

109TH CONGRESS
2D SESSION

S. 3830

To prevent unfair practices and ensure an open market in the automobile industry, and for other purposes.

IN THE SENATE OF THE UNITED STATES

AUGUST 3, 2006

Ms. STABENOW (for herself and Mr. LEVIN) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To prevent unfair practices and ensure an open market in the automobile industry, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “South Korean Fair
5 Trade Act”.

6 **SEC. 2. PURPOSE.**

7 The purposes of this Act are to level the playing field
8 for domestic manufacturers and workers engaged in the
9 production and interstate sale and export of motor vehicles
10 until the conditions outlined in this Act are implemented

1 by the Government of South Korea and the South Korean
2 automobile industry.

3 **SEC. 3. FINDINGS.**

4 Congress makes the following findings:

5 (1) The Government of South Korea imposes
6 an 8 percent tariff on United States motor vehicle
7 imports, 3 times the United States tariff imposed on
8 South Korean motor vehicles.

9 (2) Since 1995, the United States has engaged
10 in a negotiating process with the Government of
11 South Korea to obtain fair access for United States
12 motor vehicle producers and manufacturers to the
13 Korean market. The negotiations have included a
14 1997 investigation under section 301 of the Trade
15 Act of 1974, and the designation of South Korea as
16 a “priority foreign country” under section 310 of
17 that Act because of South Korea’s barriers to for-
18 eign motor vehicle imports.

19 (3) South Korea has failed to recognize the
20 major goals of the 1998 Memorandum of Under-
21 standing, which include—

22 (A) increasing foreign-made motor vehicle
23 market access; and

1 (B) taking no further measures to obstruct
2 foreign-made motor vehicles from market ac-
3 cess.

4 (4) South Korea discriminates against United
5 States produced motor vehicles by adding an addi-
6 tional tax on vehicles with large engines, even
7 though the 1998 Memorandum of Understanding
8 provided for a 30 percent reduction on this special
9 consumption tax.

10 (5) South Korea maintains a strong “Buy
11 Korea” bias in its markets, and uses public relations
12 campaigns to convince the public not to buy foreign
13 produced motor vehicles.

14 (6) Out of 1,014,000 motor vehicles sold in
15 South Korea in 2005, only 31,000 (2.72 percent)
16 were imported from other countries. The South Ko-
17 rean motor vehicle market is by and large closed to
18 foreign manufacturers, whose combined share is less
19 than 3 percent. South Korea has the lowest import
20 penetration percentage of any developed country in
21 the world.

22 **SEC. 4. FREEZE OF EXISTING DUTIES ON KOREAN MOTOR**
23 **CARS AND MOTOR VEHICLES.**

24 Notwithstanding any other provision of law, the duty
25 in effect on July 31, 2006, on motor cars and motor vehi-

1 cles imported directly or indirectly from South Korea
2 under heading 8703 or 8704 of the Harmonized Tariff
3 Schedule of the United States shall remain in effect until
4 the date that is 15 days after the date on which the Sec-
5 retary of Commerce certifies to Congress that at least 20
6 percent of the total number of units of motor cars and
7 motor vehicles sold in South Korea each year are made
8 in a country other than South Korea.

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