

FREE TRADE AGREEMENT BETWEEN POLAND AND THE REPUBLIC OF LITHUANIA

Communication from Poland

The following text reproduces the Agreement between Poland and the Republic of Lithuania.¹

The Republic of Poland and the Republic of Lithuania (hereafter called the Parties),

Reaffirming their firm commitment to democracy based on the rule of law, human rights and fundamental freedoms,

Recalling their intention to participate actively in the process of economic integration in Europe and expressing their preparedness to cooperate in seeking ways and means to strengthen this process,

Reaffirming their firm commitment to the principles of a market economy which constitutes the basis for their relations,

Recalling their firm commitment to the Final Act of the Conference on Security and Cooperation in Europe, the Paris Charter, and in particular the principles contained in the final document of the Bonn Conference on Economic Cooperation in Europe,

Referring to the agreement on mutual trade and economic cooperation between the Republic of Poland and the Republic of Lithuania, signed on 27 February 1992,

Resolved to eliminate progressively the obstacles to substantially all their mutual trade, in accordance with the provisions of the General Agreement on Tariffs and Trade 1994 and the Agreement Establishing the World Trade Organization,

Firmly convinced that this Agreement will foster the intensification of mutually beneficial trade relations among them and contribute to the process of integration in Europe,

Considering that no provision of this Agreement may be interpreted as exempting the Parties from their obligations under other international agreements, especially the General Agreement on Tariffs and Trade 1994 and the Agreement Establishing the World Trade Organization,

Have decided as follows:

Article 1

Objectives

1. The Parties shall gradually establish, during a transitional period ending at the latest on 1 January 2001, a free-trade area in accordance with the provisions of the present Agreement and in conformity with those of the General Agreement on Tariffs and Trade 1994, in particular Article XXIV of the GATT, and the Agreement Establishing the World Trade Organization.

2. The objectives of the present Agreement are:

(a) to promote, through the expansion of trade, the harmonious development of economic relations between the Parties and thus to foster the advance of their economic activity, the improvement of living and employment conditions, and increase of the productivity and financial stability;

(b) to provide fair conditions of competition in trade between the Parties;

(c) to contribute in this way, by removal of barriers to trade, to the harmonious development and expansion of the world trade.

CHAPTER I

Industrial Products

Article 2

Scope

Provisions of this Chapter shall apply to industrial products originating in the Parties. For the purpose of this Agreement "industrial products" mean products falling within Chapters 25 to 97 of the Harmonized Commodity Description and Coding System, with the exception of the products listed in Annex I.

Article 3

Basic duties

1. For each product the basic duty to which the successive reductions set out in this Agreement are to be applied shall be the Most favoured Nation rate of duty applicable on 1 January 1996.

2. If, after entry into force of the 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 Uruguay Round of multilateral trade negotiations, such reduced duties shall replace the basic duties referred to in paragraph 1 as from the date when such reductions are applied.

3. The reduced duties, calculated in accordance with paragraph 2, shall be applied rounded to the first decimal place.

4. The Parties shall communicate to each other their respective customs duties.

Article 4

Customs duties on imports

1. No new customs duties on imports shall be introduced, nor shall those already applied be increased, in trade between the Parties as from the entry into force of this Agreement.

2. Customs duties on imports for products originating in the Parties shall be abolished in accordance with the provisions laid down in Protocol 1.

Article 5

Charges equivalent to import duties

1. No new charges having an effect equivalent to customs duties on imports shall be introduced in trade between the Parties as from the entry into force of this Agreement.

2. All charges having an effect equivalent to customs duties on imports shall be abolished on the date of the entry into force of this Agreement.

Article 6

Fiscal duties

The provisions of Article 4 shall also apply to customs duties of a fiscal nature.

Article 7

Customs duties on exports and charges having equivalent effect

No customs duties on exports or charges having equivalent effect shall be applied in trade between the Parties as from the entry into force of this Agreement.

Article 8

Quantitative restrictions on imports and measures having equivalent effect

1. No new quantitative restrictions on imports or measures having equivalent effect shall be introduced in trade between the Parties as from the entry into force of this Agreement.

