

products include hot-rolled carbon steel universal mill plates (i.e., flat-rolled products rolled on four faces or in a closed box pass, of a width exceeding 150 millimeters but not exceeding 1,250 millimeters and of a thickness of not less than 4 millimeters, not in coils and without patterns in relief), of rectangular shape, neither clad, plated nor coated with metal, whether or not painted, varnished, or coated with plastics or other nonmetallic substances; and certain hot-rolled carbon steel flat-rolled products in straight lengths, of rectangular shape, hot rolled, neither clad, plated, nor coated with metal, whether or not painted, varnished, or coated with plastics or other nonmetallic substances, 4.75 millimeters or more in thickness and of a width which exceeds 150 millimeters and measures at least twice the thickness, as currently classifiable in the Harmonized Tariff Schedule (HTS) under item numbers 7208.40.3030, 7208.40.3060, 7208.51.0030, 7208.51.0045, 7208.51.0060, 7208.52.0000, 7208.53.0000, 7208.90.0000, 7210.70.3000, 7210.90.9000, 7211.13.0000, 7211.14.0030, 7211.14.0045, 7211.90.0000, 7212.40.1000, 7212.40.5000, and 7212.50.0000. Included are flat-rolled products of nonrectangular cross-section where such cross-section is achieved subsequent to the rolling process (i.e., products which have been "worked after rolling") for example, products which have been beveled or rounded at the edges. Excluded is grade X-70 plate. These HTS item numbers are provided for convenience and Customs purposes. The written description remains dispositive.

Merchandise covered by these changed circumstances reviews and partial revocations are shipments of certain carbon cut-to-length steel plate with a maximum thickness of 80 mm in steel grades BS 7191, 355 EM and 355 EMZ, as amended by Sable Offshore Energy Project specification XB MOO Y 15 0001, types 1 and 2.

Initiation and Preliminary Results of Changed Circumstances AD and CVD Reviews, and Intent To Revoke Orders in Part

At the request of the petitioners, in accordance with sections 751(d)(1) and 751(b)(1) of the Act and section 351.216 of the Department's regulations, the Department is initiating changed circumstances reviews of certain cut-to-length carbon steel plate from Finland, Germany and the United Kingdom to determine whether partial revocation of the AD and CVD orders is warranted

with respect to the cut-to-length carbon steel plate subject to these requests. Section 782(h)(2) of the Act and section 351.222(g)(1)(i) of the Department's regulations provide that the Department may revoke an order (in whole or in part) if it determines that producers accounting for substantially all of the production of the domestic like product have no further interest in the order, in whole or in part. In addition, in the event the Department determines that expedited action is warranted, section 351.221(c)(3)(ii) of the regulations permits the Department to combine the notices of initiation and preliminary results.

In accordance with section 751(b) of the Act and sections 351.222(g)(1)(i) and 351.221(c)(3) of the Department's regulations, we are initiating these changed circumstances reviews and have determined that expedited action is warranted. Our decision to expedite these reviews stems from the domestic industry's lack of interest in applying the AD and CVD orders to the specific carbon steel plate covered by these requests.

Based on the expression of no interest by petitioners and absent any objection by any other domestic interested parties, we have preliminarily determined that substantially all of the domestic producers of the like product have no interest in continued application of the AD and CVD orders to the plate subject to these requests. Therefore, we are notifying the public of our intent to revoke, in part, the AD and CVD orders as they relate to imports of plate described above from Finland, Germany and the United Kingdom.

Public Comment

Interested parties may submit case briefs and/or written comments no later than 14 days after the date of publication of these preliminary results. Rebuttal briefs and rebuttals to written comments, limited to issues raised in such briefs or comments, may be filed no later than 21 days after the date of publication. The Department will issue the final results of these changed circumstances reviews, which will include the results of its analysis raised in any such written comments, no later than 270 days after the date on which these reviews were initiated, or within 45 days if all parties agree to our preliminary determinations. See section 351.216(e) of the Department's regulations.

