

1. The following are incompatible with the proper functioning of this Agreement insofar as they may affect trade between Estonia, Latvia and Lithuania:

- (a) all agreements between undertakings, decisions taken by associations of undertakings and concerted practices between undertakings which have as their object or effect the prevention, restriction or distortion of competition;
- (b) abuse one or more undertakings of a dominant position in the territories of the Parties as a whole or in a substantial part thereof.

2. If a Party to this Agreement considers that a given practice is incompatible with the provisions of paragraph 1 of this Article, it may take appropriate measures after consultations within the Joint Committee or after thirty days following referral to such consultations.

Article 16

State aid

1. Any aid granted by a Party to this Agreement or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertaking or the production of certain goods shall, insofar as it may affect trade between the Parties, be incompatible with the proper functioning of this Agreement.

2. The Parties shall ensure transparency of state aid by exchanging information on the request of any Party.

3. The Joint Committee shall keep the situation regarding the application of state aid measures under review, and shall with regard to other state aid than export aid, elaborate further rules of implementation.

4. If a Party considers that a given practice is incompatible with paragraph 1 of this Article, it may take appropriate measures under the conditions and in accordance with the procedure laid down in Article 22.

Article 17

Dumping

If a Party finds that dumping within the meaning of Article 6 of the General Agreement on Tariffs and Trade is taking place in trade relations governed by this Agreement, it may take appropriate measures against that practice in accordance with that Article and agreement related to, under conditions and in accordance with the procedure laid down in Article 22 of this Agreement.

Article 18

Emergency action on imports of a particular product

If an increase in imports of a given product originating in Estonia, or in Latvia or in Lithuania occurs in quantities or under conditions which cause, or are likely to cause:

- (a) serious injury to domestic producers of like or directly competitive products in the territory of the Party, or
- (b) serious disturbances in any related sector of the economy or difficulties which could bring about serious deterioration in the economy or the economic situation of a region, the party concerned may take appropriate measures under the conditions and in accordance with procedure laid down in Article 22 of this Agreement.

Article 19

Structural adjustment

1. Exceptional measures may only concern industries or certain sectors undergoing restructuring or facing serious difficulties, particularly where these difficulties produce important social problems.
2. Customs duties on imports applicable in one Party to products originating in any other Party introduced by these measures may not exceed 25 per cent ad valorem. Such customs duties shall maintain an element of preference for products originating in any of the Parties and they may not exceed 15 per cent of total imports of industrial products from Estonia, Latvia and Lithuania as defined in Article 2 during the last year for which statistics are available.
3. These measures shall be applied for a period not exceeding five years unless a longer duration is authorized by the Joint Committee, and cannot be introduced later than five years after the entry into force of this Agreement.
4. The Parties shall inform the Joint Committee of any exceptional measures it intends to take and, at the request of one Party consultations shall be held in the Joint Committee on such measures and the sectors to which they apply before they are introduced. When taking such measures the Parties shall provide the Joint Committee with a schedule for the elimination of the customs duties introduced under this Article. This schedule shall provide for a phasing out of these duties starting at the latest two years after their introduction, at equal annual rates. The Joint Committee may decide on a different schedule.

Article 20

Re-exports and serious shortage

Where compliance with the provisions of Article 6 and 7 leads to:

- (a) re-export towards a third country against which the exporting Party maintains for the products concerned quantitative export restrictions, export duties or measures or charges having equivalent effect; or