[*TRANSLATION*]

June 30, 2007

The Honorable Susan C. Schwab
United States Trade Representative
Washington, D.C.

Dear Ambassador Schwab:

I have the honor to confirm the following understanding reached between the delegations of the Republic of Korea and the United States of America during the course of negotiations regarding Chapter Nine (Technical Barriers to Trade) of the Free Trade Agreement between our two Governments signed this day:

K-ULEV

Korea shall provide that:

(1) a gasoline-powered motor vehicle produced by a manufacturer that sells no more than 4500 of these vehicles in the territory of Korea complies with the requirements contained in Attachment 20 of the Ministerial Regulation adopted pursuant to the Air Quality Conservation Act (K-ULEV) if the vehicle meets the Low Emission Vehicle Standard (LEV);

(2) a gasoline-powered motor vehicle produced by a manufacturer that sells between 4501 and 10,000 of these vehicles in the territory of Korea complies with the requirements contained in K-ULEV if the fleet average non-methane organic gas (NMOG) value of the manufacturer's fleet sold in the territory of Korea meets the LEV/Ultra Low Emission Vehicle Standard (LEV/ULEV); and

(3) a gasoline-powered motor vehicle produced by a manufacturer that sells over 10,000 of these vehicles in the territory of Korea complies with K-ULEV if the fleet average NMOG value of the manufacturer's fleet sold in the territory of Korea meets the Ultra Low Emission Vehicle Standard (ULEV).

Korea shall use the methodology applied by the State of California under California LEV II Regulations, Cal. Code Regs. tit. 13, § 1961, and any amendments thereto, to calculate the number of motor vehicles sold by a manufacturer in the territory of Korea and the fleet average NMOG value for these purposes.

In determining whether a gasoline-powered motor vehicle produced by a manufacturer complies with K-ULEV, Korea shall apply the following LEV, LEV/ULEV, and ULEV standards:

	Fleet Average NMOG Value (gram per mile of NMOG) 50,000 miles/five years		
Model Year	**2009**	**2010**	**2011 and thereafter**
LEV	0.075	0.075	NMOG value for motor vehicle type of relevant model year, specified in Cal. Code Regs. tit. 13, § 1961(b)(1)(C)
LEV/ULEV	0.060	0.060	NMOG value for motor vehicle type of relevant model year, specified in Cal. Code Regs. tit. 13, § 1961(b)(1)(D)
ULEV	0.040	≥0.038	NMOG value for motor vehicle type of relevant model year will not be more stringent than that specified in Cal. Code Regs. tit. 13, § 1961(b)(1)(A)

OBD-II:

Before December 31, 2008, Korea may not apply the requirements contained in the Ministerial Notice adopted pursuant to the Air Quality Conservation Act, and any amendments thereto, to motor vehicles produced by an automotive manufacturer that sells 10,000 or fewer vehicles per year in the territory of Korea.

Self-certification:

(1) Korea may not apply new or amended regulations relating to self-certification for Korean Motor Vehicle Safety Standards (KMVSS) to imported motor vehicles for at least two years after the date the regulations are issued; and

(2) Korea shall provide that:

(a) the regulations only apply to an imported motor vehicle model if it is subject to a recall that Korea has mandated;

(b) a motor vehicle produced by a manufacturer that sold no more than 6500 vehicles in the territory of Korea during the previous calendar year complies with the regulations if it is in compliance with either the 42 items contained in KMVSS and identified in the attached Annex or the corresponding U.S. Federal Motor Vehicle Safety Standards; and

(c) a motor vehicle produced by a manufacturer that sold more than 6500 vehicles in the territory of Korea during the previous calendar year complies with the regulations if it is in compliance with the 42 KMVSS items identified in the Annex.

I have the honor to propose that this letter and your letter in reply confirming that your Government shares this understanding shall constitute an integral part of the Free Trade Agreement.

Sincerely,

[*SGN/*]
Hyun Chong Kim

Attachment

Annex

1. Occupant crash protection (front and side)
2. Steering control rearward displacement
3. Fuel leakage in collision
4. Windshield mounting
5. Windshield zone intrusion
6. Head restraints
7. Seat belt assembly anchorages
8. Towing hook
9. Lighting and signaling system
10. Driver's visibility
11. Engine power
12. Device for securing driver's visibility
13. Accelerator control
14. Silencer
15. Fuel economy
16. Passenger car brake
17. Anti-lock brake system, except trailer
18. Rapid loss of inflation pressure
19. Steering effort
20. Speedometer
21. Electro-magnetic compatibility
22. Horn
23. Seating systems
24. Door locks and door retention components
25. Instrument panel impact
26. Seat back impact
27. Armrest impact
28. Sun visor impact
29. Bumper impact
30. Inside rearview mirror impact

31. Impact protection for the driver from the steering control system
32. Side door strength
33. Roof crush resistance
34. Flammability of interior materials
35. Interior compartment door
36. Child seat anchorage
37. Rear underrun protection
38. Brake system except passenger car and trailer
39. Trailer brake system
40. Trailer anti-lock brake system
41. Braking efficiency of tractor-trailer in turning
42. Speed limiter