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THE KENNEDY ROUND OF TARIFF NEGOTIATIONS

On May 15 the Director-General of the General Agreement on Tariffs and Trade, Mr. Eric Wyndham-White, announced in Geneva the successful conclusion of negotiation of the essential elements in the Kennedy Round. The following are excerpts from the statement made by Mr. Wyndham-White on this occasion:

"Almost 50 countries, accounting for around 80 per cent of world trade, have participated in the negotiations, which have been wide-ranging and comprehensive and the most ambitious attempt ever made to achieve the liberalization of international trade. The results are of a far greater magnitude than those obtained in any previous trade negotiations. Through the operation of the most-favoured-nation rule, all GATT countries stand to benefit from these results. In the industrial field, the negotiations have been based on a working hypothesis of a linear tariff reduction of 50 per cent by major industrialized countries and have resulted in important tariff cuts over a very wide range of industrial products. In many areas, reductions of 50 per cent have been agreed. It has been estimated that trade in the products on which concessions have been agreed amounts to some \$40 billion. Among the most difficult problems dealt with multilaterally have been those related to chemicals and steel; on these we have reached agreements of outstanding importance. In the agricultural field, the basic elements to be incorporated in a grains arrangement have been agreed upon after difficult and intensive negotiations. Agreement has been reached on basic minimum and maximum prices of wheats of major importance in international trade. A major innovation is the provision for food aid to developing countries to an amount of 4.1 million metric tons of grain annually. While in other areas results on agriculture have been more modest, there have, nevertheless, been some significant results.

"An anti-dumping code has been agreed upon in the course of the negotiations.

"Agreement has also been reached on action to be taken with respect to certain other non-tariff barriers to trade.



"Some developed countries have offered substantial tariff cuts on tropical products, certain of which are being immediately implemented. In a number of cases, the action taken falls short of the expectations of the developing countries. Some participants are considering possible further improvements in their tariff offers.

"In respect of many tropical products, it was not possible to reach agreement at this stage on the elimination or reduction of tariffs because of the existence of preferential arrangements. It has been recognized that, to achieve the objective of duty-free entry, both the developed and the developing countries will have to address themselves to reaching agreement on the best form of action that would permit the removal of these preferences. In the course of the trade negotiations, tariff cuts have been agreed on many other products of principal, or potential, export interest to the developing countries.

"The tariff reductions agreed in the trade negotiations will, in general, be phased over a period of years. The participants in the negotiations have, however, recognized that, for the developing countries, the immediate implementation of such tariff cuts would be of great value in maximizing the benefits to them of these negotiations. It has, therefore, been agreed by participants that efforts must continue to secure the best advance implementation of such concessions. All participants have declared their determination to reach a decision on this point by the time the protocol embodying the results of the trade negotiations is open for signature. Participating developing countries have stated that the solution found to this question will be a major determining factor in their overall appraisal of the concessions received.

"Participating developing countries have urged that those requests for tariff reductions on items of special importance to them which had not yet been fully met by participating developed countries should be favourably reconsidered and that further concessions on these items be made.

"The question of compensation for loss of preferences resulting from the trade negotiations will be pursued further.

"The participating developed countries declare their willingness to continue to examine to what extent they could improve access for products exported by developing countries which have special characteristics such as handicrafts and handloomed fabrics. Much work remains to be done on matters of detail arising from the negotiations as a whole. The results of the negotiations have also to be embodied in legal instruments. Only after participants have completed any necessary legal or constitutional procedures will the detailed results of the negotiations be fully known."



On June 29, the eve of the signing of the final act of the Kennedy Round, the Canadian Minister of Trade and Commerce, the Honourable Robert Winters, made a statement to the House of Commons on the Kennedy Round and its importance to Canada. Excerpts from Mr. Winters' statement are given below:

"The final act of the Kennedy Round is to be signed tomorrow morning in Geneva, thus bringing these negotiations to a formal conclusion. The resulting agreements, including the schedules of tariff concessions granted by all participating countries, can now be made public. I should make clear that these tariff cuts will not come into effect until January 1, 1968, and in many instances they will be staged over the next four years.

"At the conclusion of my remarks, I shall ask leave to table, on behalf of the Minister of Finance and myself, detailed information on the tariff and trade agreements of interest to GATT concluded during the Kennedy Round. Everything possible is being done to ensure that the Canadian business community is made aware of these results without delay....

