

Round, with whose initiation five years ago many members of this subcommittee were so closely associated, has just been brought to a much more successful conclusion than had at one time seemed possible, it is good that we should all be reminded by you that this is a moment not only for congratulating ourselves on what has been achieved, but also for giving our minds to the next steps which we have to take in the promotion of world trade.

The moment is of course a difficult one for forecasters, since it is still too early to feel sure what effect the agreements reached in Geneva will actually have upon the flow of trade. It will be several years before the negotiators will know for certain whether their calculations were sound; and until this becomes clearer, governments are unlikely to commit themselves to fresh policies. For that very reason there may be a chance to influence future thinking by free discussion.

There is one uncertainty in the present situation which particularly affects Britain, her exclusion up to the present time from the European Economic Community and the doubt whether her second application for membership is going to succeed. It may be appropriate for me to start by saying something on this issue.

BRITAIN AND THE E.E.C.

Contrary to the hope entertained in 1962, Britain had to participate in the Kennedy Round negotiations, from start to finish, on the assumption that she would be outside the Community at least for several years to come. From January 1963 until the end, negotiations for her entry were not even in progress and there was no certainty about their renewal. In these conditions the British negotiators could hardly be expected to adopt all the positions which they might have done had British membership of the Community seemed imminent. The fact that some continental critics have blamed Britain for having shown herself in sufficiently European in these talks illustrates the dilemma in which she is at present placed.

It is still impossible to name a date when Britain might join E.E.C., but on the issue of whether she will join at some time or other, I would suggest that calculations should now be based on the strong probability that she will. Although it is clearer now than in 1962 that President de Gaulle will keep Britain out if he can, he has obtained virtually no support for this policy among his five partners in the Community, and even in France there is a substantial body of opinion which does not share his view. The opposition to British entry has thus a temporary look; whereas the conversion of Britain to the policy of joining E.E.C. seems more durable. It has occurred as a result of serious examination of available alternatives over a period of more than five years, and this has produced unanimity among political leaders of all the main parties, solidly backed by an overwhelming consensus of industrial opinion. The British drive for entry therefore seems less likely to change than the French opposition to it.

It is true that the question is still being asked whether, if the British application were to be blocked again, the British government and people would undergo a revulsion against Europe and look elsewhere. I do not think this likely, if only because Britain has already considered all other possibilities and found them wanting. I believe that she will cling to the concept of a partnership between Europe and North America, in which she will be an integral part of a growingly united European component. This concept, which used to be called the Grand Design, has suffered some setbacks in the last five years. Its realisation may now seem a longer business than was once hoped. But it is still the sanest pattern that has been proposed for the Western world and it should not be lightly given up, nor should anything be done for tactical reasons which might make it harder to resume an advance towards it.

In this connection I should like to make a comment on the proposal for a North Atlantic Free Trade Area. As I understand it, those on this side of the Atlantic who have promoted it are, broadly, those who favour the entry of Britain into E.E.C. as part of a wider Atlantic grouping, but feel that, if this course is blocked, an immediate alternative should be envisaged, which does not require the Community's co-operation. The Free Trade Area could leave room for the Community to join in at a later stage, but in the meantime would proceed separately. There is the further idea that the mere formulation of this alternative may in itself be a useful tactic in bringing pressure upon the Community to agree to Britain's entry.