

# GENERAL AGREEMENT ON TARIFFS AND TRADE

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Trade Negotiations Committee

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## MEETING OF TRADE NEGOTIATIONS COMMITTEE ON 13 JULY 1964

### Statement by the United States Delegate

Mr. Chairman:

My delegation fully concurs with the views you have expressed concerning the gravity of the situation which we face in our negotiations. My Government is fully committed to the success of the Kennedy Round. It is our firm objective to make maximum use of the tariff cutting authorities provided in the Trade Expansion Act of 1962. At the same time, it has been made clear by the President himself that we cannot conclude a negotiation that does not accomplish substantial liberalization in agricultural trade as well as in industrial products. To this end, we have repeatedly stated that there must be simultaneous progress in both the industrial and agricultural phase of the negotiations.

The lack of progress in agreeing on procedures and methods to be employed in the agricultural negotiations must be a matter of utmost concern to all of us.

The United States has tried to seek a compromise solution to this impasse. We repeatedly reviewed our position and have adjusted it to the negotiating realities. To this end, we have agreed that agricultural products be treated differently than industrial products in the negotiations and that a pragmatic approach be used. Essentially, this means realistically negotiating concrete and substantial reductions in trade barriers - with the negotiations directed at the measures which an importer uses for a particular product or groups of products.

In the course of our deliberations, we have identified the following broad categories where different methods would apply:

1. Bulk commodities (notably grains, meat, and dairy products): It has been agreed that negotiations on these commodities will take place in special groups, with the objective of negotiating global arrangements. These negotiations will deal with relevant internal policies as well as protection at the border. The United States is willing to consider including an approach along lines of montant de soutien so far as the Community is concerned, as an element in negotiation of global arrangements providing there are adequate provisions for assuring the maintenance and improvement of access to markets.

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2. Products other than those in 1 above which are subject to variable levies in Community: For these products, the United States is willing to consider an approach along lines of montant de soutien as long as negotiations are directed not to the mere binding of present support, but to the achievement of a significant degree of liberalization and hence increased opportunities for trade.

3. Commodities for which the importer maintains fixed tariffs: In the case of the EEC this would include products subject to the CXT. The major difficulty lies in this area because of large export interests of world agricultural exporters including the United States in agricultural products protected by fixed tariffs. Neither the United States nor apparently most other countries are willing to replace present methods of negotiating reductions in fixed tariffs with the montant de soutien approach. I do not wish to dwell on a full explanation of the reasons. We have previously stated them clearly. In simple terms, the reason is that the montant de soutien provides much greater freedom of action for increasing protection than does a fixed tariff. Moreover, substituting commitments relating to the montant de soutien, as now defined, for fixed tariffs would violate bindings negotiated in the Dillon Round and other previous negotiations, thereby creating problems of compensation which appear insurmountable, and accomplishing the opposite of what a trade liberalization programme is intended to achieve.

4. Commodities on which an importing country maintains bound duty-free status: I take it that no further negotiating on such products is required in the Kennedy Round.

To conclude: There is an urgent need for agreement on agricultural negotiating rules that will permit concrete and substantial reductions in trade barriers and the maintenance and improvement in access to markets. Such agreement must be reached in Geneva not later than the end of September, so that countries can prepare their exceptions and offers list in time to meet the 16 November deadline.