

proposed WFTA should be offered equally to all less-developed countries without demanding immediate reciprocity. This means that the latter might be granted either free or preferential access to the markets of the developed countries according to an accelerated timetable.

#### INTERNATIONAL TRADE REVIEW BOARD

An International Trade Review Board (ITRB) should be established to define criteria by which a nation qualifies as a less-developed country, to determine which countries and which industries are eligible for special preferences, and to conduct continuing reviews to determine at what point such countries or industries within them would be able to withstand the rigors of world competition under nonpreferential world trading rules. At this point of time in its development a former less-developed country could become a candidate for full membership in the WFTA.

Since the proposed Review Board would have to make judgments charged with highly explosive political implications, it should be composed of individuals meriting the confidence of the majority of nations. There are three international organizations that have existed since World War II which enjoy such international confidence. Members of the ITRB should be nominated from among their ranks:

(1) One member could be named by the World Bank, which has made detailed analyses of most less-developed countries. The Bank should be able to develop criteria determining whether a country should be considered less-developed; how long it should remain in that category; and whether all or only certain of its industries should be eligible for special preferences.

(2) Because of the acute balance-of-payments problems experienced by most less-developed countries, it would be appropriate for the International Monetary Fund to furnish one ITRB member. These payments deficits are usually associated with fluctuations in prices of raw materials on which many less-developed economies depend. They also derive from the heavy burdens of principal and interest payments on development and other loans.

(3) The third member of the ITRB should be nominated by the Director General of the GATT, for it is under GATT rules and covenants that international trade has flourished in the years since World War II.

The members of the ITRB should probably be nominated for a fixed term, and should be provided with a permanent operating staff. Substantive questions could be referred for guidance to any one of the three international organizations represented on the Board. Provision should be made for appealing decisions of the Board through the type of conciliation procedure worked out by the Secretary-General of the United Nations for unresolved disputes arising in UNCTAD and its committees.<sup>9</sup>

It is suggested that requests for tariff preferences be forwarded to the ITRB by one or more less-developed countries. The request would list the product or products involved, and would include all the necessary data concerning the supply position and the price at which the goods could be delivered. If the ITRB approved the request and if a majority of industrial countries was prepared to grant such preferences, a decision would be taken to depart from the MFN rule and preferences would be authorized, subject to the following terms and conditions:

(1) Preferences would be granted only if all or a substantial number of importing countries were prepared to open their markets to such products, so as to spread the possible adverse effects of increased import competition over the domestic industries of many countries.

(2) Importing countries would be permitted to exclude certain less-developed countries from the benefits of preferential treatment should the ITRB determine that these countries had already reached a level of economic development and efficiency in the industries involved to permit competition on relatively equal terms with the industries of importing countries.

(3) Preferences would be granted for a limited period only—perhaps not to exceed ten years. The decision should probably stipulate that, barring a decision to the contrary, preferences would be reduced gradually after five years, with a view to their elimination at the end of ten years. The preference might be eliminated even sooner if the ITRB ascertained that preferential treatment was no longer required. All decisions would be subject to review to determine whether adjustments were necessary due to changing conditions.

<sup>9</sup> See Richard N. Gardner, *In Pursuit of World Order* (New York: Praeger, 1964), p. 276.