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FREE TRADE AGREEMENT BETWEEN
LITHUANIA AND THE EUROPEAN COMMUNITIES

The following text reproduces the Free Trade Agreement¹ between Lithuania and the European Communities.

AGREEMENT ON FREE TRADE AND TRADE-RELATED MATTERS
BETWEEN THE EUROPEAN COMMUNITY, THE EUROPEAN ATOMIC ENERGY
COMMUNITY AND THE EUROPEAN COAL AND STEEL COMMUNITY,
OF THE ONE PART, AND THE REPUBLIC OF LITHUANIA, OF THE OTHER PART

The European Community, the European Atomic Energy Community and the European Coal and Steel Community,

hereinafter referred to as 'the Community', of the one part,

and the Republic of Lithuania,

hereinafter referred to as 'Lithuania'; of the other part,

Whereas the Parties recall the historical links between them and the common values they share; whereas they wish to reinforce these links, to establish close and lasting relations on a basis of reciprocity allowing Lithuania to participate in the process of European integration, in reinforcing and further developing the relations previously established, in particular via the trade and cooperation agreement;

Whereas this Agreement contributes to the attainment of association;

¹The Annexes and Protocols thereto have been submitted to the Secretariat for consultations by interested Members (Office 3006).

Whereas the Parties are committed to the intensification of political and economic liberties which constitute the basis of the new trade agreement and to the necessary transition of Lithuania to a new economic and political system which respects - in accordance *inter alia* with the undertakings made within the context of the Conference on Security and Cooperation in Europe (CSCE) - the rule of law and human rights, including the rights of persons belonging to minorities, a multiparty system with free and democratic elections and liberalization aimed at setting up a market economy;

Whereas the Parties share the understanding that Lithuania has made considerable and successful reform efforts in the political and economic fields and that these efforts will be pursued;

Whereas the Parties are committed to the implementation of commitments made in the framework of the CSCE, in particular those set out in the Helsinki Final Act, the concluding documents of the Madrid, Vienna and Copenhagen meetings, those of the Charter of Paris for a New Europe; the conclusions of the CSCE's Bonn Conference, the CSCE Helsinki document 1992, the European Energy Charter, as well as the principles of the European Convention on Human Rights;

Whereas trade and trade liberalization are important for stability in Europe on the basis of cooperation, of which one of the pillars is the European Community;

Whereas there is a need to continue, with the Community's help, Lithuania's political and economic reform;

Whereas the Community wishes to contribute to the implementation of the reform and to assist Lithuania in facing the economic and social consequences of structural adjustment;

Whereas full implementation of the agreement is linked to the implementation of a coherent programme of economic and political reform by Lithuania;

Whereas the Parties recognize the need for regional cooperation among the Baltic States, taking into account that closer integration between the European Union (EU) and the Baltic States, and the Baltic States among themselves should proceed in parallel;

Whereas the Parties are committed to liberalize trade based on GATT principles;

Whereas the Parties expect that this Agreement will create a new climate for economic relations between them and above all for the development of trade and investment, which are essential to economic restructuring and the renewal of technology;

Whereas it is important that political dialogue between the Parties should be enhanced;

Whereas the Parties recognize the fact that Lithuania's ultimate objective is to become a member of the EU and that the step towards association through this Agreement, in the view of the Parties, will help Lithuania to achieve this objective;

Have decided to conclude this Agreement and to this end have designated as their Plenipotentiaries,

The European Community and the European Atomic Energy Community:

The European Coal and Steel Community;

The Republic of Lithuania;

Who, having exchanged their full powers, found in good and due form,

Have agreed as follows:

TITLE I

General Principles

Article 1

1. Respect for democratic principles and human rights, established by the Helsinki Final Act and in the Charter of Paris for a New Europe, as well as the principles of market economy, inspire the domestic and external policies of the Parties and constitute essential elements of this Agreement.
2. The Parties consider that it is essential for the future prosperity and stability of the region that the Baltic States should maintain and develop cooperation among themselves and will make every effort to enhance this process.
3. The Parties regard the implementation of this Agreement as a decisive step towards the early conclusion of a Europe Agreement between Lithuania and the European Community.

