

such products had they been transported from their place of origin to their destination without going through the territory of such third country. Either Contracting Party shall, however, be free to maintain its requirements of direct consignment existing on the date of the present Agreement in respect of any goods in regard to which such direct consignment has relation to the Contracting Party's prescribed method of valuation for duty purposes.

ARTICLE III

1. No prohibitions or restrictions shall be applied by either Contracting Party on the importation of any product of the other Contracting Party, or, except as provided in legislation affecting essential security interests, on the exportation of any product consigned to the territory of such other Contracting Party, unless the importation of the like product of all third countries or the exportation of the like product to all third countries is similarly prohibited or restricted.

2. In all matters relating to the allocation of foreign exchange, and to the administration of foreign exchange restrictions, affecting transactions involving the importation and exportation of goods, each Contracting Party undertakes to accord to the other Contracting Party unconditional most-favoured-nation treatment.

3. Both Contracting Parties recognize that the existence of balance of payments difficulties in many countries, and the widespread inconvertibility of currencies, do not permit the immediate and full achievement of non-discriminatory application of trade and exchange restrictions affecting imports. Accordingly, notwithstanding the provisions of the present Agreement, either Contracting Party may, in the application of trade or exchange restrictions affecting imports for the purpose of safeguarding its external financial position and balance of payments, temporarily deviate from the provisions of paragraphs 1 and 2 of this Article, provided that:

- (a) its restrictions shall be applied in such a way as to avoid unnecessary damage to the commercial or economic interests of the other Contracting Party;
- (b) its restrictions shall not be applied in such a way as to result directly or indirectly in discrimination as between countries which are treated as part of the United States dollar area under its exchange control regulations, or as between countries whose currencies are or become convertible in the hands of persons who are treated as non-residents under the exchange control regulations of the countries concerned.

ARTICLE IV

1. Each Contracting Party undertakes that if it establishes or maintains a state enterprise wherever located, or grants to any enterprise, formally or in effect, exclusive or special privileges, such enterprise shall, in its purchases or sales involving either imports or exports, act in a manner consistent with the principles of non-discriminatory treatment provided for in the present Agreement. To this end, subject to the provisions of Article III, such enterprise shall make any purchases or sales solely in accordance with commercial considerations including price, quality, availability, marketability and other