(i) It is true that there is also some risk of abusive recourse to the escape clause with respect to concessions made on a most-favored-nation basis as in GATT; but it is probably much smaller because such concessions are granted on the basis of reciprocity: when resorting to the escape clause, the country is aware that concessions granted to it may be withdrawn in turn. This inhibiting effect is less likely to exist with respect to developing countries, which would not grant any concessions in return for the preferences they would receive.

(ii) It should however be possible to reduce any such risk to manageable proportions. In addition to the minimum guarantee as examined under paragraph 35(ii) above, special review procedures might be provided for in all cases where an escape clause is applied. Accordingly, the country might be obliged to report, after resorting to the clause, to UNCTAD on the progress made toward re-establishing preferential treatment or, as the case may be, on the reasons for not having done so. The report might also have to include a detailed account of the industrial adjustment measures the country plans to take with a view to being again able to grant preferential treatment. These reports might form the basis for a consultation and review procedure.

37. The escape clause might be regarded by third developed-country suppliers as an insufficient guarantee against trade diversion occurring to their detriment. Though it could be provided that the importing developed country can resort to the escape clause in case of serious injury to the detriment of its traditional developed-country suppliers, the third country would indeed have no certainty that the importing country would actually use this possibility. It might therefore be provided that the importing developed country would have to take suitable measures if as a result of the granting of preferences, imports from other developed countries decreased in absolute terms or have a substantially reduced share of the market. One of these measures may be to reduce the m.f.n. tariff. Institutional procedures may also have to be provided for.

38. A special problem may arise between those countries participating in a general preferential system that on the basis of existing bilateral or multi-lateral agreements between them may, under certain conditions, apply quantitative restrictions to safeguard domestic producers against serious injury. This consequence can be avoided if the partners to existing agreements agree that in case of injury they would first reimpose m.f.n. duties as a protective measure and would resort to quantitative restrictions only if after a reasonable period of time the restoration of m.f.n. treatment had not yielded adequate results. Moreover, it should not be possible to apply quantitative restrictions to the imports from the developing countries alone.

(2) THE PROVISION OF A UNIFORM TARIFF QUOTA

(*a*) *The various forms of its operation*

39. Instead of making the limitation of the volume dependent upon the occurrence of a serious injury, it is possible to conceive of a system according to which each developed country would be expected to admit duty-free only a certain predetermined volume of imports corresponding to a certain percentage of domestic consumption, production or total imports of the item concerned. The percentage chosen might be the same for all products and all importing countries. As soon as the imports from the developing countries as a whole were to reach this ceiling, the developed country could without further justification subject additional imports of this item to the m.f.n. tariff. The importing country could take this action even if no injury was caused. Of course, the reference period on which consumption, production or import figures would be based would have to be adjusted at regular intervals. Even if the tariff quota had been filled in one year, it would be possible for all developing countries to avail themselves of the tariff quota in the next year.

40. An alternative form of the tariff-quota system would be to use it to withdraw preferential treatment from those developing countries which with regard to a particular item would have shown that they are particularly competitive. To achieve this purpose, it may be provided that preferential treatment could be withdrawn from the imports of that developing country which would take up more than a certain percentage (for instance, 33 per cent) of the tariff quota. The consequence of such action would be to grant to the other developing countries, and particularly to newcomers, the opportunity of taking up the share of