

the quota which had hitherto been taken up by the first-mentioned country. The withdrawal of preferential treatment could be gradual; licenses under the tariff quota would remain available to the first-mentioned country inasmuch as the other countries would not use them.

41. This system of automatic exclusion of a particular country for a particular item has the advantage of providing for a certain rotation among the countries benefiting from the quotas. At first sight, the statistical criteria used would also have the appearance of avoiding arbitrariness in excluding the really competitive countries. This is, however, not necessarily the case. It may well be that a country is excluded though it is not responsible for the fact that the particular developed country felt the need to apply the tariff quota. It is indeed quite possible that the particularly competitive imports come from a country that would take up only a small percentage of the quota. The method would also work against the main supplier developing countries because their productive capacity is such that they can probably more easily reach the percentage than smaller developing countries. Another result of the application of the quota and of the exclusion of some countries would be that with respect to many items, there would be different lists of countries benefiting from the preferential system. Since these lists might have to be adjusted whenever a tariff quota is filled and the exclusion procedure applies, this might be regarded as an administrative complication.

42. To take in to account the possible objections to the system described in paragraphs 40 and 41, a third variant may be conceived according to which it would be provided that a certain percentage of the tariff quota (for instance, 20 per cent) would every year be reserved to newcomers, i.e., non-traditional suppliers. If this reserve were unutilized, it would be carried over to the next year and become available to all developing countries. This method would be an intermediate one in the sense that non-traditional suppliers would always be able to count on an opening while traditional or important supplying countries would not risk being excluded altogether from the benefits of the preference (as may happen under paragraph 40).

43. The methods listed under paragraphs 40 and 42 would provide largely automatic statistical criteria for progressively excluding particularly competitive suppliers and/or for admitting newcomers. Another way of avoiding arbitrariness might be to have the institutional framework regularly reviewed and decide upon a case-by-case basis or upon pragmatic criteria to be evolved gradually.

(b) Its advantages

44. An appraisal of the probable results of such a system would, of course, depend on the size of the uniform quota. If the tariff quota is large, few problems would arise; if it is insufficiently large, the problems examined under sub-section (2) (c) below would be considerable. On the assumption that the size of the quota is reasonable from the point of view of the developing countries' export capacity, the following advantages can be seen in this system.

45. The tariff quota could constitute a guarantee for the developing countries that preferential imports from them could not suddenly be stopped for alleged market disruption. This would enable developing countries to plan better their exports to the various developed countries' markets.¹

46. A uniform tariff quota for all products would make it possible to define industrial products broadly, for it would be clear that the domestic producer would only have to accept competition from developing countries for a relatively small percentage of production, consumption or total imports. Developed countries' governments would be able to argue that the domestic or third-country producers should be able to stand competition for such a very minor share of consumption, production or imports. This would certainly make it easier to deal with domestic objections to a preferential scheme.

47. There would be an appearance of burden-sharing among developed countries because each of them could count on their partners taking up a similar amount of exports from developing countries (see, however, paragraph 51 below).

¹ Such a guarantee would, however, only exist if countries parties to existing international arrangements that permit the imposition of quantitative restrictions in case of injury to domestic producers adapt them so as to ensure that such restrictions cannot be applied before the tariff quota is reached and before the m.f.n. treatment has been again applied for some time (see paragraph 38 above).