aspects of automobile road-use taxes in France, Italy, and Belgium, and the modification by Switzerland of regulations on canned fruit, as well as a reduction by the United Kingdom in the margin of preference on unmanufactured tobacco.

There were also a few other nontariff achievements as a result of bilateral discussions. In the negotiations Austria agreed to eliminate the discriminatory effect of automobile road-use taxes on larger engined U.S. automobiles. Canada eliminated a restriction prohibiting imports of fresh fruits and vegetables in three-quarter bushel baskets. Canada also ceased applying the Canadian sales tax to the full value of aircraft engines repaired in the United States. The 11 percent sales tax is now applied only to the value of the repairs. In addition, Canada modified restrictive standards applying to aircraft engines repaired abroad.

Although not a subject for negotiation, quantitative restrictions were eliminated or modified by several countries. Of particular importance to the United States are the elimination of restrictions in the United Kingdom on fresh grapefruit and in Denmark and Finland on many agricultural products. Japan agreed to liberalize quota restrictions on some products.

Several developing countries specified action on various nontariff measures as part of their contributions to the negotiations. These included the introduction of certain tariff reforms, the liberalization of licensing systems and foreign exchange controls, and the elimination or reduction of prior deposit requirements and tariff surcharges.

AGRICULTURE

The United States originally set as a goal in the agricultural negotiations the same broad trade coverage and depth of tariff cut as achieved for industrial products. This did not prove negotiable, however. The European Economic Community, when the negotiations got under way, was still in the process of developing its Common Agricultural Policy. It was reluctant to make substantial cuts in the level of protection at the same time it was formulating a Common Agricultural Policy among the six members. The results of the agricultural negotiations with the Community are therefore considerably more modest than the results achieved in industry. Nevertheless, progress was made in the negotiations in reducing barriers to agricultural trade.

The United States was able to obtain significant agricultural concessions from Japan, Canada, and the U.K., the Nordic countries, and Switzerland. The EEC made tariff cuts on agricultural items of trade value to the United States of over $200 million.

No progress was made in negotiating down the trade restrictive effects of the variable levy system of the EEC. Offers made by the Community on the basis of this system were not accepted.

The agricultural negotiations were divided into so-called commodity groups and non-group or tariff items. The commodity groups included meats, dairy products, and grains. Of the commodity groups only grains yielded positive results.

Grains.—A new grains arrangement was negotiated that establishes a minimum price for U.S. #2 hard red winter ordinary wheat f.o.b. Gulf ports at $1.73 per bushel. This represents an increase of about 21.5 cents per bushel over the equivalent minimum price for U.S. hard red winter ordinary under the present International Wheat Agreement. There will be a comparable increase in the minimum price of other grades and qualities of wheat under the new arrangements.

Market prices are currently above the minimum prices of the new arrangement but the new minimum prices should establish an effective floor under U.S. wheat exports for the three years of the arrangement. Adequate provision is made for adjusting differentials for various grades and qualities of wheat as required if trading prices should fall to the minimum. There is nothing in the arrangement that will prevent U.S. wheat from being priced competitvely, as required.

Participating countries have agreed to contribute 4½ million tons of cereals to a multilateral food aid program. The U.S. share of this program will be 42 percent of the total, or slightly less than 2 million tons. Importing countries as a whole will contribute about 2 million tons of the total. The grains arrangement thus represents further progress toward one of the United States' key objectives of foreign aid, the multilateral sharing of the food burden.