TITLE II

Free Movement of Goods

Article 2

1. The Community and Lithuania shall gradually establish a free area in a transitional period lasting a maximum of six years starting from the entry into force of this Agreement, in accordance with the provisions of this Agreement and in conformity with those of the General Agreement on Tariffs and Trade (GATT).
2. The combined nomenclature of goods shall be applied to the classification of goods in trade between the two Parties.
3. For each product the basic duty to which the successive reductions set out in this Agreement are to be applied shall be that actually applied *erga omnes* on 1 March 1994. For products referred to in chapters II and III, the basic duties shall be those set out in

Annexes II to V and XII, or those actually applied *erga omnes* on 1 January 1995, whichever are the lower.

4. If, after the entry into force of this Agreement, any tariff reduction is applied on an *erga omnes* basis, in particular, reductions resulting from the tariff agreement concluded as a result of the GATT Uruguay Round, such reduced duties shall replace the basic duties referred to in paragraph 3 as from the date when such reductions are applied.

5. The Community and Lithuania shall communicate to each other their respective basic duties.

CHAPTER I

Industrial Products

Article 3

1. The provisions of this chapter shall apply to products originating in the Community and in Lithuania listed in Chapters 25 to 97 of the combined nomenclature with the exception of the products listed in Annex I.

2. The provisions of Articles 4 to 8 inclusive do not apply to products mentioned in Article 10.

3. Trade between the Parties in items covered by the Treaty establishing the European Atomic Energy Community will be conducted in accordance with the provisions of that Treaty.

Article 4

1. Customs duties on imports applicable in the Community to products originating in Lithuania shall be abolished on the entry into force of this Agreement.

2. Quantitative restrictions on imports to the Community and measures having an equivalent effect shall be abolished on the date of entry into force of this Agreement with regard to products originating in Lithuania.

Article 5

1. Customs duties on imports applicable in Lithuania to products originating in the Community other than those listed in Annexes II, III and IV shall be abolished on the date of entry into force of this Agreement.

2. Customs duties on imports applicable in Lithuania to products originating in the Community which are listed in Annex II shall be progressively reduced in accordance with the following timetable:

- one year after the entry into force of this Agreement, each duty shall be reduced to 50% of the basic duty,
 - two years after the entry into force of this Agreement, the remaining duties shall be eliminated.
3. Customs duties on imports applicable in Lithuania to products originating in the Community which are listed in Annex III shall be progressively reduced in accordance with the following timetable:
- three years after the entry into force of this Agreement, each duty shall be reduced to 50% of the basic duty,
 - six years after the entry into force of this Agreement, the remaining duties shall be eliminated.
4. Customs duties on imports applicable in Lithuania to products originating in the Community which are listed in Annex IV shall be abolished at the end of the sixth year after the entry into force of this Agreement.
5. Quantitative restrictions on imports into Lithuania of products originating in the Community and measures having an equivalent effect shall be abolished upon entry into force of this Agreement.

Article 6

The provisions concerning the abolition of customs duties on imports shall also apply to customs duties of a fiscal nature.

Article 7

The Community and Lithuania shall abolish upon entry into force of this Agreement in trade between themselves, any charges having an effect equivalent to customs duties on imports.

Article 8

1. The Community and Lithuania shall progressively abolish between them at the date of entry into force of this Agreement any customs duties on exports and charges having equivalent effect except those applied by Lithuania to products listed in Annex V which shall be eliminated six years after the entry into force of the Agreement at the latest.
2. Quantitative restrictions on exports to Lithuania and any measures having equivalent effect shall be abolished by the Community upon entry into force of this Agreement.
3. Quantitative restrictions on exports to the Community and any measures having equivalent effect shall be abolished by Lithuania upon entry into force of this Agreement.

Article 9

Each Party declares its readiness to reduce its customs duties in trade with the other Party more rapidly than is provided for in Articles 4 and 5 if its general economic situation and the situation of the economic sector concerned so permit.

The Joint Committee referred to in Article 38 (hereinafter referred to as 'the Joint Committee') may make recommendations to this effect.

Article 10

1. The textile products of Lithuanian origin listed in Annex VI to this Agreement shall benefit from a suspension of customs duties on imports into the Community, under the conditions set out in that Annex. The Annex may be revised by decision of the Joint Committee, in accordance with the procedures set out in Article 39.

