

Other Economic Policy Pressures

In January 1962, during the course of the Dillon Round, the EEC agreed on the outlines of a Common Agricultural Policy (CAP). As discussed above, U.S. reaction to this development was at first ambivalent. The CAP was accommodated because of the contribution it made to European political unity, which the United States saw as desirable in the Cold War context. However, U.S. authorities were not oblivious to the risk that it could severely restrict U.S. market access in agricultural products in which it and other countries (including, *inter alia*, Canada, Australia and Argentina) were highly competitive. The Trade Expansion Act signed by President Kennedy in October 1962 was developed in part for the purpose of damage control: to limit the impact of the CAP on other agricultural exporters, including by reversing certain "early actions implementing the Common Agricultural Policy [that] indicate a trend toward increased protection."²¹

The early orientation of the CAP resulted in levels of support for agricultural exports being a prominent recurring theme throughout the Kennedy Round, even to the point of threatening its disruption. The course of negotiations and the International Wheat Agreement that emerged from the negotiations are further examples of how contextual economic policy developments (in this case the formation of the EEC and the catalytic role of the CAP within it) helped to shape the substantive outcomes of trade rounds as well as helping to determine their timing. By contrast, the internal logic of trade policy, as summarized by the Haberler Report, had been pointing to the need to address agriculture since 1958 without any noticeable effect on the course of actual negotiations.

A similar story can be told about the textiles component of the Kennedy Round negotiations. Here, it was a secular economic trend, namely the pressure on wool textiles from the emergence of synthetic fibres, which created domestic problems

²¹ Economic Report of the President, January 1963, p. 114.