

3. In applying the principles of paragraph 2 of this Article to internal quantitative regulations relating to the mixture, processing, or use of products in specified amounts or proportions, the contracting parties shall observe the following provisions :—

- (a) No regulations shall be made which, formally or in effect, require that any specified amount or proportion of the product in respect of which such regulations are applied must be supplied from domestic sources :
- (b) No contracting party shall, formally or in effect, restrict the mixing, processing, or use of a product of which there is no substantial domestic production with a view to affording protection to the domestic production of a directly competitive or substitutable product.

4. The provisions of paragraph 3 of this Article shall not apply to—

- (a) Any measure of internal quantitative control in force in the territory of any contracting party on July 1, 1939, or April 10, 1947, at the option of that contracting party ; Provided that any such measure which would be in conflict with the provisions of paragraph 3 of this Article shall not be modified to the detriment of imports and shall be subject to negotiation for its limitation, liberalization, or elimination :
- (b) Any internal quantitative regulation relating to exposed cinematograph films and meeting the requirements of Article IV.

5. The provisions of this Article shall not apply to the procurement by governmental agencies of products purchased for governmental purposes and not for resale or use in the production of goods for sale, nor shall they prevent the payment to domestic producers only of subsidies provided for under Article XVI, including payments to domestic producers derived from the proceeds of internal taxes or charges and subsidies effected through governmental purchases of domestic products.

ARTICLE IV

Special Provisions relating to Cinematograph Films

If any contracting party establishes or maintains internal quantitative regulations relating to exposed cinematograph films, such regulations shall take the form of screen quotas which shall conform to the following requirements :—

- (a) Screen quotas may require the exhibition of cinematograph films of national origin during a specified minimum proportion of the total screen time actually utilized, over a specified period of not less than one year, in the commercial exhibition of all films of whatever origin, and shall be computed on the basis of screen time per theatre per year or the equivalent thereof :
- (b) With the exception of screen time reserved for films of national origin under a screen quota, screen time, including that released by administrative action from screen time reserved for films of national origin, shall not be allocated formally or in effect among sources of supply :