If final revocation occurs, we will instruct the U.S. Customs Service to end the suspension of liquidation and to refund, with interest, any estimated AD and CVD duties collected for all

unliquidated entries of the specific carbon steel plate covered by these requests from Finland, Germany and the United Kingdom. The current requirement for a cash deposit of estimated AD and CVD duties on all subject merchandise will continue unless and until it is modified pursuant to the final results of these changed circumstances reviews.

This initiation of review and notice are in accordance with sections 751(b) of the Act (19 U.S.C. 1675(b)) and 19 CFR 351.216, 351.221, and 351.222.

Dated: June 25, 1999.

Richard W. Moreland,

Acting Assistant Secretary for Import Administration.

[FR Doc. 99-17221 Filed 7-6-99; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

[A-401-040]

Stainless Steel Plate From Sweden: Notice of Preliminary Results of Antidumping Duty Administrative Review

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

ACTION: Notice of preliminary results of antidumping duty administrative review.

SUMMARY: In response to a request from the petitioners, the Department of Commerce ("the Department") is conducting an administrative review of the antidumping finding on stainless steel plate from Sweden. The review covers two manufacturer/exporters of the subject merchandise to the United States, Avesta Sheffield AB ("Avesta") and Uddeholm Tooling AB and its sales subsidiaries (collectively, "Uddeholm"). Uddeholm's sales affiliate in the United States is Bohler-Uddeholm Corporation ("BUS") and its sales affiliate in Canada is Uddeholm Limited, Canada ("BCA"). The period of review is June 1, 1997 through May 31, 1998. We preliminarily determine that sales have been made below normal value ("NV"). If these preliminary results are adopted in our final results of administrative review, we will instruct U.S. Customs to assess antidumping duties based on the difference between constructed export price ("CEP") and NV.

Interested parties are invited to comment on these preliminary results. Parties which submit argument in this proceeding are requested to submit with the argument: (1) A statement of the

issue, and (2) a brief summary of the argument (no longer than five pages, including footnotes).

EFFECTIVE DATE: July 7, 1999.

FOR FURTHER INFORMATION CONTACT:

Nithya Nagarajan or Jonathan Lyons, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; telephone (202) 482-4243 or 482-0374, respectively.

SUPPLEMENTARY INFORMATION:

Applicable Statute

Unless otherwise indicated, all citations to the Tariff Act of 1930, as amended ("the Act") are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Act by the Uruguay Round Agreements Act ("URAA"). In addition, unless otherwise indicated, all citations to the Department's regulations are references to the provisions codified at 19 CFR part 351 (1998).

Background

The Department of the Treasury published an antidumping finding on stainless steel plate from Sweden on June 8, 1973 (38 FR 15079). The Department of Commerce published a notice of "Opportunity To Request Administrative Review" of the antidumping finding for the 1997-1998 review period on June 10, 1998 (63 FR 31717). On June 10, 1998, the petitioner, Allegheny Ludlum Steel Corp., G.O. Carlson, Inc., and Lukens, Inc., filed a request for review of Uddeholm and Avesta. We initiated the review on July 28, 1998 (63 FR 40258). On October 8, 1998, December 1, 1998, February 22, 1999, and April 12, 1999, we received responses from Uddeholm to the Department's original and supplemental questionnaires.

The review covers the period June 1, 1997 through May 31, 1998. The Department is conducting this review in accordance with section 751 of the Act, as amended. Section 751(a)(3) provides that the Department may extend the deadline for issuing its preliminary results of an administrative review if it determines that it is not practicable to complete the preliminary results within the statutory time limit of 245 days. See also 19 CFR 351.213(h)(2). On January 11, 1999, the Department extended the time limit for these preliminary results to June 30, 1999. See *Stainless Steel Plate from Sweden; Extension of Time Limits for Antidumping Duty Administrative Review*, 64 FR 3683 (January 25, 1999).