"As has been indicated on numerous occasions, the Kennedy Round constitutes by far the most important trade pact in history, the most comprehensive in coverage and the most significant in the extent and depth of tariff reductions....

"Over \$45 billion of goods and hundreds of thousand of tariff items are effected by the concessions exchanged; all aspects of world trade, including tariffs and certain non-tariff barriers, and agricultural as well as industrial goods, were within the ambit of the negotiations. Never before have trade negotiations of this scope, magnitude and far-reaching impact taken place.

"It is fitting, on this final day, to pay tribute once again to the statesmanship and farsightedness of the late President Kennedy.... To his initiative were due in large part the ambitious objectives which these negotiations set themselves and which have to such a high degree been attained.

"It was to be expected that the Kennedy Round would be exceedingly complex and difficult, involving a great deal of intensive bargaining; indeed, there were occasions through the nearly four years of negotiations when the obstacles appeared to some too great to be overcome. However, despite crises and delays, and due to the perseverance and basic goodwill of all the countries concerned, the issues blocking agreement were resolved.

"As one who attended these negotiations in Geneva on behalf of the Canadian Government at various critical junctures, may I say how much is owed to the leadership and skill of the Director-General of the GATT, Eric Wyndham-White, in contributing to the success of



the negotiations, and to our own negotiating team under the leadership of Ambassador Sidney Pierce. The Kennedy Round now stands not only as a symbol of the most sweeping advance yet made in the liberalization of world trade but also as a model and example of constructive, forward-looking and meaningful cooperation among the countries of the world.

"For Canada, the success of the Kennedy Round has wide-ranging implications, opening new broad perspectives of expanded trade and benefiting all sectors and regions of the economy. Indeed, a dramatic and sustained increase in Canadian export trade is essential if we are to deal effectively with the common issues confronting us as regards standards of living, balance of payments, jobs and the like. The concessions granted in our own tariffs to gain greater access to other markets must be regarded in the light of the very great benefits which can accrue to Canada from expanded exporting opportunities.

"Many sectors of industry where Canadian tariffs are being reduced are also the sectors which stand to benefit most from export gains. In many instances, the cuts in Canadian tariffs are in areas which will help reduce the costs of production for Canadian processors and manufacturers, as well as for consumers. That is important.

"The export benefits obtained by Canada from its agreements with major trading partners cover, including wheat, over \$3 billion of our current export trade. In the United States and the EEC, most industrial tariffs will be reduced to levels of 10 per cent or less. As a result of the across-the-board tariff cuts made by our major trading partners, trade opportunities will become available for the first time to a very wide range of manufactured goods - many of which will be Canada's exports of tomorrow. For Canada, therefore, the Kennedy Round could contribute to the solution of many of our basic economic problems and set in motion the process of adaptation and restructuring which could, in time, reshape the character of the economy. There are many areas where we need more values added, more up-grading of our raw materials, and this should help.

"It may well be that the Kennedy Round will be regarded in the future as a crucial turning-point in the transformation of Canada from a resource-based economy to one of the most advanced industrial nations of the world.

"I have commented on previous occasions in some detail on the significance of the new cereals agreement for Canada's wheat trade, for the Western Prairie Provinces, and for the economy and balance of payments as a whole. The International Wheat Council is convening a special negotiating session in Rome on July 12, with a view to revising the International Wheat Agreement so as to incorporate the cereals commitments agreed to in the Kennedy Round.



"Canada welcomes the participation of all countries with a significant interest in wheat trade in these negotiations, and would like to see the new agreement completed and put into operation as soon as possible.

"I should like to take this opportunity to express again the Government's appreciation to the members of the Wheat Advisory Committee, representing major Western producer organizations, who served as advisers to the Canadian delegation throughout the cereals negotiations in Geneva. Their counsel and guidance were invaluable.

"Now that the Kennedy Round is concluded, it is vitally important that every sector of the Canadian economy should exploit the new export opportunities before us. The main initiative must rest with private enterprise itself. The department is being geared to provide maximum assistance to the Canadian business community in their export efforts. There will, of course, be areas and sectors which may feel a sense of greater exposure to competition because of tariff reductions made to gain access on a wider basis to the markets of the world for a very broad range of Canadian products. There are bound to be some local, negative reactions. But, in the overall, this is a great, positive step, and it can mean a very large net gain for the Canadian economy. I am sure our dynamic Canadian enterprise will ensure that result."

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