2. All quantitative restrictions and measures having equivalent effect on imports of products originating in the Parties shall be abolished on the date of entry into force of this Agreement, except as provided for in Annex II.

Article 9

Quantitative restrictions on exports and measures having equivalent effect

1. No new quantitative restrictions on exports or measures having equivalent effect shall be introduced in trade between the Parties as from the entry into force of this Agreement.
2. All quantitative restrictions on exports from the Parties and measures having equivalent effect shall be abolished on the date of the entry into force of the Agreement, except as provided for in Annex III.

Article 10

Information procedure on draft technical regulations

1. The Parties shall notify each other, at the earliest practicable stage and in accordance with the provisions laid down in Annex IV, of draft technical regulations and draft amendments thereto, which they intend to issue.
2. The Joint Committee shall decide on the date of implementing the provisions of paragraph 1.

CHAPTER II

Agricultural Products

Article 11

Scope

1. Provisions of this Chapter shall apply to agricultural products originating in the Parties to this Agreement.
2. For the purpose of this Agreement "agricultural products" mean products falling within Chapter 1 to 24 of the Harmonized Commodity Description and Coding System and the products listed in Annex I.

Article 12

Exchange of concessions

1. The Parties to this Agreement grant each other concessions specified in Protocol 2 in accordance with the provisions of this Chapter and those laid down in this Protocol.
2. Taking account of:

- the role of agriculture in their economies,
- the development of trade in agricultural products between the Parties,
- the particular sensitivity of the agricultural products,
- the rules of their agricultural policies,
- the consequences of the multilateral trade negotiations under the General Agreement on Tariffs and Trade and of the World Trade Organization,

the Parties shall examine the possibilities of granting each other further concessions.

Article 13

Concessions and agricultural policies

1. Without prejudice to the concessions granted under Article 12, provisions of this Chapter shall not restrict in any way the pursuance of the respective agricultural policies of the Parties or application of any measures under such policies, including the implementation of the results of the Uruguay Round Agreements.

2. The Parties shall notify to the Joint Committee changes in their respective agricultural policies pursued or measures applied, which may affect conditions of agricultural trade among them as provided for in this Agreement. On the request of a Party prompt consultations shall be held to examine the situation.

Article 14

Specific safeguards

Notwithstanding other provisions of this Agreement, and in particular Article 27, and given the particular sensitivity of the agricultural products, if imports of products originating in a Party, which are subject to concessions granted under this Agreement, cause serious disturbances to the markets of the other Party, the Party concerned shall immediately enter into consultations to find an appropriate solution. Pending such solution, the Party concerned may take measures it deems necessary.

Article 15

Sanitary and phytosanitary measures

The Parties shall apply their regulations in matters of human, animal or plant life or health in a non-discriminatory fashion and shall not introduce any new measures that have the effect of unduly obstructing trade.

CHAPTER III

General Provisions

Article 16

Rules of origin and cooperation in customs administration

1. Protocol 3 lays down the rules of origin and related methods of administrative cooperation.

2. The Parties to this Agreement shall take appropriate measures, including regular reviews by the Joint Committee and arrangements for administrative cooperation, to ensure that the provisions of Protocol 3 and Articles 3 to 9, 12, 17, 27, 28 and 29 of the Agreement are effectively and harmoniously applied, and to reduce, as far as possible, the formalities imposed on trade, and to achieve mutually satisfactory solutions to any difficulties arising from the operation of those provisions.

Article 17

Internal taxation

1. The Parties to this Agreement shall refrain from any measure or practice of an internal fiscal nature establishing, whether directly or indirectly, discrimination between the products originating in the Parties.

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

Article 18

General exceptions

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 and environment; the protection of treasures of culture; the protection of intellectual property or rules relating to gold or silver or the conservation of exhaustible natural resources, if such measures are made effective in conjunction with restrictions on domestic production or consumption. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between the Parties.

Article 19

Security exceptions

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

1. to prevent the disclosure of information contrary to its essential security interests;
2. for the protection of its essential security interests 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 conditions 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 or other nuclear explosive devices; or
 - (iii) taken in time of war or other serious international tension.

