

Address by Dr. S.L. Mansholt
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When I received an invitation to speak here this morning about what has been achieved in Brussels I accepted it, mainly because we shall have to look ahead and because we consider what has been done in Brussels as no more and certainly no less than one stone in the building of a greater Europe and of better world relations. It is only one piece, but all these pieces will have to be built into one whole and that is why they are important. If anything as vast as agriculture had not been moulded into the required form, it would have been impossible to build further. It is said that a chain is no stronger than its weakest link, and a building is no stronger than its foundations. And what we did was to lay yet another part of the foundation. It had to be done, and so we had no choice but to decide to lay this stone.

All those who for four years have taken part in this preparatory work - Parliaments, the Council of Ministers, officials, organizations and experts - know very well that what they have now achieved is not everything. On the contrary, even in the agricultural sector it is incomplete. We must be quite clear about this. A beginning has been made with a common market organization. That is important enough in itself, but I wish to stress that very much remains to be done if we really want to have a common agricultural policy. I need only think of the subjects which have been discussed here today, such as the relationship between agriculture and the possibilities of development for the nation as a whole, and I think of recreation, too. I need think only of the structural problem, the problems of production, of the social problems besetting agriculture. In these fields a great deal remains to be done before we can really speak of a common agricultural policy. Nevertheless I feel that what has already been done in the field of market organization should make us pause a while and ask: What does it mean? What has really been decided on? It is naturally not my intention this morning to go into all the technical details; that would be impossible in three-quarters of an hour. But I will sketch the essentials, for only so can you understand what remains to be done and how we must use what we have. I then hope to be able to tell you a little of

what we can expect to happen now that we can go ahead with our six-country Community. I should like to say a few words on our relations with non-member countries, the accession of Great Britain, and our relations with the rest of the world.

What has been decided? It has been decided that the various organizations which exist in the six countries are to be forged into one, not by, as it were, adding together what is already there, but by laying the foundation for something that can work as a market organization once we are a Community. I do not think what is going to happen in the next two or three years will be so very important. I really do not believe it to be so important if one country enjoys some advantage next year while another suffers some disadvantage. What I do find important is that in the end we shall be able to apply a common policy, a common system, based on a common market, but in particular a common system by which the political aims of the Community can be translated into reality.

We were faced with a great problem, with many great problems in fact. When we begin to set up a common organization and to mould it out of six different existing organizations, it is international practice, and it is necessary, to make it very clear from the outset what is going to happen. How was the Netherlands market organization and the Netherlands agricultural policy brought into being? If we were to write its history we would find that for instance in 1930 there was some emergency legislation which came into being in haphazard fashion and which then developed further. At the international level this is no longer possible. You must plan where you are going and what you want to achieve, and you must lay down carefully in advance how everything is to work and even how responsibilities are to be allocated during a transition period, and what exactly must be done in each country. The policy for dairy produce in the Netherlands for instance is extremely complicated, as you know, and I believe that there are only few people who really understand it. Perhaps the only person who knows it fully is here with us today, and apart from him nobody knows exactly how the dairy system works. At the international level this will not work; here everyone must know precisely what is going to happen in two or three years time. No country will be prepared to give up anything until

it knows exactly what it is to receive in return. This means - and this is the second point I should like to make - that agricultural policy necessarily leads to something very complicated. Yes, farm policy is always complicated, as we know, and only a limited circle of initiators, they say, is allowed to know everything and to understand it all. Well, I admit without hesitation that the decisions taken in Brussels on the common market organization look fairly involved. On the other hand, I will also say that anyone who knows anything of existing conditions in Western Europe and elsewhere in the field of farming and market organization must admit that this piece of common policy has made possible, and in fact achieved, some considerable simplification.

What is its broad basis? Well, by and large it is that we are endeavouring in the very first year, almost overnight - on 1 July 1962 - simply to abolish a whole series of specific protective measures for a number of products, and to replace them by one protective measure, which is the system of levies at the frontier. In itself, a levy is not a thing of beauty. I mean a levy at the frontier, a kind of variable, changing tariff. It is the only way to begin to establish order out of the present chaos, to get everything moving one way. All the various elements are gathered up into one system, which is then in turn gradually abolished. What we are going to do on 1 July is to put on record the many differences in the agricultural field to be found amongst the six countries and between these countries and the world market and then to work the results into a single system of levies. Within the Community this system will disappear as prices are brought into line, forming a common unit for trade with the outside world and automatically creating a common market. But we all know that very much more is required. We know that certain guarantees must be given to ensure some stability in the market and that therefore it will also be necessary to give our attention not only to the levy system but also to the fixing of certain target prices. I would like to use grain as an example, because here we will soon have a common European price. There are still wide gaps between the prices, but from the very first year a certain order will have to be established in the margin within which governments can fix their own prices.