Scope of the Review

Imports covered by this review are shipments of stainless steel plate which is commonly used in scientific and industrial equipment because of its resistance to staining, rusting and pitting. Stainless steel plate is classified under Harmonized Tariff Schedule of the United States (HTSUS) item numbers 7219.11.00.00, 7219.12.00.05, 1209.12.00.15, 7219.12.00.45, 7219.12.00.65, 7219.12.00.70, 7219.12.00.80, 8219.21.00.05, 7219.21.00.50, 7219.22.00.05, 7219.22.00.10, 7219.22.00.30, 7219.22.00.60, 7219.31.00.10, 7219.31.00.50, 7220.11.00.00, 7222.30.00.00, and 7228.40.00.00. Although the subheadings are provided for convenience and customs purposes, the written description of the merchandise is dispositive.

Facts Available

On September 2, 1998, Avesta informed the Department that it was unable to participate in the 1997-1998 administrative review. Avesta claimed that, because a key facility had closed and staff that had participated in prior reviews were no longer employed by the company, it would not be "feasible, financially or practically," for the company to participate.

Section 776(a)(2)(A) of the statute and 19 CFR 351.308 mandate use of facts available in several circumstances, including when a respondent withholds requested information. Further, section 776(b) of the Act authorizes the Department to use an adverse inference in selecting from the facts otherwise available where the respondent has "not acted to the best of its ability to comply with a request for information."

Because Avesta has declined to respond to the Department's questionnaire, we must rely on the facts otherwise available. Further, the Department finds that an adverse inference is warranted because Avesta has not acted to the best of its ability in responding to the Department's request for information. Avesta failed to provide any explanation as to why the loss of employees or the closing of a facility prevents its responding to the Department's questionnaire. Moreover, Avesta failed to identify specific problems in complying with our request, to seek the Department's assistance or to suggest alternatives that would allow the Department to collect the necessary information, as required by section 782(c)(1). Rather, the company appears to have made a business decision not to devote the necessary resources to provide the

Department with the information needed to conduct the review.

Section 776(b) of the Act authorizes the Department to use as adverse facts available information derived from the petition, the final determination, a previous administrative review, or other information placed on the record. In accordance with section 776(b)(3) of the Act, we have selected as facts available the highest previous margin in this case from segments conducted by the Department, which is Avesta's margin from the 1995-1996 administrative review.

Information from prior segments of the proceeding constitutes secondary information. Section 776(c) of the Act provides that the Department shall, to the extent practicable, corroborate secondary information from independent sources reasonably at its disposal. The Statement of Administrative Action (SAA) explains that "corroborate" means simply that the Department will satisfy itself that the secondary information to be used has probative value. (See H.R. Doc. 316, Vol. 1, 103d Cong., 2d sess. 870 (1994).)

To corroborate secondary information, the Department will, to the extent practicable, examine the reliability and relevance of the information to be used. However, unlike other types of information, such as input costs or selling expenses, there are no independent sources for calculated dumping margins. The only source for margins is administrative determinations. Thus, in an administrative review, if the Department chooses as total adverse facts available a calculated dumping margin from a prior segment of the proceeding, it is not necessary to question the reliability of the margin for that time period. With respect to the relevance aspect of corroboration, however, the Department will consider information reasonably at its disposal as to whether there are circumstances that would render a margin not relevant. Where circumstances indicate that the selected margin is not appropriate as adverse facts available, the Department will disregard the margin and determine an appropriate margin (see *Fresh Cut Flowers from Mexico; Final Results of Antidumping Duty Administrative Review*, 61 FR 6812 (February 22, 1996), where the Department disregarded the highest margin as adverse BIA because the margin was based on another company's uncharacteristic business expense resulting in an unusually high margin).

The dumping margin we have selected for Avesta as facts available in this review is a rate calculated in a prior

segment of the proceeding; therefore, we deem it to be reliable. Moreover, because the margin selected was actually calculated for Avesta based on information submitted by the company in the prior review, we deem it to be relevant. Therefore, the requirements of section 776(c) of the Act have been met.

Because we have based Avesta's dumping margin entirely on facts available, the analysis below addresses only sales made by Uddeholm.

Verification

As provided in section 782(i) of the Act, we verified information provided by Uddeholm using standard verification procedures, including on-site examination of relevant sales and financial records and selection of original documentation containing relevant information. Our verification results are outlined in the proprietary and public versions of the verification report.

