cause of a built-in tradition in Western trading countries, and especially in the United States, against interference with market forces.

The main point which I wish to make on this is that it is now tacitly recognised that the concept of free trade does not include free trade in agriculture—in circumstances in which virtually every country insists on regulating its own agriculture and protecting its producers, it is not plausible to object on theoretical grounds to the organisation of international markets. Here again the main obstacle, apart from the intrinsic difficulty of establishing what are reasonable minimum prices, levels of production, and so on, is not the doctrinal one, but quite simply the strong pressure exerted by special interests.

These pressures are particularly strong in the United States, whose negotiators have, in general, felt able to work towards commodity agreements only where there is an American export interest, as in cereals.

I would not feel myself well-qualified to dispute with you the details affecting particular commodities, but I think it important to stress that the general issue of commodity agreements is of the greatest significance to the developing countries and that full American co-operation is going to be indispensible if progress is to be made. In some cases, such as cocoa and sugar, the problem is already urgent and is bound to be a main topic at the UNCTAD in 1968. It is very much to be hoped that, when the time comes, it will be possible for Congress to give its support to a more active policy in this aspect of international trade.

Nontariff Barriers

One thought which seems to have imposed itself forcefully upon all those who participated in the Kennedy Round is the growing importance of non-tariff barriers to the free flow of trade. As tariff barriers are lowered, the relative importance of the non-tariff barriers increases.

This issue arose from time to time during the Kennedy Round and in a few cases some practical progress was made, but it did not occupy the centre of the stage. It was, however, identified by almost everyone as being one of the next and hardest items for inclusion in any future agenda. Indeed, it is not at all certain that agreement on a further round of substantial tariff cuts will be even worth attempting unless it can be preceded or accompanied by progress in this more intractable field. Some tidying up of the results of the Kennedy Round will no doubt be possible and perhaps some further attempt to "harmonise" tariffs which are seriously out of line with average practice. But measures of this kind would be the completion of the past phase rather than a step forward into the new.

Some of the more obvious non-tariff barriers, such as discriminatory customs definitions, attracted attention during the Kennedy Round, but many others have hardly begun to come under discussion in the GATT. I am thinking of such devices as differing tax provisions, or discriminatory arrangements for tendering and purchasing by governments and public authorities. These often cover a wide range of capital goods and equipment and are by no means limited to the defence field.

There is a fairly wide-spread impression that, although all governments engage in these practices to some extent, non-tariff protection given to producers is more extensive in the United States than elsewhere and that, in consequence, there will have to be active co-operation from the United States if this thorny subject is to be adequately tackled. It is well recognised that this may pose difficult problems for the United States Government.

Many of these practices are deeply engrained in the business thinking. Any attack upon them is fiercely resisted by the industries affected, a current example being the agitation in some parts of the chemical industry against the undertaking given by American negotiators at Geneva to reconsider the American Selling Price. Since American exports only account for about 3% of the Gross National Product and imports for even less, it is harder than it would be in some other countries to argue for reducing protection on grounds of the national economic interest. It is instructive to note that the corresponding figure for Britain in 1966 was 22% of Gross National Product for exports and slightly more for imports.

If this particular difficulty applies to the United States in special measure, other difficulties apply to everyone. In the first place, whereas an exchange of tariff concessions can be quantified and its fairness made apparent, in non-tariff negotiations like is not being traded against like. Nor is the effect of a concession