



**LIETUVOS RESPUBLIKOS AMBASADA JUNGTINESE AMERIKOS
VALSTIJOSE
EMBASSY OF THE REPUBLIC OF LITHUANIA TO THE UNITED STATES OF
AMERICA**

2002-05-15

Nr. 02-05-726

Mr. Grant Aldonas,
Undersecretary of Commerce,

Attn.Mr. Faryar Shirzad,
Assistant Secretary for the Import Administration

ON THE LITHUANIA'S STATUS AS A "NONMARKET ECONOMY COUNTRY"

Dear Mr. Undersecretary:

I was quite unpleasantly surprised recently by the fact that Lithuania was treated as a non-market economy by the U.S. Department of Commerce. This fact came to my attention in relation with the Notice of Initiation of Antidumping Investigation: urea ammonium nitrate solutions imported from Lithuania. On May 9, 2002, the U.S. Department of Commerce initiated the above-referenced investigations treating Lithuania as non-market economy.

With all due respect such a treatment of Lithuania as a non-market economy goes well beyond any economic reality and facts recognized by the large number of international institutions and partner countries.

Lithuania's achievements in making substantial reforms, including price and trade liberalization, enterprise privatization and financial sector reform was recognized by the European Bank for Reconstruction and Development

"The significant acceleration in structural reform, in particular the progress made in restructuring the energy sector and in bank privatization" was repeatedly noted in recent documents of the International Monetary Fund (2001 Articles IV Consultation with the Republic of Lithuania).

The best witness to our trade liberalization is Lithuania's membership in the World Trade Organization.

The European Commission in its 2000 Regular Report on Lithuania's progress Towards Accession to the European Union has stated that "Lithuania can be regarded as a functioning market economy".

And last but not the least. I came to understand that the origin of Lithuania's non-market economy status was established in 1991, because the former Soviet Union was designated a non-market economy, and each of the independent states were now designated by the Commerce as a non-market economies.

However, this very reasoning is not right. Lithuania is not a successor country of the U.S.S.R. and it can not be viewed as a continuation of such. The United States never recognized the forcible incorporation of Lithuania into the U.S.S.R. Let me quote a paragraph from a Charter of Partnership among the U.S. and Lithuania, Latvia and Estonia that was signed by Presidents of respective countries in 1998: "Further recalling that the United States of America never recognized the forcible incorporation of Estonia, Latvia and Lithuania into the USSR in 1940 but rather regards their statehood as uninterrupted since the establishment of their independence, a policy which the United States has restated continuously for five decades" (underlined by me).

Moreover, Lithuania has enjoyed Most-Favored-Nation treatment with the U.S. since December, 1991. In aforementioned Charter of Partnership, the U.S. commended the substantial progress Lithuania made to implement economic reform and development of its transition to free market economy. Many American companies have chosen to invest and locate production facilities in Lithuania, including Motorola, Mars/Masterfoods, Kraft Food International, Penninox, Philip Morris, Cargill, and Williams International. During recent years, the Government has continued to take effective measures for improving the business climate, reducing bureaucracy and streamlining administrative procedures. According to an annual survey of foreign investors conducted by the Lithuanian Development Agency, the 2000 survey shows that 94% of investors are satisfied with their investment, up from 80% in 1997.

In a meantime I should like to express my sincere considerations to you and the U.S. Department of Commerce and ask for the speedy processing of our rightful claim.

Sincerely,

Ambassador

Vygaudas Usackas