4 As a result we have already got the upper and lower limits for the European price, and these already reflect some approximation of price levels. How do we now bring these prices into line? How do we arrive at a single price in Europe? But we need only put this question-- and we shall have to arrive at a single price - to realize that we shall have to be very clear about the effects these prices will have. What do we really mean by a price? Is it to be a fixed price guaranteed by the powers that be at national or Community level, or a price to be aimed at by all sorts of other means? On this point we were opportunist, we had to be opportunist, as sometimes happens with national policy as well. We came to the conclusion that for such basic materials as grain it was in any case necessary to establish a fixed price which would be guaranteed and absolutely firm. This is very important for the price formation of other products as well, and means that the target price for grain is linked with what is known as the intervention price. We therefore fix a target price and below it an intervention price, which means that whatever happens and whatever the market situation this price must be maintained. It is clear, as we are speaking of a common market, that there must also be a completely common policy in this field and that Community institutions will have to ensure that this price is in fact maintained. In other words, purchases will be made if there are surpluses, these will be stock-piled and possibly sold in a later year. We therefore see that if there is to be a firm system such as has been decided on for grain, we will have to do at Community level what has so far been done in this field at national level. And I do think that what has been decided for grain is an example of a piece of real common market organization.

I can only give you a brief sketch of what is to happen to livestock products. Here too our idea is to achieve some stabilization of the market in the Community. We all know that in this respect too the world market, if we may speak of a world market, is causing us great difficulty through its instability and complete lack of order. If therefore we want some order and some stability in our own market, and that is our general desire, then we shall here again have to give some protection to this market, but we shall have to do so in such a way that the possibility of trading with non-member countries

5 remains open. That is to say that we shall have to introduce import levies and export refunds and to try in this way to come near to a given target price. I shall not go into any further technical detail. I do not propose to speak about sluice-gate prices and threshold prices and all that these entail. But it is part and parcel of this whole system, and you will see that this applies to grain as well as to pigmeat, to eggs as well as to poultry, that there are a number of institutions empowered to decide on these matters. And it is on this that I should like to say a few more words.

On the whole we have adopted the line that so far as possible the Member States should carry out the policy through their own executive organs, but that they can only do so in the form of a common policy based on decisions taken in common. These decisions are taken by the Council of Ministers and the Commission, both of them institutions with some political responsibility and answerable to Parliaments, the Ministers to their national Parliaments and the Commission to the European Parliament. These are the two institutions which will take the common decisions in accordance with a certain division of labour, the Commission proposing, the Council disposing. But these decisions are binding on the executive organs; in the Netherlands, for instance, a commodity board has no choice but to comply with the decisions taken by the Council of Ministers or by the Commission. The regulations which have now been adopted in Brussels replace municipal legislation and automatically have the force of law, in other words, they must be complied with. But not only the decisions already taken, but also everything which in future is laid down by the Council of Ministers' decisions on prices, quantities, certain forms of intervention, refunds, etc., will simply have to be accepted by the Ministries in the various countries, by our commodity boards, by the corporations in Italy, by the purchasing and storage offices in Germany. We see, therefore, that as soon as the regulations for the various products which have now been adopted in Brussels come into force, that a section of municipal legislation will have to be adapted in each country to these regulations and that every individual, every country and every institution not complying will be breaking the law. This will immediately make it clear to you that the problem of supervision is inextricably

bound up with all this. And that is why it will be necessary to gather the executive organs together and try to apply this whole system through some form of co-operation, - of joint responsibility - there is no other means of exercising supervision. It would be impossible to carry out a European policy such as that envisaged for agriculture, the only sector so far in which a common policy can be carried out, unless a great deal of responsibility and decision is left to the executive organs too. This is the great task we face at the moment. We shall have to try to fit all these executive organs in to the system in such a way that everyone knows what is at stake and can exercise supervision if the executive organs fail to comply with any decisions taken by the Council or the Commission.

