

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.

3. (a) As regards Articles 17 (Rules of competition concerning undertakings) and 18 (State aid), the States Parties concerned shall give to the Joint Committee all the assistance required in order to examine the case and, where appropriate, eliminate the practice objected to. If the State 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 for such consultations, the State Party concerned may adopt the appropriate measures to deal with the difficulties resulting from the practice in question.
- (b) As regards Articles 19 (Dumping), 20 (Emergency action on imports of particular products) and 22 (Re-export 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 State Party concerned. In the absence of such a decision within thirty days of the matter being referred to the Joint Committee, the State Party concerned may adopt the measures necessary in order to remedy the situation.
- (c) As regards Article 31 (Fulfilment of obligations), the State 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 commonly 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 State Party concerned may take appropriate measures.
4. The safeguard measures taken shall be notified immediately to the States Parties to this Agreement and to the Joint Committee. 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 that will least disturb the functioning of this Agreement. The measures taken by Lithuania against an action or an omission of an EFTA State may only affect the trade with that State. The measures taken against an action or omission of Lithuania may be only taken by that or those EFTA States the trade of which is affected by the said action or omission.
5. The safeguard measures taken shall be the object of regular consultations within the Joint Committee with a view to their relaxation, substitution or abolition, when conditions no longer justify their maintenance.
6. Where exceptional circumstances requiring immediate action make prior examination impossible, the State Party concerned may, in the cases of Articles 19 (Dumping), 20 (Emergency action on imports of particular products) and 22 (Re-export and serious shortage) and in cases of state aid having a direct and immediate incidence on trade between the States Parties, apply forthwith the precautionary and provisional measures strictly necessary to remedy the situation. The measures shall be notified without delay and consultations between the States Parties to this Agreement shall take place as soon as possible within the Joint Committee.

Article 26

Security exceptions

Nothing in this Agreement shall prevent a State 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;