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

(b) a serious shortage, or threat thereof, of a product essential to the exporting Party; and where the situations referred to above give a rise or are likely to give rise to major difficulties for the exporting Party, that Party may take appropriate measures under the conditions and in accordance with the procedures laid down in Article 22 of this Agreement.

Article 21

Balance of payments difficulties

1. If one Party is in serious balance of payments difficulties, or under imminent threat thereof, Estonia, Latvia or Lithuania, as the case may be, may, in accordance with the terms and conditions established under the General Agreement on Tariffs and Trade and associated legal instruments, adopt trade restrictive measures, which shall be of limited duration and may not go beyond what is necessary to remedy the balance of payments situation. The Parties shall give preference to price-based measures. The measures shall be eliminated when conditions no longer justify their maintenance. The Party concerned shall inform the Joint Committee forthwith of their introduction and of a time schedule for their removal.

2. The Parties shall, nevertheless, endeavour to avoid the imposition to restrictive measures for balance of payments purposes.

Article 22

Procedure for the application of safeguard measures

1. Without prejudice to paragraph 5 of this Article, the Party which considers resorting a safeguard measures shall promptly notify the other Parties thereof and supply all relevant information. Consultations shall take place without delay in the Joint Committee with a view of finding a mutually acceptable solution.

2. (a) As regards Article 26 (State aid) the Parties concerned shall give to the Joint Committee all the assistance required in order to examine the case and, where appropriate, eliminate this practice. If the Party in question fails to put an end to the practice objected to within the period fixed by the Joint Committee or if the Joint Committee fails to reach an agreement after consultations, or after thirty days following referral to such consultations, the party concerned may adopt the appropriate measures to deal with the difficulties resulting from the practice in question.

(b) As regards Article 17 (Dumping), 18 (Emergency action on import of a particular product) and 20 (Re-exports and serious shortage), the Joint Committee shall examine the case or the situation and may take any decision needed to put an end to the difficulties notified by the Party concerned. In the absence of such a decision within thirty days of the matter being referred to the Joint Committee, the party concerned may adopt the measures necessary in order to remedy the situation.