107TH CONGRESS
1ST SESSION

S. CON. RES. _____

IN THE SENATE OF THE UNITED STATES

Mr. LEVIN (for himself and Mr. VOINOVICH) submitted the following concurrent resolution; which was referred to the Committee on _____

CONCURRENT RESOLUTION

Expressing the sense of the Senate regarding the Republic of Korea's ongoing practice of limiting United States motor vehicles access to its domestic market.

Whereas the Government of the Republic of Korea over many years has provided aid to the Korean automotive industry enabling that industry to develop into the fourth largest automotive industry in the world, after the United States, Japan, and the European Union;

Whereas the domestic automotive market of the Republic of Korea was completely closed to all international automotive manufacturers until 1990, and not completely open to all automotive manufacturers until 1999;

Whereas in response to complaints by the United States that the Government of the Republic of Korea was practicing unfair trade in the automotive sector, and that there was

continuing anti-import bias and increasing disparity in market access for foreign motor vehicles, the Government of Korea signed two Memorandums of Understanding (MOU) with the United States in 1995 and 1998 in an effort to help increase foreign motor vehicle access to the Korean automotive market;

Whereas in the 1998 MOU, the Government of the Republic of Korea pledged specifically to simplify its tax regime in a manner that enhanced market access for foreign motor vehicles, improve the perception of foreign motor vehicles in Korea, simplify and streamline Korea's type-approval system procedures for foreign motor vehicles and other standards issues, and establish a mortgage system for motor vehicles;

Whereas 3 years after signing the 1998 MOU, the Government of the Republic of Korea has not substantially increased market access for foreign motor vehicles and its motor vehicle market still does not operate according to market principles, as evidenced by the fact that the share of the market held by foreign motor vehicles was lower in 2000 than it was in 1998, and remains the lowest of any industrialized nation;

Whereas 3 years after signing the 1998 MOU, the Government of the Republic of Korea has not made sufficient advances in simplifying its tax regime for motor vehicles or improving the perception of foreign motor vehicles in Korea;

Whereas 3 years after signing the 1998 MOU, the Government of the Republic of Korea has not taken the necessary steps to implement the MOU fully and effectively, as evidenced by the extraordinarily low foreign motor vehicle presence in Korea;

Whereas Korea is a major exporter of motor vehicles and automotive parts to the United States, reaching over a total value of $5,910,000,000 last year, compared to a total value of $480,000,000 in United States motor vehicles and automotive parts exported to Korea last year, resulting in a total automotive trade deficit of $5,300,000,000;

Whereas the extremely low level of United States vehicle sales in the Republic of Korea means that there is great difficulty in selling United States made automotive components, systems, and parts in Korea;

Whereas 1,057,620 motor vehicles were sold in the Republic of Korea in 2000, only 4,414 (or 0.42 percent) were imported and only 1,268 of those vehicles (or 0.12 percent) were made in the United States;

Whereas one Korean auto maker maintains monopolistic control of over 75 percent of Korea's domestic market; and

Whereas some Korean organizations and institutions continue to support anticompetitive activities that perpetuate entrenched commercial interests at the expense of free trade, Korean consumers, and the overall Korean economy: Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That Congress—

(1) believes strongly that an economically stable Republic of Korea is in the best overall foreign policy and economic interests of the United States;

(2) notes that past practices, such as protection from international competition, preferential access to

credit, low interest loans, and the policy of providing assistance to chaebols in general, and the automotive sector specifically, contributed to the 1997–1998 Asian financial crisis, threatened the economic stability of the Republic of Korea and undermined the relationship between the United States and the Republic of Korea;

(3) believes that economic policies and practices effectively limiting United States manufacturers' access to the Korean automotive sector are inconsistent with the general trend toward a market-oriented approach, and that the relationship between the United States and the Republic of Korea has been, and will continue to be, significantly harmed by unfair treatment of imports of United States motor vehicles;

(4) calls on the Republic of Korea to immediately end the practices that have led to the disparity in market access, as well as to take proactive steps to repair the damage done by past policies and practices;

(5) calls on the Republic of Korea to meet the letter and spirit of the commitments contained in the 1998 Memorandum of Understanding it signed with the United States; and

(6) calls on the United States Trade Representative, the Secretary of Commerce, and the Secretary of State to monitor and report to Congress on the steps that have been taken to end the disparity in market access for imported motor vehicles in the Republic of Korea.