

ticular region. In addition, it emphasized the reverse preferences, or giving a developed country a special position in a developing country market, should be phased out. There was no agreement, certainly, on all aspects of a developed country preference position. But the desirability of a general preference scheme was sufficiently recognized so that the developed countries could take a more or less concerted position to the UNCTAD II meeting in New Delhi, which is now in progress. However, it is still too early, in my judgment, to know whether the many varied and complex questions which preferences involve can be answered to our satisfaction and that of the other countries concerned.

Aside from tariffs, the developing countries place considerable emphasis on commodity arrangements. Experience has shown that any consideration of a commodity arrangement raises questions relating both to the stabilization of primary product prices at remunerative levels for efficient producers and to the commercial impact of commodity arrangements on users of the products covered by such arrangements. More work is required, in my judgment, to determine the true commercial benefits to be derived from such arrangements.

My office does not have the primary responsibility for the negotiation of commodity agreements on tropical products. Nevertheless, we have a great and continuing interest in areas of such great significance to developing country trade. Therefore, our current study will place emphasis on the long-range implications and the possible benefits of such arrangements, including their implications for a sound U.S. commercial policy.

As you know, the United States has supported the joining together of developing countries in regional trading arrangements—for example, the Latin American Free Trade Association. However, in part, because we do not have a large body of experience to guide us, their impact upon member and nonmember countries needs further examination. For example, how do these regional trading arrangements affect U.S. export interests? Moreover, it is not clear what kinds of conditions the United States should seek in relation to the establishment of such arrangements in order to render them as consistent as possible with an open international trading system. I think this is a point that most certainly should be underlined.

Another topic to which we attach great importance is the problem of adjustment to import competition.

In 1962, as you will recall, the executive branch proposed, and the Congress enacted, a program of adjustment assistance to help firms and workers hurt by increased imports caused by tariff concessions.

Conceptually, this was a significant forward step in the evolution of our trade agreements program. It amounted to an acknowledgment that increased quotas or duties need not necessarily be the most appropriate or effective form of relief for injury due to import competition. Unfortunately, the program did not, in fact, become operative, and, therefore, has not yielded us any experience upon which to base future policy, although we will be proposing liberalized criteria for adjustment assistance in this field shortly.

But, even without such a body of experience, we must continue to explore alternatives to quotas or higher tariffs. We should also examine other existing programs, such as the manpower training and