Case Number: 2009-0528-F

FOIA MARKER

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Folder Title:
Korea, Auto Agreement, 1997 [8]

Staff Office-Individual:
National Economic Council-Lee, Malcolm

Original OA/ID Number:
CF 1184

Row:	Section:	Shelf:	Position:	Stack:
23	5	8	2	V

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. fax cover sheet	Washfax. Name, Phone Number. [partial] [CIA Act] (1 page)	02/03/1998	P3/b(3), b(7)(C)
001b. report	Daily Cable Summary. (9 pages)	02/03/1998	P1/b(1)
002a. memo	For Sandy Berger, Gene Sperling, Daniel Tarullo, and James Steinberg from Malcolm Lee. Subject: Super 301 Designation. Record ID: 9706583. (5 pages)	09/27/1997	P1/b(1)
002b. report	Super 301: Korean Auto Market Access. [with attachment] (8 pages)	08/27/1997	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Economic Council
Malcolm Lee
OA/Box Number: CF 1184

FOLDER TITLE:

Korea, Auto Agreement, 1997 [8]

2009-0528-F
vz1410

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.
PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).
RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001a. fax cover sheet	Washfax. Name, Phone Number. [partial] [CIA Act] (1 page)	02/03/1998	P3/b(3), b(7)(C)

COLLECTION:

Clinton Presidential Records
National Economic Council
Malcolm Lee
OA/Box Number: CF 1184

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2009-0528-F
vz1410

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CLASSIFICATION

2/3/98

COMMERCE

TIME TRANSMITTED (LOCAL) | MSG NBR 5060 | TIME RECEIVED (LOCAL)

FROM Manager OFFICE/DESK ITA OPERATIONS CENTER PHONE NBR 202/482-5351

SUBJECT ITA Daily Cable Summary

DELIVERY INSTRUCTIONS:

PAGES 11 (INCLUDING COVER)

[XX] HOLD FOR NORMAL DUTY HOURS/ROUTINE

[ ] IMMEDIATELY/URGENT

NOTE: FURNISH AFTER DUTY HOUR CONTACT TELEPHONE NUMBER FOR EACH ADDEE REQUIRING AFTER DUTY HOUR DELIVERY

TRANSMIT TO

AGENCY	INDIVIDUAL (NAME)	OFFICE	ROOM NBR	PHONE NBR
CIA	[redacted] P3/(b)(3)			
State	Attn: Editor	Ops. Ctr.		
White House	Ralph Sigler	WHSR		202-456-9431
	USTR			
	LEE			
	ANL			

[001a]

REMARKS:
This Document is Automatically Declassified When Classified Enclosures Are Removed

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CLASSIFICATION

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Initials: VL Date: 7/26/2012

2004-0528-F

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FEBRUARY 3, 1998

Operations Center

U.S. DEPARTMENT OF COMMERCE • INTERNATIONAL TRADE ADMINISTRATION •

Daily Cable Summary

CLASSIFIED BY: MULTIPLE SOURCES
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UNCLASSIFIED UPON REMOVAL OF CLASSIFIED ATTACHMENTS
Initials: VZ Date: 6/27/2012
2009-0528-F

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
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EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

600 17th Street NW
Washington, DC 20506
tel (202) 395-3417
fax (202) 395-3911

FAX TRANSMITTAL

To: Malcom Lee

File: [illegible]

Helen Walsh

From: Sybia Harrison 202/395-3432

Date: Monday, Oct 20, 1997 3:44 p.m.

Pages: 6 (including cover page)

MESSAGE

ON YOUR Schedule

Office of the United States Trade Representative
Office of the General Counsel
600 17th Street, NW, Room 223
Washington, DC 20506
tel 202.395.3432
fax 202.395.3639

301 Committee

Member	Agency	Phone/Fax
Bruce Miller	Commerce	482-3703/5875
Debra Henrikson/Tom Barlow	Commerce	482-6299/6097
Jean Grier	Commerce	482-3215/4076
Chris Webster	State	647-1983/6540
Jonathan Bemis	State	647-1549/6540
Whit Warthin	Treasury	622-1733/1731
William Schall	Treasury	622- 0208/1731
Dianna Wanamaker	Agriculture	720-1330/6556
Joanne Sadler	Agriculture	720-4128/0876
Kelly Bryant	Labor	219-6201/5071
Stu Chemtob	Justice	514-2523/4508
Lawrence Finfer	Interior	208-7786/208-4867
Nancy Schwartz/Mike Casella	OMB	395-4594/5770
Andrew P. Gilmour	Defense	703-697-1130/695-1495
Jon Haveman	CEA	395-3310/6853
Lael Brainard	NEC	395-5104/6853
Helen Walsh/Malcom Lee	NEC	456-9297/9290
Dan Leahy	ITC	205-3141/2139
Bernestine Allen/Dennis Marvich	Transportation	366-9545/7417
David vanHoogstraten	EPA	260-8882/3828
Linda Horton	HHS/FDA	301-827-3344/443-6906
Dan Shepherdson	ITC	205-2598/2616

From: Irving Williamson, Chairman, Section 301 Committee

Date: **October 20, 1997** **Pages Including Cover:** 1
Subject: **FR Notice on Korean autos**

Attached is the proposed Federal Register notice initiating the Section 301 investiation on Korean barriers to auto imports. We will have a Committee meeting on Tuesday October 21 at 10 a.m. in room 403 to review the FR notice on Honduras IPR.

