

quota of 130,000 tons at the same 5 percent rate; this bound tariff quota is less than the pre-Kennedy round year-to-year quotas. On the other hand, the U.S. aluminum ingot tariff was reduced by 20 percent. The Kennedy round worsened the U.S. tariff position in aluminum ingot, as against the EEC. Before the Kennedy round, the EEC tariff was 60 percent higher than the U.S. tariff. After the Kennedy round changes, it will be at least double the U.S. tariff.

Another subject that should be considered is industry sector negotiations. During the Kennedy round negotiations, it became apparent to some, including the Director-General of GATT, Mr. Eric Wyndham-White, that special progress in dealing with foreign trade problems could be made in "certain sectors of industrial production." He pointed out more specifically that this should be the case in industries "characterized by modern equipment, high technology and large scale production, and by the international character of their operations and markets * * *"

These are the characteristics of the aluminum industry that make sector negotiations especially advantageous and feasible for dealing with aluminum foreign trade problems of both tariff and nontariff types.

Proposals have been made from time to time for the elimination of duties on aluminum on what amounts to a bilateral basis between the United States and Canada. Two proposals having such effect are current. One would provide for a free-trade arrangement with Canada limited to aluminum. The second would permit duty-free entry into the United States of those products, regardless of source, for which Canada is the dominant supplier to the United States.

Clearly, such proposals would be inconsistent with the principle of equal access among all major trading countries. On the contrary, the effective disparities between United States and overseas tariffs would be increased. Both proposals would be inimical to the interest of the U.S. aluminum industry.

Moreover, a free-trade arrangement in aluminum only would be contrary to the GATT as well as to U.S. law, since it would violate the unconditional most-favored-nation principle.

What the North American aluminum industry both in Canada and in the United States needs is freer access to the markets of the rest of the world, and this objective would simply not be served and indeed would be prejudiced by such arrangements.

Sector negotiations should make it possible to capitalize on the industry's special characteristics. The opportunities for negotiating meaningful trade relationships among "aluminum" countries become lost in the larger arena of a typical GATT "round."

This is especially the case when an industry is still growing, and growing worldwide. Under such conditions, meaningful trade negotiations should be geared to future prospects rather than to historical statistics, as they must be in negotiations as diverse as a GATT round.

One of the advantages of the sectoral approach is that it permits the identification of all barriers to trade, both tariff and nontariff, which affect the movement of goods in international trade in an industry such as the aluminum industry.

Some of these nontariff barriers can be isolated and dealt with in the context of a particular sectoral negotiation. An example is that