

TITLE XIV

EXCEPTIONS

ARTICLE 349

Balance of Payments

1. Where any Party experiences serious balance of payments and external financial difficulties, or is under threat thereof, it may adopt or maintain restrictive measures with regard to trade in goods, services and with regard to current payments.
2. The Parties shall endeavour to avoid the application of the restrictive measures referred to in paragraph 1.
3. Any restrictive measures adopted or maintained under this Article shall be non discriminatory, temporary and shall not go beyond what is necessary to remedy the balance of payments and external financial situation. They shall be in accordance with the relevant conditions established in the WTO Agreements and consistent with the Articles of Agreement of the International Monetary Fund.

4. Any Party maintaining or having adopted restrictive measures, or any changes thereto, shall promptly notify them to the other Party and present, as soon as possible, a time schedule for their removal.

5. If a Party considers that the restrictive measure adopted or maintained affects the bilateral trade relation, it may request consultations to the other Party that shall promptly take place within the Association Committee. Such consultations shall assess the balance of payments situation of the Party concerned and the restrictions adopted or maintained under this Article, taking into account, *inter alia*, factors such as:

- (a) the nature and extent of the balance of payments and the external financial difficulties;
- (b) the external economic and trading environment; or
- (c) alternative corrective measures which may be available.

The consultations shall address the compliance of any restrictive measures with paragraphs 3 and 4. All findings of statistical and other facts presented by the International Monetary Fund relating to foreign exchange, monetary reserves and balance of payments shall be accepted as such and conclusions shall be based on the assessment by the International Monetary Fund of the balance of payments and the external financial situation of the Party concerned.

ARTICLE 350

Taxation

1. Nothing in Part IV of this Agreement or in any arrangement adopted under this Agreement shall be construed to prevent the Parties from distinguishing, in the application of the relevant provisions of their respective tax law, between taxpayers who are not in the same situation, in particular with regard to their place of residence or with regard to the place where their capital is invested.
2. Nothing in Part IV of this Agreement or in any arrangement adopted under Part IV shall be construed to prevent the adoption or enforcement of any measure aimed at preventing the avoidance or evasion of taxes pursuant to the tax provisions of agreements to avoid double taxation or other tax arrangements or domestic tax law.
3. Nothing in Part IV of this Agreement shall affect the respective rights and obligations of the Parties under any tax agreement. In the event of any inconsistency between Part IV of this Agreement and any such agreement, that latter agreement shall prevail to the extent of the inconsistency.

ARTICLE 351

Regional Preference

1. Nothing in Part IV of this Agreement shall oblige a Party to extend to the other Party any more favourable treatment which is applied within each of the Parties as part of its respective regional economic integration process.
2. Nothing in Part IV of this Agreement shall prevent the maintenance, modification or establishment of customs unions, free trade zones or other agreements between the Parties, or between the Parties and third countries or regions.