[Billing Code 3190-01-M]

[Docket No. 301-115]

OFFICE OF THE UNITED STATES TRADE REPRESENTATIVE

Initiation of Section 302 Investigation and Request for Public Comment: Korean Barriers to Auto Imports

AGENCY: Office of the United States Trade Representative

ACTION: Notice of initiation of investigation; request for written comments.

SUMMARY: The United States Trade Representative (USTR) has initiated an investigation under section 302(b)(1)(A) of the Trade Act of 1974, as amended (the Trade Act), with respect to certain acts, policies and practices of the Government of the Republic of Korea that pose barriers to imports of U.S. autos into the Korean market. USTR invites written comments on the matters being investigated.

DATES: This investigation was initiated on October 20, 1997. Written comments from interested persons are due on or before noon on Tuesday, December 2, 1997.

ADDRESS: Office of the United States Trade Representative, 600 17th Street, NW, Washington, DC 20506.

FOR FURTHER INFORMATION CONTACT: Sean Murphy, Office of Asia and the Pacific, (202) 395-6813, or Geralyn Ritter, Office of the General Counsel, (202) 395-6800.

SUPPLEMENTARY INFORMATION: 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, provides for the USTR to identify priority foreign country practices, the elimination of which is likely to have the most significant potential to increase United States exports, either directly or through the establishment of a beneficial precedent. Accordingly, on October 1, 1997, the USTR identified as a "priority foreign country practice" the Government of the Republic of Korea's barriers to auto imports. (See 62 FR 52604 of October 8, 1997). Specific Korean practices of concern include an array of cumulative tariff and tax disincentives that disproportionately affect imports, onerous and costly auto standards and certification procedures, auto financing restrictions, and a climate of bias against imported vehicles that Korean officials have not effectively addressed. While some of these barriers were addressed in a 1995 bilateral agreement between the United States and Korea, implementation of that agreement has been disappointing, especially as new practices have been introduced that undermine the 1995 agreement. Although some progress was made during recent bilateral negotiations to improve market access in Korea for foreign automobiles, Korea was not prepared to undertake the reforms which are necessary for real opening of its autos market.

Meanwhile, Korean auto manufacturers are expanding domestic capacity, which is forecast to rise from 2.8 million to over 5 million units by the year 2000; more than 50 percent of this production is intended for export.

Investigation and Consultations

Executive Order No. 12901 requires the USTR to initiate an investigation, pursuant to section 302(b)(1)(A) of the Trade Act, of any "priority foreign country practices." On October 20, 1997, the USTR initiated an investigation with respect to certain acts, policies and practices of the Government of the Republic of Korea that pose barriers to imports of U.S. autos into the Korean market. Pursuant to section 303(a) of the Trade Act, the USTR will seek consultations with the Government of Korea concerning the issues under investigation. USTR will seek information and advice from the appropriate representatives provided for under section 135 of the Trade Act in preparing the U.S. presentations for such consultations.

Public Comment: Requirements for Submissions

Interested persons are invited to submit written comments on the acts, policies and practices of the Government of Korea that are 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 to take in response.

Comments must be filed in accordance with the requirements set forth in 15 CFR §

2006.8(b) and are due no later than noon on Tuesday, December 2, 1997. Comments must be in English and provided in twenty copies to: Office of the General Counsel, Attn: Korea Auto Investigation, Room 223, USTR, 600 17th Street, NW, Washington, DC 20506.

Comments will be placed in a file (Docket 301-115) open to public inspection pursuant to 15 CFR 2006.13, except confidential business information exempt from public inspection in accordance with 15 CFR 2006.15. Confidential business information submitted in accordance with 15 CFR 2006.15 must be clearly marked "BUSINESS CONFIDENTIAL" in a contrasting color ink at the top of each page on each of 20 copies, and must be accompanied by a nonconfidential summary of the confidential information. The nonconfidential summary shall be placed in the file that is open to public inspection. An appointment to review the docket (Docket No. 301-115) may be made by calling Brenda Webb (202) 395-6186. The USTR Reading Room is open to the public from 9:30 a.m. to 12 noon and 1:00 p.m. to 4:00 p.m., Monday through Friday, and is located in Room 101.

____

Irving A. Williamson

Chairman, Section 301 Committee

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Digital Records Marker

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KOREA TRADE
FOCUS

October 1997 • No. 87

A monthly newsletter covering Korean trade and economic developments

WANTED: A New U.S. Approach to Korea's Auto Market

*by Sang-Jik Lee**

On October 1, United States Trade Representative Charlene Barshefsky identified Korean automobile policies as a Priority Foreign Country Practice under the "Super 301" provision of U.S. trade law. USTR raised specific concerns with Korea's auto tariffs; taxes; standards and certification procedures; auto financing regulations; and the "climate of bias against imported vehicles."

