

- (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.

- (c) As regards Article 26 (Fulfilment of obligations) the party concerned shall supply the Joint Committee with all relevant information required for a thorough examination of the situation with a view to seeking a mutually acceptable solution. If the Joint Committee fails to reach such a solution or if a period of three months has elapsed from the date of notification, the party concerned may take appropriate measures.

3. The safeguard measures taken shall be notified immediately to other Parties. They shall be restricted with regard to their extent and to their duration to what is strictly necessary in order to rectify the situation giving rise to their application and shall not be in excess of the injury caused by the practice or the difficulty in question. Priority shall be given to such measures as will least disturb the functioning of this Agreement.

4. The safeguard measures taken shall be the object of regular consultations with a view to their relaxation, substitution or abolition as soon as possible.

5. Where exceptional circumstances requiring immediate action make prior examination impossible, the Party concerned may, in the cases of Articles 16 (State aid), 17 (Dumping), 18 (Emergency action on imports of a particular product) and 20 (Re-exports and serious shortage) apply forthwith the precautionary and provisional measures strictly necessary to deal with the situation. The measures shall be notified to the Joint Committee without delay and consultations between the Parties shall take place as soon as possible.

Article 23

Security exceptions

Nothing in this Agreement shall prevent a Party to this Agreement from taking any measures which it considers necessary:

- (a) to prevent the disclosure of information contrary to its essential security interests;
- (b) for the protection of its essential security interest or for the implementation of international obligations or national policies:
 - (i) relating to the traffic in arms, ammunition and implements of war, provided that such measures do not impair the conditioned of competition in respect of products not intended for specifically military purposes, and to such traffic in other goods, materials and services as is carried on directly or indirectly for the purpose of supplying a military establishment; or
 - (ii) relating to the non-proliferation of biological and chemical weapons, nuclear weapons and other nuclear explosive devices; or