

Address given by John F. Kennedy (Washington, 25 January 1962)

Caption: On 25 January 1962, in an address given to the US Congress, US President John F. Kennedy appeals for increased powers of action with regard to the tariff negotiations on international trade to be held with the EEC.

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Speech by John F. Kennedy (Washington, January 25, 1962)

The U.S.A. and the Common Market

Extracts from the text of President Kennedy's Trade Message delivered to the Congress on 25 January 1962

"[...]

On June 30, 1962, the negotiating authority under the last extension of the Trade Agreements Act expires. It must be replaced by a wholly new instrument. A new American trade initiative is needed to meet the challenges and opportunities of a rapidly changing world economy.

[...]

To meet these new challenges and opportunities, I am today transmitting to the Congress a new and modern instrument of trade negotiation – the Trade Expansion Act of 1962. As I said in my State of the Union address, its enactment 'could well affect the unity of the west, the course of the cold war, and the growth of our nation for a generation or more to come'.

[...]

To achieve all of the goals and gains set forth above – to empower our negotiators with sufficient authority to induce the EEC to grant wider access to our goods and crops and fair treatment to those of Latin America, Japan, and other countries – and to be ready to talk trade with the Common Market in practical terms – it is essential that our bargaining authority be increased in both flexibility and extent. I am therefore requesting two basic kinds of authority to be exercised over the next 5 years:

First, a general authority to reduce tariffs by 50 per cent in reciprocal negotiations. It would be our intention to employ a variety of techniques in exercising this authority, including negotiations on broad categories, or sub-categories of products.

Secondly, a special authority, to be used in negotiating with the EEC, to reduce or eliminate all tariffs in those groups of products where the United States and the EEC together account for 80 per cent or more of world trade in a representative period. The fact that these groups of products fall within this special or 'dominant supplier' authority is proof that they can be produced here or in Europe more efficiently than anywhere else in the world. They include most of the products which the members of the Common Market are especially interested in trading with us, and most of the products for which we want freer access to the Common Market; and to a considerable extent they are items in which our own ability to compete is demonstrated by the fact that our exports of these items are substantially greater than our imports. They account for nearly \$2 billion of our total industrial exports to present and prospective Common Market members in 1960, and for about \$1.4 billion of our imports from these countries. In short, this special authority will enable us to negotiate for a dramatic agreement with the Common Market that will pool our economic strength for the advancement of freedom.

To be effective in achieving a break-through agreement with the EEC so that our farmers, manufacturers and other free world trading partners can participate, we will need to use both the dominant supplier authority and the general authority in combination. Reductions would be put into effect gradually in stages over five years or more. But the traditional technique of trading one brick at a time off our respective tariff walls will not suffice to assure American farm and factory exports the kind of access to the European market which they must have if trade between the two Atlantic markets is to expand. We must talk instead in terms of trading whole layers at a time in exchange for other layers, as the Europeans have been doing in reducing their internal tariffs, permitting the forces of competition to set new trade patterns. Trading on such an enlarged basis is not possible, the EEC has found, if traditional item-by-item histories are to dominate. But let me emphasize that we mean to see to it that all reductions and concessions are reciprocal – and that the

access we gain is not limited by the use of quotas or other restrictive devices.

In our negotiations with the Common Market, we will preserve our traditional most-favoured-nation principle under which any tariff concessions negotiated will be generalized to our other trading partners. Obviously, in special authority agreements where the United States and the EEC are the dominant suppliers, the participation of other nations often would not be significant. On other items, where justified, compensating concessions from other interested countries should be obtained as part of the negotiations. But in essence we must strive for a nondiscriminatory trade partnership with the EEC. If it succeeds only in splintering the free world, or increasing the disparity between rich and poor nations, it will have failed to achieve one of its major purposes. The negotiating authority under this bill will thus be used to strengthen the ties of both 'Common Markets' with, and expand our own trade in, the Latin American republics, Canada, Japan and other non-European nations – as well as helping them maximize their opportunities to trade with the Common Market.