USTR's decision came as a shock to many Koreans. They believe that the U.S. has made difficult demands in recent auto negotiations. Korea's 8 percent auto tariff is no higher than those of Canada and the EU. For environmental and energy-saving reasons, Korea has a tax system with varying rates based on engine sizes, applied equally to imported and domestic autos. The majority of countries, including the U.S., have similar taxes. Korean certification standards are based on WTO rules. And, the U.S. discussion on the so-called "climate of bias" has been vague and anecdotal.

Furthermore, the Super 301 designation came at a very difficult time for Koreans. According to Korean customs statistics, the U.S. recorded a $11.6 billion trade surplus with Korea in 1996. With this trade imbalance growing even faster this year, Koreans find it difficult to understand U.S. complaints of Korean "market barriers."

The U.S. recorded a $11.6 billion *trade surplus* with Korea in 1996.

Koreans now find it difficult to understand U.S. complaints of "market barriers."

Korea's auto market has been fully open only for the past few years. During this period, U.S. passenger car sales in Korea have grown rapidly: 83.4 percent in 1994, 47.5 percent in 1995, 71.7 percent in 1996, and 32.9 percent during the first half of this year. The U.S. and other foreign makers have done remarkably well with what they have sold, mostly large and luxury cars. All the passenger cars with 4 liter engines or larger in Korea are foreign-made. In the segment with engine sizes between 3 to 4 liters, foreign makers currently enjoy 40 percent of the market share.

Koreans may view the U.S. automakers as being *incapable of competing* against Korean and European automakers in Korea, *without the help of the U.S. government.*

That is good news. I sincerely hope this trend of strong growth continues. I believe, as many Korean business people do, that Korean consumers and Korean business share with foreign automakers a common interest in keeping the growth of foreign auto sales booming in Korea.

However, I have two concerns. First, the U.S. auto makers' reliance on the U.S. government, such as its pressure for the Super 301 designation, may send the wrong signal to Korean consumers. Korean consumers may be led to believe that the U.S. auto makers cannot compete in Korea without the help of the U.S. government.

My second concern lies in the fact that most imported passenger cars have 2 liter engines or larger. Unfortunately, only 14 percent of the new cars sold in Korea —foreign and domestic —fall into this large-size category. I believe that this mismatch between foreign supply and Korean demand needs to be addressed before a substantial foreign share can be realized in the Korean auto market.

Based on the success achieved so far, I hope that U.S. automakers will devise a new strategy towards the Korean market, hopefully, with more emphasis on marketing and less on confrontational solutions.

** Sang-Jik Lee is the President of the Korea International Trade Association's Washington Office.*

Published by the Washington, DC Office of the Korea International Trade Association (KITA). 1800 K St. NW, #700. Washington DC 20006. Tel: (202) 828-4400, Fax (202) 828-4404. KITA is a private business association representing the interests of Korean companies engaged in international trade and investment. Headquartered in Seoul, KITA is supported by more than 65,000 member companies.

RECORD ID: 9706654
RECEIVED: 30 SEP 97 17

TO: BERGER
ET AL

FROM: LEE
KYLE

DOC DATE: 30 SEP 97
SOURCE REF:

KEYWORDS: KOREA SOUTH INTL TRADE

PERSONS:

SUBJECT: DESIGNATION OF KOREA UNDER SUPER 301

ACTION: NOTED BY PRESIDENT W/ COMMENT DUE DATE: 06 OCT 97 STATUS: C

STAFF OFFICER: LEE LOGREF:

FILES: WH NSCP: CODES:

D O C U M E N T   D I S T R I B U T I O N

FOR ACTION	FOR CONCURRENCE	FOR INFO
		KRISTOFF
		KYLE
		LEE
		NSC CHRON

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 RECORD ID: 9706654

ACTION DATA SUMMARY REPORT

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001	BERGER	Z	97093020	FWD TO PRESIDENT FOR SIGNATURE
001		X	97100816	ORIGINAL NOT RETURNED TO NSC/RMO
001		X	97100816	NOTED BY PRESIDENT W/ COMMENT

9/30/97

National Security Council
The White House

PROOFED BY:	LOG # 6054
URGENT NOT PROOFED:	SYSTEM PRS NSC INT ARS
BYPASSED WW DESK:	DOCLOG P A/O

	SEQUENCE TO	INITIAL/DATE	DISPOSITION
Cosgriff			
Rice	1	P 9/30	
Davies			
Kerrick	2	P 9/30	
Steinberg	3		
Berger	4		
Situation Room			
West Wing Desk	5	9/30	D SPRD
Records Mgt.			N

A = Action I = Information D = Dispatch R = Retain N = No Further Action

cc: Lee, SRB, JS, DLK, GTD, EAR
Changes made

COMMENTS: Super 301 / Korea Autos
Must go to President 9/30!

