Article 20

General Elimination of Quantitative Restrictions

1. No prohibitions or restrictions other than duties, taxes or other charges, whether made effective through quotas, import or export licenses or other measures, shall be instituted or maintained by any Member on the importation of any product of any other Member country or on the exportation or sale for export of any product destined for any other Member country.

2. The provisions of paragraph 1 of this Article shall not extend to the following:

(a) export prohibitions or restrictions applied for the period necessary to prevent or relieve critical shortages of foodstuffs or other products essential to the exporting Member country;

(b) import and export prohibitions or restrictions necessary to the application of standards or regulations for the classification, grading or marketing of commodities in international trade; if, in the opinion of the Organization, the standards or regulations adopted by a Member under this sub-paragraph have an unduly restrictive effect on trade, the Organization may request the Member to revise the standards or regulations; Provided that it shall not request the revision of standards internationally agreed under paragraph 7 of Article 38;

(c) import restrictions on any agricultural or fisheries product, imported in any form, necessary to the enforcement of governmental measures which operate effectively:

(i) to restrict the quantities of the like domestic product permitted to be marketed or produced, or, if there is no substantial domestic production of the like product, of a domestic agricultural or fisheries product for which the imported product can be directly substituted; or

(ii) to remove a
(ii) to remove a temporary surplus of the like domestic product, or, if there is no substantial domestic production of the like product, of a domestic product for which the imported products can be directly substituted, by making the surplus available to certain groups of domestic consumers free of charge or at prices below the current market level; or

(iii) to restrict the quantities permitted to be produced of any animal product the production of which is directly dependent, wholly or mainly, on the imported commodity, if the domestic production of that commodity is relatively negligible.

3. With regard to import restrictions applied under the provisions of sub-paragraph 2 (c):

(a) such restrictions shall be applied only so long as the governmental measures referred to in sub-paragraph 2 (c) are in force, and when applied to the import of products, domestic supplies of which are available during only a part of the year, shall not be applied in such a way as to prevent their import in quantities sufficient to satisfy demand for current consumption purposes during those periods of the year when like domestic products, or domestic products for which the imported product can be directly substituted, are not available;

(b) any Member intending to introduce restrictions on the importation of any product shall in order to avoid unnecessary damage to the interests of exporting countries give notice in writing, as far in advance as practicable, to the Organization and to Members having a substantial interest in supplying that product, in order to afford such Members adequate opportunity for consultation in accordance with paragraphs 2 (d) and 4 of Article 22, before the restrictions enter into force. At the request of the importing Member concerned the notification and any information disclosed during these consultations shall be kept strictly confidential;

(c) any Member applying such restrictions shall give public notice of the total quantity or value of the product permitted to be imported during a specified future period and of any change in such quantity or value;

(d) any restrictions applied under sub-paragraph 2 (c) (i) shall not be such as will reduce the total of imports relative to the total of domestic production, as compared with the proportion which might reasonably be expected to rule between the two in the absence of restrictions. In determining this proportion, the Member shall pay
due regard to the proportion prevailing during a previous representative period; and to any special factors which may have affected or may be affecting the trade in the product concerned.

4. Throughout this Section the terms "import restrictions" or "export restrictions" include restrictions made effective through State-trading operations.

Interpretative Notes

Sub-Paragraph 2 (a)

In the case of products which are "basic to diet in the exporting country and which are subject to alternate annual shortages and surpluses, the provisions of this sub-paragraph do not preclude such export prohibitions or restrictions as are necessary to maintain from year to year domestic stocks sufficient to avoid critical shortages.

Sub-Paragraph 2 (c)

The term "agricultural and fisheries product, imported in any form," means the product in the form in which it is originally sold by its producer, and such processed forms of the product as are so closely related to the original product as regards utilization, that their unrestricted importation would make the restriction on the original product ineffective.

Sub-Paragraph 3 (b)

The provisions of Article 20 (3) (b) with regard to prior consultation would not prevent a Member which had given other Members a reasonable period of time for such consultation from introducing the restrictions at the date intended. It is recognized that, in the case of consultation with regard to import restrictions applied under sub-paragraph 2 (c) (ii), the period of advance notice provided would in some cases necessarily be relatively short.

