

kinds of currencies which are convertible. Hence restrictions have to be imposed on imports from or remittances to some countries more severely than in respect of other countries. This is discrimination.

Article 22 has laid down the general rule that import and export restrictions shall not, in the normal course, be applied in a discriminatory manner. There can be no quarrel with this general rule since unnecessary discrimination is damaging to world trade and is likely to cause international ill feeling. However, it has to be recognized that circumstances may arise in which discrimination is necessary, because without it a country may suffer the loss of needed imports which it could obtain only by discriminating. Article 23 is designed to cover situations such as these.

The provisions of the Article may conveniently be considered in four sections :—

- (1) Transitional period, “ Havana ” option ;
- (2) Transitional period, “ Geneva ” option ;
- (3) Termination of the Transitional Period ;
- (4) Post-transitional arrangements.

The two alternative procedures which may be adopted by Members during the post-war transitional period are contained in paragraph 1 and in Annex K. Subparagraph 1 (a) recognizes the special difficulties in the post-war period which hinder the immediate full achievement of the goal of non-discrimination, while subparagraphs 1 (e) to 1 (h) set out certain rules and procedures relating to both options. The “ Havana ” option is contained in subparagraphs 1 (b) and 1 (c), while the “ Geneva ” option is contained in subparagraph 1 (d) and the Annex.

(1) *“ Havana ” Option.*—The amount of discrimination which a Member is entitled to apply in the administration of its trade restrictions is limited to the amount of discrimination it may be entitled at the same time to apply in respect of exchange controls under the provisions of Article XIV of the International Monetary Fund, or under the analogous provisions of a special exchange arrangement (see Article 24 (6) ). Article XIV of the I.M.F. permits certain exchange controls, discriminatory practices, and limitations on the convertibility of currencies during a post-war transitional period. Under the “ Havana ” option a Member would be allowed to use discriminatory trade controls having equivalent effect to the exchange controls which it is currently entitled to apply. Any other discriminatory trade measure which is not covered by the above provision and which was in force on the 1st March, 1948, may be continued subject (by paragraph 1 (g) ) to review by the Organization.

(2) *The “ Geneva ” Option.*—The General Agreement on Tariffs and Trade (G.A.T.T.) which was concluded by a number of countries at Geneva on 30th October, 1947, contained certain articles which were identical with Articles in the Draft Charter of the I.T.O. as it had been