'97 SEP 30 PM 6:37

JCP signed for Gene Sperling

Exec Sec Office has diskette yes per M Lee 9/30 2030

THE PRESIDENT HAS SEEN
10-1-97

6654

THE WHITE HOUSE

WASHINGTON

September 30, 1997

copied
Tarullo
Berger
Sperling
COS
Lee
NSC WW Desk

[redacted]

INFORMATION

MEMORANDUM FOR THE PRESIDENT

Go forward - we had
an agreement [illegible] used
up to in two yrs -
OK to act

FROM: DANIEL TARULLO DKT
SAMUEL BERGER
GENE SPERLING

SUBJECT: Designation of Korea under Super 301

If you wish more information on this matter, or to direct Charlene to act otherwise than indicated below, you need to let Dan know by Wednesday morning.

USTR must release by tomorrow its report of its annual "Super 301" review of foreign country trade practices that are significant barriers to U.S. exports. Ambassador Barshefsky proposes to identify Korea's restrictions on auto imports - as a "priority foreign practice," which will entail initiation of an investigation that must result within a year in either action by Korea to rectify the market access problems, or action by the United States to retaliate for these practices.

The Big Three have petitioned for Korean auto practices to be named. Relevant agencies and offices agree that the trade policy merits of the case are strong: the Korean government maintains taxation and regulatory schemes which de facto discriminate against foreign auto makers. Moreover, the government periodically wages intense anti-import campaigns by, for example, threatening to conduct a tax audit on any Korean consumer who buys a foreign car. Imports account for fewer than 1% of Korea's domestic auto sales. Meanwhile, Korea plans to build on its position as third largest auto exporter in the world by increasing its production capacity by 40% in the next few years and use its highly protected market as a base for more exports

Despite an agreement worked out between USTR and the Korean government two years ago, the situation has not improved. USTR and State have been raising essentially the same problems with Korea since 1993, with little tangible action by the Korean

cc: Vice President
Chief of Staff

government. Indeed, during this period the Korean government actually renewed its anti-import campaign.

Naming Korea's auto import restricting practices under Super 301 will increase the credibility of our market access efforts (which, incidentally, should be of some help in our efforts to obtain fast-track authority). While recognizing the trade policy merits of this decision, NSC notes that the Kim government is in its waning days and is intensely unpopular. Thus it cannot do anything to resolve the issue before it leaves office in February. Also, naming Korea now could inject this issue into the presidential campaign there, with the possibility that each candidate will take a public position against accommodation. USTR and the Big Three acknowledge these risks, but believe that delay until late next spring or early summer in deciding whether to initiate 301 action will not likely elicit needed progress.

6654

THE WHITE HOUSE

WASHINGTON

September 30, 1997

ACTION

MEMORANDUM FOR SAMUEL BERGER
DANIEL TARULLO
GENE SPERLING

THROUGH: ROBERT D. KYLE

FROM: MALCOLM R. LEE

SUBJECT: Designation of Korea under Super 301

Attached is a memorandum to the President on designation of Korea under Super 301. This memorandum needs to move forward to the President today, September 30 in advance of the October 1 announcement.

Concurrence by: Kristoff

Attachment
Tab I Memorandum to the President

(6654

Poole, Jennifer C.

From:	Lee, Malcolm R.
Sent:	Tuesday, September 30, 1997 8:19 PM
To:	@EXECSEC - Executive Secretary; @NSA - Natl Security Advisor; Malley, Robert; Helweg, M. Diana
Cc:	@INTECON - Economic Affairs; @ASIA - Asian Affairs
Subject:	Korea Autos Memo to POTUS: Sperling Clears #6654 [UNCLASSIFIED]
Importance:	High

Gene Sperling clears memo to president on designation of Korea under Super 301. Package number 6654. Exec Sec may sign for him. Dan Tarullo has signed off as well. Package with Berger.

6654

THE WHITE HOUSE

WASHINGTON

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: DANIEL TARULLO
SAMUEL BERGER
GENE SPERLING

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cc: Vice President
Chief of Staff

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NSC/RMO PROFILE

RECORD ID: 9706583
RECEIVED: 27 SEP 97 13

TO: BERGER

FROM: LEE
KYLE, R

DOC DATE: 27 SEP 97
SOURCE REF:

File Super 301

KEYWORDS: KOREA INTL TRADE

PERSONS:

SUBJECT: SUPER 301 DESIGNATION OF KOREA AUTOMOTIVE TRADE POLICIES

ACTION: NOTED BY BERGER DUE DATE: 03 OCT 97 STATUS: C

STAFF OFFICER: LEE LOGREF: 9706557 9706611

FILES: WH NSCP: CODES:

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		KYLE
		LEE
		NSC CHRON

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E.O. 13526
White House Guidelines, September 11, 2006
By VZ NARA, Date 6/27/2012
2009-0528-F

COMMENTS:

