

Continuing Provisions

1. The rules governing the elimination of quantitative restrictions (QRs) on exports and imports were waived for controls which were justified on grounds such as the protection of public health, morality, safety, industrial and commercial property and national treasures. However, such controls are not to constitute a means of arbitrary discrimination or disguised restriction on intra-Community trade. (Article 36) Member states are also free to take measures with respect to production or trade in military products which they deem necessary for their security, but such measures are not to prejudice conditions of competition for items not intended for military purposes. (Article 223)

2. Procedures are laid down to deal with a situation in which a member state encounters or is seriously threatened by balance of payments difficulties. This can include mutual assistance. If aid is not granted or is inadequate, the Commission may authorize the country to take appropriate protective measures. The Council may modify or revoke this authority. (Article 108) There is provision for the affected member state to take unilateral action on a provisional basis in the event of a sudden crisis. (Article 109) Such measures are however not to exceed the minimum necessary to remedy the situation and are to be selected so as to cause least possible disturbance to the functioning of the Common Market. The power to authorize a country to depart from its obligations rests with the Commission and the power to control unilateral action with the Council. There are special provisions relating to Italy and France.

3. Where enterprises engage in such practices as discrimination, limitation of production or market sharing, the Commission may propose steps to end the situation and, if it continues, may authorize member states to take protective action (presumably tariffs, QRs etc). (Article 89)

4. The Commission may authorize protective measures if a member state alters its exchange rate in a manner which "seriously distorts the conditions of competition" and is incompatible with an exchange rate policy necessary for balance of payments equilibrium accompanied by high employment and stable prices. (Article 107)

5. Where conditions of competition are distorted by a disparity in legal and administrative provisions of member states, which cannot be resolved by consultation, it appears that one of the options open is the authorization of safeguard measures. (Article 101)

6. When diversions of trade or economic difficulties result from lack of