

THE QUESTION OF THE GRANTING AND EXTENSION OF PREFERENCES IN FAVOUR OF DEVELOPING COUNTRIES

A SYSTEM OF PREFERENCES FOR EXPORTS OF MANUFACTURES AND SEMIMANUFACTURES FROM DEVELOPING TO DEVELOPED COUNTRIES

REPORT BY THE UNCTAD¹ SECRETARIAT

CONTENTS

	Page
GENERAL CONSIDERATIONS.....	381
A. Introduction.....	381
B. The general case for better access.....	381
C. The case for preferences.....	382
D. The doubts concerning preferences.....	383
Part One	
Part Two	
OUTLINE OF SPECIFIC ELEMENTS OF A PREFERENTIAL SYSTEM.....	385
A. The objective.....	385
B. The question of negotiability.....	385
C. The problems arising with respect to each of the elements of a general preferential system.....	386
D. The various interdependent means for limiting the import of a preferential system on the developed countries' interests.....	388
E. The safeguard arrangements as a key to distinguishing among various general preferential systems.....	388
Part Three	
ANALYSIS OF EACH OF THE ELEMENTS OF A PREFERENTIAL SYSTEM.....	389
A. Techniques of limiting the impact of preferential imports on producers in the developed world.....	389
(1) The application of an escape clause.....	389
(2) The provision of a uniform tariff quota.....	391
(3) The extent of the duty reductions.....	395
B. The products on which preferences would be granted.....	396
(1) The objective and the problems involved in attaining it.....	396
(2) Methods for defining the products subject to preferences.....	397
(3) The question of special action regarding excluded items.....	398
C. The countries that would be prepared to grant preferences.....	399
(1) The objective.....	399
(2) The definition.....	399
(3) The same system applied by all developed countries?.....	399
D. The countries that would be eligible for the benefits of the preferential system?.....	400
E. Provisions for the less-advanced among the developing countries.....	401
(1) General considerations.....	401
(2) Pitfalls to avoid.....	402
(3) Limiting the period during which preferences can be enjoyed on a particular item.....	403
(4) Suitable adaptation of the criteria for applying the escape clause or the tariff quota.....	403
(5) A permanent mechanism for reviewing the working of the system from the point of view of equitable sharing of the benefits.....	404
(6) The question of preferences by the more-advanced developing countries for the less-advanced.....	404
(7) Special financial and technical assistance measures.....	405
F. The duration of the preferential system.....	406
(1) The arguments for limiting the duration.....	406
(2) Alternative ways of dealing with the problem of duration.....	406
G. The relationship of a new preferential system to the preferential arrangements now existing between some developed and some developing countries.....	407
(1) The objective.....	407
(2) The problem of measuring equivalence.....	408
(3) The escape-clause system in relationship to existing systems.....	409
(4) The tariff-quota system in relationship to existing systems.....	409
(5) The review of the equivalence of advantages.....	410
(6) The problem of reciprocal preferences.....	410
H. The question of possible parallel obligations on the part of the developing countries.....	412
I. Institutional arrangements.....	413
K. Summary of the main features of a preferential system.....	413

¹ United Nations Conference on Trade and Development, Trade and Development Board, Committee on Manufactures, group on preferences, second session, Geneva, July 4 1967, item 3 of the provisional agenda.