I am giving you this brief sketch in order to make it clear that what has happened was more than the passing of a number of regulations. We have now reached the stage where policy will be translated into practice.

Now you must not imagine that the market organizations which have been set up for several products - i.e. the various kinds of grain, pigmeat, eggs and poultry - all have the same structure. We have adapted our plans to the nature of the products and, to the possibilities of the market, for instance for fruit and vegetables and for wine. I don't propose to speak about wine in this context, because at best we drink it but do not produce it, and consumers don't come into the picture. I say this although our friend Vondeling is here, or perhaps just because he is here. We are thinking in the first place of the producer, and so the arrangements for wine do not matter to us in the Netherlands; the only thing that does matter is an arrangement which affects producers. On fruit and vegetables, for instance, we take the line that markets must be made free, but not that alone, as that would mean a step backwards; the system we propose is based on an ordering of the market, an order which rests on standards of quality. Very soon we shall no longer be able to export fruit and vegetables just

as we like in international trade in Europe: they will have to be standardized and to meet certain minimum requirements. For nine types of products these requirements were fixed at the meetings in Brussels; for 21 others they will be fixed before 1 July of this year. This means that the whole fruit and vegetable sector will be standardized and only products which conform to the standards laid down will be freely traded. I quote this just as an example of the way in which we must try to build up the market organization. It means that from 1 July 1962 the top qualities of fruit and vegetables will be traded freely without let or hindrance at the frontiers, and later this will also apply first to Grade I and then to Grade II products. Before 1 January 1965, i.e. in a very few years, the whole internal market will have to be and will be organized in this way. This again is a decision taken by the Council of Ministers. It means supervision and the execution of a policy which lays a heavy responsibility upon the institutions entrusted with supervision of quality and quality standards, and it also means that these national organizations will have to adapt themselves to the new system. As a start they will simply have to take their cue from the implementing regulations laid down in Brussels. It is these which will have to be applied, as they alone will be valid.

In giving you a picture, a superficial picture, of the nature of the decisions taken in Brussels, I want to draw attention to one point, namely to what happened and what was decided on the methods by which we are to finance the agricultural policy. A great deal has been done. The fact that the Council of Ministers was able in half a year - it is only half a year since we put the proposal forward - and really within a few weeks, weeks of intensive day-in and day-out deliberations, to arrive at this conclusion is proof that there was the will, not to say the necessity in some cases, to reach a decision.

A European agricultural fund, a Guidance and Guarantee Fund, has been set up, and it is part and parcel of the Community's budget: the Council of Ministers has decided that all levies on imports from non-member countries are a Community affair and must be used exclusively for Community purposes. It was also decided that the Member States should make large annual contributions to the Fund. We have a transition period of seven years and each year the Member States will have to make a larger contribution to the Fund, calculated on a certain scale related to the importance of each country. One scale is laid down in the Treaty, but our contributions to the Fund will also be related to our net imports. Of course, expenditure is the most important thing. It consists of three elements. In the first place, refunds will be made for exports from our Community wherever the price level is in general above that of the world market, so as to adapt prices to those on the world market; it has already been decided that in the final stage, that is to say in seven and a half years from now, all these refunds will be jointly financed. Then it will no longer matter whether a particular export comes from the Netherlands, or Belgium or Italy: all refunds will come out of a common kitty. It has been decided that in the first year $2/15$ ths will be paid out of such a kitty, $4/15$ ths in the second year and so on, so that after $7\frac{1}{2}$ years, i.e. from 1 July 1962, the entire financial burden will be borne in common.

It has further been decided that in the final stage any intervention in the market will be Community financed - let us assume that there is a guaranteed price for pigs and we are to take pigs off the market -(I read this morning in the paper that even whole pigs can be deep-frozen). This can of course happen only on the basis of a decision taken by the Council of Ministers acting on a proposal of the Commission. It has also been decided that in the first year $1/6$ th shall be financed by the Community, so that intervention of this sort is looked upon as intervention by the Community: the next point decided was that of the total amount needed - and let us assume that for the first year this will be 150 million - one third, or 50 million, must be used for Community action on improvements to the structure of agriculture.

