Opening of the Kennedy Round

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During the preliminary negotiations preceding the conference opened today there has been hard struggling for the reduction of tariffs and other barriers to trade. From former GATT rounds for the reduction of tariffs we are used to it that understandably all countries in their own national economic interest defend their vested positions and are only step by step prepared to grant concessions. This mentality which is understandable from the point of view of past methods of tariff negotiations no longer meets the requirements of the new concept of economic co-operation which we all wish to attain by these negotiations. My impression is that the trading countries of the world are proceeding more and more into an economic situation where a reduction of tariffs is not only in the interest of other peoples, but first of all in their own. Before 1958 the Federal Republic of Germany had already decided, inter alia for reasons of economic policy, to reduce tariffs drastically and unilaterally. Naturally, such an approach aroused the protest of many economic branches concerned. However, it soon became evident that it was precisely this step of a radical reduction of tariffs which set free all sound forces of self-preservation and decisively contributed to greater efficiency. The liberal system of world trade based on the continued improvement of competition in an economy adhering to the principle of division of labour requires the intrinsic urge of a continuous increase in efficiency and the release of all forces directed at progress.

This concept is already expressed by the radical change in the method of tariff negotiation. The bargaining for concessions on a commodity-by-commodity basis is now, in principle, replaced by a certain automatism of tariff reductions. However, this new method would be doomed to failure if it were not complemented by the readiness of all negotiating partners to accept a radical facilitation of imports as a wholesome means to develop domestic economic forces. However, it will only be possible for us to preserve this basic approach in the forthcoming negotiations if we are willing and able to maintain internal and external

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equilibrium of our national economies. In the interest of fulfilling the great tasks before us and achieving the objectives of trade policy we should do everything to counteract existing dangers already at their very beginning. In view of the well-progressed economic interdependence the industrialized countries carry a common responsibility. They act not only in the interest of their own peoples but at the same time wish to make a serious step towards improving the position of the developing countries so that they are enabled to participate more intensively in world trade.

I am aware of the fact that new basic concepts have to be fought for and that these will frequently be conflicting with the harsh realities of today. Yet I believe that the timing of the opening of the Kennedy Round of negotiations is particularly suitable for voicing ideas which are directed not at the past but at the future. This is all the more true as the outcome of these multilateral negotiations may be of decisive importance not only to the further expansion of world trade but at the same time to the maintenance and development of the liberal concepts embodied in GATT for economic co-operation of the peoples of the world.

The Kennedy Round constitutes multilateral trade and tariff negotiations. It therefore requires constructive co-operation by all participants if it is to succeed. In line with an outward-looking and future-minded attitude my Government will do its utmost so that the Kennedy Round will mark an important milestone in the annals of economic history and thus live up to the great name of its initiator.

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