

Even if it should not prove possible to eliminate completely the preferential access to certain developed country markets that certain favored poor countries now enjoy, agreement on a new system of preferences extended on a nonreciprocal basis by all developed to all developing countries would be a major achievement. It would check the further proliferation of special discriminatory arrangements, the thrust toward new bilateral trading blocs; and it would reduce the range and significance of existing preferences.

There are other policy and technical issues related to preferences that I could discuss with the committee, but I believe the foregoing is sufficient to indicate the range of complexities which are involved.

I would like to invite the committee's attention to an excellent recent survey by the UNCTAD Secretariat of the key issues. I will make available to the committee copies of this document (app., p. 380) and would have no objection if the committee wishes to incorporate it in its report on these hearings. This particular document is being discussed at this very moment in Geneva where the UNCTAD Group on Preferences, on which the United States and 33 other governments are represented, began its meetings on July 4. The document to which I have referred and the specific proposals advanced therein illustrate some of the complexities and the options open to us and other countries. The United States will not enter into any kind of commitment on any of the key details of the suggestions presented by the UNCTAD Secretariat at the meeting now in progress. We believe, however, that the discussions based on this very competent review should serve to clear the air a bit and give us a better appreciation of how the developing countries themselves view the operation of a possible preference scheme. We need such an understanding because a workable scheme of preferences—if it is to be worth the effort which would have to go into it—would have to be one which has the support not only of the industrialized countries but of the developing countries themselves.

With the President's announcement at Punta del Este, the work of the small group of countries in the OECD entered a new phase since the United States no longer maintained a basic reservation on the principle of preferences. Still it appears that there are important areas of difference between the approaches to some of the key issues involved in preferences. The UNCTAD document to which I have referred gives a succinct and quite accurate exposé of these differences in approach.

The time sequence of events is that a report by the small group will be considered within the regular OECD framework this fall, culminating in the meeting of OECD ministers on November 30–December 1. If, at that time, a general consensus can be reached, there might well be a joint OECD proposal to be put before the second United Nations Conference on Trade and Development to be held in New Delhi beginning February 1, 1968. On the other hand, there may be no joint proposal but alternative ideas presented for consideration at that Conference. No matter which course of action may transpire, the United States for its part does not expect that any proposal or proposals will be presented on a take-it-or-leave-it basis but that, instead, the views of developing countries and detailed discussions to develop a workable scheme will require many meetings over a period of many