

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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## ACCELERATED IMPLEMENTATION OF KENNEDY ROUND REDUCTIONS

The following texts, which relate to the Council's discussion of 27 and 28 March 1968 on the above-mentioned subject, are circulated for the information of delegations.

### Austria

The representative of Austria said at the Council meeting held on 27 and 28 March 1968 that his Government was prepared to contribute to a constructive solution such as the acceleration of the Kennedy Round results provided that other industrial countries did the same and that the United States abstained from taking restrictive measures (C/M/46, page 7).

### Canada

The representative of Canada said at the Council meeting held on 27 and 28 March 1968 that his Government welcomed the initiative taken by the United Kingdom authorities, by the Government of Japan and by the Governments of the EFTA countries with respect to the accelerated implementation of the Kennedy Round tariff reductions. The Canadian ministers directly responsible had considered this issue, and their trading partners should assume that if there were a general move to deal with this issue by trade liberalizing measures, Canada would make its contribution (C/M/46, page 6).

### Denmark

The following is the text of the declaration made by the Danish Government on 15 March 1968 concerning an acceleration of the implementation of the Danish Kennedy Round concessions:

"The Danish Government is of the opinion that a speedy solution of the United States balance-of-payments problems is required in order to avoid adverse effects on the international trade and the international payments system. The liberalization of the international trade and payments has been a main point in the economic policy of all western countries since the war, and the Danish Government is prepared to contribute towards a solution of the existing problems which will not imply a step backwards in this liberalization policy.

"On 14 March the British Government offered to implement, on certain conditions, its Kennedy Round tariff reductions more quickly than originally agreed upon so that the reductions will be fully implemented on 1 January 1969, instead of on 1 January 1972.

"Against this background, the Danish Government is prepared - on the same conditions as the United Kingdom - to propose to the Parliament during the autumn of this year an amendment to the Danish Customs Law according to which the tariff reductions, which under the Kennedy Round Protocol should have been implemented between 1 January 1970 and 1 January 1972, will be fully implemented already by 1 January 1969. This acceleration of the Danish tariff reductions will be made on the condition that similar steps are taken by the other member States of the EFTA, the European Economic Community and Japan; that the United States does not introduce restrictive trade policy measures; and that the United States implements its Kennedy Round tariff concessions in accordance with the time schedule agreed upon during the summer 1967.

"It should be added that the first 40 per cent of the Danish tariff reductions agreed upon during the Kennedy Round will be implemented on 1 July 1968 as stipulated in the amendment of 15 December 1967 to the Customs Law."

#### European Communities

The following is an extract of communiqué issued following the meeting of the Council of Ministers of Economy and Finance of the European Communities on 25 March 1968:

"The Council, anxious to preserve the trend in international trade during the last twenty years towards the progressive reduction of tariff and non-tariff barriers, is considering the possibility of speeding up the results obtained in the Geneva negotiations and even some degree of asymmetrical acceleration adapted to the interests of the United States, on the understanding that the elimination of the ASP and the abandonment of any new measure of protection would show a corresponding desire by the American Government at the same time as a continuance of a positive policy to restore the equilibrium of the American balance of payments.

"The Commission will continue the study and, through the normal diplomatic channel, will make any contacts that may be useful to the Council with a view to further discussions in the near future."

#### Finland

The secretariat has been informed that the Finnish Government is ready to consider in a positive spirit an accelerated implementation of the Kennedy Round tariff reductions in Finland, on condition that a similar acceleration would be made by other EFTA countries, the European Economic Community and Japan and that the United States will not introduce any import surcharge or other restrictive trade policy measures. The Finnish Government would reserve its right to make necessary exceptions to such a general acceleration of its tariff reductions.

### Japan

The Japanese representative said at the meeting of the Council on 27 and 28 March 1968 that his Government welcomed the possibility that certain States would accelerate the implementation of their Kennedy Round reductions and viewed favourably the studies undertaken by the Community to this end. While Japan also had balance-of-payments difficulties his Government was nevertheless in principle ready to accelerate its Kennedy Round reductions, subject to certain conditions (C/M/46, page 6).