The bill also requests special authority to reduce or eliminate all duties and other restrictions on the importation of tropical, agricultural and forestry products by friendly less-developed countries and not produced here in any significant quantity, if our action is taken in concert with similar action by the Common Market. These tropical products are the staple exports of many less-developed countries. Their efforts for economic development and diversifications must be advanced out of earnings from these products. By assuring them as large a market as possible, we are bringing closer the day when they will be able to finance their own development needs on a self-sustaining basis.

If the authority requested in this act is used, imports as well as exports will increase; and this increase will, in the overwhelming number of cases, be beneficial for the reasons outlined above. Nevertheless ample safeguards against injury to American industry and agriculture will be retained. Escape clause relief will continue to be available with more up-to-date definitions. Temporary tariff relief will be granted where essential. The power to impose duties or suspend concessions to protect the national security will be retained. Articles will be reserved from negotiations whenever such action is deemed to be in the best interest of the nation and the economy. And the four basic stages of the traditional peril point procedures and safeguards will be retained and improved.

- The President will refer to the Tariff Commission the list of proposed items for negotiations;
- The Tariff Commission will conduct hearings to determine the effect of concessions on these products;
- The Commission will make a report to the President, specifically based, as such reports are based now, upon its findings of how new imports might lead to the idling of productive facilities, the inability of domestic producers to operate at a profit and the unemployment of workers as the result of anticipated reductions in duties; and
- The President will report to the Congress on his action after completion of the negotiations. The present arrangements will be substantially improved, however, since both the Tariff Commission recommendation and the President's report would be broader than a bare determination of specific peril points; and this should enable us to make much more informed use of these recommendations than has been true in the past.

I am also recommending as an essential part of the new trade programme that companies, farmers and workers who suffer damage from increased foreign import competition be assisted in their efforts to adjust to that competition. When considerations of national policy make it desirable to avoid higher tariffs, those injured by that competition should not be required to bear the full brunt of the impact. Rather, the burden of economic adjustment should be born in part by the Federal Government.

Under existing law, the only alternatives available to the President are the imposition or refusal of tariff relief. These alternatives should continue to be available. The legislation I am proposing, however, provides an additional alternative called trade adjustment assistance. This alternative will permit the executive branch to make extensive use of its facilities, programmes and resources to provide special assistance to farmers,

firms and their employees in making the economic adjustments necessitated by the imports resulting from tariff concessions.

[...]

Authority to grant temporary tariff relief will remain available to assist those industries injured by a sudden influx of goods under revised tariffs. But the accent is on 'adjustment' more than 'assistance'.

Through trade adjustment prompt and effective help can be given to those suffering genuine hardship in adjusting to import competition, moving men and resources out of uneconomic production into efficient production and competitive positions, and in the process preserving the employment relationships between firms and workers wherever possible. Unlike tariff reliefs, this assistance can be tailored to the individual needs without disrupting other policies. Experience with a similar kind of programme in the Common Market, and in the face of more extensive reductions than we propose here, testifies to the effective but relatively inexpensive nature of this approach. For most affected firms will find that the adjustment involved is no more than the adjustment they face every year or few years as the result of changes in the economy, consumer taste or domestic competition.

The purpose of this message is to describe the challenge we face and the tools we need. The decision rests with the Congress. That decision will either mark the beginning of a new chapter in the alliance of free nations – or a threat to the growth of western unity. The two great Atlantic markets will either grow together or they will grow apart. The meaning and range of free economic choice will either be widened for the benefit of free men everywhere – or confused and constricted by new barriers and delays.

Last year, in enacting a long-term foreign aid programme, the Congress made possible a fundamental change in our relations with the developing nations. This bill will make possible a fundamental, far-reaching and unique change in our relations with the other industrialized nations – particularly with the other members of the Atlantic community. As NATO was unprecedented in military history, this measure is unprecedented in economic history. But its passage will be long-remembered and its benefits widely distributed among these who work for freedom.

At rare moments in the life of this nation an opportunity comes along to fashion out of the confusion of current events a clear and bold action to show the world what it is we stand for. Such an opportunity is before us now. This bill, by enabling us to strike a bargain with the Common Market, will 'strike a blow' for freedom".