Article 20

State monopolies

1. The Parties shall adjust progressively any State monopoly of a commercial character so as to ensure that by the end of the fifth year after the entry into force of this Agreement, no discrimination regarding the conditions under which goods are procured and marketed exists between nationals of the Parties. The Joint Committee will be informed about the measures adopted to implement this objective.
2. The provisions of this Article shall apply to any body through which the competent authorities of the Parties, in law or in fact, either directly or indirectly supervise, determine or appreciably influence imports or exports between the Parties. These provisions shall likewise apply to monopolies delegated by the States to others.

Article 21

Payments

1. Payments in freely convertible currencies relating to trade in goods between the Parties and the transfer of such payments to the territory of the Party to this Agreement, where the creditor resides, shall be free from any restrictions.
2. The Parties shall refrain from any exchange or administrative restrictions on the grant, repayment or acceptance of short and medium-term credits to trade in goods in which a resident of a Party participates.
3. Notwithstanding paragraph 2, the Parties reserve the right to apply exchange restrictions on the grant or acceptance of short and medium-term credits related to trade in goods to the extent permitted according to their status under the IMF, provided that these restrictions are applied in a non-discriminatory manner as regards the origin

of the products and that they are not applied only to specific products or kind of products. The restrictions shall be of limited duration and shall be eliminated when conditions no longer justify their maintenance. The Parties shall promptly inform the Joint Committee of the introduction of such measures and of any changes therein.

Article 22

Rules of competition concerning undertakings

1. The following are incompatible with the proper functioning of this Agreement insofar as they may affect trade between the Parties:

(a) all agreements between undertakings, decisions by associations of undertakings and concerted practices between undertakings, which have as their object or effect the prevention, restriction or distortion of competition;

(b) abuse by one or more undertakings of a dominant position in the territories of the Parties as a whole or in a substantial part thereof.

2. The provisions of paragraph 1 shall apply to the activities of all undertakings including public undertakings and undertakings to which the Parties grant special or exclusive rights. Undertakings entrusted with the operation of services of general economic interest or having the character of a revenue-producing monopoly, shall be subject to provisions of paragraph 1 insofar as the application of these provisions does not obstruct the performance, in law or fact, of the particular public tasks assigned to them.

3. With regard to products referred to in Chapter II the provisions stipulated in paragraph 1(a) shall not apply to such agreements, decisions and practices which form an integral part of a national market organization.

4. If a Party considers that a given practice is incompatible with paragraphs 1, 2 and 3 of this Article, or if such practice causes or threatens to cause serious prejudice to the interest of that Party or material injury to its domestic industry, the Party concerned may take appropriate measures under the conditions and in accordance with the procedure laid down in Article 31.

Article 23

State Aid

1. Any aid granted by a State being a 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, insofar as it may affect trade between the Parties to this Agreement, be incompatible with the proper functioning of this Agreement.

2. The provisions of paragraph 1 shall not apply to products referred to in Chapter II.

3. The Joint Committee shall, within three years from the entry into force of this Agreement, adopt the criteria on the basis of which the practices contrary to paragraph 1 shall be assessed, as well as the rules for their implementation.

4. The Parties shall ensure transparency in the area of state aid measures, inter alia by reporting annually to the Joint Committee on the total amount and the distribution of the aid given and by providing to the other Party, upon request, information on aid schemes and on particular individual cases of state aid.

5. If a Party considers that a particular practice:

- is incompatible with the terms of paragraph 1, and is not adequately dealt with under the implementing rules referred to in paragraph 3, or

- in the absence of rules, referred to in paragraph 3, causes or threatens to cause serious prejudice to the interest of that Party or material injury to its domestic industry,

it may take appropriate measures under the conditions of and in accordance with the provisions laid down in Article 31.

Such appropriate measures may only be taken in conformity with the procedures and under the conditions laid down by the General Agreement on Tariffs and Trade 1994 and by the Agreement Establishing the World Trade Organization, and any other relevant instruments negotiated under their auspices, which are applicable between the Parties concerned.

