balanced in the long run by the fact that for all the other products countries would be able to enjoy the preferences under the tariff quotas even if the percentage appears to be small. Also, products which have already proven their full capacity of competing in the markets of developed countries, can be said to be hardly in need of preferential advantages. On the other hand, if preferences are justified not merely because the *industries* are in the infant stage, but on the basis of the infant *economy* argument, even such exports should enjoy preferences without being limited to the tariff quota.

54. The definition of the product to which the tariff quota would apply is likely to prove one of the more difficult problems. Developing countries would naturally wish to have such a broad definition as to mitigate the tariff quota restraint on certain sub-items. Importing countries on the other hand will tend to define the product so narrowly as to make the tariff quota apply precisely in relation to those sub-items which developing countries are supplying. To avoid such excessive breakdown that would frustrate the purposes of the system, it would be necessary to lay down certain guidelines combined with a review procedure.

55. Lastly, there is the problem that a system of tariff quotas would make it more difficult to absorb or suspend existing preferential systems which appear not to place any limit to imports (for further discussion see section C below).

(*d*) *Considerations specifically related to a tariff-quota system based on a percentage of consumption or production*

56. Consumption and production figures are in most cases either not available at all or not available with respect to the items as classified and identified in import statistics or tariff nomenclatures. This need be an obstacle because consumption or production figures will only be required for those relatively few items where total imports from developing countries would be substantial enough to reach the percentage expressed in terms of the usually very large consumption or production of a developed country of the item concerned. Only if a domestic producer or a third country wants it, would the tariff quota have to be calculated. At least as far as the domestic producers are concerned, it can therefore be expected that they would supply the figures necessary for defending their own interests.

57. To base the ceiling on a percentage of consumption or production, may in some cases be particularly disadvantageous to third developed-country suppliers. Indeed, when an importing developed country or group of countries possesses a large internal market and relatively high tariff, its total imports of a particular item from all countries may be smaller than the tariff quota available to the developing countries. For in these cases total imports may be very small in terms of a percentage of consumption or production of a particular item. Third developed-country suppliers would then be at a disadvantage with respect to developing countries for their total exports of that item to the developed markets concerned. The burden on third developed countries would in those cases be greater than that which domestic producers would have to bear, though from a rational economic point of view it may be argued that the latter rather than the former should be expected to adjust their pattern of production. This problem may to some extent be remedied in a system where the tariff quota is calculated in terms of a percentage of total imports.

58. On the other hand, to take consumption as the basis for calculating the ceiling is likely to have greater advantages from the point of view of developing countries than to calculate the limitation in terms of production or particularly imports. In case of production, countries that do not produce a particular item might escape the granting of preferences on a few items. In the case of imports, protectionist countries could take advantage of their generally restrictive policy for continuing to exclude imports from developing countries. Consumption, however, is considerable in all developed countries, and a percentage of consumption may in nearly all circumstances mean fairly substantial quantities. Everything will, of course, depend on the percentage chosen. Combinations might also be envisaged; for instance, one in which the tariff quota would have to amount to x per cent of domestic consumption but need not amount to more than y per cent of total imports of a particular item.

(*e*) *Considerations specifically related to a tariff-quota system based on a percentage of total imports*

59. A tariff-quota system based on a percentage of total imports would, as already mentioned, presumably be of lesser interest to developing countries. For