

(f) With respect to the duration, the solutions envisaged would have to ensure the temporary nature of the system, while at the same time enabling the late-comers to industrialization to count on preferential access for a sufficiently long period.

(g) With respect to the suspension of the existing systems, or their absorption insofar as they relate to manufactures and semi-manufactures, the problem arises as to how to appraise and secure the equivalence of the new system with the old ones. Solutions may also have to be found for the question of reverse preferences.

(h) With respect to the need for suitable international review, care will have to be taken that the institutional framework chosen for this purpose would include all participating countries and thus be of a universal nature.

23. It is the purpose of this report to show how all these special problems can find adequate solutions within the framework of a general preferential system. Accordingly, the adaptations of the ideal systems that are necessary to take into account the various considerations of negotiability would be introduced as exceptions to, or qualifications of, the general applicable across-the-board rules. In particular, the targets for tariff eliminations or reductions and the means for possible limitations of the volume would in principle be the same for all products and for all developing and developed countries. Of course, the provision of exceptions to these targets would result in introducing elements of flexibility and selectivity into a general system of preferences. This selectivity would, however, have to be exercised in conformity with certain guide-lines and uniformly applicable criteria. The extent to which such selectivity could be applied would also be limited.

24. A basic distinction must, however, be made between a general system of preferences that provides for the introduction of elements of selectivity and a selective system of preferences. In a system of the latter type, no general applicable targets for duty reductions would be set. The means for, and extent of, volume limitations would also vary from product to product and from country to country. While some general guidelines as to the margin of preference or the admissible volume might be included in such systems, their characteristic is that each developed country or group of countries would itself decide which action to take with respect to each item or each group of items. In a selective system, it might even be provided that the countries which grant the preferences could decide which would be the beneficiaries of these preferences. This would greatly facilitate the acceptance of a system of preferences by various developed countries as they could take into account, with respect to each item, the domestic and third-country suppliers' interests as well as the interests of those developing countries with which they have special links. But there would be great uncertainty as to whether the preferences to be granted would then really be substantial and of any real assistance to the exports from developing countries. Since tariff rates and/or tariff quotas applicable to the developing countries would vary from product to product, laborious item-by-item negotiations on a multitude of products may be necessary. There would be a risk that non-economic criteria would be applied in deciding on the concessions to be granted. Also, the administration of such a system would pose special problems in view of the fact that the situation may be different with respect to each product. There would be no assurance of burden-sharing among developed countries, nor would it be possible to absorb or suspend existing systems since they are general and not selective in nature. The establishment of a selective system of preferences would therefore be inconsistent with the proposal made by the developing countries and with the working hypothesis adopted by the UNCTAD Group on Preferences (TD/B/84).

25. For these reasons, the possible application of a selective system of preferences is not examined further in the present report. Also, in such a system the various problems such as the replacement of existing systems, the definition of products and countries eligible for preferences, and the treatment of the less-advanced developing countries, present themselves in a completely different light and call for substantially different solutions from those envisaged in connexion with a general preferential system. The following chapters of this report therefore concern only the technical ways and means of implementing a general system of preferences.