

reform. Foreign direct investment remains relatively low and the commercial banking sector does not play a significant role in lending to the private sector. In particular, small- and medium sized enterprise growth is currently hampered by the reluctance of banks to provide credit.

Overall, however, Lithuania has made far-reaching changes in the structure of the economy. Therefore, based on the evidence on reforms in Lithuania to date, analyzed as required under section 771(18)(B) of the Act, the Department determines that (1) revocation of Lithuania's NME country status under section 771(18)(A) is warranted, and (2) Lithuania has operated as a market-economy country since January 1, 2003. Lithuania producers and exporters will be subject, therefore, to the antidumping rules applicable to market economies with respect to the analysis of transactions occurring after January 1, 2003. In addition, the U.S. countervailing duty law will apply now to Lithuania where the proceeding at issue involves an adequate period of investigation after this effective date.

Dated: February 27, 2003.

**Faryar Shirzad,**

*Assistant Secretary for Import Administration.*

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## DEPARTMENT OF COMMERCE

### International Trade Administration

[A-447-801]

#### **Final Results of Inquiry Into Estonia's Status 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 Estonia**

**AGENCY:** Import Administration, International Trade Administration, Department of Commerce.

**ACTION:** Final results.

**EFFECTIVE DATE:** January 1, 2003.

**FOR FURTHER INFORMATION CONTACT:** George Smolik, Office of Policy, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-1843.

*Background:* The Department has treated Estonia as a non-market economy ("NME") country in past antidumping duty investigations and administrative reviews. *See, e.g., Urea*

*From the Union of Soviet Socialist Republics; Final Determination of Sales at Less Than Fair Value, 52 FR 19557 (May 26, 1987); and, Solid Urea from the Union of Soviet Socialist Republics—Transfer of the Antidumping Duty Order on Solid Urea From the Union of Soviet Socialist Republics to the Commonwealth of Independent States and the Baltic States and Opportunity to Comment, 57 FR 28828 (June 29, 1992). A designation as an NME remains in effect until it is revoked by the Department. See section 771(18)(C)(i) of the Act.*

On July 10, 2003, the Department received a letter from the Republic of Estonia Ministry of Foreign Affairs requesting a review of Estonia's status as a NME country. In the letter, the Government of Estonia submitted documentation supporting its request for market economy status. The Department subsequently received a letter from the Ambassador of Estonia to the United States dated September 20, 2002, requesting a review of Estonia's NME status under a changed circumstances review of the antidumping duty order on solid urea from Estonia. In response to this latter request, the Department initiated a changed circumstances review in order to examine whether Estonia is still a NME country for purposes of the antidumping and countervailing duty laws, pursuant to sections 751(b) and 771(18)(C)(ii) of the Act.

On October 16, 2002, the Department published a Notice in the **Federal Register** requesting comments from the public concerning this matter. See Notice of Initiation of a Changed Circumstances Review of the Antidumping Duty Order on Solid Urea From Estonia, 67 FR 63886, October 16, 2002. Comments were due no later than December 2, 2002 and rebuttal comments were due January 02, 2003. The Government of Estonia ("GOE") submitted comments supporting its request to revoke Estonia's NME status. No comments were received by the Department opposing the GOE's request.

**SUMMARY:** The GOE has implemented economic and institutional reforms since regaining its independence in 1991. The reforms initiated by the GOE specifically relating to the factors examined by the Department under section 771(18)(B) are comprehensive. See memorandum to Faryar Shirzad from Shauna Lee-Alaia *et al*, *Decision Memorandum regarding Estonia's Status as a Non-Market Economy Country for Purposes of the Antidumping and Countervailing Duty Law under a Changed Circumstances*

*Review of the Solid Urea Order Against Estonia* (February 28, 2003).

The Estonian kroon, established in 1992, is freely convertible for both current and capital account purposes. There are no restrictions on repatriation of earnings. The central bank sets monetary policy and regulates private-sector banks, independent of the government. Wages are freely negotiated between employees and management. The right to unionize and bargain collectively is guaranteed by law. Foreign and domestic investors are treated equally. In fact, Estonia enjoys one of the highest foreign direct investment per capita rates in the region. Privatization of most medium-sized and large industrial enterprises is complete, with 80 percent of gross domestic product in the hands of the private sector. Private property rights are respected in Estonia. Both foreigners and Estonians are able to own agricultural and non-agricultural land. Entrepreneurship is encouraged by the GOE and adequately protected *de jure* and *de facto*. The financial sector, predominately foreign owned and completely privately owned, acts as a financial intermediary between investors and savings. Consumer prices were liberalized in 1992. As of mid 2002, Estonia had closed 26 of 31 chapters of the acquis communautaire and is expected to accede to the European Union in 2004. Estonia has been a member of the World Trade Organization since November 1999.

Overall, Estonia has made far-reaching changes in the structure of its economy resulting in a successful transition to a market economy. Under section 771(18)(B) of the Act, the U.S. Department of Commerce determines that (1) revocation of Estonia's NME country status under section 771(18)(A) is warranted, and (2) Estonia has operated as a market-economy country since January 1, 2003. Estonia producers and exporters will be subject, therefore, to the antidumping rules applicable to market economies with respect to the analysis of transactions occurring after January 1, 2003. In addition, the U.S. countervailing duty law will apply now to Estonia where the proceeding at issue involves an adequate period of investigation after this effective date.

Dated: February 27, 2003.

**Faryar Shirzad,**

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