ADDRESS BY MR. FRANCO CIARNELLI, DIRECTOR, EUROPEAN COMMUNITY INFORMATION SERVICE, NEW YORK, BEFORE GROUP I, XXIst CONGRESS OF THE ICC, MONTREAL
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Ladies and gentlemen,

After hearing the excellent reports given by the previous speakers, who have covered all aspects of the Kennedy Round in some detail, I believe that it would be useful for me, as the last speaker, to draw some general conclusions from the negotiations that have just ended.

First and perhaps most important, we now have concrete evidence that the European Community, contrary to the fears expressed in many quarters until very recently, is not a protectionist bloc but a major force in the liberalization of international trade.

Without the European Community, there could have been no Kennedy Round. Let me expand on this. President Kennedy once remarked that the building of the Common Market was the greatest political achievement of the twentieth century, but that it was also the greatest challenge facing the United States. One of the answers to this challenge was the Trade Expansion Act.

In other words, the very existence of the Common Market has provided the stimulus for the most substantial tariff reductions in history, reductions that have affected more than 60,000 items and approximately $40 billion worth of trade.

It should not be forgotten that the Common Market, currently the world's largest trading unit, is one of the fastest-growing economic areas of the western world. In 1966, it imported $31.2 billion worth of goods from the rest of the world, roughly twice as much as in 1958 when it started out. These facts and figures give a concrete content to the legal instruments of the Kennedy Round agreement and show that the attitude adopted by the Community has been of great importance in setting a new atmosphere in trade relations.

Let us look ahead five years. According to the agreement, there will have been
an average reduction of 35% in tariffs on industrial products, on automobiles a
50% tariff cut. Whether there will, in fact, be more Volkswagens and Fiats
on American highways or more American televisions in European homes is a matter
of conjecture. One thing we can be certain of: the lowering of customs barriers
on an international scale will act as a spur to industry and commerce. They
will have to modernize and reorganize, meet stronger competition by greater
efficiency. To take an example: if the American Selling Price is abolished
on certain chemicals, we can be quite sure that the American chemical industry
will adapt to the new conditions and meet the new challenges. This will happen
in Western Europe too in other sectors. The end product will be more goods
at lower prices to the consumer.

Turning to agriculture, it is true that the results are less satisfactory.
However, it may be hoped that the way has been paved toward making a start on
the process of renewing agricultural structures throughout the world. "A
major innovation," to quote Mr. Wyndham White, is the provision of food aid
to the developing countries to the tune of 4.5 million metric tons annually.
Of this total, the EEC will contribute 23%, the United States 42%, the United
Kingdom 5% and other countries smaller amounts. Tariff cuts were also agreed
upon for many products of principal or potential export interests to the
developing countries. But here new measures will have to be taken between the
developed and the developing world in order to find the best solutions for
world commodity arrangements.

The experience of the six Common Market countries in creating their
customs union has demonstrated that, as tariffs fall, national laws and policies
in such areas as prices, wages and business practices assume new international
importance.

A by-product of the Kennedy Round negotiations has been the replacement
of the old product-by-product approach by a sector or industry-by-industry
approach. This has increased the significance of non-tariff barriers in each
industry. Concern with non-tariff barriers is not entirely new. But, since the remaining tariffs will be low enough to constitute no serious obstacle to trade, non-tariff barriers will probably be in the forefront of any future trade negotiations.

Obviously, the non-tariff barrier problem—a subject treated so well by the previous speaker—is by its very nature a problem that can have no complete and permanent solution. But, if there is to be any progress at all in the trade policies of the future, there will have to be international discussion, negotiation and, perhaps, agreement on a whole range of subjects hitherto regarded as domestic issues and new formats will be evolved.

Since world trade is important to the prosperity of all nations and an element of unity among peoples, I believe it to be no exaggeration when I maintain that the agreement reached in Geneva on Monday will affect almost all mankind.

It seems appropriate at this point to remember the efforts of the negotiators, whose ability and endurance throughout four years of hard bargaining made the success possible. Among these, the late Christian Herter, with his deep understanding of international problems, contributed much to paving the way for further progress.

The outcome of the Kennedy Round may be deemed a success for the all the 53 participating nations. It is more than a promise for the world we live in.