This means then that it has been decided that a very close link has been established and that common action will be taken for structural improvements, particularly of the type which will adapt a market to the new situation. If for instance the wheat price must be lowered in a particular area and other commodities must be produced, if for instance a change is to be made in Sicily from large-scale growing of wheat to more fruit, that will cost money and will set a difficult problem for the Sicilians. It has therefore been decided that the Community will make money available for action of this kind, for this kind of change. The money is there to make it possible. I think this is very important because it would be a great mistake to think that in each country we could solve problems of this nature by this or that form of market organization, by some sort of financial operation on the market. That would be to cure symptoms, whereas we must try to remove the causes of the trouble. This does not mean that this money will take the place of the structural fund - that is to come later - but in adapting the market some action will have to be undertaken to make this common market possible and the Council of Ministers has decided that the necessary money shall be available. Clearly, such a system means quite an upheaval for some countries, especially for Germany, but also for France and Italy where the existing system of agricultural protection is entirely different. It is therefore not difficult to understand that there has been some hesitation to accept all this without further ado unless some power was retained to take an independent decision if things should go wrong, and this is what gave rise to the protective measures of which we have heard so much.

The system included an emergency measure. If during the coming seven and a half year a country should get into difficulties, if its market should be disturbed as a result of the common policy it may still take protective action itself, such as prohibiting imports from one of the Member States or imposing certain levies and so on. There was a great deal of argument about this during the ministerial conference and when we come to think of it the result is a very logical one: it has emerged that in a common market there is no longer any room

for national measures and that the only way in which a protective measure can be operated is to put it on a joint basis. What does this mean? Well, very briefly, it means this: any country can take any protective measure it chooses but it must immediately, on the very same day, inform the Commission, which will state its views on the subject. It may say: very well, you may carry on, or you must amend your measure, or you must rescind it. And that decision has to be obeyed within four days. It must be applied immediately, but the Member State concerned may appeal to the Council of Ministers which must meet without delay and must pronounce upon the case. But first the Commission's decision must be obeyed. If however the Council of Ministers decides by qualified majority - i.e. by 12 out of 17 votes - that the Commission's decision was unjust, it can put the matter right. But this again is a Community procedure, because the Council of Ministers will be deciding by qualified majority whether or not a Member State was justified in adopting a certain protective measure.

I consider that the way in which this protective measure was introduced is typical of the evolution of our Common market. It appeared impossible at the time to obtain agreement on such an important point unless a joint procedure was introduced. I should like to add that after long debates it was the French Government which proposed this simple system. Let me therefore say to those who feel some doubt about the real French attitude toward the Community that it is significant that it should have been just the French Government which proposed that nothing but a joint protective measure should be operated.

In summarizing the machinery adopted in Brussels, I should also like to say a few words about the policy which must now be pursued.

We now have a mechanism serving the Member States through the Council of Ministers or the Commission and with the assistance of the European Parliament. But what are we going to do with it? In what direction are we going to move? Because in itself this machinery is neutral. It can be used; it can be used well, it can be used in a protectionist way, autarkically, and it can be used in a more liberal manner. liberal from the point of view of commercial policy, I mean. Clearly this machinery must be a contribution - I repeat, a contribution - towards achieving the objectives of the Treaty, in short, towards an increase in the standard of living of the farming population and the stabilization of markets. We are concerned with prices and quantity and with this machinery we shall exercise a decisive influence on trade relations with non-member countries; and now we must implement this policy. The first thing you need for a policy is to know what the real situation is, and to know where you want to go. The Council of Ministers has therefore laid down that each year there shall be a debate in the Council on the basis of a situation report prepared by the Commission. This is a report which will be submitted annually to the Council and to the European Parliament in Strasbourg where it will serve as the basis for the annual debate on agriculture. In it we survey the whole situation and its evolution: production, outlet facilities, price trends in the Community, price trends on the world market, the prospects of the world market, the margins of distribution outlets, retail prices, processing costs, the way the incomes of farmers and farm hands are developing, costs, industrial prices, and in short everything that has a bearing on the implementation of the policy will be found in the report which will serve as a basis for the discussion. As a result of what we have learnt from the facts and what we recognize to be the situation from the angle of the objectives we have set ourselves, the Council and the Commission will have to take their decisions.

