

**OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE**

[Docket No. 301-115]

**Section 304 Determination: Korean
Barriers to Auto Imports**

AGENCY: Office of the United States Trade Representative.

ACTION: Notice of determination under section 304 of the Trade Act of 1974, as amended.

SUMMARY: Having concluded the investigation undertaken pursuant to section 302 of the Trade Act of 1974, as amended ("Trade Act"), the United States Trade Representative ("USTR") has determined pursuant to section 304(a)(1)(A)(ii) of the Trade Act that certain acts, policies, and practices of the Government of the Republic of Korea related to exports of U.S. motor vehicles to the Korean market are unreasonable and discriminatory and burden or restrict U.S. commerce. The Korean government, however, has agreed to take several measures to resolve the matters under investigation. Therefore, pursuant to section 304(a)(1)(B) of the Trade Act, the USTR has determined that the appropriate action in this case is to terminate the investigation and to monitor under section 306 the Korean government's implementation of these measures to eliminate those acts, policies, and practices.

EFFECTIVE DATE: October 20, 1998.

FOR FURTHER INFORMATION CONTACT: Mary Latimer, Director of Korean Affairs, Office of Asia and the Pacific, (202) 395-3077.

SUPPLEMENTARY INFORMATION: On October 1, 1997, pursuant to Executive Order No. 12901 of March 3, 1994, as extended by Executive Order No. 12973 of September 27, 1995, regarding the "Super 301" annual review, the USTR identified as a "priority foreign country practice" the Government of the Republic of Korea's barriers to auto imports. On October 20, 1997, also pursuant to Executive Orders 12901 and 12973, the USTR initiated an investigation under section 302(b)(1)(A) of the Trade Act (19 U.S.C. 2412) with respect to certain acts, policies, and practices of the Korean government that pose barriers to imports of U.S. motor vehicles into the Korean market.

On October 28, 1997, (62 FR 55843), the USTR invited written comments on the acts, policies and practices of the Korean government that were the subject of this investigation, including the amount of burden or restriction on U.S. commerce caused by these acts,

policies and practices, and the determinations required under section 304 of the Trade Act regarding whether they are actionable under section 301, and if affirmative, the appropriate action, if any, to take in response.

During the course of this investigation, the U.S. and Korean governments held a series of consultations on the matters under investigation. Specific Korean government practices raised during the consultations included an array of cumulative tariff and tax disincentives that have a discriminatory effect on imports, onerous and costly standards and certification procedures, financing restrictions, and a climate of bias against imported vehicles. While some of these barriers were addressed in a 1995 bilateral agreement between the United States and Korea, implementation of that agreement had been disappointing, especially as new practices had been introduced that undermined the 1995 agreement. Also discussed during the consultations was the application of the market economic reform measures that Korea is undertaking to the operation of the Korean motor vehicle sector.

On October 20, 1998, the United States and Korea concluded a Memorandum of Understanding (MOU) to improve market access of U.S. and other foreign motor vehicles to the Korean market. The new MOU addresses certain acts, policies, and practices that are unreasonable and discriminatory and burden or restrict U.S. commerce and were the subject of the section 301 investigation. Specifically, the MOU provides that the Government of the Republic of Korea will:

(a) Reduce specific motor vehicle-related taxes that have significantly increased, in comparison to Korean vehicles, the purchase price of and cost of retaining foreign motor vehicles, including: a 30 percent reduction in the Special Consumption tax until at least July 2005, and a 40 percent reduction in the rate applied to U.S.-type vehicles under the Annual Motor Vehicle Registration tax; not increase the tax differentials between engine-displacement based categories; eliminate an Education tax and the Rural Development tax on motor vehicles in Korea; equalize the Subway Bond purchase and revenue requirements for Korean and domestic foreign motor vehicles within engine-displacement categories; and, in the longer term, simplify Korea's motor vehicle tax structure and reduce the tax burden on Korea motor vehicle purchases;

(b) Lower Korea's WTO tariff bindings on motor vehicles from 80% to its current applied rate of 8% and actively participate in future multilateral negotiations aimed at reducing or eliminating tariffs in this sector;

(c) Revise standards and certification procedures that have imposed increased costs and time delays on imported motor vehicles through redundant testing and excessive documentation requirements through a number of actions, including: institution of a self-certification system by 2002 that will allow U.S. manufacturers to certify compliance of their own products with Korean safety standards; acceptance of U.S. headlamp standards; and significant streamlining of the current safety and environmental standards certification system;

(d) Institute an expeditious and efficient secured financing system for the purchase of motor vehicles that will enable Korean consumers to more easily finance purchases of U.S. vehicles; and

(e) Continue government efforts to improve public perception of imports by: addressing instances of anti-import activity targeting foreign motor vehicles, such as discriminatory use of tax audits; encouraging equal treatment of foreign and Korean motor vehicles; and actively promoting Korean understanding of the benefits of free and open trade and competition; Sport utility vehicles and minivans are specifically included in the scope of the MOU.

The MOU also sets forth goals and general policies, including the goals of substantially increasing market access for foreign motor vehicles in Korea and establishing conditions so that the Korean motor vehicle sector operates according to market principles. In that regard, the Korean government confirmed that it is implementing a wide range of economic reform measures, including structural reforms of the financial and corporate sectors, and that it expects these reforms will create a dramatic change in the Korean business environment and contribute to a more market-oriented and transparent Korean motor vehicle industry.

