5. In order to safeguard its external financial position and balance of payments, a contracting party coming within the definition set out in sub-paragraph (a) of paragraph 4 of this Article may restrict the quantity or value of merchandise permitted to be imported, subject to the provisions of paragraphs 6 to 10 below.

6. Import restrictions instituted, maintained or intensified by a contracting party under this Section shall not exceed those necessary

(i) to maintain the general level of its imports within the limits of its foreign exchange resources, or

(ii) in the case of a contracting party with very low monetary reserves, to achieve a reasonable rate of increase in its reserves.

Due regard shall be paid in either case to any special factors which may be affecting the contracting party's reserves, or need for reserves, in particular, the need to conserve over a period of time its foreign exchange resources to finance its development programme.

7. In applying these restrictions, the contracting party may determine their incidence on imports of certain products or classes of products which are more essential in the light of its policy of economic development; provided that those restrictions shall be applied in such a way as to avoid unnecessary damage to the commercial or economic interests of any other contracting party, and as not to prevent unreasonably the importation of any description of goods in minimum commercial quantities the exclusion of which would impair regular channels of trade, and of commercial samples, or compliance with patent, trade mark, copyright or similar procedures.

8. In carrying out its domestic policies, the contracting party shall pay due regard to the need for restoring equilibrium in its balance of payments on a sound and lasting basis and to the desirability of assuring an economic employment of productive resources. It shall progressively relax such restrictions as conditions improve, maintaining them only to the extent necessary.
in terms of paragraph 6 above and shall eliminate them as soon as conditions no longer justify such maintenance; provided that no contracting party shall be required to withdraw or modify restrictions on the ground that a change in its development policies would render unnecessary the restrictions which it is applying under this Section.

9. Any contracting party introducing or maintaining restrictions under this Section shall, before introducing such restrictions or making changes in the application of such restrictions (or, in circumstances in which prior notification is impracticable, immediately after doing so), notify the Organization in writing.

10. A contracting party introducing or maintaining restrictions shall consult with the Organization, if requested to do so, and give sympathetic consideration to the recommendations which may be made by the Organization in the course of such consultation.

11. The restrictions introduced or maintained in accordance with this Section shall be applied in a non-discriminatory manner in accordance with the provisions of Article XIII of the Agreement; provided that a contracting party applying such restrictions may deviate from the provisions of Article XIII in a manner having equivalent effect to restrictions on payments and transfers for current international transactions which that contracting party may at that time maintain consistently with the Articles of Agreement of the International Monetary Fund or with a special exchange agreement entered into pursuant to paragraph 6 of Article XV of this Agreement or, with the consent of the Organization, temporarily deviate from the provisions of Article XIII in respect of a small part of its external trade where the benefits to the contracting party or contracting parties concerned substantially outweigh any injury which may result to the trade of other contracting parties.

II. Text to be inserted in the Annex to the Agreement containing interpretative notes and other regulations

Ad paragraph 8

The second sentence in paragraph 8 shall not be interpreted to mean that a contracting party is required to relax or remove such restrictions if that

1 This paragraph will have to be reconsidered in the light of the corresponding provisions in Articles XII-XIV.

2 Some members of the Sub-Group were doubtful whether the text of paragraphs 10 and 11 provided adequately for consultations on the question of discrimination and wished to have this problem re-examined when decisions have been taken on those Articles.

3 By virtue of Article XXXIV these notes will be an integral part of the Agreement.
relaxation or removal would thereupon produce conditions justifying the intensification or institution, respectively, of restrictions under paragraph 6 of Article XVIII.

Ad paragraph 10 (and § 127 of Section C)

It is understood that the Organization shall invite a contracting party introducing restrictions or maintaining restrictions under Section B, or proposing to apply a measure under Section C, to consult with it, pursuant to paragraph 10 or § 127 as the case may be, if it is requested to do so by a contracting party likely to be affected by the measure in question.

Ad paragraph 11

The provisions of paragraph 11 permit the introduction or the maintenance by a contracting party of restrictions which are applied against imports from other countries, but not against imports from other territories having a common quota with that contracting party in the International Monetary Fund, on condition that such restrictions are in all other respects consistent with the provisions of Article XIII.

Notwithstanding the provisions of paragraph 11 of Article XVIII, a contracting party coming within the definition set out in sub-paragraph (a) of Article 4 of Article XVIII which has elected to be governed by the provisions of Annex J of the General Agreement may continue to be governed by those provisions for such time as those provisions shall remain in force.

III. Text to be inserted in the Report accompanying the text of the Article

"Several suggestions were made to incorporate in the text of Section B a provision to the effect that bilateral agreements were allowed under the provisions of that Section. The sub-group came to the conclusion that such an insertion was unnecessary since the proviso in paragraph 11 now proposed was based on the same criteria as the present text of sub-paragraph 1(b) of Article XIV, and that, under that text, bilateral agreements were permitted in so far as the measures permitting resort to such agreements were applied consistently with the Articles of Agreement of the International Monetary Fund."

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1 Some contracting parties raised the question of making provisions in the Agreement to permit countries not acting under Article XVIII to enter into bilateral agreements with countries resorting to Section B of Article XVIII. This problem was considered beyond the competence of this Sub-Group and would have to be examined by the Working Party.