Article 24

Government Procurement

1. The Parties consider the liberalization of their respective government procurement markets as an objective of this Agreement.

2. The Parties shall progressively develop their respective rules, conditions and practices concerning government procurement with a view to grant suppliers of the other Parties, at the latest by 31 December 2000, access to contract award procedures on their respective government procurement markets according to the provisions of the Agreement on Government Procurement in Annex IV to the Agreement Establishing the World Trade Organization.

3. The Joint Committee shall examine developments related to the achievement of the objectives of this Article and may recommend practical modalities of implementing the provisions of paragraph 2 of this Article, so as to ensure free access, transparency and full balance of rights and obligations.

4. During the examination, referred to in paragraph 3 of this Article, the Joint Committee may consider, especially in the light of international regulations in this area, the

possibility of extending the coverage and/or the degree of the market opening provided for in paragraph 2.

5. The Parties shall endeavour to accede to the relevant Agreements negotiated under the auspices of the General Agreement on Tariffs and Trade 1994 and the Agreement Establishing the World Trade Organization.

Article 25

Protection of intellectual property

1. The Parties shall grant and ensure protection of intellectual property rights on a non-discriminatory basis, including measures for the grant and enforcement of such rights. Parties confirm their will to respect obligations arising from the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights, as well as other conventions on intellectual property protection, which are signed by both Parties, and listed in Annex V.

2. For the purpose of this Agreement "intellectual property protection" includes in particular protection of copyright, neighbouring rights, trade marks, geographical indications, industrial designs, patents, topographies of integrated circuits, as well as undisclosed information (know-how).

3. The Parties to this Agreement may conclude further agreements exceeding the requirements of this Agreement.

4. The Parties shall cooperate in matters of intellectual property. They shall hold, upon request of a Party, expert consultations on these matters, in particular on activities relating to the existing or to future international conventions on harmonization, administration and enforcement of intellectual property and on activities in international organizations, such as the World Trade Organization, WIPO, as well as on relations of Parties with third countries in matters concerning intellectual property.

Article 26

Dumping

If a Party to this Agreement finds that dumping within the meaning of Article VI of the GATT 1994 is taking place in trade relations governed by this Agreement, it may take appropriate measures against that practice in accordance with Article VI of the General Agreement on Tariffs and Trade 1994 and agreements related to that Article, under the conditions and in accordance with the procedure laid down in Article 31.

Article 27

General safeguards

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 Party, or

(b) serious disturbances in any related sector of the economy or difficulties which could bring about serious deterioration in the economic situation of a region, the Party concerned may take appropriate measures under the conditions and in accordance with the procedure laid down in Article 31.

Article 28

Structural adjustment

1. Exceptional measures of limited duration which derogate from the provisions of Article 4 may be taken by any of the Parties 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 the Party concerned to products originating in the other Party, introduced by these measures, may not exceed 25 per cent ad valorem and shall maintain an element of preference for products originating in the other Party. 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 other Party as defined in Chapter I, during the last year for which statistics are available.

4. These measures shall be applied for a period not exceeding four 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 elapsed since the entry into force of this Agreement or elimination of all duties and quantitative restrictions or charges or measures having an equivalent effect concerning that product.

6. The Party concerned shall inform the Joint Committee of any exceptional measures it intends to take, and at the request of the other Party, 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 the Party concerned 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.

Article 29

Re-export and serious shortage

Where compliance with the provisions of Articles 7 and 9 leads to:

- (a) re-export towards a third country against which the exporting Party 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 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 31.

Article 30

Fulfilment of obligations

1. The Parties shall take any general or specific measures required to fulfil their obligations under the Agreement. They shall ensure to it that the objectives set out in the Agreement are achieved.
2. If a Party considers that the other Party has failed to fulfil an obligation under this Agreement, the Party concerned may take appropriate measures under the conditions and in accordance with the procedure laid down in Article 31.