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ACTION DATA SUMMARY REPORT

DOC	ACTION OFFICER	CAO	ASSIGNED	ACTION REQUIRED
001	BERGER	Z	97092713	FOR INFORMATION
001		X	97100714	NOTED BY BERGER

Withdrawal/Redaction Marker
Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
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COLLECTION:

Clinton Presidential Records
National Economic Council
Malcolm Lee
OA/Box Number: CF 1184

FOLDER TITLE:

Korea, Auto Agreement, 1997 [8]

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Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
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- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
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- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002b. report	Super 301: Korean Auto Market Access. [with attachment] (8 pages)	08/27/1997	P1/b(1)

COLLECTION:

Clinton Presidential Records
National Economic Council
Malcolm Lee
OA/Box Number: CF 1184

FOLDER TITLE:

Korea, Auto Agreement, 1997 [8]

2009-0528-F
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RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

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P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [a)(5) of the PRA]
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Freedom of Information Act - [5 U.S.C. 552(b)]

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SENT BY:Xerox Telecopier 7021 ; 9-26-97 ; ...

American Automobile Manufacturers Association

Chrysler Ford General Motors

Malcolm x69290

ANDREW H. CARD, Jr.
President and Chief Executive Officer

September 26, 1997

Jeff:

I tried to reach you by phone late this afternoon, but I know it's a very busy week. What I wanted to tell you is that our companies met with Don Phillips and the team negotiating with the Koreans this morning. Basically they told us that the Koreans brought nothing meaningful to the table yesterday and we don't expect any great surprises from their meetings today.

Don gave us a summary of his ideas for a proposed settlement (attached) and I wanted to give you the companies' joint feedback:

1. The elements of a package which could be concluded this week, summarized under item #I in the attached document, contain a few elements which are, in principle, directionally correct. But, as a whole, the package contains no commercially significant concessions. We certainly don't believe the package of concessions outlined in this paper is nearly compelling enough to delay designating Korea under 301 on Tuesday.

2. This document proposes, as a follow-up, advising the Koreans privately that, if they are not more forthcoming and are unwilling to effectively address the MOU and other market access problems, the US will initiate a Section 301 by June 1998. This is not an acceptable back-up.

We believe that, if the US is unwilling to designate Korea under Super 301 on Tuesday, at a minimum, it should announce publicly that it will initiate a Section 301 action, absent meaningful market opening progress by March 31, 1998. To our members, meaningful market opening includes not just addressing their violations of the 1995 MOU, but taking major additional steps to increase market access for imported vehicles - i.e. in reducing tariffs, taxes, reversing consumer fears, etc.

We appreciate the time and effort which you and your staff are putting into this issue and look forward to the Administration sending the Korean government a clear and tough message next week. If you have any questions, or need to get in touch with me over the weekend, I can be reached at 703-243-8515 or, on my mobile phone, at 202-316-3125.

Andy

Andrew H. Card

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USTR

Presented to US industry reps 9/26/97

Outline of Acceptable Package

I. Agreed Measures/Actions

1. Implement equalization of Subway bond-tax rate by October 31, 1997.

2. Postpone reclassification of Minivans as passenger vehicle until January 1, 2000. Postpone increase in tax rate until January 1, 2005.

3. Announce plans to move to self-certification; target date January 1, 2000.

4. Self-certification pilot program.

5. Increase threshold in safety compliance test to 1,500 in January 1, 1998.

6. Exemption from standards completion test, for US manufacturers that can test to Korean Standards, effective June 1, 1998.

7. Accept manufacturer certificate of conformity for standards introduced after 1995

8. Agree to participate actively in WP 29 and to join "Parallel Agreement" when US, Japan and EU do.

9. Financing reform: agree to implement new legislation in way that will achieve US objectives.

10. Financing reform: agree to authorize retention of ownership papers by April 1, 1998. Agree to institute collateralization system that will facilitate auto sales and leasing in 1998.

11. Market Access/Registration Data - implement by 1/1/98

II. Reinvigorated Bilateral Dialogue

1. Agree over the 1998 and 1999 Calendar year to consult at least twice a year or more frequently upon request of other Party. First round of consultations to be held no later than April 1, 1998.

2. In these consultations agree to review implementation of MOU (including above measures) and any other policies or practices which impede achievement of the objectives of the MOU with view towards effectively addressing any problems.

US Actions

1. US will announce (as part of the Super 301 report) that it will review the implementation of the agreement and the extent to which its objectives are being achieved by June 1, 1998.

2. Not to be announced publicly. If USG determines at the June 1998 review that the MOU is not being properly implemented and/or that Korea is unwilling to address effectively problems which are preventing the MOU from achieving its objective, the USG will initiate a 301 petition . The USG would accelerate this investigation with the aim of completing it by the end of 1998 (Normally, one-year would be allowed for the investigation.)

Chrysler

Chrysler suggestion Sue & Phillip

Super 301 back-up Proposal

- Announce publicly that Korea's automotive restrictions will not be designated under Super 301 on September 30. [an explanation about their elections or something may be in order to explain why this is not occurring.]

