

Article 21

Structural adjustment

1. Exceptional measures of limited duration which derogate from the provisions of Article 4 (Customs duties on imports and charges having equivalent effect) may be taken by Lithuania in the form of increased customs duties.
2. These measures may only concern infant industries, or certain sectors undergoing restructuring or facing serious difficulties, particularly where these difficulties produce important social problems.
3. After the introduction of these measures, the total *ad valorem* customs duties applicable in Lithuania to products originating in the EFTA States may not exceed 25% and shall maintain an element of preference for products originating in the EFTA States. The total value of imports of the products which are subject to these measures may not exceed 15% of total imports of industrial products from the EFTA States as defined in Article 2 (a) during the last year for which statistics are available.
4. These measures shall be applied for a period not exceeding three years unless a longer duration is authorized by the Joint Committee. They shall cease to apply at the latest by 31 December 2000 and no such measures can be introduced in respect of a product if more than three years have elapsed since the entry into force of this Agreement or since the elimination of all duties and quantitative restrictions or charges or measures having an equivalent effect concerning that product, whichever is later.
5. Lithuania shall inform the Joint Committee of any exceptional measures it intends to take and, at the request of the EFTA States, consultations shall be held in the Joint Committee on such measures and the sectors to which they apply before they are applied. When taking such measures Lithuania 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 at equal annual rates starting at the latest two years after their introduction. The Joint Committee may decide on a different schedule.

Article 22

Re-export and serious shortage

Where compliance with the provisions of Articles 7 (Customs duties on exports and charges having equivalent effect) and 8 (Quantitative restrictions on imports or exports and measures having equivalent effect) leads to:

- (a) re-export towards a third country against which the exporting State Party to this Agreement maintains for the product 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 State Party to this Agreement;

and where the situations referred to above give rise or are likely to give rise to major difficulties for the exporting State Party, that State Party may take appropriate measures under the conditions and in accordance with the procedures laid down in Article 25 (Procedure for the application of safeguard

measures). The measures shall be non-discriminatory and be eliminated when conditions no longer justify their maintenance.

Article 23

Balance of payments difficulties

1. The States Parties to this Agreement shall endeavour to avoid the imposition of restrictive measures for balance of payments purposes.
2. Where an EFTA State or Lithuania is in serious balance of payments difficulties, or under imminent threat thereof, the EFTA State or Lithuania, as the case may be, may, in accordance with the conditions established under the General Agreement on Tariffs and Trade 1994 and the Understanding on the Balance-of-Payments Provisions of the General Agreement on Tariffs and Trade 1994, adopt trade restrictive measures, which shall be of limited duration and non-discriminatory, and may not go beyond what is necessary to remedy the balance of payments situation. Preference shall be given to price-based measures which shall be progressively relaxed as balance of payments conditions improve and eliminated when conditions no longer justify their maintenance. The EFTA State or Lithuania, as the case may be, shall inform the other States Parties to this Agreement and the Joint Committee forthwith, if possible, prior to their introduction and shall provide a time schedule for their removal. The Joint Committee shall, upon the request of any other State Party, examine the need for maintaining the measures taken.
3. No restrictive measures shall apply to transfers related to investments and in particular to the repatriation of amounts invested or reinvested and of any kind of revenues stemming therefrom.

Article 24

Arbitration Procedure

1. Disputes between States Parties to this Agreement, relating to the interpretation of rights and obligations of the States Parties to this Agreement, which have not been settled through consultation or in the Joint Committee within six months, may be referred to arbitration by any State party to the dispute by means of a written notification addressed to the other State party to the dispute. A copy of this notification shall be communicated to all States Parties to this Agreement.
2. The constitution and functioning of the arbitral tribunal is governed by Annex VIII.

Article 25

Procedure for the application of safeguard measures

1. Before initiating the procedure for the application of safeguard measures set out in the following paragraphs of the present Article, the States Parties to this Agreement shall endeavour to solve any differences between them through direct consultations, and inform the other States Parties to this Agreement thereof.
2. Without prejudice to paragraph 6 of the present Article, a State Party which considers resorting to safeguard measures shall promptly notify the other States Parties and the Joint Committee thereof and supply all relevant information. Consultations between the States Parties to this Agreement shall take place without delay in the Joint Committee with a view to finding a commonly acceptable solution.