It is estimated that the agreements will apply to about $40 billion of world trade. In industry, the U.S. and the other countries have agreed on cuts averaging about 35 percent. In agriculture, the average cut is less but the United States has obtained important concessions covering a substantial volume of trade.

United States tariff reductions will not enter into force until proclaimed by the President of the United States. It is expected that their effective date will be January 1, 1968. In accordance with the requirements of the Trade Expansion Act, most United States duty reductions will be made in five equal annual stages.

In overall trade terms and taking both industry and agriculture, the tariff cuts made by the U.S. are in balance with those of the other industrialized countries. In terms of 1966 trade the United States is giving tariff cuts on about $7½ to $8 billion of industrial and agricultural imports and is obtaining tariff concessions on about the same amount of U.S. exports.

None of the multilateral agreements negotiated in the Kennedy Round will require Congressional action, except the agreement providing for the elimination of the ASP system with respect to chemicals. The World Grains Arrangement envisaged by the Memorandum of Agreement on grains will require consent of two-thirds of the Senate.

Industrial Negotiations

Import duties are being cut in half on a broad range of industrial products in international trade. Cuts in the 35 to 50 percent range are being made on many more products. Categories of products on which the principal negotiating countries, including the United States, have made cuts that in the aggregate average over 35 percent include machinery, both electrical and nonelectrical; photographic equipment and supplies; automobile and other transport equipment; optical, scientific and professional instruments and equipment; paper and paper products; books and other printed material; fabricated metal products; and lumber and wood products including furniture.

Steel Sector.—Negotiations on steel were conducted against a background of tariff rates where U.S. duties are generally lower than those of other participants. These negotiations, held bilaterally and multilaterally, resulted in closer harmonization of tariffs among the major steel producing countries. Virtually all the peaks in these countries' tariffs were eliminated so that almost all rates will be no higher than 15 percent and most will be well below 10 percent.

Except for United States rates, most steel tariffs have not heretofore been bound. In the final negotiating package, however, almost all rates of other countries were bound and many were reduced.

The international harmonization of steel tariffs should also reduce the tendency for exports to be deflected to the United States market in instances where United States tariffs were much lower than those of other countries. Although the United States is primarily an importer rather than an exporter of steel mill products, lower tariffs abroad will also provide opportunities for United States exporters.

The European Coal and Steel Community (ECSC) adopted a unified tariff and agreed to reduce rates to an arithmetical average of 5.7 percent. The European Economic Community (EEC) agreed to reduce rates within its jurisdiction correspondingly so that a tariff relationship would be maintained between more highly fabricated EEC steel items and primary and less fabricated ECSC items. The ECSC/EEC concessions are a 23 percent reduction from existing rates (a 10 percent reduction from the pre-February 1964 rates on 1964 imports from the United States).

The United Kingdom is reducing most of its rates by 20 percent. Japan is reducing its rates by 50 percent except for a few alloy steel items. Sweden is binding its rates at existing low levels. Austria is harmonizing its tariffs with the ECSC/EEC at a somewhat higher level.

The United States reductions average 7 percent on 1964 imports. It is generally harmonizing its tariffs with the ECSC/EEC where they have been above those rates. United States rates higher than ECSC/EEC rates are to be reduced to ECSC/EEC levels, but no cuts are to be made where rates are now below ECSC/ECC concession levels. United States concessions take account of differences between the United States f.o.b. and ECSC/EEC c.i.f. customs valuation systems so that, nominally, United States rates would be somewhat higher than ECSC/EEC rates. Also, the differential in the United States tariff between ordinary and