Date of Sale

For both its third-country market and U.S. sales, Uddeholm reported the earlier of either the date of invoice or the date of shipment as the date of sale. Uddeholm stated that this methodology best reflects the date on which the material terms of sale are established. In the normal course of business, invoices are issued upon shipment of merchandise to the customer. In rare instances, merchandise is shipped prior to invoicing. Invoices on these shipments are issued on the next business day. Due to the unique nature of the subject merchandise and its applications, orders for merchandise are processed and shipped within a week of the customer's order, and in many instances within 1–2 business days. Orders are primarily placed via phone or fax to the sales departments, and usually result in Uddeholm's generating a work order for their merchandise processing and operations division. Most orders are immediately filled from inventory and sized to the customer's specifications. Uddeholm records the terms of sale (price and quantity) when the merchandise is shipped and the invoice is issued, which generally occurs on the same day. In addition, the Department verified that there are no sales contracts, long-term orders, or extended delivery agreements between Uddeholm and its customers. Therefore, we preliminarily determine that invoice date is the most appropriate date of sale in accordance with § 351.401(i) of the Department's regulations.

Product Comparisons

In accordance with section 771(16) of the Act, all products produced by the respondents, covered by the description in the Scope of Investigation section, above, and sold in Canada during the period of review (POR) are considered to be foreign like products for purposes of determining appropriate product comparisons to U.S. sales. We have relied on five characteristics to match U.S. sales of subject merchandise to comparison market sales of the foreign like product: specification, process, thickness, finish, and form. We used thickness ranges reported by the respondent, as requested by the Department. Where there were no sales of identical merchandise in the third-country market to compare to U.S. sales, we compared U.S. sales to the next most similar foreign like product on the basis of the characteristics listed in the antidumping questionnaire and reporting instructions.

Fair Value Comparisons

To determine whether sales of stainless steel plate from Sweden to the United States were made at less than normal value, we compared NV to the CEP, as described in the "Constructed Export Price" and "Normal Value" sections of this notice.

Constructed Export Price (CEP)

In accordance with section 772 (b) of the Act, we treated all of Uddeholm's sales to the United States as CEP sales because the merchandise was first sold to unaffiliated U.S. purchasers, after importation, by an affiliated seller in the United States. There were no export price sales during the period of review.

We based CEP on the packed ex-warehouse or delivered price to unaffiliated customers in the United States. In accordance with section 772 (c)(2) of the Act, we made adjustments, where applicable, for international and ocean freight, U.S. inland freight, U.S. brokerage and handling expenses, U.S. customs duties, early payment discounts, rebates, warehousing, and marine insurance. In accordance with sections 772(d)(1) and (2) of the Act, we made deductions for selling expenses, warranty expenses, credit expenses, and cutting and grinding expenses.

To arrive at the CEP, the gross unit price was further reduced by an amount for profit pursuant to section 772(d)(3) of the Act. In accordance with section 772 (f) of the Act, we computed profit based on total revenues realized on sales in both the U.S. and third-country markets, less all expenses associated with those sales. We then allocated

profit to the expenses deducted under sections 772(d)(1) and (2), based on the ratio of total U.S. expenses to total expenses for both the U.S. and third-country markets.

Normal Value

A. Home Market Viability

In order to determine whether there were sufficient sales of stainless steel plate in the home market to serve as a viable basis for calculating NV, we compared the volume of home market sales of subject merchandise to the volume of subject merchandise sold in the United States, in accordance with section 773(a)(1)(C) of the Act. Since Uddeholm's aggregate volume of home market sales was less than five percent of its U.S. sales of the subject merchandise, we did not base NV for Uddeholm on its home market sales.

B. Comparison Market Selection

In selecting the appropriate third-country market on which to base NV for Uddeholm, we analyzed sales to Uddeholm's three largest third-country markets. In accordance with § 351.404(e) of the Department's regulations, we chose the Canadian market as the most appropriate comparison market for NV. Canada constituted Uddeholm's largest third-country market, and merchandise sold in the Canadian market was identical to the subject merchandise sold in the United States. For a more detailed discussion of third-country market selection, see *Analysis Memorandum for 3rd Country Comparison Market*, dated May 28, 1999.