It seems to me extremely important that it has already become evident that there can be no European policy without such planning, without a programme, without knowing exactly what the situation is and where we propose to go. To quote an example : price policy is naturally of great importance in agriculture. It partly decides how output and consumption develop. It has been called the key to agricultural policy. I think this is going too far, but it is an important element nevertheless. In Western Europe for instance we could, by a mistaken price policy, by a faulty relationship between raw materials - * or grain - on the one hand and livestock products on the other, such as eggs, poultry and meat, channel our agricultural output into an entirely wrong direction to the disadvantage of the consumer, to the disadvantage of our economy as a whole, and also to the disadvantage of the farmers themselves - even of the grain producers, if for instance we were to encourage surplus grain production by unduly high prices. It is therefore extremely important to have a price policy in Western Europe which will take account of economic possibilities and of the wider objectives. We face this difficulty each year during the transition period. Prices must be brought closer to one another, and the choice of the right criteria to govern this approximation of prices is therefore very important. We shall then of course have to consider farming incomes, the situation of farm workers, their working conditions, which in some cases must be improved; we shall have to take all this into account when fixing prices. We shall also have to consider the relationship between output and outlet and this is where we shall probably soon find the limits of what we can do. We shall quickly see that in a market such as that of Western Europe the limits of outlet possibilities are very soon reached and we shall therefore have to bear well in mind the relationship between the prices for grain,

livestock products, sugar etc... When I say this you will realize that the Brussels decisions are as yet far from covering everything. The machinery has been provided, but what matters now is to build up a common policy, based on some degree of planning, by which we can create a certain order resting on a programme to be established for the coming years.

I should now like to say something about the significance of all this, about the shaping of this agricultural system as one of the fundamentals of our common policy towards other countries. We can claim that in the past four years the Common Market and our Community have developed successfully. There have been a number of reasons for this, but I think we can say that as a result of this success the attention of the world is fixed on the Community, the Community which is growing, and this has been made particularly clear by the British request to begin negotiations for membership. Not only Britain, but in her wake also Denmark and Ireland have begun negotiations for membership, and we may expect that Norway will do the same, whilst a number of other countries, neutral countries, have put in a request for association. If Britain, Denmark, Ireland and Norway join the Community, and if by association agreements or in some other way our relations are settled for the time being with the countries known as the neutrals, then we will find that we have in the long run succeeded in what has always been our aim, namely the establishment of a really European Community. Once this has been achieved, relations with non-member countries become particularly important.

Let me first say a few words about Great Britain. As you know, the main problems are the Commonwealth countries and agriculture. They are closely linked together. As for agriculture, the great problem is that the British system of agricultural guarantees is very different, at least for a number of products, from that applicable in the six countries. On the other hand I feel that there has been much exaggeration of the difference between their guarantee system and our system of market organization and that its influence will not be so very great. The reason for this different system is very simple, it is that the conditions under which British agriculture has been working are very different. Output is small in relation to consumption. The agricultural population amounts to 4 or 5% of the total, whilst in Western Europe it accounts for 18 or 20%. In Western Europe, on the Continent, in our Community cover about 90% of our requirements from our own production, whereas Britain covers roughly half. It is therefore quite logical that in Britain farming policy and market organization differ greatly from those found on the Continent. But if Britain joins our Community, along with Denmark, Norway and Ireland, the conditions governing production and outlets will not change so very much compared with the present situation in the six countries. So it is quite logical that in view of the facts Great Britain will have to adjust its system of market organization to that generally used in Western Europe. This is not to say in any way that we, for our part, will not also have once again to make some adjustments. In this context I should like to point out that the Dutch system in the dairy sector does not differ greatly

from the British system of deficiency payments, so that it may well be that we will jointly come to the conclusion in Europe that certain elements of what is known as the British system will have to be taken over as a part of the Community system. But it is important that Britain shall from the outset not only declare, as it has already done, its willingness to undertake the negotiations on the basis of the Treaty of Rome, in other words to accept the Treaty subject to minor institutional adjustments or those necessary to settle a number of the Commonwealth problems. Britain will also have to declare its willingness to accept as basis of negotiation what has already been decided in our Community, especially in the field of agriculture, and here I mean the recent Brussels decisions concerning market organization. At any rate this is essential from the point of view of the Six, and not just for political reasons; it seems to me a practical impossibility at this stage, after the laborious negotiations which lead to agreement on the agricultural policy, to take the whole thing again and throw it back into the discussion. On the other hand, we quite realize that a number of adjustments will be necessary. To take an example : let me refer to the question of pigs; pigs are an important, I should almost say a political item in Britain. If Denmark joins and if Britain joins, the market situation will be entirely changed, and we shall have to adapt ourselves to it. We must therefore make it clear that we are ready to discuss certain adjustments on the basis of the Brussels decisions, but that we are not prepared to throw open the whole question of these decisions and to treat them as matter for negotiation.

