Section C

11. If a contracting party coming within the definition set out in sub-paragraph (a) of paragraph 4 of this Article, finds that governmental assistance is required to promote the establishment of a particular industry with a view to raising the general standard of living of its population, but that no measure consistent with the other provisions of this Agreement is feasible or practicable to achieve that objective, it may have recourse to the procedures set out in this Section, except where a proposed measure affects imports of a product on which the rate of duty is bound under Article II of this Agreement, in which case the procedures of Section A shall apply and not those of paragraphs 12 to 15 below.

12. The contracting party concerned shall notify the Organization of the special difficulties which it meets in the achievement of the objective outlined in paragraph 11 above, and indicate the specific measure affecting imports which it proposes to introduce in order to remedy these difficulties. It shall not introduce that measure before the expiry of the time-limit laid down in paragraph 13 or paragraph 15 below, as the case may be, provided that, if the industry receiving assistance has already started production, the contracting party concerned may, after informing the Organization, take such measure as may be necessary to prevent, during that period, imports of the product or products concerned from increasing substantially above a normal level.

13. If, within thirty days of the notification of the measure, the Organization does not request the contracting party concerned to consult with it, that contracting party shall be free to deviate from the relevant provisions of the other Articles of this Agreement to the extent necessary to apply the proposed measure.

14. If it is requested by the Organization to do so, the contracting party concerned shall consult with it as to the purpose of the proposed measure, as to alternative measures which may be available under this Agreement and as to the possible effect of the measure proposed on the commercial and economic interests of other contracting parties. If, as a result of such consultation, the Organization agrees that there is no measure consistent with the other provisions of this Agreement which is feasible or practicable in

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1. The Sub-Group generally agreed that the procedures of Section A should apply in the case of a measure of the type covered by Section C which affects a bound item, but this question has to be re-examined in the light of the final version of Section A.
order to achieve the objective outlined in paragraph 11 above, and concurs in the proposed measure, the contracting party concerned shall be released from its obligations under the relevant provisions of the other Articles of this Agreement to the extent necessary to apply that measure.

15. If, within ninety days from the date of notification under paragraph 12 above, the Organization has not concurred in the proposed measure, the contracting party concerned may introduce the measure proposed after informing the Organization.

16. Nothing in the foregoing paragraphs of this Section shall authorize any deviation from the provisions of Articles I, II, and XIII of this Agreement. Further, no measure taken pursuant to this Section shall be such as to prevent unreasonably the importation of any description of goods in minimum commercial quantities the exclusion of which would impair regular channels of trade.1

17. At any time when a measure is being applied under paragraphs 12 to 15 without the concurrence of the Organization, any other contracting party substantially affected by it may suspend the application to the trade of the contracting party concerned of such substantially equivalent obligations or concessions under this Agreement the suspension of which the Organization does not disapprove, provided that sixty days' notice of such suspension is given to the Organization not later than six months after the measure was introduced or changed substantially to the detriment of that contracting party. Any contracting party acting under this paragraph shall afford adequate opportunity for consultation in accordance with the provisions of Article XXII of the Agreement.

18. If a contracting party coming within the definition set out in subparagraph (a) of paragraph 4 of this Article proposes to apply a specific measure affecting imports in order to safeguard the establishment of an industry which has received incidental protection from restrictions imposed by that contracting party for balance-of-payments purposes under the relevant provisions of this Agreement, it shall proceed in accordance with the provisions of paragraphs 12 to 14 above but it shall not apply the proposed measure without the concurrence of the Organization.

1 The report of the Working Party accompanying the text will state that:

"It is the intention of the last sentence of paragraph 16 that in applying a measure, such as an import restriction, under this Section, the contracting party will avoid in so far as practicable the complete exclusion from importation of the product in question. The Working Party recognizes that this would not always be practicable particularly if the product had a high unit value."
Section D

19. Any contracting party coming within the definition of sub-paragraph (b) of paragraph 4 of this Article desiring, in the interest of the development of its economy, to take a specific measure of the type described in Section C of this Article in respect of the establishment of a particular industry may apply to the Organization for approval of such measure. The Organization shall promptly consult with the contracting party and shall, in making its decision, be guided by the considerations set out in paragraph 14 of this Article. If the Organization concurs in the proposed measure the contracting party concerned shall be released from its obligations under the relevant provisions of the other Articles of this Agreement to the extent necessary to apply that measure.

20. Any measure applied under this Section shall comply with the provisions in paragraph 16 above.

Section E

21. The Organization shall annually all measures in force pursuant to the provisions of Sections $C$ and $D$ of this Article.

Interpretative Notes

(to be inserted in Annex I of the Agreement)

Paragraphs 1 and 4

The phrase "in the early stages of economic development" is not meant to apply only to contracting parties which have just started their economic development, but also to contracting parties which are undergoing a process of industrialization to correct an excessive dependence on primary production.

Paragraphs 3 and 11

The phrase "establishment of a particular industry" shall apply not only to the establishment of a new industry, but also to the establishment of a new branch of production in an existing industry and to the substantial transformation of an existing industry. It shall also cover the reconstruction of an industry destroyed or substantially damaged as a result of hostilities.
It is recognized that before deciding on the introduction of a specific measure and notifying the Organization in accordance with paragraph 12, a contracting party may need a reasonable period of time to assess the competitive position of the industry concerned.

(Paragraph 13)

The interpretative note ad paragraph 9 of Section B also covers paragraph 13.)

Paragraph 14

It is understood that the Organization may concur in a proposed measure subject to specific conditions or limitations. If the measure as applied does not conform to the terms of the concurrence it will to this extent be a measure in which the Organization has not concurred.

As a rule, the Organization will refrain from concurring in a measure which is likely to cause serious prejudice to exports of a commodity on which the economy of a contracting party is largely dependent.

Paragraph 17

Any measure taken pursuant to the provisions of paragraph 17 shall be withdrawn forthwith if the action taken in accordance with paragraph 15 is withdrawn or if the Organization concurs in the measure proposed after the expiry of the ninety-day time-limit laid down in paragraph 15.

1 The report of the working party accompanying the text of the Agreement will state that:

"The Working Party considered that the reasonable period of time referred to in the interpretative note to paragraph 12 would normally not exceed two years from the date on which the industry concerned starts production."