CLOSING DATE OF CHEMICAL AGREEMENT POSTPONED

The governments which concluded, during the Kennedy Round negotiations, the separate Agreement relating principally to chemicals, have agreed to postpone until 1 January 1972 the date for the Agreement's entry into force.

The Agreement was negotiated by the Governments of Belgium, France, Italy, Switzerland, the United Kingdom, the United States and the European Economic Community. Its original closing date of 1 January 1969 has been twice postponed, first to 1 January 1970 and then to 1 January 1971. The Director-General of GATT has now been informed that all parties to the Agreement have agreed, subject to certain understandings, to the present further postponement.

The Agreement was concluded as a separate "package" during the Kennedy Round. Under it, a number of European countries agreed to make additional tariff cuts (beyond those already agreed in the main negotiations), mainly affecting chemicals, and to reduce certain non-tariff barriers, such as by altering the basis of automobile taxation in three countries to reduce discrimination against large cars. As the principal counterpart to these concessions, the United States would abolish the American Selling Price system of customs valuation applied to imports of benzoloid chemicals and certain other products; it would also make some additional tariff cuts on chemicals. Abolition of the American Selling Price is, however, a basic condition for bringing the Agreement into force, and this depends on the United States Congress, which has not yet acted on the matter. The present postponement preserves the possibility of bringing the package into effect.