Par. 1. The Members may need to use import or export restrictions as a means of safeguarding their external financial position and as a step toward the restoration of equilibrium in their balance of payments on a sound and lasting basis, particularly in view of their increased demand of imports or exports needed to carry out their domestic employment, reconstruction, development or social policies. Accordingly, notwithstanding the provisions of Article 25, any Member may restrict the quantity or value of merchandise permitted to be imported or exported insofar as this is necessary to safeguard its balance of payments and monetary reserves.

Par. 2. The use of import or export restrictions under paragraph 1 of this Article shall be subject to following requirements: ......

a) ......

b) ......

c) The Members shall not apply the restrictions in such a manner as to exclude completely imports or exports of any class of goods.

3. (a) ......

(b) The Organization may at any time invite any Member
applying import or export restrictions under ....
(c) ....
(d) Any Member which considers that any other Member is applying import or export restrictions under ....
(e) ....

4. In giving effect to the restrictions on imports or exports under this Article, a Member may restrict imports or exports of products according to their relative essentiality in such a way as to give priority to importation or exportation of products required by its domestic employment reconstruction, development or social policies or programmes. ....

5. If there is persistent and widespread application of import or export restrictions under this Article ....

6. ....

7. Throughout this Section the phrase "import or export restrictions" includes the restriction of imports or exports by state-trading enterprises to an extent greater than that which would be permissible under Article 32.

Comment:

The underlying principle of Article 26 is the protection of the balance of payments and monetary reserves. It is being generally understood that the term "monetary reserves" includes gold and convertible currencies. The safeguarding of the balance of payments and monetary reserves can be in principle approached from two different angles:

a) Restrictions on imports from countries with convertible currencies.

b) Restrictions on exports to countries with inconvertible currencies.

The consequence of the division of the world in two parts i.e. one part with convertible currencies and the other part with inconvertible currencies is a disequilibrium of the price levels in these two parts. Thus, there prevails a natural tendency to purchase primary commodities in countries with convertible currencies, where prices are more advantageous
and sell manufactured products to countries with inconvertible currencies. Exporters acting in accordance to "commercial considerations", are being attracted by prices in countries with inconvertible currencies and neglecting trade in countries with convertible currencies. The present Draft Charter does not respect the difficulties which arise from the drain of exportations to countries with inconvertible currencies.

For these reasons the Czechoslovak Delegation has suggested the above-mentioned amendments.