

'The Six agree to negotiate a tariff reduction on more than 80 % of their industrial imports' from Le Monde (17 November 1964)

Caption: On 17 November 1964, the French daily newspaper Le Monde describes the difficult nature of the negotiations taking place between the six Member States of the European Economic Community and their international partners during the 'Kennedy Round' on further reductions in international tariff barriers.

Source: Le Monde. dir. de publ. BEUVE-MÉRY, Hubert. 17.11.1964, n° 6 171; 21e année. Paris: Le Monde. "Les Six acceptent de négocier une réduction tarifaire sur plus de 80% de leurs importations industrielles ", auteur:Fabra, Paul , p. 1; 22.

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After the list of exceptions to the ‘Kennedy Round’ have been lodged

The Six agree to negotiate a tariff reduction on more than 80 % of their industrial imports

From our special envoy Paul Fabra

Brussels, 16 November – *On Monday afternoon, the countries participating in the ‘Kennedy Round’ will lodge their list of exceptions at GATT headquarters in Geneva. For the Six, the drafting of this list has been quite an achievement. Agreement was not reached in Brussels until 8.34 on Sunday morning, after twenty hours of uninterrupted discussions. This particularly difficult issue was not referred to the Council of Ministers of the Six until Wednesday, 11 November. The work was therefore done quite efficiently.*

‘We would not have achieved such a good result if all the delegations had not made the same effort,’ said Mr Neef, German State Secretary, who chaired the Council of Ministers of the Six and who, after working through the night from Saturday to Sunday, held a press conference at 8.45 a.m. Mr Neef also said that the outcome was very clear. The European Economic Community would not be protectionist.

Mr Rey, Member of the Commission with special responsibility for EEC foreign affairs, in his turn drew conclusions from the work which had just been done and gave some details. The list put together by the Six was extremely ‘presentable’: it covered 19 % of the EEC’s imports of industrial products subject to import duty and 9 % of total industrial imports. The GATT negotiations on the lists of exceptions would not begin until next January. Each partner would have to ‘justify’ its list.

Both Mr Rey and Mr Neef have stressed that the Council of Ministers and the Commission worked together in a good spirit of cooperation. How was the final agreement reached on the issues which remained outstanding for several days?

The Belgians in the hot seat

For the French delegation, chaired by Mr Boegner, Permanent Representative of the French Government to the Community institutions in Brussels, this was a god send. The final hours of the night were taken up by a bitter discussion where Belgians and Italians were at loggerheads over the car assembly industry. The Community’s external tariff for cars currently stands at 22 % and for imported car parts at 14 %. The gap of 8 % between these two duties allows the assembly industry in Antwerp to survive. If the Kennedy Round results in a 50 % reduction in the tariffs, those two duties will stand at 11 % and 7 % respectively. The Belgians are of the opinion that the (four-point) gap will no longer be sufficient to allow the assembly industry to survive. On the other hand, the Italians are concerned that too large a gap might encourage the Japanese to assemble cars inside the Community.

In the end, the Belgians had to give ground in return for a promise that, in the event of the companies in Antwerp getting into difficulty, the Six would ‘consult one another’. However, the Six’s list of exceptions would include neither private cars nor car parts.

For its part, France made a ‘concession’ at the beginning of the night of Saturday and Sunday with regard to the engineering industries. To be more precise, it is offering to reduce by 30 % the long list of products from this sector which it had wanted to claim as exceptions. It seems that most products which we had ‘abandoned’ in this way currently enjoy no more than low-level customs protection.

On the other hand, Mr Boegner was uncompromising with regard to nuclear reactors which will be also on the EEC Commission’s draft list. The Euratom representative wanted reactors to be excluded from the list, but he was attacked by Mr Boegner who felt that only the EEC Commission had the requisite powers in this area (including the products covered by Euratom).

Agreement in the other sectors

As regards the sectors which were the subject of much discussion during last week's negotiations in Brussels, the Six's agreement is as follows:

* TEXTILES – Cottons will not become exceptions if the global agreement on cotton, which regulates exports from low-wage countries, is renewed. Put another way, cottons appear on the Community's list of 'conditional' exceptions. As for woollen articles, they do not appear on the list of exceptions, but it should not be forgotten that most of these products are involved in the 'disparity' dispute and should therefore be subject to no more than a partial tariff reduction.

* PAPER-CARDBOARD – The Community will show itself to be more liberal towards highly finished products (fine paper) which will therefore not become exceptions. On the other hand, for other products such as 'basic paper' and brown paper, *partial* exceptions have been fixed which will limit the duty reduction (the duty, in theory, should not be lowered below 16 %). As for pulp and newsprint, they will become partial and conditional exceptions. In other words, the Six are 'offering' a partial drop in duty on condition that the Scandinavians relax the regulations which, according to the Six, hamper genuine free trade (for example, the Scandinavians apply a 'dual pricing' system).

* ALUMINIUM – The duty will be kept at 9 % (which implies that aluminium will remain an exception), but the Six will offer to 'consolidate' reduced-duty import quotas (5 %) in the GATT. At the same time, the quantities imported under quota into Germany and the Benelux countries will still not be able to enter France, although the quota to be consolidated in the GATT will have 'Community' dimension.

* ORGANIC CHEMISTRY PRODUCTS – They will not become exceptions unless the United States maintains its American Selling Price Act (conditional exceptions).

* ENGINEERING INDUSTRY – The Commission's list has not been reduced as the Germans wanted it to be. At France's request, it has been extended. The products that have been made exceptions at our request account for a little less than 200 million French francs of trade.

* NUCLEAR REACTORS – They do appear on the list of exceptions, but the duty will be suspended until 1 January 1967.

* TRUCKS AND TRACTORS – They appear on the list of exceptions.

The list of exceptions is, therefore, relatively short. We should, however, emphasise that the 19 % quoted by Mr Rey includes products which have been designated as 'conditional exceptions'. From the beginning of the 'Kennedy Round', the EEC has agreed to negotiate a reduction of its duty on more than 80 % of the industrial products that it imports (that percentage would be higher if the 'conditions' by which certain exceptions are accompanied were to be fulfilled). What will the scale of this reduction be? We shall only know that at the end of the Kennedy Round. We should remember in the meantime that the GATT countries have agreed to discuss the 'hypothesis' of a 50 % reduction.