2. Protocol 1 lays down the other arrangements applicable to the textile products referred to therein.

Article 11

1. The provisions of this chapter do not preclude the retention by the Community of an agricultural component in the duties applicable to products listed in Annex VII in respect of products originating in Lithuania.

2. The provisions of this chapter do not preclude the introduction of an agricultural component by Lithuania in the duties applicable to the products listed in Annex VIII in respect of products originating in the Community.

CHAPTER II

Agriculture

Article 12

1. The provisions of this chapter shall apply to agricultural products originating in the Community and in Lithuania.

2. The term 'agricultural products' means the products listed in Chapter 1 to 24 of the combined nomenclature and the products listed in Annex I, but excluding fishery products as defined by Regulation (EEC) No. 3759/92.

Article 13

Protocol 2 lays down the trade arrangements for processed agricultural products which are listed therein.

Article 14

1. As from the date of entry into force of this Agreement no quantitative restrictions shall apply to imports into the Community of agricultural products originating in Lithuania nor to imports into Lithuania of agricultural products originating in the Community.
2. The Community and Lithuania shall grant each other concessions referred to in Annexes IX to XIII on a harmonious and reciprocal basis in accordance with the conditions laid down therein.
3. The concessions referred to in paragraph 2 may be subject to revision by agreement between the Parties within three years after entry into force of this Agreement and on the basis of the principles and procedures set out in paragraph 4.
4. Taking account of the volume of trade in agricultural products between them, of their particular sensitivity, of the rules of the common agricultural policy of the Community, of the rules of the agricultural policy in Lithuania, of the role of agriculture in Lithuania's economy, the Community and Lithuania shall examine in the Joint Committee, product by product and on an orderly and reciprocal basis, the possibilities of granting each other further concessions.

Article 15

Notwithstanding other provisions of this Agreement, and in particular Article 24, if, given the particular sensitivity of the agricultural markets, imports of products originating in one Party, which are the subject of concessions granted pursuant to Article 14, cause serious disturbance to the markets in the other Party, both Parties shall enter into consultations immediately to find an appropriate solution. Pending such a solution, the Party concerned may take the measures it deems necessary.

CHAPTER III

Fisheries

Article 16

The provisions of this chapter shall apply to fishery products originating in the Community and in Lithuania which are covered by Regulation (EEC) No. 3759/92.

Article 17

1. The Community and Lithuania shall grant each other the concessions referred to in Annexes XIV and XV, on a harmonious and reciprocal basis, in accordance with the conditions laid down therein.
2. The provisions of Articles 14 (4) and 15 shall apply *mutatis mutandis* to fishery products.

CHAPTER IV

Common Provisions

Article 18

The provisions of this Title shall apply to trade in all products except where otherwise provided herein or in Protocols 1 and 2.

Article 19

1. In trade between the Community and Lithuania from the date of entry into force of this Agreement:

- no new customs duties on imports or exports or charges having equivalent effect shall be introduced, nor shall those already applied be increased,
- no new quantitative restrictions on imports or exports or measures having equivalent effect shall be introduced nor shall those existing be made more restrictive.

2. Without prejudice to the concessions granted pursuant to Article 14, the provisions of paragraph 1 of this Article shall not restrict in any way the pursuance of the respective agricultural policies of Lithuania and the Community or the taking of any measures under such policies.

Article 20

1. The two Parties shall refrain from any measure or practice of an internal fiscal nature establishing, whether directly or indirectly, discrimination between the products of one Party and like products originating in the territory of the other Party.

2. Products exported to the territory of one of the two Parties may not benefit from repayment of internal taxation in excess of the amount of direct or indirect taxation imposed on them.

Article 21

1. This Agreement shall not preclude the maintenance or establishment of customs unions, free trade areas or arrangements for frontier trade except in so far as they alter the trade arrangements provided for in this Agreement.

2. Consultations between the Parties shall take place within the Joint Committee concerning agreements establishing such customs unions or free trade areas and, where requested, on other major issues related to their respective trade policies with third countries. In particular in the event of a third country acceding to the Community, such consultations shall take place so as to ensure that account can be taken of the mutual interests of the Community and Lithuania stated in this Agreement.

