

It is generally assumed that the most important aspect of the Community's policy directed to creating future unity among the six has been the common external tariff. This was probably so at the beginning. But I have been assured by well-informed officials of the Community that this importance has been decreasing. It is still important, of course, that they have a common external tariff. But the level of it, whether it is high or low, has become much less important from this particular point of view. What has become more important has been the efforts which they have made, with varying success, to coordinate their policies in a whole range of other matters, bringing them nearer to the concept of an economic union.

I don't think that we can doubt that this has been their experience. But I think we ought to give our mind rather carefully to the implications of this sort of doctrine, if it is applied to wider groupings of countries which have little prospect in the near future of becoming an economic community.

How far can one, in fact, hope to go beyond the point that we have now reached in eliminating tariffs among a group of countries which are not contemplating economic union? It may be that the limiting factor will turn out to be precisely what we can achieve in the field of nontariff barriers, in the field of harmonizing and coordinating policies on taxation, on governmental procurements, on various industrial practices, and so on.

Whereas few doctrinal differences emerged in the Kennedy Round, because the target for reducing tariffs was limited to 50 percent, had the target been 100 percent, that is to say complete free trade in these products, at once some of the discussions on whether this could be achieved without a much higher degree of harmonization in other fields would have become important.

Here again, if I may revert for one moment to the North Atlantic Free Trade Area, if I am right in what I have said about the Community's attitude over this, it seems to me almost inconceivable that the Community would be willing to become a member of a free trade area which was not accepting economic discipline in a wide range of other fields. Therefore this free trade area has to be seen as something which excludes the European Economic Community.

In that event I would think that it would be likely to remain a rather unacceptable concept to Britain, and I think to her EFTA partners, too, because if they were to join in the free trade area this would have a tendency to separate them, perhaps, forever, or at least for a long time, from the Community. I do not think that they would be prepared to envisage that. I think they would feel it more realistic and worthwhile to wait, even if they have to wait for some years, in order to become a part of the European Community.

The lowering of tariffs in the Kennedy Round of negotiations would make that period rather less difficult for them than it would otherwise have been.

I would like to say a word about East-West trade which Mr. Peccei mentioned. And here I want to make what is primarily a political point. I realize that East-West trade is not quantitatively of great importance in the trade of most countries, and probably very unimportant in the trade of the United States. But it is becoming politically