developing countries and particularly the less-advanced of these in overcoming the many special difficulties which they face when undertaking trade liberalization and integration efforts. If it were possible to agree with some precision on a certain number of elements of such a support policy, the smaller and less-advanced developing countries would be the main beneficiaries of it. Specific provisions for the less-advanced developing countries that might be incorporated into a preferential system, together with other measures in their favour envisaged in the field of commodity trade, financial and technical assistance, support for integration, etc., would form a consistent programme facilitating the industrially less-advanced developing countries to start or intensify industrial exports.

F. The Duration of the Preferential System

(1) THE ARGUMENTS FOR LIMITING THE DURATION

113. Some of the arguments that can be put forward in favour of a limitation of the system are discussed below.

114. When a country ceases to be considered as a developing country, for instance, because it has succeeded in building up a diversified external trade and in achieving self-sustained growth, there would no longer be justification for it to enjoy special advantages as against exports from developed countries to other developed countries' markets.

115. When an industry in a particular developing country has become competitive in the markets of the developed world, it may be argued that it no longer needs advantages against similar industries in third developed countries. An industry can become competitive even if the country concerned must still be regarded as a developing country.

116. If they are able to benefit from preferences for an unlimited duration, producers in a developing country may be insufficiently induced to increase their efficiency and may thus acquire a vested interest against a further liberalization of world trade on an m.f.n. basis.

117. A preferential system such as the one envisaged in this report will need to be reviewed from the standpoint of whether it fulfils the expectations placed in it and whether the doubts raised before its establishment have been eliminated. The review could be carried out in a particularly effective way if the duration of the system were limited, and this might, therefore, increase the chances of ensuring a broad participation of developed countries in the system.

(2) ALTERNATIVE WAYS OF DEALING WITH THE PROBLEM OF DURATION

118. Some of these arguments in favour of a limited duration have already been taken care of in connexion with the provisions for limiting the impact of the system upon producers in developed countries and regarding the less-advanced countries. The question which will have to be considered in the present section is whether the duration of the system as a whole is to be limited in time and to what extent the various arguments in favour of limitation could be resolved by other means. The following means for ensuring the temporariness of the system may deserve further consideration.

119. One way to ensure the temporariness of the system would be to provide that the preferences granted to the developing countries would have to be extended on an m.f.n. basis to all countries after a certain period of time. This would mean linking the establishment of preferences in favour of developing countries with a formal undertaking to reduce or abolish duties on a world-wide basis. The preferences would then be merely in anticipation of already agreed future world-wide tariff concessions. This method would have the disadvantage that the preferences would in all likelihood be rather small because it is improbable that after the great effort of the Kennedy Round, the developed countries would be ready to commit themselves firmly to an elimination or new substantial reductions of tariffs on a world-wide basis. To ensure the temporariness of the system in this way would in actual fact mean that a preferential system of very limited scope would be set up and that the other purposes connected with it would be sacrificed to that of ensuring its temporariness.

120. On the other hand, while preferences should not be linked to the willingness of developed countries to grant the same concessions at a later stage on an m.f.n. basis, nothing should prevent the extension to the developed countries of the preferences granted to the developing countries (see paragraph 15 above).