

restricted more than necessary to offset the increase and, except in unusual circumstances, they are not reduced below the level previously obtaining. The Organization will determine how long the measure may be employed. Where the measure adopted materially affects the trade of another Member having contractual rights such Member may suspend the application to the trade of the other Member of substantially equivalent obligations or concessions.

Paragraph 5 deals with cases where the measure proposed to be adopted would conflict with the provisions of Chapter IV as well as with an obligation assumed through an agreement with another Member. In that case the procedure of application to the Organization and negotiation under its sponsorship as in paragraph 3 applies as well as the position under paragraph 4.

Paragraphs 6 and 7 set out the procedure where the proposed measure would conflict with Chapter IV, but not with any contractual obligation to other Members respecting particular commodities. In such cases application must be made to the Organization giving the considerations in support of adoption of the measure for a specified period. The Organization is required to give its approval to the use of the measure for that period if, having regard to the Member's need for economic development or reconstruction, it is established that the measure fulfils the criteria set out in the paragraph. Briefly, the criteria are—

- (a) To protect an industry established under abnormal conditions during the war ; or
- (b) To develop an industry for processing an indigenous primary commodity if exports thereof have been reduced through import restrictions employed in other countries ; or
- (c) To develop an industry for processing an indigenous primary commodity or by-product thereof in order to utilize a Member's natural resources and man-power ; or
- (d) The measure is unlikely to be more restrictive of international trade than other measures permitted under the Charter.

(NOTE.—The term “processing,” as used in this paragraph, is interpreted to mean the transformation of a primary commodity or of a by-product of such transformation into semi-finished or finished goods, but does not refer to highly developed industrial processes.)

The above procedure, requiring the Organization to give its approval, subject to the criteria being met, would not apply in the case of a request to use the measure concerned beyond the specified period.

The Organization shall not concur in any measure under (a), (b), or (c) if it is likely to cause serious prejudice to exports of a primary commodity on which the economy of another Member is largely dependent.

Where approval is given, the Member must employ the measure in such a way as to avoid unnecessary damage to the interests of other Members.