

as referred to in the text could improve a contracting party's monetary reserve position. The phrase is not intended to suggest that the provisions of paragraph 2 are affected in any other way.

Consideration was given to the special problems that might be created for contracting parties 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 XII together with the provision for export controls in certain parts of the Agreement—*e.g.*, in Article XX—fully meet the position of these economies.

ad Article XIII

Paragraph 2 (d)

No mention was made of "commercial considerations" as a rule for the allocation of quotas because it was considered that its application by governmental authorities might not always be practicable. Moreover, in cases where it is practicable, a contracting party could apply these considerations in the process of seeking agreement, consistently with the general rule laid down in the opening sentence of paragraph 2.

Paragraph 4

See note relating to "special factors" in connection with the last subparagraph of paragraph 2 of Article XI.

ad Article XIV

Paragraph 3

It was not considered necessary to make express reference in paragraph 3 to the need for the CONTRACTING PARTIES to consult with the International Monetary Fund, since such consultation in all appropriate cases was already required by virtue of the provisions of paragraph 2 of Article XV.

Paragraph 6 (b)

Suspension of any measure for a period of fifteen days would be for the purpose of making the consultation effective, and among the special circumstances which would justify such suspension would be the immediate damage caused to producers of perishable commodities ready for shipment or to consumers of essential goods of which the importing country had no stocks.

ad Article XV

Paragraph 4

The word "frustrate" is intended to indicate, for example, that infringements of the letter of any Article of this Agreement by exchange action shall not be regarded as a violation of that Article if, in practice, there is no appreciable departure from the intent of the Article. Thus, a contracting party which, as part of its exchange control operated in accordance with the Articles of Agreement of the International Monetary Fund, requires payment to be received for its exports in its own currency or in the currency of one or more members of the International Monetary Fund will not thereby be deemed to contravene Article XI or Article XIII. Another example would be that of a contracting party which specifies on an import licence the country from which the goods may be imported, for the purpose not of introducing any additional element of discrimination in its import licensing system but of enforcing permissible exchange controls.