- Absent sufficient, meaningful progress in meeting the obligations of the Memorandum of Understanding, a Section 301 case will be opened on February 1, and considered on an expedited basis. [The 301 statute provides for an 18 month time limit. The clock should be considered to be ticking as of September 30 even though the case was not initiated until February 1.]

- This will provide the necessary leverage to continue to negotiate meaningful concessions from the Koreans, and will address foreign policy concerns associated with the elections.

American Automobile Manufacturers Association

Chrysler Corporation Ford General Motors

SEP 9 1997

(9-)

September 9, 1997

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

The American Automobile Manufacturers Association (AAMA) and its member companies — Chrysler Corporation, Ford Motor Company, and General Motors Corporation — wish to express our growing frustration with the Republic of Korea's failure to honor its market-opening commitments under Korea's 1995 automotive trade agreement with the United States. Closed domestic markets are troubling under any circumstances. But the situation is particularly unacceptable when it is combined, as is the case in Korea, with government-directed policies to promote an extraordinary expansion of excess automobile capacity for export to open markets in the U.S. and around the world. We urge the Administration to respond to Korea's trade-distorting practices with serious and meaningful action.

In 1995, after almost two years of negotiations, the Administration achieved the U.S.-Korea Automotive Memorandum of Understanding to Increase Market Access for Foreign Passenger Vehicles in the Republic of Korea (MOU). We welcomed the agreement as a modest effort by the Korean government to begin reversing its long-standing policy of excluding imports from its automobile market. On the basis of that 1995 agreement, AAMA's member companies substantially expanded their investments in Korea with a view to increasing U.S. exports to that country.

However, despite a promising beginning under this new trade agreement, Korea has not lived up to its market-opening commitments. Import sales remain far below expectations. In all of 1996, Chrysler, Ford and General Motors imported less than 3900 vehicles into a total Korean market of 1.6 million vehicles. During 1997, the Korean government has not taken any positive action to promote imports. Instead, there has been a host of continuing violations of the 1995 MOU.

AAMA believes that the Korean government's maintenance of a sanctuary automobile market is directly fueling the Korean auto industry's aggressive international expansion. In the face of mounting global overcapacity in automotive production and despite the precarious financial position of the Korean manufacturers, Korean producers have continued to add capacity — reaching over 3.6 million units in 1996 — and have announced plans to increase production to over 6 million units annually by 2000. Allowing Korea to maintain a closed market while building huge auto assembly capacity potentially will result in the permanent loss of billions of dollars in U.S. automotive exports.

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This irrational buildup of excess capacity has led to Korean companies engaging in business arrangements which violate international trade rules. The United States government has now joined the European Community and Japan at the World Trade Organization in objecting to a discriminatory national car program in Indonesia that benefits a single Korean auto company.

Chrysler, Ford and General Motors are not alone in expressing growing exasperation with Korea's behavior as a trading partner. Korea's unfair auto trade practices have also been widely criticized by other nations at recent meetings of the Organization for Economic Cooperation and Development and in a joint visit to Seoul in July with representatives of the European Automobile Manufacturers Association. All efforts to have the Korean government honor its commitments to fair, open trade practices — not only with the U.S. but with other trading partners as well — have been met with complete intransigence.

We believe that the Korean government's actions unquestionably deserve to be identified as priority practices that unfairly limit U.S. market access under Super 301. Failure by the Administration to insist that Korea adopt responsible and fair automotive trade policies will make it more difficult to expand access for U.S. automobiles in that market and will encourage Korea to continue a pattern of irresponsible trade practices.

We look forward to working with the Administration to increase market opportunities for auto exports to Korea and to other markets around the world.

Sincerely,

Bob Eaton

Robert J. Eaton
Chairman & CEO
Chrysler Corporation

Alex Trotman

Alex Trotman
Chairman & CEO
Ford Motor Company

Jack Smith

John F. Smith, Jr.
Chairman, President, & CEO
General Motors Corporation

Andrew H. Card Jr.

Andrew H. Card, Jr.
President & CEO
American Automobile
Manufacturers Association

__House letter to President Clinton on Super 301 for Korea's auto market__

Sander Levin	Amo Houghton
John Dingell	Fred Upton
Dale Kildee	David Bonior
Martin Frost	Lane Evans
John Conyers	Ron Dellums
Sue Kelly	Phil English
John Lewis	Jim McGovern
Jim Barcia	Howard Berman
Richard Neal	Louise Slaughter
Ron Klink	John Peterson
[repeat]	David McIntosh
Dick Lipinski	Debbie Stabenow
Donald Payne	Sherry Boehlert
James Walsh	Marcy Kaptur
Sidney Yates	Dick Gephardt
J.C. Watts, Jr.	Joe Knollenberg
Lynn Rivers	Dave Camp
John LaFalce	Ralph Regula
Peter DeFazio	Jerry Solomon
Jim Maloney	Tom Sawyer
Nancy Johnson	Jack Quinn
Frank Pallone, Jr.	Steve LaTourette

Congress of the United States
House of Representatives
Washington, DC 20515

The Honorable William Jefferson Clinton
President of the Unites States
The White House
Washington, D.C. 20500

September 23, 1997

Dear Mr. President:

We are writing to urge you to designate the Republic of Korea's automotive trade policies as "priority practices" under the Super 301 provision of U.S. trade law.