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In the second place I should like to say something about the Commonwealth problem, which is closely linked with this. The Commonwealth is a matter of close concern to us all because the relationship between Britain and the Commonwealth countries, the bonds between them, are of great benefit to all of us. It is a political element of great importance to the whole free world, so that we must take it into account. The great question which springs to mind immediately is this : Will the tariff preference, this preference which Commonwealth countries have granted each other time and again, will it serve as a bond in the future ? Is it possible - for we must look ahead - that in ten years time there may be a world situation in which these tariff problems will play virtually no part ? I think so. We must here and now envisage solutions for the Commonwealth countries which will take into account a world situation in which tariffs will be far from playing the part they have played in the past. If commercial policy is to be liberalized tariffs lowered we shall have to find something else to strengthen the bonds between the Commonwealth countries and Britain or between the under-developed areas as a whole and the industrial West. And I feel that this is why we must strive to abolish these preferential rates during the transition period. We know what the situation will be in seven and half or eight years time - I speak on the assumption that Britain will join, because I can hardly imagine that it will not - which means that Britain plus the Six, plus perhaps Denmark and Ireland and Norway - will have one market with no internal frontiers, and it means that everything imported into this Common Market will be subject to one single system. If the tariff preferences of the Commonwealth are to be preserved in the British market, then they must be extended to our market as a whole, because the Channel will no longer constitute an economic frontier between the Six and Britain. I do not think this is possible politically or economically, and we need not, I believe, waste many words on it : it will not be possible to create a final situation which would mean a complete discrimination against the United States and Latin America, for we must never forget what it would mean if the

tariff preferences were allowed to remain or were extended to the entire Community market. Then it would no longer be Britain plus Denmark plus Norway, etc., and the Six, but also the associated African countries, and not only those already associated with us, but also those at present linked with the Commonwealth which will need to be associated somehow or other with our Community, and what will be left if we are also to establish some sort of commercial link with India and Pakistan? It really means no more and no less than discrimination against the rest of the world, discrimination against the United States and Latin America. To me such a thing would seem politically unjust and economically out of the question. We shall therefore have to think on different lines and evolve other concepts, and in doing so it is important to remember clearly that this new Community, of which Britain and other European countries will be members, has a decisive influence on world trade. Let me return to the problem of agriculture, which is our subject today. We must remember that this area accounts, for example, for some 60 or 70% of world trade in grain, the figure being 75% for dairy produce and 70% for meat. This means therefore that our Community bears a heavy responsibility for world trade. All these products come under the common policy, and this means that the common agricultural policy has become a determining factor for world trade in these products. This means that when we have established an expanded Common Market we shall more than ever have to shape our agricultural policy in a way which will let us continue to bear this responsibility towards non-member countries, underdeveloped countries in the tropics, for instance in Latin America, and also towards the United States. In other words we shall have to undertake certain commitments, and if we do that we must also be entitled to claim certain rights. This market of the Ten means that a better ordering of the world market is necessary. We could not escape this, even if we wanted to. So far, this world market has really been chaotic. A number of bodies have tried their hand at it, but without success. GATT has been able to do practically nothing in the field of agriculture, nor was anything done by OEEC. So far nothing has

been settled in this world market except that for instance, a country like the United States has, acting on its own responsibility, ensured that no dislocation occurred in the grain sector. We believe that this cannot go on. As soon as we form a Community - and that will be in a few years' time - with a common agricultural policy, and we hold, as it were, a monopoly position on the world market, it will become necessary to bring order into this world market and to make arrangements with the countries which have an interest in agricultural exports to this Community.