### Norway

The secretariat has been informed that the Norwegian authorities take a favourable attitude towards the suggested acceleration of the implementation of the Kennedy Round results provided that similar steps are taken by the other member States of EFTA and the European Economic Community and Japan. Such an acceleration is dependent upon the United States Government not introducing restrictive trade policy measures.

### Portugal

The secretariat has been informed that further to the United Kingdom's stand concerning a possible speeding-up in the implementation of the tariff reductions granted during the Kennedy Round, the Portuguese Government, on 15 March 1968, informed the representative of the United Kingdom and the other countries of EFTA in Geneva and the Commission of the European Communities at Brussels that it gave its support to the initiative of the United Kingdom Government in the terms in which it was formulated.

### Sweden

The secretariat has been informed that the Swedish Government is prepared to propose to the Riksdag that Sweden put into effect its Kennedy Round concessions at a faster rate than it so far has agreed to do, provided that all the countries of the EFTA and the EEC do so. It is also desirable that industrialized countries such as Japan and Canada participate in such an action.

### Switzerland

The secretariat has been informed that on 23 March, the Swiss Government published a communiqué entitled "Misgiving concerning the Trade Policy of the United States" which reads as follows:

"Through the Swiss Ambassador in Washington, Mr. F. Schnyder, the Federal Council expressed to the United States Government its serious misgiving concerning the measures of trade policy that the American authorities might have to take to surmount present difficulties in the American balance of payments. The Federal Council assured the United States Government that our

country was ready to take part in any efforts that might be made jointly by the trade partners of the United States, so as to avoid recourse to restrictive measures.

"In particular, Switzerland is ready to bring forward the implementation of the concessions it granted in the Kennedy Round which, in the present state of the agreement reached, is to be staggered over a period of five years. In this, the Federal Council can associate itself with the recent United Kingdom initiative in the same direction. It hopes that trustful co-operation between the United States and their major trade partners will make it possible to reach a formula to protect the high degree of liberalization reached by world trade at the cost of long efforts, and even to go beyond."

#### United Kingdom

The following is the text of a statement by Mr. Anthony Crosland, President of the Board of Trade, in the Commons on Thursday, 14 March:

"In January of this year the United States Government announced certain measures to restrain overseas investment and some other forms of external expenditure, in order to safeguard their balance of payments. We accept the actions which they have so far taken.

"But the administration also have under consideration the possibility of other measures, notably in the field of trade, which we should find it hard to accept both because of the threat to our own trade and the danger of wider repercussions that might affect the development of world trade.

"In the light of the overwhelming importance of maintaining the expansion of world trade and avoiding a possible chain reaction of restrictive measures, Her Majesty's Government, after consultation and in agreement with our fellow members of EFTA, have informed the United States Government that we are willing to implement the United Kingdom's Kennedy Round tariff cuts in full by 1 January 1969, provided that:

"First, other EFTA countries, the EEC and Japan do the same.

"Secondly, the United States Government do not introduce measures in the field of trade such as an export rebate or an import surcharge; and

"Thirdly, the United States Government proceed at least as quickly as hitherto contemplated with their own Kennedy Round cuts, and with legislation to abolish the American selling price system for chemicals.

"This would mean that in addition to the 40 per cent of the Kennedy Round reductions already agreed for 1 July, we should propose to make the remaining 60 per cent of the cuts on 1 January next, instead of in three annual instalments over the years 1970 to 1972. We have been in touch with other Commonwealth Governments.

"We have noted with satisfaction that the EEC Commission are studying the possibility of a similar move by the EEC. We have informed the Governments of the EEC countries, and the Commission, of our proposals. We hope that they and the Japanese Government will join us and our EFTA partners in this enterprise, which we believe will strengthen the principle of international co-operation at a crucial moment and enable the United States to deal with their current problems in a manner that will increase rather than restrict world trade."

