

restrictions) designed to prevent domestic industries from expanding their production beyond a fair share of the increase of consumption. In particular, with regard to the so-called residual quantitative restrictions, on which consultations have taken place over a great many years, it should now have become possible to aim at establishing a specific programme providing for their elimination within a reasonable period of time. With respect to the sensitive products, the developing countries may consider accepting the principle of an orderly expansion of markets. Action along the lines envisaged in this paragraph would at any rate have the advantage of emphasizing that the exclusion of products from preferences would not imply that there would be no obligations regarding them.

C. THE COUNTRIES THAT WOULD BE PREPARED TO GRANT PREFERENCES

(1) THE OBJECTIVE

83. For a variety of reasons, the aim should be that all developed countries can come to participate in the preferential system. First, the greater the number of such countries participating, the larger will be the diversification opportunities for the industrial exports. Secondly, each developed country could afford to grant better conditions of access in proportion to the involvement of the developed countries as a whole: in relation to the possible adverse impact of imports from developing countries on the domestic producers of a particular developed country, the effect would be inversely proportional to the number of developed countries participating in the system. Thirdly, the more numerous the developed countries that participate, the more a general preferential system can function as a fully equivalent substitute for the existing systems. The non-participation of one of the important developed markets would make more difficult any suspension of the existing preferential systems.

84. On the other hand, of course, there may be some developed countries in which the process of decision-making with regard to preferences may be more protracted than in others. This need not be a reason why the other countries should hesitate to proceed independently, since past experience shows that trade liberalization action by some countries has in many cases had a catalytic effect on the action adopted by other countries. It would, however, be desirable if the system could enter into force at about the same time among all participating countries; for in deciding on the extent to which the various available safeguards can be applied and how the existing preferential systems are to be dealt with, each developed country will need to know which other developed countries will be associated in the same decisions.

(2) THE DEFINITION

85. There is no agreed definition concerning which countries are to be regarded as developed. For very many countries that may be classified in this category there is, however, no dispute about their eligibility. On the other hand, there are some countries which, while usually regarded as developed, may themselves feel that they have not yet advanced far enough in their own industrialization and still depend to a large extent upon exports of primary products. Such countries, for instance, in contrast to other developed countries, have been unwilling to offer linear reductions in the Kennedy Round. It must be considered whether similar considerations would apply not only in negotiations mainly with economically stronger countries (as in the Kennedy Round), but also in connexion with a preferential system in favour of weaker countries. At any rate, it would appear that the problems of these countries could be taken into account in a manner that would still enable them to participate in a general system of preferences. Consideration might perhaps be given to granting such countries a longer period in which to reach the target of duty abolition or reduction. Provision might also be made for them to make initial exclusions for a larger percentage of their imports.

(3) THE SAME SYSTEM APPLIED BY ALL DEVELOPED COUNTRIES?

86. To arrive at a system of preferences of which the detailed features and mechanisms would be identical for all developed countries would be no easy task. Yet, if the various developed countries were to apply different systems, it would be very difficult to ensure the undertaking of comparable efforts by all countries, to decide on how to deal with existing systems, or to review the operation of the