Article 22

Exceptional measures of limited duration which derogate from the provisions of Article 5 and Article 19 (1), first indent, may be taken by Lithuania in the form of increased customs duties.

These measures may only concern infant industries, or certain sectors undergoing restructuring or facing serious difficulties, particularly where these difficulties produce important social problems.

Customs duties on imports applicable in Lithuania to products originating in the Community introduced by these measures may not exceed 25% *ad valorem* and shall maintain an element of preference for products originating in the Community.

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 Community as defined in Chapter I during the last year for which statistics are available.

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 on expiry of the transitional period.

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.

Lithuania shall inform the Joint Committee of any exceptional measures it intends to take and, at the request of the Community, 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 pursuant to 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 23

If one of the Parties finds that dumping is taking place in trade with the other Party within the meaning of Article VI of the General Agreement on Tariffs and Trade, it may take appropriate measures against this practice in accordance with the Agreement relating to the application of Article VI of the General Agreement on Tariffs and Trade, with related internal legislation and with the conditions and procedures laid down in Article 27.

Article 24

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

- serious injury to domestic producers of like or directly competitive products in the territory of one of the Parties, or
- serious disturbances in any sector of the economy or difficulties which could bring about serious deterioration in the economic situation of a region,

the Community or Lithuania, whichever is concerned, may take appropriate measures under the conditions and in accordance with the procedures laid down in Article 27.

Article 25

Where compliance with the provisions of Articles 8 and 19 leads to:

- (i) re-export towards a third country against which the exporting Party maintains, for the product concerned, quantitative export restrictions, export duties or measures having equivalent effect; or
- (ii) a serious shortage, or threat thereof, of a product essential to the exporting Party;

and where the situations referred to above give 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 27. The measures shall be non_discriminatory and be eliminated when conditions no longer justify their maintenance.

Article 26

The Member States of the European Union (hereinafter referred to as 'the Member States') and Lithuania shall progressively adjust any State monopolies of a commercial character so as to ensure that, by the end of the fifth year following the entry into force of this Agreement, no discrimination regarding the conditions under which goods are procured and marketed exists between nationals of the Member States and of Lithuania. The Joint Committee will be informed about the measures adopted to implement this objective.

Article 27

1. In the event of the Community or Lithuania subjecting imports of products liable to give rise to the difficulties referred to in Article 24 to an administrative procedure having as its purpose the rapid provision of information on the trend of trade flows, it shall inform the other Party.

2. In the cases specified in Articles 23, 24 and 25, before taking the measures provided for therein or, in cases to which paragraph 3(d) applies, as soon as possible, the Community or Lithuania, as the case may be, shall supply the Joint Committee with all relevant information with a view to seeking a solution acceptable to the two Parties.

In the selection of measures, priority must be given to those which least disturb the functioning of this Agreement.

The safeguard measures shall be notified immediately to the Joint Committee and shall be the subject of periodic consultations within that body, particularly with a view to establishing a timetable for their abolition as soon as circumstances permit.

3. For the implementation of paragraph 2, the following provisions shall apply:

- (a) As regards Article 24, the difficulties arising from the situation referred to in that Article shall be referred for examination to the Joint Committee, which may take any decision needed to put an end to such difficulties.

If the Joint Committee or the exporting Party has not taken a decision putting an end to the difficulties or no other satisfactory solution has been reached within 30 days of the matter being referred, the importing Party may adopt the appropriate measures to remedy the problem. These measures must not exceed the scope of what is necessary to remedy the difficulties which have arisen.

- (b) As regards Article 23, the Joint Committee shall be informed of the dumping case as soon as the authorities of the importing Party have initiated an investigation. If no end has been put to the dumping or if no other satisfactory solution has been reached within 30 days of the matter being referred to the Joint Committee, the importing Party may adopt the appropriate measures.

- (c) As regards Article 25, the difficulties arising from the situations referred to in that Article shall be referred for examination to the Joint Committee.

The Joint Committee may take any decision needed to put an end to the difficulties. If it has not taken such a decision within 30 days of the matter being referred to it, the exporting Party may apply appropriate measures on the exportation of the product concerned.

