

developing is to make the initial proposal, the developed countries should be able to make certain additions.

(f) *Less-advanced developing countries.* Special provisions for the less-advanced developing countries would be incorporated into the system, but no attempt would be made to define in advance which these countries are. After the preferential system has operated for ten years, a particular country which would have exported a particular product for the whole period would no longer enjoy preferences for that product. Secondly, in connexion with an escape clause or with the tariff-quota procedures, one might exclude from the benefits of the system the products of those countries which had proved competitive, for instance, by being the cause of the serious injury or by taking up a large share of the tariff quota. Thirdly, a permanent review mechanism would be established to check whether all developing countries gain advantages from the preferential system and to suggest additional measures in favour of those countries that would not have benefited from it. Fourthly, the more-advanced developing countries would declare their willingness to grant preferences to the less-advanced developing countries. Lastly, the international institutions concerned would decide to give priority attention to the building up of productive capacity and to infrastructural improvements in the less-advanced developing countries.

(g) *Duration.* The preferential system would remain in force for at least ten years. At the end of this period, the functioning of the system would be reviewed and certain countries and/or products could be excluded from it. If the review is not satisfactory to a particular developed country, it would be able to withdraw from it. But even if such a country withdraws, it would have to continue to grant preferences for a certain period on all those items for which a particular developing country had begun exports before the end of the ten-year period.

(h) *Existing preferential systems.* Existing preferential arrangements, insofar as they apply to manufacturers and semi-manufacturers would, in the case of a general system based on an escape clause, be suspended or absorbed, except for the products which would not have been granted preferences in important developed-country markets. In the case of a system based on tariff quotas, a distinction would be made between the products exported in the past and those not exported by the beneficiaries of earlier preferences. For the products that have not been exported in the past, the old system would be suspended. For the products that have been exported in the past, the beneficiaries of existing preferences would still continue to enjoy at least that access which they had in the past while the imports from the beneficiaries of the new system could be subject to the tariff quota. The question of whether the new system had granted equivalent advantages would be considered by the developing countries concerned during the preparation of the scheme and would be reviewed after a certain number of years. As for the reciprocal or reverse preferences, the beneficiaries of the developed countries might agree to their elimination or phasing out over a period of years. Another solution would be to ban the setting-up of new reverse preferences.

(i) *Parallel obligations.* It would be understood that at the second session of the United Nations Conference on Trade and Development, parallel obligations of developing countries would be defined, particularly with respect to trade among developing countries and with respect to policy guidelines for sound export policies.

(j) *Institutional arrangements.* All developing and all developed countries would be able to take part in the general and detailed consultations and negotiations leading to the setting-up of the preferential system, as well as in the operation of the system and its review, and this would be facilitated by the universal character of UNCTAD.