

development or production indispensable for defence purposes, provided that such action does not include the application of import duties or the quantitative restriction of imports except in so far as such restriction is permitted in accordance with Article 12 or is authorised by decision of the Council,

(c) is taken to ensure that nuclear materials and equipment made available for peaceful purposes do not further military purposes, or

(d) is taken in time of war or other emergency in international relations.

2. Nothing in this Convention shall prevent any Member State from taking action to carry out undertakings into which that Member State has entered for the purpose of maintaining international peace and security.

ARTICLE 19

Balance of payments difficulties

1. Notwithstanding the provisions of Article 10, any Member State may, consistently with its other international obligations, introduce quantitative restrictions on imports for the purpose of safeguarding its balance of payments.

2. Any Member State taking measures in accordance with paragraph 1 of this Article shall notify them to the Council, if possible before they come into force. The Council shall examine the situation and keep it under review and may at any time, by majority vote, make recommendations designed to moderate any damaging effect of these restrictions or to assist the Member State concerned to overcome its difficulties. If
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the balance of payments difficulties persist for more than eighteen months and the
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measures applied seriously disturb the operation of the Association, the Council shall examine the situation and may, taking into account the interests of all Member States, by majority decision, devise special procedures to attenuate or compensate for the effect of such measures.

3. A Member State which has taken measures in accordance with paragraph 1 of this Article shall have regard to its obligation to resume the full application of Article 10 and shall, as soon as its balance of payments situation improves, make proposals to the Council on the way in which this should be done. The Council, if it is not satisfied that these proposals are adequate, may, by majority vote, recommend to the Member State alternative arrangements to the same end.

ARTICLE 20

Difficulties in particular sectors

1. If, in the territory of a Member State,

(a) unforeseen and serious difficulties arise or threaten to arise in a particular sector of industry or region, and

(b) to remedy the situation the enforcement of measures which derogate from the Convention or from decisions or agreements reached under the Convention is required,

that Member State may, if so authorised by prior decision of the Council, temporarily apply such measures in accordance with terms and conditions which the Council may include in its decision. The Council shall take this decision as soon as possible.

2. Such measures shall be applied for a period of not more than eighteen months

unless the Council decides on an extension.

3. If, in order to avoid a rapid deterioration of the situation, immediate application of measures is indispensable, the Council shall, upon request of the Member State concerned and without prejudice to subsequent decisions by the Council, decide within fifteen days after the matter has been referred to it what measures that Member State may apply immediately. The request shall demonstrate the urgency of and necessity for such measures.

4. A Member State applying measures according to paragraph 1 or 3 of this Article shall report to the Council on the operation and effects of these measures. The Council may at any time consider these measures and make recommendations designed to moderate any damaging effect of the measures or to assist the Member State concerned to overcome its difficulties.

1 As amended by Council Decision No. 15 of 1970 (3rd December, 1970).

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5. When considering what measures may be applied according to paragraph 1 or 3 of this Article preference shall be given to measures which will allow the pursuance of the objectives of the Association and the maintenance of the trade benefits of other Member States.

6. Measures authorised in accordance with paragraph 1 or 3 of this Article shall be applied in such a way as to give like treatment to all Member States, unless the Council decides otherwise.

7. Decisions of the Council under paragraphs 1 and 3 of this Article concerning import duties, quantitative import restrictions and other measures with similar effect, as well as recommendations referred to in paragraph 4 of this Article, shall be made by majority vote.

ARTICLE 21

Agricultural goods

1. In view of the special considerations affecting agriculture, the agricultural goods and the goods processed from agricultural raw materials listed in Annex D shall be subject to the following rules 1:

(a) In relation to the goods listed in Part I of Annex D the provisions of this Convention, except Articles 22 to 28, shall apply 1.

(b) In relation to the goods listed in Part II or in Part III of Annex D none of the provisions in the foregoing Articles of this Convention, except Articles 1, 12bis and 17, shall apply. The provisions referred to in paragraph 2 shall apply to such goods 2.

(c) Notwithstanding the provisions referred to in sub-paragraph (a) any Member State may apply price compensation measures in relation to goods listed in Part I of Annex D. Such compensation measures shall not exceed the differences between the domestic price and the world market price of the agricultural raw materials incorporated into such goods. The price compensation measures may consist in:

(i) the levying, upon import, of a variable component or fixed amount, or the application of internal price compensation measures;

(ii) the application of measures adopted upon export 1.