We calculated NV based on sales to unaffiliated third-country market customers. We made adjustments for physical differences in the merchandise, where necessary, in accordance with section 773(a)(6)(C)(ii) of the Act. In accordance with section 773(a)(6)(B)(ii) of the Act, we made adjustments to NV for international freight, third-country inland freight, third-country inland insurance, third-country customs duties, and warehousing expenses. We also adjusted NV for direct selling expenses, including imputed credit expenses, in accordance with section 773(a)(6)(C)(iii) of the Act. Finally, we made an adjustment to NV for early payment discounts, in accordance with § 351.401(c) of the Department's regulations.

Price-to-Price Comparisons

We performed price-to-price comparisons where there were sales of comparable merchandise in the third-country market.

In accordance with section 777(A) of the Act, we calculated monthly weighted-average prices for NV and compared these to individual U.S. transactions.

Level of Trade

In accordance with section 773(a)(7) of the Act, to the extent practicable, we determine NV based on sales in the comparison market at the same level of trade (LOT) as the EP or CEP transaction. The NV LOT is that of the starting price sales in the comparison market or, when NV is based on CV, that of the sales from which we derive selling, general, and administrative (SG&A) expenses and profit. For EP sales, the U.S. LOT is also the level of the starting-price sale, which is usually from exporter to importer. For CEP sales, it is the level of the constructed sale from the exporter to the importer.

To determine whether NV sales are at a different level of trade than EP or CEP sales, we examine the stages in the marketing process and selling functions along with the chain of distribution between the producer and the unaffiliated customer. If the comparison-market sales are at a different LOT, and the difference affects price comparability, as manifested in a pattern of consistent price differences between the sales on which NV is based and comparison-market sales at the LOT of the export transaction, we make a LOT adjustment under section 773(a)(7)(A) of the Act. Finally, for CEP sales, if the NV level is more remote from the factory than the CEP level and there is no basis for determining whether the difference in the levels between NV and CEP affects price comparability, we adjust NV under section 773(a)(7)(B) of the Act (the CEP offset provision). *See Notice of Final Determination of Sales at Less Than Fair Value: Certain Cut-to Length Carbon Steel Plate from South Africa*, 62 FR 61731 (November 19, 1997).

The Department requested information concerning the selling functions associated with each phase of marketing, or the equivalent, in Uddeholm's Canadian and U.S. markets. The NV level of trade is based on sales by Uddeholm's affiliate, BCA, to unaffiliated customers in Canada. The information submitted by Uddeholm indicates that BCA performs the same selling functions for all customers in the Canadian market. Therefore, we preliminarily determine that the Canadian sales were made at a single level of trade. The CEP level of trade is based on the constructed sales to Uddeholm's affiliate, BUS, i.e., after the deductions required under 772(d) of the

Act. The information submitted indicates that at the CEP level of trade Uddeholm performs fewer and different selling functions than it does at the NV level of trade. Therefore, we preliminarily determine that there is a single level of trade in the United States—the CEP level of trade—which is different from the level of trade in Canada. For a more detailed discussion of level of trade *see Analysis Memorandum to the File regarding Level of Trade for Uddeholm*, dated June 22, 1999.

As evidenced by the record, the U.S. and Canadian sales are at different levels of trade and the Canadian level of trade—sales by an affiliated distributor—is at a more advanced stage of distribution than the U.S. CEP level of trade—sales by the producer to an affiliated distributor. However, we do not have data available that would be an appropriate basis for calculation of a level of trade adjustment. Therefore, in accordance with section 773(a)(7)(B) of the Act, we have preliminarily determined to make a CEP offset.

Currency Conversion

We made currency conversions into U.S. dollars in accordance with section 773A(a) of the Act based on the exchange rates in effect on the dates of the U.S. sales, as certified by the Federal Reserve Bank.