Korea's market for automobiles is one of the fastest growing in the world and could be an important destination for U.S. exports. Despite the efforts of the U.S. government and the world's automakers, however, the Korean market remains closed to non-Korean cars and trucks.

Two years ago, your Administration negotiated an agreement with the Korean government to provide new access to that country's automotive market. While the Korean government implemented some of the provisions of the agreement, such as a small reduction in the enormous tax/tariff burden on imported autos, most of its actions actually have served to restrict the market yet further. The government repeatedly has taken steps, such as the threat of special tax audits, to officially discourage the purchase of imports. Moreover, Korea continues to levy an array of nine separate taxes, in addition to an import tariff, that disadvantage imports.

The express purpose of the 1995 agreement was to "substantially increase market access for foreign passenger vehicles" in Korea. However, the Korean government's unwillingness to change its policies has undermined this goal.

Even without a trade agreement, these actions would merit serious consideration under Super 301. But because we have already negotiated an agreement which these actions clearly violate, we believe that designation under Super 301 is unavoidable. It is our understanding that the Korean government has been less than willing to negotiate further market-opening initiatives, despite the continued low level of auto imports in Korea. We urge you to take strong action under U.S. law to gain Korea's cooperation in opening its market to U.S. auto exports.

Sincerely,

Letter to the President
Designate Korea Under Super 301

Dale E Kildee

David E. Bonior

Martin Frost

Lane Evans

Sue Kelly

John Lewis

Jim Barcia

Howard L. Berman

Richard E Neal

Louise M. Slaughter

Ron Klink

John E. Peterson

Sue Kelly

David McIntosh

Letter to the President
Designate Korea Under Super 301

William O. Lipinski

Debbie Stabenow

Donald M. Payne

Sherwood Boehlert

James T. Walsh

Marcy Kaptur

Sidney R. Yates

Dick Gephardt

[illegible]

Joe Knollenberg

Lynn N. Rivers

Dave Camp

John J. LaFalce

[illegible]

Peter DeFazio

[illegible]

Jim Maloney

Tom Sawyer

Nancy L. Johnson

[illegible]

Letter to the President
Designate Korea Under Super 301

Frank Pallone, Jr.

DRAFT OF BC LETTER

DOCUMENT TITLE: /slr/p/aama.aec

INITIALS: BC / aec /

CORRESPONDENCE #: 3671314

DRAFT DATE / LETTER DATE: Sep 17 1997 /

CC: Wayna Wondwossen, 93
Sean Murphy - USTR

CLEAR WITH:

WHCC:

APPROVAL/ENCLOSURES/SPECIALINSTR:
w/ USTR ~~Shawn~~ Sean Murphy 56813
~~and Commerce Beverley Gallimore 482-3933~~

CORRESPONDENCE ADDRESSED TO:
C/O Mr. Andrew H Card, Jr
President and Chief Executive Officer
American Automobile Manufacturers Association
Headquarters
Suite 900, 1401 H Street, N. W.
Washington, D.C 20005

Dear Friends.

Thank you for writing on behalf of the American Automobile Manufacturers Association and its member companies. I share your concerns regarding Korea's implementation of its commitments under the 1995 U.S.-Korea Automotive Memorandum of Understanding.

The 1995 MOU was an important first step toward eliminating market access barriers to the Korean automotive market, and I am disappointed that Korea has failed to further expand its market access for foreign-manufactured vehicles. Ensuring that our trading partners are in compliance with the commitments under international trade agreements is a top priority of my Administration -- we will continue to press Korea to undertake additional measures to eliminate trade barriers that deny the U.S. automotive industry effective access to the Korean market. We will not hesitate to use the tools provided by are trade laws, including Super 301, if such action is appropriate and necessary to ensure Korea's compliance of the MOU.

As always, I appreciate knowing your views, and I look forward to meeting with you next month to discues this and other important issues facing the

U.S. automotive industry. Again, thanks for writing.

Lee, Malcolm R.

From: SitRoom
Sent: Tuesday, September 23, 1997 10:21 PM
To: Bader, Jeffrey A.; Gagnon, James M.; Kristoff, Sandra J.; Kyle, Robert D.; Lee, Malcolm R.; Norris, John J.; Pritchard, Charles (Jack) L.; Suettinger, Robert L.; Panerali, Kristen E.
Subject: TRADE-KOREA-USA

CLASS: INTERNATIONAL
ORIG: Reuter
PREC: RUSH
TOR: 970923213122 R0159635

a2767
^BC-TRADE-KOREA-USA
^U.S. senators urge action on S.Korea car trade

WASHINGTON, Sept 23 (Reuter) - More than a dozen U.S. senators on Tuesday urged President Bill Clinton to take action against what they said were unfair car trade practices by South Korea.

