Major 1967 European mergers—Continued

	Annual sales in millions
TEXTILES	
Courtaulds Ltd. and Clutsom & Kemp (Britain)	878
MEAT PACKING	
Jean Caby, Fleury Michon, Jr. Morley et Fils and Oiida (France)	260
INSURANCE	
General Accident Fire & Life Assurance Co. and Yorkshire Insurance Co. (Britain)	428 (premium income)
SHOE MANUFACTURERS	
Robinson Schoenfabrieken N.V. and N.V. Swift Schoenfabrieken (Holland)	8,400

Source: The Wall Street Journal, Feb. 21.

2. *Border tax harmonization*

Even if it can be safely assumed that there was an equality in tariff concessions under the Kennedy Round, full analysis also requires attention to the dynamics of non-tariff barriers. While discussion of most non-tariff barriers was ruled out of negotiations early in the Kennedy Round deliberations, the EEC proceeded to reach agreement among themselves on the harmonization of border taxes. While there has been considerable disagreement over the differential incidence of direct versus indirect taxes and whether border taxes are discriminatory against trading partners not employing such, there can be no doubt that where border tax harmonization has raised the tax applied to imports and the rebate to exporters, the position of other nations' exports to the area is relatively worse. Thus, while it may be a useful working assumption that trade negotiations result in offsetting gains and losses from a balance of payments viewpoint, it has been unwise to assume that equal lowering of tariffs meant an equal movement toward free trade.

The border tax mechanism, which allows charges to be levied on imports equivalent to domestic indirect taxes (and the tax is applied to CIF value and the tariff to landed value including the tax) can present a significant barrier to U.S. exports in addition to tariff. Under these circumstances, tariff reduction or complete removal are of less *relative* significance to U.S. exports than to EEC exports.

TABLE III.—*U.S. phenol sales to Germany*

	Cents per pound
Selling price, country of origin	9.5
Before Kennedy round:	
Duty: 4 percent, export price, c.i.f. basis (10.9 cents)	.4
Freight and insurance	1.4
Border tax (4 percent on landed value, 11.3 cents)	.4
Total costs	2.2
Landed cost of entry	11.7
After Kennedy round (20 percent):	
Duty: 3.2 percent, export price, c.i.f. basis (10.9 cents)	.3
Freight and insurance	1.4
Border tax (4 percent on landed value, 11.2 cents)	.4
Total costs	2.1
Landed cost of entry	11.6
After separate package (50 percent):	
Duty: 2 percent, export price, c.i.f. basis (10.9 cents)	.2
Freight and insurance	1.4
Border tax (4 percent on landed value, 11.1 cents)	.4
Total costs	2.0
Landed cost of entry	11.5