Article 31

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 Parties shall endeavour to solve any differences between them through direct consultations.
2. If a Party subjects imports of products liable to give rise to the situation referred to in Article 27 to an administrative procedure, the purpose of which is the rapid provision of information on the trend of trade flows, it shall inform the other Party.
3. Without prejudice to paragraph 7 of the present Article, a Party which considers resorting to safeguard measures shall promptly notify the other Party thereof and supply all relevant information. Consultations between the Parties shall take place without delay with a view to finding a solution.
4. (a) As regards Articles 26, 27 and 29, in case that a joint solution cannot be found or that the Parties cannot or do not meet within 30 days in order to consult each other, the Party concerned may adopt the measures necessary in order to remedy the situation, and notify the other Party.

(b) As regards Article 30, the Party concerned may take appropriate measures after the consultations have been concluded or after a period of three months has elapsed from the date of the first notification to the other Party.

(c) As regards Article 22 and 23, the Party concerned shall request from the other Party to eliminate the practice objected to. If the other Party fails to put an end to the practice objected to or if an agreement cannot be reached within 30 working days, the Party concerned may adopt appropriate countermeasures to deal with the difficulties resulting from the practice in question.

5. The safeguard measures taken shall be notified immediately to the other Party. They shall be limited 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 the Agreement. The measures taken by a Party against an action or an omission of another Party may only affect the trade with that Party.

6. The safeguard measures taken shall be the object of periodic consultations with a view to their relaxation as soon as possible, or abolition when conditions no longer justify their maintenance.

7. Where exceptional circumstances requiring immediate action make prior examination impossible, the Party concerned may, in the cases of Articles 26, 27 and 29, apply forthwith the provisional measures strictly necessary to remedy the situation. The measures shall be notified without delay and consultations between the Parties shall take place as soon as possible.

Article 32

Balance of payments difficulties

1. The Parties shall endeavour to avoid the imposition of restrictive measures including measures relating to imports for balance of payments purposes.

2. Where one of the Parties is in serious balance of payments difficulties, or under imminent threat thereof, the Party concerned may, in accordance with the conditions established under the General Agreement on Tariffs and Trade 1994, adopt restrictive measures, including measures related to imports, which shall be of limited duration and may not go beyond what is necessary to remedy the balance of payments situation. The measures shall be progressively relaxed as balance of payments conditions improve and they shall be eliminated when conditions no longer justify their maintenance. The Party shall inform the other Party forthwith of their introduction and, whenever practicable, of a time schedule for their removal.

Article 33

Evolutionary clause

1. Where a Party considers that it would be useful in the interests of the economies of the Parties to develop and deepen the relations established by the Agreement by extending them to fields not covered thereby, it shall submit a reasoned request to the other Party. The Parties may instruct the Joint Committee to examine such a request and, where appropriate, to make recommendations, particularly with a view to opening negotiations.

2. Agreements resulting from the procedure referred to in paragraph 1 will be subject to ratification or approval by the Parties in accordance with their internal legal procedures.

Article 34

The Joint Committee

1. The Parties agree to set up the Joint Committee composed of representatives of the Parties.

2. The implementation of this Agreement shall be supervised and administered by the Joint Committee.

3. For the purpose of the proper implementation of the Agreement, the Parties shall exchange information and, at the request of any Party, shall hold consultations within the Joint Committee. The Committee shall keep under review the possibility of further removal of the obstacles to trade between the Parties.

4. The Joint Committee may take decisions in cases provided for in this Agreement. On other matters the Committee may make recommendations.

Article 35

Procedures of the Joint Committee

1. For the proper implementation of this Agreement the Joint Committee shall meet whenever necessary but at least once a year. Each Party may request that a meeting be held.

2. The Joint Committee shall act by common agreement.

3. If a representative in the Joint Committee of a Party to this Agreement has accepted a decision subject to the fulfilment of internal legal requirements, the decision shall enter into force, if no later date is contained therein, on the day the lifting of the reservation is notified.

4. For the purpose of this Agreement the Joint Committee shall adopt its rules of procedure which shall, inter alia, contain provisions for convening meetings and for the designation of the Chairman and his term of office.

5. The Joint Committee may decide to set up such subcommittees and working parties as it considers necessary to assist it in accomplishing its tasks.

