



to the territory of all third countries is similarly prohibited or restricted.

3. Each Party shall accord to the other Party and persons of the other Party treatment no less favourable than it accords to any third country or the person of any third country in all matters relating to the allocation of foreign exchange for transactions involving the importation and exportation of products and in the administration of foreign exchange regulations in relation to such transactions.
4. The most-favoured-nation treatment provisions of this Agreement shall not apply to advantages now accorded, or which may hereafter be accorded, by either Party resulting from:
 - (a) membership in a customs union or free trade area;
 - (b) preferences granted to other countries and authorized under the GATT or under other international agreements consistent with the GATT;
 - (c) advantages accorded by Canada to countries and their overseas dependencies that are entitled to benefits of the British Preferential Tariff (BPT); or
 - (d) advantages that are accorded to third countries on a reciprocal basis in accordance with instruments negotiated within the Uruguay Round and subsequent arrangements concluded under the GATT.

ARTICLE IV TRANSIT

1. In accordance with applicable laws and regulations, each Party shall facilitate the freedom of transit, via the routes most convenient for international transit, of products of the other Party across its territory. Products in transit across the territory of a Party that are not released from customs control and have not entered into the commerce of such Party shall not be subject to any unnecessary delays or restrictions and shall be exempt from all duties, taxes and other charges, except charges for transportation, administrative expenses or services rendered in relation to transit.
2. With respect to all charges, regulations and formalities applicable to products in transit, each Party shall accord to products of the other Party in transit across its territory treatment no less favourable than the treatment accorded to products of any third country in transit across its territory.
3. Each Party shall accord to the products of the other Party, which have been in transit

across the territory of any third country and have not been released from customs control or entered into the commerce of such third country, treatment no less favourable than that which would have been accorded to such products had they been transported from their place of origin to their destination without going across the territory of such third country.

ARTICLE V STATE TRADING ENTERPRISES

1. Each 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 general principles of non-discriminatory treatment prescribed in this Agreement for governmental measures affecting imports or exports by private traders. To this end, such enterprises shall make any such purchases or sales solely in accordance with commercial considerations, including price, quality, availability, marketability, transportation and other conditions of purchase or sale, and shall afford the enterprises of the other Party adequate opportunity, in accordance with customary business practice, to compete for participation in such purchases or sales.
2. The provisions of paragraph 1 of this Article shall not apply to imports of products for immediate or ultimate consumption in governmental use and not otherwise for resale or use in the production of goods for sale.

ARTICLE VI MEASURES CONCERNING DISRUPTIVE TRADE PRACTICES

1. Nothing in this Agreement prejudices the right of either Party to enact and administer laws and regulations:
 - (a) consistent with the requirements of Article VI of the GATT and the related codes or successor agreements concluded under the GATT; or
 - (b) applicable to products imported in such increased quantities and under such conditions as to cause or threaten to cause serious injury to domestic producers of like or directly competitive products.

2. As soon as possible after a request for initiation of an investigation into a disruptive trade practice is accepted by the authorities of one Party pursuant to a law or regulation referred to in paragraph (1) of this Article, and before the initiation of and during any investigation, the other Party shall be afforded an adequate opportunity for consultations with the aim of clarifying the situation and arriving at a mutually agreed solution.
3. The Party which intends to initiate any investigation into disruptive trade practices or is conducting such an investigation shall permit, upon request, access to non-confidential evidence and data being used for initiating or conducting the investigation.
4. Each Party shall ensure that its laws and regulations referred to in paragraph 1 of this Article are transparent and afford affected parties an opportunity to submit their views. Such laws and regulations shall not be applied in a manner that discriminates arbitrarily or unjustifiably between products of the other Party and products of any third country.
5. Notwithstanding paragraphs 1 and 2 of Article III or subparagraph 1 (b) of this Article, paragraphs 6 to 9 of this Article shall apply to trade in textile products.
6. The Parties agree to consult promptly at the request of either Party that considers that an actual or prospective increase in imports of a textile product of the other Party is causing or threatening to cause market disruption in its market.
7. The consultations provided for in paragraph 6 shall be concluded within sixty days from the date of request by the importing Party for such consultations, unless the Parties otherwise agree.
8. If, during such consultations, the Parties do not agree upon a means to prevent or to remedy the market disruption, the importing Party may restrain the imports of the product of the other Party, based on the date of import.
9. In critical circumstances, where delay would cause damage, the importing Party may take action to restrain