Sub-Paragraph 3 (d)

The term "special factors" in sub-paragraph 3 (d) includes inter alia changes in relative productive efficiency as between domestic and foreign producers, which may have occurred since the representative period.

Article 21

Restrictions to Safeguard the Balance of Payments

1. The Members recognize that:

(a) it is primarily the responsibility of each Member to safeguard its external financial position and to achieve and maintain stable equilibrium in its balance of payments;

(b) an adverse balance of payments of one Member may have important effects on the trade and balance of payments of other Members, if it results in, or may lead to, the imposition by the Member of restrictions affecting international trade;

(c) the balance of
(c) the balance of payments of each Member is of concern to other Members, and therefore it is desirable that the Organization should promote mutual consultations and, where possible, agreed action consistent with this Charter for the purpose of correcting a maladjustment in the balance of payments; and

(d) action taken to restore stable equilibrium in the balance of payments should, so far as the Member or Members concerned find possible, employ methods which expand rather than contract international trade.

2. Notwithstanding the provisions of paragraph 1 of Article 20, any Member, in order to safeguard its external financial position and balance of payments, may restrict the quantity or value of merchandise permitted to be imported, subject to the provisions of the following paragraphs of this Article.

3. (a) No Member shall institute, maintain or intensify import restrictions under this Article, except to the extent necessary

(i) to forestall the imminent threat of, or to stop, a serious decline in its monetary reserves, or

(ii) in the case of a Member with very low monetary reserves, to achieve a reasonable rate of increase in its reserves; due regard being paid in either case to any special factors which may be affecting the Member's reserves or need for reserves, including, where special external credits or other resources are available to it, the need to provide for the appropriate use of such credits or resources.

(b) A Member applying restrictions under sub-paragraph (a) shall progressively relax and ultimately eliminate them as its external financial position improves, in accordance with the provisions of that sub-paragraph. This provision shall not be interpreted to mean that a Member is required to relax or remove such restrictions if that relaxation or removal would thereupon produce conditions justifying the intensification or institution respectively of restrictions under sub-paragraph (a).

(c) Members undertake:

(i) not to apply restrictions so 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, or restrictions which would prevent the importation of commercial samples, or prevent the importation of such minimum quantities of a product as may be necessary to
may be necessary to obtain and maintain patent, trademark, copyright or similar rights under industrial or intellectual property laws; and

(ii) to apply restrictions under this Article in such a way as to avoid unnecessary damage to the commercial or economic interests of any other Member including interests under Articles 3 and 9.

4. (a) The Members recognize that in the early years of the Organization all of them will be confronted in varying degrees with problems of economic adjustment resulting from the war. During this period the Organization shall, when required to take decisions under this Article or under Article 23, take full account of the difficulties of post-war adjustment and of the need which a Member may have to use import restrictions as a step towards the restoration of equilibrium in its balance of payments on a sound and lasting basis.

(b) The Members recognize that, as a result of domestic policies directed toward the fulfilment of a Member's obligations under Article 3 relating to the achievement and maintenance of full and productive employment and large and steadily growing demand or its obligations under Article 9 relating to the reconstruction or development of industrial and other economic resources and to the raising of standards of productivity, such a Member may experience such pressure on its monetary reserves as to justify restrictions under sub-paragraph 3 (a) of this Article. According to:

(i) No Member shall be required to withdraw or modify restrictions on the ground that a change in such policies would render unnecessary the restrictions which it is applying under this Article.

(ii) Any Member applying import restrictions under this Article may determine the incidence of the restrictions on imports of different products or classes of products in such a way as to give priority to the importation of those products which are more essential in the light of such policies.

(c) Members undertake, in carrying out their domestic policies, to pay due regard to the need for restoring equilibrium in their balance of payments on a sound and lasting basis and to the desirability of assuring an economic employment of productive resources.

/5. (a) Any Member
5. (a) Any Member which is not applying restrictions under this Article, but is considering the need to do so, shall, before instituting such restrictions (or, in circumstances in which prior consultation is impracticable, immediately after doing so), consult with the Organization as to the nature of its balance-of-payments difficulties, alternative corrective measures which may be available, and the possible effect of such measures on the economies of other Members. No Member shall be required in the course of consultations under this sub-paragraph to indicate in advance the choice or timing of any particular measure which it may ultimately determine to adopt.

