

with the exception only of those that, judged by every possible development indicator, come towards the very end of the list. Since there are arguments in favour of every possible categorization and since negotiating agreed definitions would considerably delay the setting-up of a system, it would be preferable to provide for special measures for the less-advanced developing countries without trying to define different categories. In the following paragraphs, measures are examined that do not presuppose such a definition.

(3) LIMITING THE PERIOD DURING WHICH PREFERENCES CAN BE ENJOYED ON A PARTICULAR ITEM

100. One measure that would turn out to favour the less-advanced countries could be based on the idea that no developing country should be able to take advantage of preferences with regard to a particular product for more than a certain pre-defined period: a ten-year entitlement is most often mentioned in this connexion. There are, however, some problems in implementing this idea of ensuring rotation in favour of the latecomers to industrialization. For instance, it would be necessary with respect to every item to establish the date when a particular developing country has made its first significant export to a particular developed country. With regard to each item and developed country, one would soon have a different list of developing countries that would be entitled to preferences. This would complicate the task of the customs authorities and might also create problems with respect to the control of origin. It might, moreover, induce the exporting countries to take measures to ensure that exports take place only when there is a certainty that a steady stream of exports would be possible; otherwise, the exports by one plant might be the starting point for the calculation of the ten-year period even if this plant produced only relatively insignificant exports.

101. Such disadvantages may, however, be overcome to a large extent if the verification of whether a particular export has been taking place for ten years is not carried out annually but only after a longer period of operation of the preferential system. In this case, the customs authorities would not have to change their lists with respect to the various items so frequently. Since the working of the preferential system will in any case be reviewed after a certain number of years (see Section F below) provision could be made as one of the guidelines for the review that the interests of the less-advanced developing countries are taken into account and that at the time of the review, countries will stop benefiting from preferential treatment on all those items for which exports have taken place over a ten-year period. For this method to be useful for the less-advanced developing countries, it would of course have to provide that the preferential system as such would not be terminated altogether after ten years.

(4) SUITABLE ADAPTATION OF THE CRITERIA FOR APPLYING THE ESCAPE CLAUSE OR THE TARIFF QUOTA

102. Advantageous results for the less-advanced developing countries can also be achieved in connexion with the application of the escape clause or the tariff quota, depending on which safeguard mechanism is provided for in the preferential system envisaged. When an escape clause or a tariff quota is being applied, the reason for doing so would usually not be the competition resulting from imports from all developing countries, but from some only. Accordingly, one could provide that the m.f.n. tariff that would be reimposed would apply only to the imports from those developing countries which are the most competitive with regard to the item concerned. Such a method would frequently be likely to result in granting more advantageous treatment for the less-advanced developing countries because in the majority of cases they can be presumed to be less competitive than the more advanced ones. This method would, however, have to be applied in a different manner in an escape-clause system on the one hand and in a tariff-quota system on the other. This question will be examined below.

103. In the case of an escape-clause system, it would simply have to be provided that the developed country would only suspend the preferential treatment for the imports from that country or those countries which are the cause of the injury. This would have to be made a mandatory guideline for the application of the escape clause and would be reviewed as part of the institutional framework of the system. This suspension of imports would work to the advantage of the less-advanced developing countries.