- (d) Where exceptional circumstances requiring immediate action make prior information or examination, as the case may be, impossible, the Community or Lithuania whichever is concerned may, in the situations specified in Articles 23, 24 and 25, apply forthwith the precautionary measures strictly necessary to deal with the situation.

Article 28

Protocol 3 lays down rules of origin for the application of the tariff preferences provided for in this Agreement as well as the methods of administrative cooperation therewith.

Article 29

This Agreement shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy or public security; the protection of health and life of humans, animals or plants; the protection of national treasures of artistic, historic or archaeological value or the protection of intellectual, industrial and commercial property or rules relating to gold and silver. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the Parties.

Article 30

Protocol 4 lays down the specific provisions to apply to trade between Lithuania of the one part and Spain and Portugal of the other part, and it will be valid until 31 December 1995.

TITLE III

Payments, Competition and Other Economic Provisions

Article 31

The Parties undertake to authorize, in freely convertible currency, any payments on the current account of balance of payments to the extent that the transaction underlying the payments concerns movements of goods between the Parties which have been liberalized pursuant to this Agreement.

Article 32

With reference to the provisions of this chapter, and notwithstanding the provisions of Article 33, until a full convertibility of the Lithuanian currency in the meaning of Article VIII of the Articles of Agreement on the International Monetary Fund (IMF) is introduced, Lithuania may in exceptional circumstances apply exchange restrictions connected with the granting or taking up of short and medium_term credits to the extent that such restrictions are imposed on Lithuania for the granting of such credits and are permitted according to Lithuania's status under the IMF.

Lithuania shall apply these restrictions in a non_discriminatory manner. They shall be applied in such a manner as to cause the least possible disruption to this Agreement. Lithuania shall inform the Joint Committee promptly of the introduction of such measures and of any changes therein.

Article 33

1. The following are incompatible with the proper functioning of this Agreement, in so far as they affect trade between the Community and Lithuania:

- (i) all agreements between undertakings, decisions by associations of undertaking and concerted practices between undertakings which have as their object or effect the prevention, restriction or distortion of competition;
- (ii) abuse by one or more undertakings of a dominant position in the territories of the Community or of Lithuania as a whole or in a substantial part thereof;
- (iii) any public aid, which distorts or threatens to distort competition by favouring certain undertakings or the production of certain goods.

2. Any practices contrary to this Article shall be assessed on the basis of criteria arising from the application of the rules of Articles 85, 86 and 92 of the Treaty establishing the European Community or, for products covered by the ECSC Treaty, on the basis of corresponding rules of the ECSC Treaty including secondary legislation.

3. The Joint Committee shall, within three years of the entry into force of this Agreement, adopt by decision the necessary rules for the implementation of paragraphs 1 and 2.

Until these rules are adopted, the provisions of this Agreement on interpretation and application of Articles VI, XVI and XXIII of the General Agreement on Tariffs and Trade shall be applied as the rules for the implementation of paragraphs 1 point (iii) and related parts of paragraph 2.

4. (a) For the purposes of applying the provisions of paragraph 1 point (iii), the Parties recognize that during the first five years after the entry into force of this Agreement, any public aid granted by Lithuania shall be assessed taking into account the fact that Lithuania shall be regarded as an area identical to those areas of the Community described in Article 92 (3) of the Treaty establishing the European Community. The Joint Committee shall, taking into account the economic situation of Lithuania, decide whether that period should be extended by further periods of five years.
- (b) Each Party shall ensure transparency in the area of public aid, *inter alia* by reporting annually to the other Party on the total amount and the distribution of the aid given and by providing, upon request, information on aid schemes. Upon request by one Party, the other Party shall provide information on particular individual cases of public aid.

5. With regard to products referred to in Chapter II and III of Title II:

- the provision of paragraph 1 point (iii) does not apply,
- any practices contrary to paragraph 1 point (i) should be assessed according to the criteria established by the Community on the basis of Articles 42 and 43 of the Treaty establishing the European Community and in particular of those established in Council Regulation No. 26.

