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FILE DESIGNATION

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HANDLING INDICATOR

TO : ALL AMERICAN DIPLOMATIC AND CONSULAR POSTS

Nov 30 6 47 PM '67

FROM : Department of State

DATE:

SUBJECT : Kennedy Round

REF :

SUBJECT

JOINT STATE - STR - USIA MESSAGE

Forwarded herewith as an enclosure for the information and appropriate use of posts is a message from the President to Congress dated November 27, 1967, transmitting a copy of the multilateral trade agreement which concluded the Kennedy Round of trade negotiations. The President's message contains a summary of the principal results of the Kennedy Round.

RUSK

Enclosure:

Presidential Message to Congress

COPY FILED NOV 30 PM 8 12

NOVEMBER 27, 1967

Office of the White House Press Secretary

THE WHITE HOUSE

TO THE CONGRESS OF THE UNITED STATES:

I am pleased to transmit to the Congress, pursuant to Section 226 of the Trade Expansion Act of 1962, a copy of the multilateral trade agreement signed in Geneva on June 30, 1967.

The agreement brings to a successful conclusion what we all know as the Kennedy Round of trade negotiations. It fulfills the purposes and high hopes of the Trade Expansion Act passed by the Congress in 1962.

The documents contain a mass of detail. On paper those details appear dry and technical. In reality they represent new factories, more jobs, lower prices to consumers, and higher incomes for American workers and for our trading partners throughout the world.

These decisions recorded in these documents rest on solid experience. The remarkable post-war expansion of international trade brought strength and growth to the free world economy. It enriched the lives of people everywhere -- and thus it served the cause of peace. We and our trading partners had an enormous stake in the further removal of trade barriers. Trade expansion would continue to benefit us all -- the more so because of our growing prosperity. Protectionism and trade wars would hurt us all -- the more so because of our growing interdependence.

This report celebrates the wisdom of these decisions and the success of this tremendous effort. As a consequence, international trade can continue to be the world's biggest growth industry. We must continue to provide leadership in international trade policy to realize its vast potentialities and share fully in its benefits.

The results of the trade negotiations are of unprecedented scale. We received tariff concessions from other countries on between \$7- 1/2 to \$8 billion of our industrial and agricultural exports. We reduced duties on about the same volume of our imports. The gains will be even greater in future years as world trade grows.

In approaching the trade negotiations, two fundamental standards governed our actions.

First, we sought -- and achieved -- reciprocity in trade concessions. Our consumers will benefit by lower import costs. Our export industries will benefit by greater market opportunities abroad.

Second, we sought to safeguard domestic industries that were especially vulnerable to import competition. We accomplished this through procedures worked out in accordance with guidelines wisely established by Congress in the Trade Expansion Act.

On October 21, 1963, we issued the first of a series of public notices of our intention to negotiate. Public hearings were held by the Tariff Commission and by the interagency Trade Information Committee. From these hearings, and from special studies carried out by the Office of Emergency Planning, we were given

advice on each article under review for possible concession. When this expert examination revealed that a particular industrial and agricultural product was exceptionally vulnerable to import competition, it was withheld from negotiation. These background studies also guided our negotiators in determining how large a concession we could reasonably make on each item.

Because of the care exercised in these preparations, the selectivity with which reductions were made, and the fact that most of these reductions will come into effect gradually over a 5-year period, we can be assured that the vital interests of American labor, agriculture and industry have been safeguarded.

Throughout the negotiations my Special Representative for Trade Negotiations worked closely with the bipartisan Congressional Advisors.

The thoroughness of our preparation has borne fruit. As we made many concessions, so did our leading trading partners -- the West European nations, Canada, and Japan. The major features of the basic agreement illustrate its depth and potential benefits.

