

STATEMENT BY THE PRIME MINISTER,  
THE RT. HON. HAROLD HOLT, IN THE  
HOUSE OF REPRESENTATIVES

16TH MAY, 1967

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THE OUTCOME OF THE KENNEDY ROUND TARIFF  
NEGOTIATIONS

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I can tell the House that I have just this morning been informed by Mr. McEwen from Geneva that the Director -General of the GATT has announced that agreement has been reached on the elements of a successful Kennedy Round. This is the outcome as at present seen of negotiations over some four years and, even on the limited information as yet available, can be said to represent a major success in reducing barriers to world trade.

As Honourable Members will know, this important series of negotiations was initiated by the late President John F. Kennedy with the objective of achieving a significant liberalisation of world trade covering all classes of products, both industrial and agricultural. It is in relation to agricultural products, of course, that Australia has been most concerned to achieve better trading conditions.

After the difficult negotiations of the past few weeks in Geneva, it is gratifying that the major traders of the world have been able to reconcile their conflicting interests and to reach agreement on arrangements which offer benefits not only as between themselves but also to the less developed countries of the world. I understand that the net effect of the Kennedy Round could be a reduction in tariffs in the industrialised countries of the order of 30 per cent. covering trade to the value of some \$US40 billion.

It is not yet possible to provide Members with full details of the overall settlement reached in Geneva. In fact, discussions on some items of importance to Australia are continuing. I can, however, say that with respect to one of our major export commodities - wheat - we have achieved more satisfactory arrangements than at various stages of negotiations seemed attainable. Agreement has been reached which will ensure that world wheat marketing will continue on an orderly basis and within the framework of internationally agreed rules of trading.

A new minimum price has been established some 20 cents per bushel above the minimum in the present International Wheat Agreement. This in itself is a worthwhile gain. It establishes a new floor for world wheat prices. At present we are, of course, selling our wheat above this level in world markets and we hope that we shall continue to do so. But it is reassuring to know that if a situation of world surpluses were to emerge, we have the protection of a higher and firmer floor price than we have had up to the present. Furthermore, the price arrangements are such as to retain Australia's competitive position in world markets.

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Another important element of the agreement on wheat is the acceptance by the developed countries including the EEC, the UK and Japan, that they should share equitably with the wheat-exporting countries the burden of providing food aid. This is a principle which Australia has been pressing ever since the commencement of the Kennedy Round negotiations. The new arrangement will mean that the food-producing countries of the world will no longer be looked to alone in providing this food aid.

At this stage, I am not in a position to inform Honourable Members of the details of the negotiations on meat. Detailed discussions are in fact still proceeding in Geneva but our delegation is confident that valuable gains will be achieved in our meat trading arrangements. Moreover, in the totality of the Kennedy Round there will be other benefits which will assist a number of other Australian industries. Details of these benefits will be made available when the negotiations have been concluded.

It is the nature of international negotiations in which conflicting interests must be reconciled and a balance of advantage struck, that governments cannot achieve all their negotiating objectives. Nevertheless, what has been achieved in the Kennedy Round represents a real move forward in the whole area of international trade, and one from which Australia can expect to derive important trading benefits.

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