Section 304 Determination

(1) Korea's Acts, Policies, and Practices

Having concluded the investigation undertaken pursuant to section 302 of the Trade Act and on the basis of consultations with the Government of the Republic of Korea, the affected U.S. industry, and the relevant private sector advisory committees, the USTR has determined pursuant to section 304(a)(1)(A)(ii) of the Trade Act that certain acts, policies, and practices of

the Korean government related to exports of U.S. motor vehicles to the Korean market are unreasonable and discriminatory and burden or restrict U.S. commerce.

(2) U.S. Action

The Government of the Republic of Korea has agreed to take several measures, described above, to resolve the matters under investigation. Therefore, pursuant to section 304(a)(1)(B) of the Trade Act, the USTR has determined that the appropriate action in this case is to terminate the investigation and to monitor under section 306 the Korean government's implementation of these measures to eliminate those acts, policies, and practices.

Joanna K. McIntosh,

Chairman, Section 301 Committee.

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DEPARTMENT OF TRANSPORTATION

Federal Highway Administration

[Docket No. FHWA-98-4671]

Notice of Request for Clearance of a New Information Collection: Local Technical Assistance Program Extent of Coverage

AGENCY: Federal Highway Administration (FHWA), DOT.

ACTION: Notice and request for comments.

SUMMARY: In accordance with the requirement in section 3506(c) (2)(A) of the Paperwork Reduction Act of 1995, this notice announces the intention of the FHWA to request the Office of Management and Budget (OMB) to approve a new information collection related to the Local Technical Assistance Program (LTAP) which provides for training, technology transfer and technical assistance to local and tribal government transportation providers. This information collection will be in the form of a survey that will document the extent of coverage of the LTAP and provide a baseline from which to measure the Program's progress in expanding that coverage between now and the year 2002.

DATES: Comments must be submitted on or before January 4, 1999.

ADDRESSES: All signed, written comments should refer to the docket number that appears in the heading of this document and must be submitted to the Docket Clerk, U.S. DOT Dockets, Room PL-401, 400 Seventh Street, SW.,

Washington, DC 20590-0001. All comments received will be available for examination at the above address between 10:00 a.m. to 5:00 p.m., e.t., Monday through Friday, except Federal holidays. Those desiring notification of receipt of comments must include a self-addressed, stamped envelope or postcard.

FOR FURTHER INFORMATION CONTACT: Dr. Anna K. Bennett, LTAP Project Manager, (415) 744-2616, Federal Highway Administration, Western Resource Center, 201 Mission Street, Suite 2100, San Francisco, CA 94105. Office hours are from 7:30 a.m. to 4:00 p.m., p.t., Monday through Friday, except Federal holidays.

SUPPLEMENTARY INFORMATION:

Title: Local Technical Assistance Program Extent of Coverage

OMB Number:

Background: The LTAP has established a network of 57 technology transfer centers at universities and state highway agencies for the purpose of improving the skills and knowledge of local and tribal transportation providers through training, technical assistance and technology transfer. The LTAP Strategic Plan, adopted in 1997, calls for increasing usage of the program to 75 percent of local and tribal governments by the year 2002. Information is needed to document the extent to which local and tribal transportation agencies recognize, utilize, and are satisfied with the services provided by their LTAP Centers. The information will establish the baseline from which progress towards the goal of increasing coverage to 75 percent of all local and tribal transportation agencies will be measured.

The information will be collected through a mail survey. Respondents will be asked to complete a brief, standardized questionnaire asking if employees of their agency are aware of the existence of their local or tribal LTAP Center, have read its newsletter, attended training sessions or utilized other technology transfer services provided by the Center within the past year, and their satisfaction with those services.

Information will be collected from a simple random sample of all local and tribal governments in the U.S. In order to sample the population of local and tribal governments in the United States and Puerto Rico with +/- three percent error at 95 percent confidence, 1,100 surveys need to be completed. Based on responses to an earlier LTAP study, a 17 percent response rate to the mail survey is anticipated. Therefore, questionnaires will be mailed to 6,500 randomly

selected employees of local and tribal governments to ensure obtaining 1,100 completed survey forms.

The results of the survey will be retained by the Office of Technology Applications for comparison with the results of a subsequent collection in 2002. The results of the survey will also be presented in a report for dissemination to LTAP partners, including national associations, state departments of transportation, LTAP centers, and local and tribal governments.

Respondents: Employees of local and tribal government transportation providers.

Estimated average burden per response: 20 minutes to read and respond to the mail survey.

Estimated total annual Burden: 367 hours.

Frequency: The survey will be conducted once for a baseline measurement and again in the year 2002 to measure progress.

Public comments invited: Interested parties are invited to send comments regarding any aspect of this information collection, including, but not limited to: (1) the necessity and utility of the information collection for the proper performance of the functions of the FHWA; (2) the accuracy of the estimated burden; (3) ways to enhance the quality, utility, and clarity of the collected information; and (4) ways to minimize the collection burden without reducing the quality of the collected information. Comments submitted in response to this notice will be summarized and/or included in the request for OMB's clearance of this information collection.

Electronic access: Internet users can access all comments received by the U.S. DOT Dockets, Room PL-401, by using the universal resource locator (URL): <http://dms.dot.gov>. It is available 24 hours each day, 365 days each year. Please follow the instructions online for more information and help.

An electronic copy of this document may be downloaded using a modem and suitable communications software from the Government Printing Office Electronic Bulletin Board Service at telephone number 202-512-1661. Internet users may reach the **Federal Register's** home page at <http://www.nara.gov/fedreg> and the Government Printing Office's database at: <http://www.access.gpo.gov/nara>.

Authority: 23 U.S.C. Section 504.

Issued on: October 28, 1998

George S. Moore, Jr.,

Associate Administrator for Administration.

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