Article 36

Services and investment

1. The Parties to this Agreement recognize the growing importance of certain areas, such as services and investments. In their efforts to gradually develop and broaden their cooperation, in particular in the context of the European integration, they will cooperate with the aim of achieving a progressive liberalization and mutual opening of markets for investments and trade in services, taking into account relevant provisions of the General Agreement on Trade in Services.

2. The Parties will discuss in the Joint Committee the possibilities to extend their trade relations to the fields of foreign direct investment and trade in services.

Article 37

Customs unions, free-trade areas and frontier trade

This Agreement shall not prevent the maintenance or establishment of customs unions, free-trade areas or arrangements for frontier trade to the extent that these do not negatively affect the trade regime of the Parties and in particular the provisions concerning rules of origin provided for by this Agreement.

Article 38

Annexes, Protocols and Amendments

1. Annexes and Protocols to this Agreement are an integral part of it. The Joint Committee may decide to amend the Annexes and Protocols in accordance with the provisions of paragraph 3 of the Article 35.

2. Amendments to this Agreement other than those decided upon in accordance with paragraph 4 of Article 34, and which are approved by the Joint Committee, shall be submitted to the other Party for acceptance and shall enter into force if accepted by both Parties.

Article 39

Entry into force

1. This Agreement shall enter into force on 1 January 1997 if the Parties notify each other at least 15 days before that date that their internal legal procedures related with the entry into force of this Agreement have been completed.

2. If the Parties to this Agreement fail to fulfil the provisions of paragraph 1 of this Article, the Agreement shall enter into force thirty (30) days after the date on which the Parties notify each other that the internal legal procedures related with the entry into force of this Agreement have been completed, unless Parties agree another date by the exchange of notes.

Article 40

Validity and withdrawal

This Agreement is concluded for an indefinite period of time. Each Party to this Agreement may withdraw therefrom by means of a written notification to the other Party. In such case this Agreement shall cease to bind six months after the date on which the notification was received by the other Party.

IN WITNESS WHEREOF the undersigned plenipotentiaries, being duly authorized thereto, have signed the present Agreement.

DONE in Warsaw at 27 June in 1996 in duplicate copies in the Polish, Lithuanian and English languages, all texts being equally authentic. In case of divergences the English text shall prevail.

For the Republic of Poland For the Republic of Lithuania

RECORD OF UNDERSTANDING

1. The Parties declare their readiness to examine in the Joint Committee the possibility of extending to each other any concessions they grant or will grant to third countries with which they concluded a free trade agreement or other similar agreement to which Article XXIV of the General Agreement on Tariffs and Trade applies.

2. As regards paragraph 2 of Article 3, the Parties agree that where a reduction of duties is effected by way of a suspension of duties made for a particular period of time, such reduced duties shall replace the basic duties only for the period of such suspension; and that whenever a partial suspension of duties is made, the preferential margin between the Parties will be preserved.

3. The Parties agree that Article 9 does not apply when measures covered by this Article might be required for the administration of international obligations.

4. When elaborating the criteria and rules indicated in paragraph 3 of Article 23, the Parties:

- shall aim at ensuring their greatest possible conformity with the relevant criteria and rules used under the Agreements establishing an Association between each of the Parties of this Agreement and the European;

- Shall define the conditions and/or situations when temporary derogations from the provisions of paragraph 1 may be applicable;

- shall review conditions under which actions against state aid practices may be taken.

5. Concerning paragraph 4 of Article 23 the Joint Committee shall, within one year following the entry into force of this Agreement, adopt the necessary rules for the implementation of transparency measures.

6. The Parties consider that an arbitration procedure could be envisaged for disputes which cannot be settled through consultations between the Parties concerned or in the Joint Committee. Such a possibility may be further examined in the Joint Committee.

DECLARATION OF THE GOVERNMENT OF THE REPUBLIC OF POLAND

Subject to an expressly stated willingness and a formal request submitted by the Republic of Lithuania to the Chairman of the CEFTA Joint Committee, the Republic of Poland shall support the Republic of Lithuania in her aspirations to accede to the Central European Free Trade Agreement.

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

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