6. If the Community or Lithuania considers that a particular practice is incompatible with the terms of the first paragraph of this Article, and

- is not adequately dealt with under the implementing rules referred to in paragraph 3, or
- in the absence of such rules, and if such practice causes or threatens to cause serious prejudice to the interests of the other Party or material injury to its domestic industry, including its services industry,

it may take appropriate measures after consultation within the Joint Committee or after 30 days following referral for such consultation.

In the case of practices incompatible with paragraph 1 point (iii) of this Article, such appropriate measures may, where the General Agreement on Tariffs and Trade applies thereto, only be adopted in conformity with the procedures and under the conditions laid down by the General Agreement on Tariffs and Trade and any other relevant instrument negotiated under its auspices which are applicable between the Parties.

7. Notwithstanding any provisions to the contrary adopted in conformity with paragraph 3, the Parties shall exchange information taking into account the limitations imposed by the requirements of professional and business secrecy.

Article 34

1. The Parties shall endeavour to avoid the imposition of restrictive measures including measures relating to imports for balance of payments purposes. In the event of their introduction, the Party having introduced the same shall present to the other Party as soon as possible, a time schedule for their removal.

2. Where one or more Member States or Lithuania is in serious balance of payments difficulties, or under imminent threat thereof, the Community or Lithuania, as the case may be, may, in accordance with the conditions established under the General Agreement on Tariffs and Trade, adopt restrictive measures, including measures relating to imports, which shall be of limited duration and may not go beyond what is necessary to remedy the balance of payments situation. The Community or Lithuania, as the case may be, shall inform the other Party forthwith.

Article 35

With regard to public undertakings, and undertakings to which special or exclusive rights have been granted, the Joint Committee shall ensure that as from the fourth year following the date of entry into force of this Agreement, the principles of the Treaty establishing the European Community, notably Article 90, and the principles of the concluding document of the April 1990 Bonn meeting of the Conference on Security and Cooperation in Europe (CSCE), notably entrepreneurs' freedom of decision, are upheld.

Article 36

1. The Parties commit themselves to developing customs cooperation in order to achieve the approximation of Lithuania's customs system to that of the Community.

2. Cooperation shall include the following in particular:

- the exchange of information,
- the organization of seminars and placements,
- the introduction of the single administrative document and the interconnection between the transit system of the Community and that of Lithuania,
- the simplification of the inspections and formalities in respect of the carriage of goods,
- exchange of information on the methods of investigation.

Technical assistance shall be provided where appropriate and required.

3. The Parties will provide mutual administrative assistance in accordance with the provisions of Protocol 5.

Article 37

1. The Parties recognize that an important condition for the establishment of free trade between Lithuania and the Community and the further economic integration of the former into the Community is the approximation of Lithuania's existing and future legislation to that of the Community. Lithuania shall endeavour to ensure that its trade and trade_related legislation will be gradually made compatible with that of the Community.

2. The approximation of laws shall extend to trade_related matters, in particular dumping, rules on competition, customs legislation, technical rules and standards.

3. The Community shall provide Lithuania with technical assistance for the implementation of these measures, which may include *inter alia*:

- the exchange of experts,
- the provision of early information especially on relevant legislation,
- organization of seminars,
- training activities,
- aid for the translation of Community legislation in the relevant sectors.

TITLE IV

Institutional, General and Final Provisions

Article 38

The Joint Committee set up by the Agreement on Trade and Commercial and Economic Cooperation signed between the European Economic Community and Lithuania on 11 May 1992 shall perform the duties assigned to it by this Agreement.

Article 39

The Joint Committee shall, for the purpose of attaining the objectives of this Agreement, have the power to take decisions in the cases provided for therein. The decisions taken shall be binding on the Parties which shall take the measures necessary to implement the decisions taken. The Joint Committee may also make appropriate recommendations.

It shall draw up its decisions and recommendations by agreement between the two parties.

Article 40

1. Each of the two Parties may refer to the Joint Committee any dispute relating to the application or interpretation of this Agreement.
2. The Joint Committee may settle the dispute by means of a decision.
3. Each Party shall be bound to take the measures involved in carrying out the decision referred to in paragraph 2.
4. In the event of it not being possible to settle the dispute in accordance with paragraph 2, either Party may notify the other of the appointment of an arbitrator; the other Party must then appoint a second arbitrator within two months.

The Joint Committee shall appoint a third arbitrator.

