

LOOKING FORWARD

Now I would like to turn briefly to the far more distant future.

There are many ways the United States could move on from the Kennedy Round. We could simply seek another general round of tariff reductions. We could pursue specialized negotiations on certain products, or with certain countries. We could concentrate on some, or on all, nontariff barriers. There is a very wide range of alternatives.

The President has asked, as I said, for a major study of U.S. trade policy to determine which courses of action would be desirable in the coming years. This study will give us all a chance to catch our breath and to give close scrutiny to the likely effects of the Kennedy Round, while evaluating what remains to be done. It is my hope that Members of Congress will take an active interest in this study.

The range of issues which will require careful thought, and on which we shall be seeking your advice, is wide.

Many of these issues relate to the special trade problems of the developing countries. These countries are acutely conscious of the need for expanding their exports, and have been pressing in recent years for a new, general kind of discriminatory treatment. As you know, what they want is preferential access for all developing countries into all major industrialized countries. Such a step would, the developing countries claim, give them reasonable opportunity to export, while putting all of the developing countries on an equal basis. These countries have pressed their desire for preferences very hard, and many developed countries now appear to be willing to provide such preferred access. The President indicated at Punta del Este that he was willing to consider whether a common effort among the developed countries was desirable and feasible. Exploratory discussions along these lines are now underway in the OECD.

Meanwhile, proliferation of special trading arrangements between developed and developing countries continues. These arrangements tend to harm many countries while favoring only a few, and thus threaten to offset many of the good effects of most-favored-nation tariff reductions such as those most recently achieved. Proliferation of discrimination, if carried further, could hurt, most of all, the developing countries themselves, with a chosen few receiving modest benefits from certain highly industrialized countries, and many others being left as orphans. Somehow, we feel, a way must very soon be found to halt this trend.

Looking at trade more generally, tariffs will in the future be much lower, and in a number of cases remain only at nuisance levels. And as I said, in the case of Canada, we have actually gone to free trade in many areas. And this raises a fundamental question of approach. Should future trade negotiations adopt the same across-the-board basis as the Kennedy Round, or should they be focused upon particular commodities, as Eric Wyndham-White, the Director General of GATT, has suggested.

In the agricultural field, tariffs are becoming even less important relatively to other impediments or artificial stimulations to trade. We must try to see if the United States can obtain significant liberalization of agricultural trade for our exporters, because we are quite aware that in the Kennedy Round we made a start, but only a start. But at