Six.

Others, including our friends from the Commonwealth, will no doubt speak about the agricultural provisions, and if for the moment I do not elaborate on these I can assure our friends that we fully appreciate their anxiety over such a substantial trade.

Indeed as far as our information goes at present we cannot tell whether the contemplated managed market in agriculture would work out consistently with the requirements of the GATT. Since this doubt exists it has to be resolved and we here must find the means to do this.

I have referred to the interests of the Commonwealth, and how glad we are to see among us today, as contracting parties, the representatives of the youngest members of the Commonwealth - Ghana and the Federation of Malaya - whose freedom and prosperity we shall do all we can to maintain.
But I would remind you that it is still the responsibility of Her Majesty's Government in the United Kingdom to speak for some forty Colonial territories whose populations total some 60,000,000, for Nigeria, for East African territories, for the British West Indies and others whose livelihood depends on export markets for foodstuffs and raw materials, and who are in some cases largely dependent on trade in one or two commodities.

These Colonies, like many countries represented round the table, are concerned about the nature of the arrangements for associating overseas territories with the European common market.

We accept and sympathise with the desire of the Six to assist by investment and by any other means consistent with the principles of the GATT the development and industrialization of their overseas territories; we have similar objectives for our own Colonies.

But we cannot welcome any plan which seeks to achieve such ends at the expense of the trade of other under-developed countries through arrangements which do not appear to us to fall within the scope of Article XXIV. This view is not an isolated view; it is widely shared by public opinion in many countries. The arrangements proposed are regarded as essentially an extension of the preferential system existing today between France and her overseas territories, under which new and, in some important cases, substantial preferences will be created in the other larger markets of the Community.

It seems to follow that these arrangements require a waiver of the General Agreement and that the waiver should be conditional upon appropriate adjustments and safeguards for the interests of other contracting parties.

I shall listen with great attention to what other members have to say on this question of the proposed new preferences. It raises difficult but not insoluble problems. We can count on the goodwill which has long existed between the Six and their world-wide trading partners. All the endeavours of the United Kingdom delegation will be used to arrive at solutions satisfactory to our own Colonies, to those who think like them and to the Six to whom we owe much for their courageous and imaginative initiative.

It is politically vital to the self-confidence of the free world that Europe should unite her markets. We must therefore all be prepared to make a special effort to bring about this great idea, and if, as we hope, a Free Trade Area Convention is brought before the GATT next year the United Kingdom would expect that Convention to be just as carefully examined as the Treaty of Rome, and to pass the same tests.

We live in a world which is being circumnavigated once every ninety-five minutes. We have neither the space nor the time to pursue policies which are not consistent with the interests of all the countries meeting here today.

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