The arbitrator's decisions shall be taken by majority vote.

Each Party to the dispute must take the steps required to implement the decision of the arbitrators.

Article 41

Within the scope of this Agreement, each Party undertakes to ensure that natural and legal persons of the other Party have access free of discrimination in relation to its own nationals to the competent courts and administrative organs of the Parties to defend their individual rights and their property rights, including those concerning intellectual, industrial and commercial property.

Article 42

Nothing in this Agreement shall prevent a Contracting Party from taking any measures:

- (a) which it considers necessary to prevent the disclosure of information contrary to its essential security interests;
- (b) which relate to the production of, or trade in, arms, ammunition or war materials or to research, development or production indispensable for defence purposes, provided that such measures do not impair the conditions of competition in respect of products not intended for specifically military purposes;
- (c) which it considers essential to its own security in the event of serious internal disturbances affecting the maintenance of law and order, in time of war or serious international tension constituting threat of war or in order to carry out obligations it has accepted for the purpose of maintaining peace and international security;
- (d) which it considers necessary to respect its international obligations and commitments on the control of dual use industrial goods and technologies.

Article 43

In the fields covered by this Agreement and without prejudice to any special provisions contained therein:

- the arrangements applied by Lithuania in respect of the Community shall not give rise to any discrimination between the Member States, their nationals, or their companies or firms,
- the arrangements applied by the Community in respect of Lithuania shall not give rise to any discrimination between Lithuanian nationals or its companies or firms.

Article 44

Products originating in Lithuania shall not enjoy more favourable treatment when imported into the Community than that applied by Member States among themselves.

Article 45

1. The Parties shall take any general or specific measures required to fulfil their obligations under this Agreement. They shall see to it that the objectives set out in this Agreement are attained.
2. If either Party considers that the other Party has failed to fulfil an obligation under this Agreement, it may take appropriate measures. Before so doing, except in cases of special urgency, it shall supply the Joint Committee with all relevant information required for a thorough examination of the situation with a view to seeking a solution acceptable to the Parties.

In the selection of measures, priority must be given to those which least disturb the functioning of the Agreement. These measures shall be notified immediately to the Joint Committee and shall be the subject of the consultations within the Joint Committee if the other Party so requests.

Article 46

Protocols 1, 2, 3, 4, 5 and 6 and Annexes I to XV shall form an integral part of this Agreement.

Article 47

This Agreement is concluded for an unlimited period.

Either Party may denounce this Agreement by notifying the other Party. This Agreement shall cease to apply six months after the date of such notification.

Article 48

This Agreement shall apply, on the one hand, to the territories in which the Treaties establishing the European Community, the European Atomic Energy Community and the European Coal and Steel Community are applied and under the conditions laid down in those Treaties and, on the other hand, to the territory of the Republic of Lithuania.

Article 49

The Secretariat-General of the Council of the European Union shall be the depository of this Agreement.

Article 50

This Agreement is drawn up in duplicate in the Danish, Dutch, English, French, German, Greek, Italian, Portuguese, Spanish and Lithuanian languages, each of these texts being equally authentic.

Article 51

This Agreement will be approved by the Parties in accordance with their own procedures.

This Agreement shall enter into force after approval by the Parties on 1 January 1995.

Upon its entry into force, the Agreement between the European Economic Community, the European Atomic Energy Community and Lithuania on trade and economic and commercial cooperation signed in Brussels on 11 May 1992 shall be modified as follows:

- Articles 3 and 5 to 12 inclusive as well as Article 13 (1) and (4) are rescinded,
- in Article 4 the words 'trade and other' are rescinded,
- in Article 13 (2) 'In furtherance of the aims of this Article and' are rescinded.

Article 52

1. In the event that this Agreement enters into force after 1 January but at the latest on 31 December 1995 for the purposes of Titles II and III of this Agreement and Protocols 1, 2, 3, 4, 5 and 6 hereto, the term 'date of entry into force of this Agreement' shall mean:

- the date of entry into force in relation to obligations taking effect on that date, and
- 1 January 1995 in relation to obligations taking effect after the date of entry into force by reference to the date of entry into force.

2. In the case of entry into force after 1 January 1995, the provisions of Protocol 6 shall apply.