

duced the greatest tariff reductions known so far. It is true that the original goals have not been attained, and that therefore there is a residue of custom duties still barring a completely free international trade. Nonetheless, one could ask legitimately the question whether there is any sense in maintaining—after all—a custom structure so small, so insignificant and yet so expensive to administer. In many cases, isn't this residue more a fiscal than a protective feature? Certainly, this is true for the external tariff of the European Economic Community. My hope is that in due course the governments concerned will draw the logical conclusion and muster the necessary strength to dispose entirely of it.

The Kennedy Round is to be applauded for its outstanding technical results, but even more so for its political implications. There were and are still latent, in every country in the world, powerful protectionist forces. The political implication of the Kennedy Round is that these forces have been deterred, if not finally defeated. Had the Kennedy Round failed, or had it produced inadequate results, we would be witnessing their resurrection, and ours would be an uphill fight.

But those who believe, as I do, in an ever freer international trade, cannot rest in complacency. One large area has remained unattacked by the Kennedy Round: the whole diversified cumbersome area of nontariff obstacles. And this provides the ground for our work ahead. Permit me to say that in this respect as a European I look to your subcommittee with confidence and hope. No country goes blameless for having devised, through an ingenuity that would be better placed in the promotion of free trade, all sorts of unilateral and objectionable measures. It is quite obvious that each one of these measures is justified by Governments responsible for them on various grounds, and that all of them are deep rooted in each of the national economies concerned. Nevertheless, very few of them could stand the test of broader international interests.

If I may give you an example, in the opinion of people in my country and the rest of Europe, this is the case of the countervailing duties on imports from Italy of fabricated structural steel units established by a Treasury Department's decision of April 21, 1967, right on the eve of the Kennedy Round successful conclusion.

This decision is based on the Bounty Act of 1890, which in 70 years was applied only in a very few cases. Now, the Treasury Department modified its longstanding interpretation that the legislation does not apply to rebates of internal taxes by the exporting country; and imposed countervailing duties by unilateral action, instead of proceeding by international consultation and agreement in OECD, as all the member states unanimously agreed, or in GATT, which, by the way, would have assured that every country and every party would be treated equally, instead of selecting a specific product from one country.

I have mentioned this example, among others, because of the disconcert, bitterness, and malaise it is raising in Italy.

I believe that after the Kennedy Round the time has come for a sincere soul-searching analysis. It is my hope that—for the sake of