-- Tariff cuts of 30% to 50% on a very broad range of industrial goods. For example:

- Canada reduced tariffs on a wide range of machinery from 22.5% to 15%, on metal furniture from 25% to 17.5%, and on coal from 10% to zero.
- Japan cut tariffs on bearings and parts from 25% to 12.5% and various types of radio transmission apparatus and parts from 20% to 10%.
- Great Britain cut its tariffs on American electric typewriters from 16% to 7.5%, on circuit breakers from 16% to 8%, and on air conditioners from 12% to 7.5%.
- The nations of the European Economic Community cut tariffs on U. S. pumps and compressors from 12% to 6%, on refrigerating equipment from 10% to 5%, and on automobiles from 22% to 11%.

-- Agricultural concessions that will open new trading opportunities for our farmers and set a valuable precedent for bringing the benefits of competition to world agricultural trade. For example:

- Canada eliminated all tariffs on American apples, halved its tariff on orange and grapefruit juice from 10% to 5%, reduced its tariff on tallow from 17.5% to 10%.
- Japan reduced its tariff on soybeans from 13% to 6%, on turkey from 20% to 15%, and on prunes from 15% to 10%.
- The European Economic Community cut tariffs on dried peas and beans from 9% to 4.5%, on variety meats from 20% to 14%, and on unmanufactured tobacco from 28% to 23%.
- Great Britain cut duties on soybeans from 5% to zero, on variety meats from 20% to 10%, and on raisins from 7.5% to 3.5%.

We gave comparable concessions on a wide range of products that we import. From them, we will gain the opportunity to choose from a wider variety of consumer goods, industrial materials, and capital equipment at lower prices.

Other parts of the Geneva agreement will also promote trade and encourage economic growth in all free world nations. These are:

(MORE)

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- The basic elements of a world grains arrangement. This understanding provides for higher minimum trading prices and a program under which other nations will join us in the task of supplying food aid to the under-nourished people in many of the developing nations.
- A significant accord on antidumping procedures. This accord -- consistent with existing American law -- binds our trading partners to insure fair procedures to American exporters, while safeguarding American industry.
- Progress in dealing with particular commodity groups. A 3-year extension of the Long Term Cotton Textile Arrangement was concluded. Useful approaches were developed in negotiating tariffs for steel, aluminum, chemicals, pulp and paper.
- A separate bargain on the American Selling Price issue. The U.S. stands to gain additional tariff concessions on chemical exports and liberalization of some European non-tariff barriers in exchange for abolishing the American Selling Price System of valuating certain chemicals. This package will require special legislation.
- Significant benefits to the developing countries. Those countries will get help from the food aid provision of the grains arrangement and from concessions they received from all industrial countries on export products of particular interest to them.

Each member of the Congress has already received a copy of the Report on United States Negotiations. This report summarizes the concessions granted by other countries and the results of special multilateral negotiations in the Kennedy Round. It also lists all tariff concessions granted by the United States in the Kennedy Round. An additional report will soon be transmitted showing the tariff concessions each of the major Kennedy Round participants granted on principal commodity groups in the negotiations.

I expect to issue a proclamation shortly making the reductions in the United States tariffs effective beginning on January 1, 1968. I shall seek the advice and consent of the Senate regarding United States participation in the World Grains Arrangement. International agreement on this arrangement was recently reached in Rome as a consequence of the understanding on grains negotiated in the Kennedy Round.

Finally, I shall submit to the Congress a Trade Bill to make effective the American Selling Price agreement in the Kennedy Round, to revise the Adjustment Assistance Program for firms and workers, and to provide authority that will enable us to make further progress in promoting world trade.

The Geneva Conference set a solid record of achievement, unmatched in world trade history for its constructive and beneficial results. The results represent a monument not only to our late President who gave the negotiations his name, but also to another great American, the late Governor Christian A. Herter, whose inspiration and leadership guided us through the difficult first three years of negotiations.

I commend this agreement and these reports to your attention.

/s/ LYNDON B. JOHNSON

THE WHITE HOUSE