

they are still important for some countries, particularly if a wide definition of semi-manufactures and manufactures is adopted. If the existing preferential arrangements are to be suspended or absorbed as far as manufactures and semi-manufactures are concerned, special care would have to be taken that the new preferential system provides for equivalent advantages.

124. The same question of equivalent advantages may also play a role for those developing countries that presently do not benefit from any existing special preferential system. Some of these countries have indeed expressed an interest in obtaining such special preferences in some developed countries, including those that presently are not part of a preferential system with particular groups of developing countries. The establishment of a general system of preferences has the advantage of stopping the trend towards a proliferation of such preferential arrangements between some developed and some developing countries. The interest in such arrangements will, however, abate only if the general system is able to provide countries hitherto not enjoying preferences with advantages equivalent to those which they could hope to obtain under preferential arrangements with some developed countries only.

(2) THE PROBLEM OF MEASURING EQUIVALENCE

125. The appraisal of whether a new system brings equivalent advantages will depend on the number of developed countries that will participate in the system, on the products that will be covered by it, on the preferential margins that will result, and on the duration of the new system as compared with that of the old ones. The more numerous are the participating developed countries, the greater are the opportunities for compensation on other developed countries' markets for any losses that might occur in those developed countries which hitherto alone granted preferences. The more the products presently exported under existing preferential arrangements would be excluded by other countries from the benefits of a preferential scheme, the less likely would it be that the new system could grant equivalent advantages. It must also be considered that some of the existing systems are formally limited in time and have to be re-negotiated shortly (e.g. Yaoundé and Lagos Conventions), whereas other existing arrangements might be unfavourably affected by policy changes in the developed country concerned (e.g. the effects on Commonwealth arrangements in the case of an entry of the United Kingdom into the European Common Market). Such uncertainties with respect to the existing systems would also have to be duly weighed and compared to the duration of the new system.

126. Any appraisal of the new system as compared to the old ones would thus have to take into account a great many variables. Yet, it is indispensable to make such an approximate appraisal. For countries already enjoying preferences would want to share the advantages of the existing systems with other countries only if they conclude that there is a very fair chance of at least equivalent opportunities. In this situation, it appears that the most suitable method would be to make at the outset a *prima facie* judgement about the opportunities the new system with all its special provisions offers and to provide that after a number of years a review will take place with a view to checking whether the estimates have been confirmed. This means that one would have to accept that the initial appraisal would be based on rather rough indicators. For instance, if a developing country benefited in the past from exclusive preferences on a market of say 200 million developed country consumers, it might be questioned whether it would enjoy equivalent advantages if developed countries with only 90 million consumers were added to those already granting preferences. It would largely be a matter for each developing country concerned to judge what weight to attach to the variables mentioned above. This judgment will be easier once all the technical features of the new system are known, for instance, the types of safeguards regarding the volume of preferential imports. While the question of whether a new preferential system grants equivalent advantages would presumably be kept in mind by the countries during the discussions on each element of the new system, it would probably have to be taken up as a whole toward the end of the discussions and negotiations leading up to the scheme.

127. A further consequence of the difficulties in making an advance appraisal would appear to be that the entry into force of the new preferential system for manufactures and semi-manufactures could not be made conditional on the formal abolition of the parts of the existing preferential systems that relate to manu-