Delete paragraph 1 as proposed in the United States draft and substitute:

1. A contracting party which applies restrictions under Article XII may, notwithstanding the provisions of Article XIII, apply such restrictions in a discriminatory manner, subject to the provisions of this Article, to the extent that the Fund determines that discriminatory restrictions are necessary to safeguard the external financial position and balance of payments of the country concerned.

2. In cases where the Fund determines that discrimination is needed in the restrictions applied by a contracting party under Article XII,

   a) the procedures and consultations provided for in paragraphs 2, 3 and 6 of that Article shall, wherever relevant, apply to the discrimination as well as to the restrictions themselves;

   b) the obligation set forth in paragraph 4 of that Article for progressive relaxation, and the obligation set forth in paragraph 5 for avoidance of unnecessary damage to other contracting parties, shall apply to the discrimination as well as to the restrictions themselves.

3. If in the course of those consultations the CONTRACTING PARTIES decide that the discrimination applied or proposed is inconsistent with the provisions of this Article they shall direct the contracting party concerned to abstain from, withdraw or modify such discrimination. The contracting party shall comply with such direction and, if the discrimination is already being applied, shall do so by such date as the CONTRACTING PARTIES may prescribe.

4. and 5. (Same as present 2. and 3. in the United States draft).