

developed country—would be imposed on imports from both the old and the new beneficiaries. The argument in favour of such a solution would be that advantages which have not yet materialized in the form of new trade currents would hardly have to be compensated. As to industrial products which have already been exported on the basis of the old systems, one might provide that, as before, they should continue to enjoy preferential access for a volume of exports corresponding to the year in which they had reached the peak. Any imports beyond the peak year of the past would be treated like the imports from the beneficiaries of the new preferential system, i.e. the tariff quota would be applicable to both the new and the old beneficiaries from preferences. Of course, also in this system such countries should be able to maintain exclusive and unlimited preferential advantages on those items which other developed countries would have completely excluded from the preferential scheme.

132. Inasmuch as in the case of a tariff-quota system the beneficiaries under the old system might continue to enjoy special advantages not extended to the other developing countries, the pressure for setting up new exclusive preferential systems between some developed and some developing countries may well continue after the entry into force of the new general system. In particular, developing countries that have nowhere enjoyed preferences in the past might want to insist that they too should, at least in some developed countries, receive the privilege of unlimited free access. It might be argued in favour of this point of view that it should be immaterial to the other developing countries if some developing countries succeed after the establishment of a general preferential system, in getting even better conditions of access from some developed countries than those provided for in the general system of preferences. On the other hand, the fact that the pressure for exclusive preferential systems might continue, would impair one of the most important advantages of the establishment of a general system of preferences, namely, of stopping the proliferation of exclusive systems. One solution might be to agree on a temporary standstill on the negotiation of new exclusive preferences for industrial products. This might, for instance, last for a period of five years or even of ten years, at the end of which it would be necessary anyway to re-examine whether the new system has in actual fact yielded equivalent advantages. Such a stop-gap measure would prevent the question of how to deal with existing systems for industrial products from becoming more complicated in the meantime.

(5) THE REVIEW OF THE EQUIVALENCE OF ADVANTAGES

133. Regardless of whether the new system is based on an escape clause or on tariff quotas, it may be necessary to provide for a review of the question of whether or not it brings equivalent advantages. In view of the fact that it always takes time for new trade currents to be established or old ones to be affected, the appropriate moment for this examination might be at the end of the ten-year period. If the appraisal of the equivalence were made, for instance, after five years and if as a consequence some countries found themselves able to withdraw from the general system, the system might not have the stability necessary for its success. However, it might be laid down that after five years a first review would be made and if this review shows that equivalence is not achieved, special measures would be taken for the beneficiaries under the previous systems. Such measures might include those of a financial nature (see paragraphs 109 and 110 above). This would take into account the situation of some of the less-advanced developing countries that are highly dependent on the existing preferential markets for the few manufactured products they export. Such a review clause would be a means for taking care of such problems, should they arise.

(6) THE PROBLEM OF RECIPROCAL PREFERENCES

134. In the previous paragraphs, only one aspect of the existing preferential systems has been examined in connexion with the establishment of a new general preferential system, namely, the way to deal with the advantages which the existing systems grant to some developing countries and which are not extended to other developing countries. The problem of the compatibility and possible adjustments of existing systems might, however, also arise in connexion with the reciprocal advantages which many developing countries participating in such systems grant to the developed countries concerned and which are not extended to other developed or developing countries. These reciprocal or reverse pref-