

with the fresh product and if freely imported would tend to make the restriction on the fresh product ineffective.

*Paragraph 2, last sub-paragraph*

The term "special factors" includes changes in relative productive efficiency as between domestic and foreign producers, or as between different foreign producers, but not changes artificially brought about by means not permitted under the Agreement.

*ad* ARTICLE XII

*Paragraph 3(b) (i)*

The phrase "notwithstanding the provisions of paragraph 2 of this Article" has been included in the text to make it quite clear that a contracting party's import restrictions otherwise "necessary" within the meaning of paragraph 2(a) shall not be considered unnecessary on the ground that a change in domestic policies 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 sub-paragraph of paragraph 2 of Article XI.

*ad* ARTICLE XIV

*Paragraph 1 (g)*

The provisions of paragraph 1 (g) shall not authorize the CONTRACTING PARTIES to require that the procedure of consultation be followed for individual transactions unless the transaction is of so large a scope as to constitute an act of general policy. In that event, the CONTRACTING PARTIES shall, if the contracting party so requests, consider the transaction, not individually, but in relation to the contracting party's policy regarding imports of the product in question taken as a whole.