I said a few years ago that it would be necessary to work out a code of good behaviour in the agricultural sector, that means that we must put the agricultural policy to the test. We must find out whether it is implemented in a way which takes account of the interests of others. If we do not want a new rift, if we do not want the Atlantic to divide the United States and Latin America from our Community, then we must make sure things are so ordered that the rift is avoided, that a bridge is built. I think that in a few years, in two or three years, we shall have reached this stage. We shall then have a common policy in our Community, and we shall have to make agreements or treaties with these great exporting countries. It is obvious that for instance in the grain sector - we import 20 million tons or 60 % of the world's trade in grain - we shall have to talk to the exporting countries, the United States, Canada, Australia and Argentina, about arrangements for the world market. We shall have to give certain guarantees that we will continue to import grain, but if we give such guarantees, then those countries will have to accept an obligation to supply us at an agreed price. But when we talk about quantities and prices, when we undertake commitments and demand rights, we shall have to work out a common policy for the stock-piling of possible surpluses. I fail to see why 50 million tons of grain should have to be stocked in the United States completely dependent on the policy of the government of the United States, whilst all countries sell their grain in the world market. It seems to me perfectly possible, and even desirable, to have a common stock-piling policy in which we too carry our part of the burden if there is a surplus of grain. I simply feel that we shall have

to reach a world grain agreement which will be very different from the Wheat Agreement in force at the moment, and will contain commitments on quantities to be bought, fixed prices and agreed policies on stock-piling and production. Unless this is done, we shall find ourselves unable to carry the responsibility for establishing a common agricultural policy and I can tell you that in Australia, Canada and the United States they are already reckoning with such a development. As we see it, the fixing of the European price will one day be the decisive factor on the world market. And that also means that we shall bear a very heavy responsibility towards the world market when we determine certain price developments in our Community. If we have such an agreement, the whole of the variable levy, for instance, today an important factor because the world market is not properly ordered, can simply disappear or be changed into a fixed levy. That in turn will in the end mean greater stability for our farmers, and we shall have reached what we have so long been striving for; we have been seeking stability in our own Dutch agricultural set-up, we have been seeking it in the European policy of the Six, and in two years we shall have found it, as far as possible, for the ten European countries including Great Britain. It already seems that this group is too small and that we shall have to seek stability in a world setting. These are the possibilities open to us at the moment, and we shall have to make use of them. In this context I should like to draw your attention to what the President of the United States has had to say; I am thinking of the State of the Union Message and of his speech of 24 January in which he proposed a number of principles on which to base commercial policy. It is of the utmost significance that the United States is at present counting on the fact that in a year or 18 months Britain will be a member of our Community. And of course there is a certain fear in America that such a Community might be protectionist, I am almost tempted to say isolationist, in its outlook. President Kennedy has enough sense to realize that the first step will have to be taken by him and he has

therefore announced his readiness to discuss considerable tariff reductions for a number of basic products and products of great commercial importance. An offer has been made which gives us food for thought, and it is my opinion that our answer will have to be in the affirmative. I do not mean to say that we must simply accept everything that is being proposed, but it must be evident that the common external tariff we have fixed for our Community was already too high when we were Six - at least in my opinion - and that will be impossible when we are Ten. A Community of 240 million inhabitants cannot base itself on the present tariff of the Six and we shall have to make considerable reductions in this tariff. This will enable us at the same time to solve a number of the problems concerning the neutral countries in Europe, and our positive attitude to this problem must make it possible for President Kennedy to obtain what he needs, namely freedom to negotiate on the basis of a new Trade Expansion Act. Our answer must enable him to persuade Congress that an agreement with the Community is both desirable and possible. When that happens, it will be clear that it is not only the problem of tariff reductions which can be solved in this way, but that we shall have to go further and deal with differences in the conditions of competition, aid policy and so on. Just as we could not build up the Community on the sole foundation of a simple customs union without paying attention to problems of competition or a common agricultural policy, this will also not be possible in a wider setting. This does not mean in any way that I am thinking of a possible Atlantic Community, such a thing is still completely outside our scope and is certainly not the objective of the U.S. nor, at this stage, is it ours; nevertheless we shall have to set up a number of institutions which will do more than just consider tariffs. I have already spoken about a piece of common agricultural policy forming part of an orderly world market; but if far-reaching tariff reductions are to be made we shall have to turn our attention to certain artificial elements in the policy pursued, in connection with industrial output and markets, by the countries which will be partners to any such agreement.

Well, my friends, I really come to this conclusion: the accession of Britain has created an entirely new situation and opens new prospects, so we shall have to find answers to the many questions now facing us. In the coming years it will lead to closer co-operation throughout the world, and this really means that the unified Europe which is growing up can be a contribution to a stronger free world.