Preliminary Results of Review

We preliminarily determine that the following margins exist for the period June 1, 1997 through May 31, 1998: Uddeholm—7.30 percent
Avesta—29.36 percent

Parties to this proceeding may request disclosure within five days of publication of this notice and any interested party may request a hearing within 30 days of publication. Any hearing, if requested, will be held 37 days after the date of publication, or the first working day thereafter. Interested parties may submit case briefs and/or written comments no later than 30 days after the date of publication. Rebuttal briefs and rebuttals to written comments, limited to issues raised in such briefs or comments, may be filed no later than 35 days after the date of publication. The Department will publish the final results of this administrative review, which will include the results of its analysis of issues raised in any such written comments or at a hearing, within 120 days after the publication of this notice.

The Department shall determine, and Customs shall assess, antidumping duties on all appropriate entries. In

accordance with § 351.212(b) of the Department's regulations, we have calculated an importer-specific ad valorem assessment rate for the merchandise based on the ratio of the total amount of antidumping duties calculated for the examined sales made during the POR to the total entered value of the sales used to calculate these duties. This rate will be assessed uniformly on all entries of that particular importer made during the POR. The Department will issue appraisal instructions directly to Customs. The final results of this review shall be the basis for the assessment of antidumping duties on entries of merchandise covered by the determination and for future deposits of estimated duties.

Furthermore, the following deposit requirements will be effective upon completion of the final results of these administrative reviews for all shipments of stainless steel plate from Sweden entered, or withdrawn from warehouse, for consumption on or after the publication date of the final results of these administrative reviews, as provided by section 751(a)(1) of the Act: (1) The cash deposit rate for reviewed firms will be the rates established in the final results of administrative review, except if the rate is less than 0.50 percent, and therefore, *de minimis* within the meaning of 19 CFR 351.106, in which case the cash deposit rate will be zero; (2) for merchandise exported by manufacturers or exporters not covered in this review but covered in the original less-than-fair-value (LTFV) investigation or a previous review, the cash deposit will continue to be the most recent rate published in the final determination or final results for which the manufacturer or exporter received a company-specific rate; (3) if the exporter is not a firm covered in this review, a previous review, or the original investigation, but the manufacturer is, the cash deposit rate will be that established for the most recent period for the manufacturer of the merchandise; and (4) if neither the exporter nor the manufacturer is a firm covered in this or any previous review or the original fair value investigation, the cash deposit rate will be 4.46%.

This notice also serves as a preliminary reminder to importers of their responsibility under 19 CFR 351.402(f) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during these review periods. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties

occurred and the subsequent assessment of double antidumping duties.

This determination is issued in accordance with sections 751(a)(1) and 777(i)(1) of the Act.

Dated: June 29, 1999.

Richard W. Moreland,
Acting Assistant Secretary for Import Administration.

[FR Doc. 99-17222 Filed 7-6-99; 8:45 am]

BILLING CODE 3510-DS-P

DEPARTMENT OF COMMERCE

International Trade Administration

Export Trade Certificate of Review

ACTION: Notice of Issuance of an Export Trade Certificate of Review, Application No. 99-00002.

SUMMARY: The Department of Commerce has issued an Export Trade Certificate of Review to DecoArt, Inc. This notice summarizes the conduct for which certification has been granted.

FOR FURTHER INFORMATION CONTACT: Morton Schnabel, Director, Office of Export Trading Company Affairs, International Trade Administration, 202-482-5131. This is not a toll-free number.

SUPPLEMENTARY INFORMATION: Title III of the Export Trading Company Act of 1982 (15 U.S.C. 4001-21) authorizes the Secretary of Commerce to issue Export Trade Certificates of Review. The regulations implementing Title III are found at 15 CFR part 325 (1999).

The Office of Export Trading Company Affairs ("OETCA") is issuing this notice pursuant to 15 CFR 325.6(b), which requires the Department of Commerce to publish a summary of a Certificate in the **Federal Register**. Under Section 305 (a) of the Act and 15 CFR 325.11(a), any person aggrieved by the Secretary's determination may, within 30 days of the date of this notice, bring an action in any appropriate district court of the United States to set aside the determination on the ground that the determination is erroneous.

