impact on industrialized countries—depending, of course, on the size of the percentage which might be agreed upon—since, in setting the percentage figures, governments would presumably take into account the extent to which their own domestic interests could absorb increased imports from the developing countries without serious injury.

There are, however, a number of difficult problems with this approach. One is the absence of any mechanism for insuring that preferences thus established would in fact be temporary. It has been suggested that such a scheme might operate for say 10 years after which the situation could be reviewed to see whether it should or could be extended, modified, or terminated. We are not sure this is politically realistic because it is easy to anticipate the pressures that would be exerted when the time for review occurred to extend the system rather than raise duties against the products of developing countries. Moreover, during such a 10-year period reductions of barriers among the industrialized countries themselves might be inhibited because of vested interests in maintaining margins of preference.

An alternative approach to this range of issues might be to visualize preferences for developing countries as the extension in advance to developing countries of trade barrier reductions which the industrialized countries themselves would be prepared to undertake on a most-favored-nation basis over a longer period of time. If an agreement could be reached with other industrialized countries for this kind of approach, the problem of insuring that preferences would in fact be temporary would automatically take care of itself since the preference margins would erode as trade barriers were reduced on an MFN basis. There are numerous difficulties with this approach as well, however. First there is the question of whether any industrialized country, including the United States, is prepared so quickly after the major reductions of trade barriers recently concluded in the Kennedy Round to enter into any kind of commitment to eliminate duties. I believe the realistic answer to this is no. This has accordingly led to the suggestion that the margin of preference under what has been called the "advance cut" approach would have to be something other than duty-free treatment across the board. This, of course, might reduce the attractiveness of the scheme to the developing countries. The question of safeguards under this approach would no doubt have to encompass the traditional devices such as exclusion of products deemed to be particularly sensitive, and an escape clause procedure in the event imports from developing countries threaten or cause serious injury to domestic interests. The case of cotton textiles of course is a special one in that the developing countries are already highly competitive in industrialized country markets and therefore do not need preferences. Moreover, so long as cotton textiles are subject to quantitative restrictions, tariff preferences would not be of any significant benefit to developing countries. In this particular sector, the developing countries will have to look for a gradual liberalization of quantitative restrictions rather than tariff preferences if they are to capitalize on the competitive advantage they already have.

I would like to draw the committee's attention to an important aspect of the second approach I summarized a moment ago; namely, the link between reductions of trade barriers for developing countries and the