(b) The Organization may at any time invite any Member which is applying import restrictions under this Article to enter into such consultations with it, and shall invite any Member substantially intensifying such restrictions to consult within thirty days. A Member thus invited shall participate in such discussions. The Organization may invite any other Member to take part in these discussions. Not later than two years from the day on which this Charter enters into force, the Organization shall review all restrictions existing on that day and still applied under this Article at the time of the review.

(c) Any Member may consult with the Organization with a view to obtaining the prior approval of the Organization for restrictions which the Member proposes, under this Article, to maintain, intensify or institute, or for the maintenance, intensification or institution of restrictions under specified future conditions. As a result of such consultations, the Organization may approve in advance the maintenance, intensification or institution of restrictions by the Member in question insofar as the general extent, degree of intensity and duration of the restrictions are concerned. To the extent to which such approval has been given, the requirements of sub-paragraph (a) of this paragraph shall be deemed to have been fulfilled, and the action of the Member applying the restrictions shall not be open to challenge under sub-paragraph (d) of this paragraph on the ground that such action is inconsistent with the provisions of sub-paragraphs 3 (a) and 3 (b) of this Article.

(d) Any Member which considers that another Member is applying restrictions under this Article inconsistently with paragraph 3 or 4 of this Article or with Article 22 (subject to the provisions of Article 23) may bring the matter for discussion to the Organization; and the Member applying the restrictions shall participate in the discussion. The Organization, if it is satisfied that there is a prima facie case that
the trade of the Member initiating the procedure is adversely affected, shall submit its view to the parties with the aim of achieving a settlement of the matter in question which is satisfactory to the parties and to the Organization. If no such settlement is reached and if the Organization determines that the restrictions are being applied inconsistently with paragraph 3 or 4 of this Article or with Article 22 (subject to the provisions of Article 23), the Organization shall recommend the withdrawal or modification of the restrictions. If the restrictions are not withdrawn or modified in accordance with the recommendation of the Organization within sixty days, the Organization may release any Member from specified obligations under this Charter, towards the Member applying the restrictions.

(e) In consultations between a Member and the Organization under this paragraph there shall be full and free discussion as to the various causes and the nature of the Member's balance-of-payments difficulties. It is recognized that premature disclosures of the prospective application, withdrawal or modification of any restriction under this Article might stimulate speculative trade and financial movements which would tend to defeat the purposes of this Article. Accordingly, the Organization shall make provision for the observance of the utmost secrecy in the conduct of any consultation.

6. If there is a persistent and widespread application of import restrictions under this Article, indicating the existence of a general disequilibrium which is restricting international trade, the Organization shall initiate discussions to consider whether other measures might be taken, either by those Members whose balances of payments are under pressure or by those Members whose balances of payments are tending to be exceptionally favourable, or by any appropriate inter-governmental organization, to remove the underlying causes of the disequilibrium. On the invitation of the Organization, Members shall participate in such discussions.

Interpretative Note to Article 21

Consideration was given to the special problems that might be created for Members which, as a result of their programmes of full employment, maintenance of high and rising levels of demand and economic development, find themselves faced with a high level of demand for imports, and in consequence maintain quantitative regulation of their foreign trade. It was considered that the present text of Article 21 together with the provision for export controls in certain parts of the Charter, e.g. in Article 43, fully meet the position of these economies.
Article 22

Non-discriminatory Administration of Quantitative Restrictions

1. No prohibition or restriction shall be applied by any Member on the importation of any product of any other Member country or on the exportation of any product destined for any other Member country, unless the importation of the like product of all third countries or the exportation of the like product to all third countries is similarly prohibited or restricted.