In a letter signed by Sen. Jay Rockefeller, a West Virginia Democrat and 12 colleagues, the senators said they were concerned at implementation of a 1995 agreement with the United States to open up South Korea's car market to more foreign imports.

``Since the 1995 agreement, government-sanctioned policies, including harassment of citizens who buy or lease imported cars, have escalated," they wrote (to) Clinton.

They said Seoul's tax policies discriminate against imported vehicles and in some cases effectively double the price Korean consumers pay for cars.

The foreign share of Korea's car market is less than one percent and U.S. automakers have accused Korea of creating a sanctuary market to help finance new production capacity to boost sales abroad.

The senators supported a demand by U.S. auto manufacturers that the administration launch an unfair trade proceeding against South Korea under the so-called Super 301 trade law, which eventually could lead to trade sanctions.

The U.S. Trade Representative's office next week will publish a list of its priorities under the Super 301 law.

U.S. and South Korean trade negotiators will hold a round of discussions on Thursday and Friday in an effort to resolve the dispute before the report is released next Tuesday.

But the senators said they were concerned whether any new agreement would be carried out.

``We question whether American companies can rely on agreements to be productive and long-lasting if U.S. automobiles cannot enter the Korean market on fair terms as already negotiated," the senators wrote. ^REUTER

RB-- 09/23/97 21:29:00

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FROM: CARD, ANDREW

DOC DATE: 25 SEP 97
SOURCE REF:

KEYWORDS: KOREA SOUTH
NSA CORRESPONDENCE

IMPORT CONTROLS

PERSONS:

SUBJECT: ANDREW OF AMERICAN AUTOMOBILE MANUFACTURERS ASSOC LTR TO BERGER RE KOREAN VIOLATION OF AUTO TRADE MOU

ACTION: PREPARE MEMO FOR BERGER

DUE DATE: 02 OCT 97 STATUS: S

STAFF OFFICER: PRITCHARD

LOGREF:

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FOR ACTION	FOR CONCURRENCE	FOR INFO
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American Automobile Manufacturers Association

Chrysler Corporation Ford General Motors

ANDREW H. CARD, Jr.
President and Chief Executive Officer

September 25, 1997

9/25/97

The Honorable Samuel R. Berger
Assistant to the President
National Security Council
The White House
1600 Pennsylvania Avenue, N.W.
Washington, D.C. 20500

Dear Mr. Berger:

As September 30 approaches, the American Automobile Manufacturers Association would like to reiterate our views regarding options under consideration by the Administration regarding our request that Korea be designated under "Super 301" for unfair trade practices in auto trade.

First, we are very disturbed that, despite Korea's clear violations of the 1995 MOU, there is still reluctance from some within the Administration to designate Korea under Super 301. We are very aware of political concerns that have been raised about Korea's upcoming elections. However, we believe that failure to act now -- and the message which that non-action conveys -- will do far greater harm to U.S. interests than proceeding with a 301 investigation. A new administration in Seoul would in all likelihood be reluctant to tackle these tough issues without the incentive of a set negotiating deadline. This is also an opportunity to move U.S.-Korea relations forward, by showing that the bilateral relationship has matured to the point that trade concerns can be discussed separately from other important aspects of the relationship, as the U.S. does in disputes with most other OECD trading partners.

Given the high visibility of this issue, a failure to designate Korea could also be interpreted by other countries as a sign that the U.S. will not strictly enforce existing trade agreements. It could also undermine our continuing efforts to put pressure on Japan to open its market, and may damage ongoing attempts to resolve the U.S. auto dispute with Indonesia.

We are also disturbed that concessions from Korea that have little or no commercial significance may be accepted by the Administration as demonstrating adequate progress to avoid a Super 301 designation. What has been offered thus far barely qualifies as a starting point, and will not result in any volume increase in import sales.

SRB on Korean Autos.

SEP 25 18:10

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To accept a minimal package of concessions as sufficient progress by the government of Korea to avoid Super 301 designation cannot, in our view, be justified. It would clearly leave Korea "off the hook", with no guarantee that any new government will make any significant market opening efforts at a later date.

Sincerely,

Andy Card

Andrew H. Card, Jr.

I hope you will contact me should you have questions.

American Automobile Manufacturers Association

1401 H Street, NW, Suite 900
Washington, DC 20005

FAX

Date: 9/25/97

Number of pages including cover sheet: 3

To:
Mr. Samuel Berger 465-2883

From: Andrew H. Card, Jr.

Phone: 202-326-5501

Fax phone: 202-326-5504

REMARKS: ☐ Urgent ☐ For your review ☐ Reply ASAP ☐ Please comment

Please see the attached. Original to follow by mail.

Lee, Malcolm R.

From:	SitRoom
Sent:	Tuesday, September 23, 1997 10:21 PM
To:	Bader, Jeffrey A.; Gagnon, James M.; Kristoff, Sandra J.; Kyle, Robert D.; Lee, Malcolm R.; Norris, John J.; Pritchard, Charles (Jack) L.; Suettinger, Robert L.; Panerali, Kristen E.
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