

ARTICLE 19

State aid

1. Any aid granted by a State Party to this Agreement or through State resources in any form whatsoever which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods shall, in so far as it may affect trade between an EFTA State and Romania, be incompatible with the proper functioning of this Agreement.
2. Any practices contrary to paragraph 1 should be assessed on the basis of criteria set out in Annex XII.
3. For the purpose of applying the provisions of paragraphs 1 and 2, the States Parties to this Agreement recognize that during the first five years after the entry into force of this Agreement Romania shall be regarded as an area where the standard of living is abnormally low or where there is serious unemployment, implying that Romania may grant aid with a higher intensity than would be tolerated for EFTA States according to the criteria set out in Annex XII. The Joint Committee may, taking into account the economic situation of Romania, decide on a prolongation of the application of this provision.
4. The States Parties to this Agreement shall ensure transparency of state aid measures by exchanging information as provided in Annex XIII.
5. If a State Party to this Agreement considers that a given practice is incompatible with the provisions of paragraph 1, it may take appropriate measures against this practice, which shall not be in excess of the injury caused by the practice, under the conditions and in accordance with the procedures laid down in Article 25.

ARTICLE 20

Dumping

If an EFTA State finds that dumping within the meaning of Article VI of the General Agreement on Tariffs and Trade is taking place in trade with Romania, or if Romania finds that dumping within this meaning is taking place in trade with an EFTA State, the State Party concerned may take appropriate measures against this practice in accordance with the Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade and with the procedure laid down in Article 25.

ARTICLE 21

Emergency action on imports of particular products

Where any product is being imported in such increased quantities and under such conditions as to cause, or threaten to cause:

- (a) serious injury to domestic producers of like or directly competitive products in the territory of the importing State Party to this Agreement, or
- (b) serious disturbances in any sector of the economy or difficulties which could bring about serious deterioration in the economic situation of a region,

the State Party concerned may take appropriate measures under the conditions and in accordance with the procedure laid down in Article 25.

ARTICLE 22

Structural adjustment

1. Exceptional measures of limited duration which derogate from the provisions of Article 4 may be taken by Romania 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. Customs duties on imports applicable in Romania to products originating in the EFTA States introduced by these measures may not exceed 25 per cent ad valorem 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 per cent of total imports of industrial products from the EFTA States, as defined in Article 2, during the last year for which statistics are available.
4. These measures shall be applied for a period not exceeding five years unless a longer duration is authorized by the Joint Committee. They shall cease to apply at the latest at the expiration of the transitional period.
5. No such measures can be introduced in respect of a product if more than three years have elapsed since the elimination of all duties and quantitative restrictions or charges or measures having an equivalent effect concerning that product.
6. Romania 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 Romania 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.