The Kennedy Round negotiations produced mixed results with respect to aluminum foreign trade. Most aluminum tariffs of the major industrial nations were lowered. In some cases, the gap between the generally lower United States tariffs and usually higher foreign tariffs was narrowed. However, there were important instances in which the gap was widened. This was especially true with respect to the EEC which, after the United States, is the largest market for aluminum in the world. These instances are identified and discussed in Appendix B to this statement.

As indicated in Appendix B, it is particularly significant that the most important United States objective with respect to aluminum tariffs—a reduction in the EEC ingot tariff—was not realized in the Kennedy Round. Ingot is the largest product group involved on either the import or the export side of aluminum foreign trade. The EEC aluminum ingot tariff remains today, as before the Kennedy Round, at 9%. The only change was the replacement of previous year-to-year 5% tariff quotas for individual member countries of the EEC with a "bound" EEC quota of 130,000 tons at the same 5% rate; this bound tariff quota is less than the pre-Kennedy Round year-to-year quotas. On the other hand, the United States aluminum ingot tariff was reduced by 20%. The Kennedy Round *worsened* the United States tariff position in aluminum ingot, as against the EEC. Before the Kennedy Round, the EEC tariff was 60% higher than the United States tariff. After the Kennedy Round changes, it will be at least *double* the U.S. tariff.

SECTOR NEGOTIATIONS

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, 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. Although the implementation of any decisions must be compatible with the trade policies of the participating nations, considerable progress could be made through sector negotiations towards eliminating intra-industry difficulties, distortions and misunderstanding on a worldwide basis.

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 United States law, since it would violate the unconditional most-favored-nation principle. What the North American aluminum industry both in Canada and in the U.S. 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.

During the Kennedy Round, United States negotiators were much better informed on aluminum than during previous GATT negotiations. They maintained better lines of communication with the industry and devoted considerable time and effort to the aluminum tariff problem and its ramifications. It became evident, however, that to deal with the complex details of a number of industries as well as agricultural products simultaneously during these negotiations was unrealistic and unfair to the negotiators as well as to the industries involved.

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