operation of such an escape clause since it is provided for in GATT, EEC, EFTA etc., though the details differ. An escape clause could therefore be incorporated into a preferential system for developing countries' industrial exports. Accordingly, imports at preferential rates of a particular item into a developed country would in principle be unlimited, but if as a result of the preferences any product is being imported in such increased quantities as to cause serious injury to domestic or third country producers of like or directly competitive products, application of the preferential tariff could be in principle fully or partially suspended temporarily.

33. The advantages of this system is that it places no limitations on the volume of imports enjoying preferential treatment. For this very reason, it also possesses the second advantage of not appearing to offer less than the existing preferential systems between some developed and some developing countries, since these systems do not normally provide for an *ex ante* limitation of preferential imports. Thirdly, the system does not give rise to administrative complications because limitations would only be established in the presumably few cases where real injury occurs. Fourthly, in an escape-clause system it would be possible to direct the remedial action against that developing country which is causing serious injury; the limitations need not be applied to the imports of the other developing countries.

(*b*) *The problems, and ways of dealing with them*

34. The escape-clause system also gives rise, however, to some problems that may to some extent be taken care of by specific provisions.

35. The escape clause is usually resorted to unilaterally by the importing country which relies on its own judgment as to whether a sufficiently serious injury has occurred. Once the action is taken, it is as a rule difficult to induce the country concerned to reverse it soon, though the temporary character of the limitations and special review procedures may be provided for. Developing countries might therefore fear a cessation of imports at preferential rates as soon as some problems arise in the importing country; this may make it more difficult for them to plan their exports and to count on a certain volume being admitted in all circumstances on preferential terms.

(i) One of the ways for dealing with this problem would be to provide that the importing country would have to ask for prior approval by a suitable international institution before it can resort to an escape clause. Within the EEC such prior approval is provided for because it is consistent with a series of other provisions establishing close economic solidarity between the member States. In GATT, EFTA and indeed in a grouping of developing countries like LAFTA the escape clause, though subject to consultation, can however ultimately be invoked unilaterally. It may therefore be questioned whether the developed countries would be able to accept that their right to defend what they may regard as their vital national interests could only be exercised subject to the prior approval of an international body. Moreover, if recourse to the escape clause is to require prior approval, developed countries will tend to insist on a narrower product coverage and might tend to opt in favour of a tariff quota or reduced duty instead of a duty-free system. If it is recognized, however, that developed countries can unilaterally invoke temporarily the escape clause in an emergency, they should, however, submit to consultation procedures as soon as possible.

(ii) An alternative, more acceptable, means of giving a minimum guarantee to developing countries' exporters might be to provide that in the case of the application of an escape clause the importing country could not—even temporarily—suspend preferential treatment altogther, but would have to maintain it for a minimum volume to be defined. The developing country would thus be able to count on a minimum guarantee that would be admitted in all circumstances. On the other hand, the domestic producers of the developed countries would in this way be assured against contractions of the absolute volume of their production.

36. The escape clause may be regarded as involving the risk that some developed countries would apply it sooner than others even if there were no threat of a serious injury. Some developed countries may then bear a larger share than others of the burden which additional imports from developing countries might constitute. It might lead to additional pressures on the domestic market of the more liberal developed countries, inducing them to take restrictive measures in their turn.