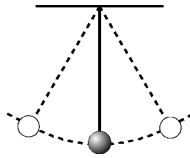


November 4, 2002
Inquiry No.: A-451-801
No. of Pages: 3

PUBLIC DOCUMENT



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BY HAND DELIVERY

The Honorable Donald L. Evans
Secretary of Commerce
Attn: Import Administration
Central Records Unit, Room 1870
U.S. Department of Commerce
14th Street and Constitution Avenue, N.W.
Washington, D.C. 20230

**Re: NOTICE OF INITIATION OF INQUIRY INTO THE STATUS OF LITHUANIA AS
A NON-MARKET ECONOMY COUNTRY FOR PURPOSES OF THE ANTIDUMPING
AND COUNTERVAILING DUTY LAWS UNDER A CHANGED CIRCUMSTANCES
REVIEW OF THE SOLID UREA ORDER AGAINST LITHUANIA**

Dear Mr. Secretary:

Pendulum Advisors, Inc. of Salem, NH have had an active interest in Lithuanian development, promotion of Lithuanian-US business relations and the betterment of the Baltic States, specifically Lithuania, for the last four years. Our interest has been spurred on by the encouragement of the tens of thousands of Lithuanian-Americans in our Lithuanian-American community here in Eastern New England. We Americans who understand the history of this small nation, which has persevered to maintain its identity over the centuries, in spite of being subjugated by Soviets, Russians, Poles and Germans, find it difficult to accept that our own United States of America now adds new obstacles to the efforts of Lithuanians to re-integrate themselves politically and economically into the Western world.

In making its determination we understand that your office evaluates six distinct criteria:

Criterion 1: The extent to which the currency of the foreign country is convertible into the currencies of other countries.

Lithuania re-instituted the Lithuanian Lita as its' national currency shortly after reestablishing its independence in 1991. Initially Lithuania pegged its exchange rates to the US

Dollar, and were ably advised both by the International Monetary Fund and the agencies of the World Bank in pursuit of these policies. Lithuania's monetary policies are conservative and public expenditures have been managed conservatively to keep currency stable. In anticipation of EU membership Lithuania changed to a Euro based currency parity. Full convertibility of the Litas to foreign currencies has been maintained since re-institution of the Litas.

Anecdotally, Pendulum Advisors have never encountered any difficulty in conversion of currency, either electronically, or in paper money, to or from the Lita. In fact, the banking system is well developed, offering the most modern facilities, to ensure service to their clients. Pendulum has encountered no complaints from foreign investors in orderly and prompt conversion of currency.

Criterion 2: The extent to which wage rates in the foreign country are determined by free bargaining between labor and management.

As in the United States, minimum wage rates are set by law. Actual market wage rates are significantly higher than the legally set minimums. Lithuanian law permits the functioning of labor unions, and workers negotiate in a free labor market, either collectively or individually, with their employers for their wages and benefits, in a system that is fully compatible with prospective integration into the free markets of the European Union. The laws of supply and demand have dictated the value of Lithuanian's labor in the marketplace.

Criterion 3: The extent to which joint ventures or other investments by firms of other foreign countries are permitted in the foreign country.

It is a public policy of the Government of Lithuania to encourage foreign investment into the Lithuanian economy. Foreign investment has been vigorous from the Nordic countries, Western Europe, Russia and the United States. Notable US investors have included Philip Morris, Kraft Foods, Penninox, Cargill, Holiday Inns, Motorola, and Williams International. European investors include Carlsberg, Statoil, Radisson SAS, Hansa Bank, Enskilda Bank, just to mention a few. More investment is sought, since it is seen as a critical mechanism needed to accelerate the development of the Lithuanian economy, so that Lithuanians can come to enjoy a higher standard of living, compatible with their Northern European neighbors.

Criterion 4: The extent of government ownership or control of the means of production.

At the time of re-establishment of independence in 1991, Lithuania inherited from its occupation by the Soviet Union, a fully state controlled ownership of the means of production. In the following decade the government has systematically divested itself of public holdings, in a manner consistent with preservation of the viability of employment creating enterprises, and the preservation of value of these enterprises.

Knowledge of free market practices was at first limited, and examples offered by the first wave of foreign investors, and advisors, were less than exemplary. To a large extent, Lithuania has been able, through conservative government practices, to avoid the wholesale collapse of its enterprises, while selling them off to private ownership. A vigorous campaign of development of

foreign investment has been pursued parallel to this privatization effort, so ensure that the means of production have commercial value and viability.

Most of the work of the agency responsible for privatization, the State Property Fund, is now finished. The number of large scale privatization which remain are limited, and deliberate cautious movement is underway to finish the process without giving in to the influences of corruption.

Further, there is a vigorous private monitoring of the free market place in Lithuanian, that is under the leadership of the Lithuanian Free Market Institute, which reports on progress and the development of free market practices in Lithuania on an on-going basis.

Criterion 5: The extent of government control over the allocation of resources and over the price and output decisions of enterprises.

Consistent with the privatization of the formerly publicly held enterprises, the Government of Lithuania has removed itself from the process of allocation of resources and involvement in price and output decisions of enterprises. Forces at work that reinforce this transition include the fact that conservative monetary and expenditure policies, and pressures from international organizations, such as the EU and the IMF, mean that the Government does not have the financial resources to be involved in the control of resources.

Criterion 6: Such other factors as the administering authority considers appropriate.

This case comes about because Lithuania has been classified as a successor country to the former Soviet Union. It is true that Lithuania was annexed into the Soviet Union as an outgrowth of the Ribbentrop-Molotov treaty between Hitler's Germany, and Stalin's Soviet Union. When Lithuania was finally re-conquered by the Soviet Army in 1945, the United States continued to recognize Lithuanian Independence which was an outgrowth of the Treaty of Versailles that ended World War I. In fact, the United States never recognized the forcible annexation of Lithuania into the Soviet Union. Therefore it is incorrect to shift the matter of Non Market Economy designation of the former Soviet Union to Lithuania, whom the United States considers to have had uninterrupted statehood since the establishment of Independence in February of 1918.

We encourage the Secretary to take prompt action to remove the designation of Lithuania as a Non Market Economy.

Sincerely yours,

(Sign)

Thorsteinn Gislason, Dr. Eng.
Managing Director