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— 4/11/75

THE WHITE HOUSE
WASHINGTON

4/21/75

MR. PRESIDENT:

Although the first sentence of the attached memorandum mentions that it is for your approval, it is an information memo only.

Don

A handwritten signature in black ink, appearing to be the name 'Don' written in a stylized, cursive script.

TAS

THE PRESIDENT HAS SEEN *dy*

THE SPECIAL REPRESENTATIVE FOR
TRADE NEGOTIATIONS
WASHINGTON

April 11, 1975

MEMORANDUM FOR

THE PRESIDENT

SUBJECT: U.S. Objectives in the Multilateral Trade
Negotiations

We are presenting herewith for your approval a broad statement of our objectives in the MTN. More definitive objectives must await the advice to be given you after public hearings by the International Trade Commission and other advisory groups established pursuant to the Trade Reform Act. The advisory process will take until early fall.

Tariff Barrier Objectives:

In the tariff area a broad U.S. objective is to try for general agreement on a substantial reduction in trade barriers aimed particularly at the common external tariff of the European Economic Community (EC) and the disproportionately high duties of Canada and Japan.

Nontariff Barriers:

The primary NTB objective should be to create freer and fairer trading conditions through the negotiation of new or revised rules that would apply to various nontariff measures. Such rules, or codes of conduct, would apply to both industrial and agricultural products.

Agriculture

The objectives we are pursuing in the negotiations for agriculture are:

- to improve the competitive climate in world markets where buying and selling are based on

productivity, efficiency and consumer choice which will lead to a more rational use of the world's agricultural resources.

- to achieve substantial expansion of trade in all agricultural products through negotiations to reduce measures which restrict and distort trade. For grains our first priorities will be to reduce subsidized competition in third country markets. The longer term objective is to improve market access for grains as well as all other U.S. farm products.

Negotiating Objectives as Regards Commodities in Short Supply:

The United States will approach these negotiations as an "honest broker," with balanced interests as both a major exporter and a major importer of primary products.

Safeguards:

An essential element of the negotiations is the development of an effective multilateral safeguard system to ease the impact of adjustment to import competition. The provisions and procedures of GATT Article XIX, which were intended to serve that purpose, have not proven satisfactory.

Institutional Reform:

The General Agreement on Tariffs and Trade (the "GATT"), which sets forth the ground rules for the conduct of international trade, has served the international trading community well for over 25 years. In certain respects, however, the GATT has become outdated. Efforts should therefore be made in the MTN to revise the GATT, either directly or indirectly, to better meet present conditions of world trade. Section 121 of the Trade Act identifies 12 specific areas in which the Congress believes the GATT should be improved.

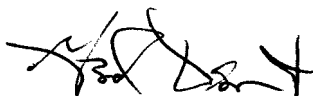
Implications for U.S. Foreign Economic Relations:

Europe continues to go through the agonizing process of economic and political unification and this creates a conflict between the needs of internal adjustment to new common policies and continuing external adjustment to the rest of the world. The multilateral trade negotiations can provide an important counterbalance to the temptation to focus primarily on internal problems to the detriment of Europe's international responsibilities as a major economic entity.

The other major industrial countries -- Australia, Canada and Japan have traditionally insulated their economies to varying degrees from external competition. These negotiations provide a unique opportunity for encouraging them to evaluate these policies during this time of severe economic difficulty.

The U.S. can seek to facilitate a wider participation by the developing world (LDCs) in the world trading system through this round of negotiations. LDC participation is important to the success of the negotiations. The implementation of our generalized preferences scheme will provide another means for increasing such LDC participation.

The era of detente has raised the possibility of closer economic links between the Communist countries and the rest of the world. The multilateral trade negotiations have an important role to play in assuring that the expansion of such trade takes place smoothly, on the basis of mutually acceptable rules and concessions. The rules of the game for trade between Communist countries and market economies is still at a very rudimentary stage, and therefore the further development of these rules is important for the United States.



Frederick B. Dent