Description of Certified Conduct

Export Trade

1. Products

Artists acrylic paints and decorative finishes manufactured or distributed by DecoArt, Inc.

2. Services

All services related to the export of Products.

3. Technology Rights

All intellectual property rights associated with Products or Services, including, but not limited to: Patents, trademarks, service marks, trade names, copyrights, neighboring (related) rights, trade secrets, know-how, and sui generis forms of protection for databases and computer programs.

4. Export Trade Facilitation Services (as they Relate to the Export of Products, Services and Technology Rights)

Export Trade Facilitation Services, including, but not limited to: Professional services in the area of government relations and assistance with state and federal export programs; foreign trade and business protocol; consulting; market research and analysis; collection of information on trade opportunities; marketing; negotiations; joint ventures; shipping and export management; export licensing; advertising; documentation and services related to compliance with custom requirements; insurance and financing; bonding; warehousing; export trade promotion; legal assistance; trade show exhibitions; organizational development; management and labor strategies; transfer of technology; transportation; and facilitating the formation of shippers' associations.

Export Markets

The Export Markets include all parts of the world except the United States (the fifty states of the United States, the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, and the Trust Territory of the Pacific Islands).

Export Trade Activities and Methods of Operation

DecoArt, Inc. may engage in the following activities with respect to Export Markets:

1. Provide and/or arrange for the provision of Export Trade Facilitation Services;
2. Engage in promotion and marketing activities and collect and distribute information on trade opportunities in the Export Markets;
3. Enter into, terminate, amend or enforce exclusive and/or non-exclusive agreements with distributors, foreign buyers, and/or sales representatives in Export Markets, provided that DecoArt, Inc. does not enter into more than one agreement, for its entire product line or any portion thereof, in any given territory in the Export Markets pursuant to which its distributors, foreign buyers, and/or sales representatives are

prohibited from carrying the products of DecoArt, Inc.'s competitors, and such prohibition only applies to: (1) Those products of DecoArt, Inc.'s competitors that directly compete with the product line or portion thereof to be sold under the agreement; and (2) the territory covered by the agreement;

4. Enter into, terminate, amend or enforce exclusive or non-exclusive licensing agreements regarding its Products, Services, or Technology Rights with Export Intermediaries or other persons selling its Products in Export Markets;

5. Enter into, terminate, amend or enforce exclusive or non-exclusive sales agreements with Export Intermediaries, or other persons selling its Products for the transfer of title to Products, Services, and/or Technology Rights in Export Markets;

6. Enter into, terminate, amend or enforce exclusive or non-exclusive pricing and/or consignment agreements for the sale and shipment of its Products and Services to Export Markets;

7. Allocate export sales, export orders and/or divide Export Markets, among Export Intermediaries, or other persons for the sale, licensing and/or transfer of title to its Products, Services, and/or Technology Rights;

8. Enter into, terminate, amend or enforce territorial and customer restraints on Export Intermediaries, or other persons regarding the sale, licensing and/or transfer of title to its Products, Services, and/or Technology Rights for sale in Export Markets;

9. Enter into, terminate, amend or enforce exclusive or non-exclusive agreements for the tying of its Products and Services, the setting of prices, and/or the distribution, shipping or handling of its Products or Services in the Export Markets;

10. Terminate, amend or enforce contractual or other relationships with Export Intermediaries or other persons who refuse to agree or adhere to restraints on their activities related to the export of its Products;

11. Enter into, terminate, amend or enforce agreements to invest in overseas warehouses for the purpose of storing exported Products until transferred to the foreign purchaser;

12. To invest in overseas facilities for the purpose of making minor product or packaging modifications necessary to insure compatibility of the Product with the requirements of the foreign market;

13. Represent U.S. Suppliers of its Products at trade shows and solicit agents and distributors for its Products in the Export Markets;

14. Refuse to quote prices for, or to market or sell, Products or Services to