2. In applying import restrictions to any product, Members shall aim at a distribution of trade in such product approaching as closely as possible to the shares which the various Member countries might be expected to obtain in the absence of such restrictions, and to this end shall observe the following provisions:

   (a) wherever practicable, quotas representing the total amount of permitted imports (whether allocated among supplying countries or not) shall be fixed, and notice given of their amount in accordance with paragraph 3 (b) of this Article;

   (b) in cases in which quotas are not practicable, the restrictions may be applied by means of import licences or permits without a quota;

   (c) Members shall not, except for purposes of operating quotas allocated in accordance with sub-paragraph (d) of this paragraph, require that import licences or permits be utilized for the importation of the product concerned from a particular country or source;

   (d) in cases in which a quota is allocated among supplying countries, the Member applying the restrictions may seek agreement with respect to the allocation of shares in the quota with all other Members having a substantial interest in supplying the product concerned. In cases in which this method is not reasonably practicable, the Member concerned shall allot to Member countries having a substantial interest in supplying the product, shares based upon the proportions, supplied by such Member countries during a previous representative period, of the total quantity or value of imports of the product, due account being taken of any special factors which may have affected or may be affecting the trade in the product. No conditions or formalities shall be imposed which would prevent any Member from utilizing fully the share of any such total quantity or value which has been allotted to it, subject to importation being made within any prescribed period to which the quota may relate.

3. (a) In cases in which import licenses are issued in connection with import restrictions, the Member applying the restriction shall provide, upon the request of any Member having an interest in the trade in the /product concerned,
product concerned, all relevant information concerning the administration of the restriction, the import licenses granted over a recent period and the distribution of such licenses among supplying countries; Provided that there shall be no obligation to supply information as to the names of importing or supplying enterprises.

(b) In the case of import restrictions involving the fixing of quotas, the Member applying the restrictions shall give public notice of the total quantity or value of the product or products which will be permitted to be imported during a specified future period and of any change in such quantity or value. Any supplies of the product in question which were en route at the time at which public notice was given shall not be excluded from entry; Provided that they may be counted, so far as practicable, against the quantity permitted to be imported in the period in question, and also, where necessary, against the quantities permitted to be imported in the next following period or periods, and Provided further that if any Member customarily exempts from such restrictions products entered for consumption or withdrawn from warehouse for consumption during a period of thirty days after the day of such public notice, such practice shall be considered full compliance with this sub-paragraph.

(c) In the case of quotas allocated among supplying countries the Member applying the restriction shall promptly inform all other Members having an interest in supplying the product concerned of the shares in the quota currently allocated, by quantity or value, to the various supplying countries and shall give public notice thereof.

(d) If the Organization finds, on request from a Member, that the interests of that Member would be seriously prejudiced by the necessity of complying in relation to certain products with the obligation of sub-paragraph (b) and the obligation under sub-paragraph (c) of this paragraph to give public notice, by reason of the fact that a large part of its imports of such products is supplied by non-Members, the Organization shall release such Member from such obligations to the extent and for such time as it finds necessary to prevent such prejudice. Any request made by a Member pursuant to this sub-paragraph shall be acted upon promptly by the Organization.

4. With regard to restrictions applied in accordance with paragraph 2 (d) of this Article or under paragraph 2 (c) of Article 20, the selection of a representative period for any product and the appraisal of any special factors affecting the trade in the product shall be made initially by the Member applying the restriction;
applying the restriction; Provided that such Member shall, upon the request of any other Member having a substantial interest in supplying that product or upon the request of the Organization, consult promptly with the other Member or the Organization regarding the need for an adjustment of the proportion determined or of the base period selected or for the re-appraisal of the special factors involved, or for the elimination of conditions, formalities or any other provisions established unilaterally upon the allocation of an adequate quota or its unrestricted utilization.

5. The provisions of this Article shall apply to any tariff quota instituted or maintained by any Member and, insofar as applicable, the principles of this Article shall also extend to export restrictions.

Interpretative Notes

Paragraphs 2(d) and 4

The term "special factors" as used in this Article includes inter alia the following changes as between the various foreign producers which may have occurred since the representative period:

(i) changes in relative productive efficiency;
(ii) existence of new or additional ability to export; and
(iii) reduced ability to export.

Sub-Paragraph 3(b)

The first sentence of sub-paragraph 3(b) of Article 22 is to be understood as requiring the Member in all cases to give not later than the beginning of the relevant period public notice of quotas fixed for a specified future period, but as permitting a Member, which for urgent balance of payments reasons is under the necessity of changing the quota within the course of a specified period, to select the time of its public notification of the change. This in no way affects the obligation of a Member under sub-paragraph 3(a) where applicable.