(1) A pipeline must post the names and addresses of its marketing affiliates on its web site on the public Internet and update the information within three business days of any change. A pipeline must also state the date the information was last updated. Postings must conform with the requirements of § 284.10 of this chapter.

(Issued May 13, 1998)

MASSEY, Commissioner, *concurring*:

The general proposal in today's Notice of Proposed Rulemaking has my full support. A requirement that pipelines report on their Internet websites the names of their marketing affiliates or changes in the status of their marketing affiliates is necessary to provide the Commission and the industry with information that may otherwise be unavailable in today's rapidly changing market environment.

The proposal raises one question, however, which I believe should be pursued further. Is the proposed requirement that pipelines update information about their affiliates within three business days of a change in status sufficient to meet the needs of the Commission and the industry at large?

I would prefer a requirement for reporting within 24 hours, and want to make three points related to this issue. First, the NOPR offers no justification for the three day time period. Second, it is widely known that with today's technology, updating information of this nature on a pipeline website is not burdensome. Therefore, the ability to add vital information in a shorter time frame would not be problematic. Finally, the Commission has required companies in the other industries we regulate to make similar updates in a 24-hour time period. For example, the Commission's regulations require electric transmission providers to report to the Commission and on the OASIS each emergency that results in any deviation from the Commission's standards of conduct within 24 hours of the deviation.[1] Pipelines are required to post discounts given to their affiliates within 24 hours of the time at which gas first flows.[2] Hydroelectric power licensees have agreed to reporting deviations from state water quality standards within 24 hours.[3] As the industry contemplates the Commission's proposal, I would welcome comment on this issue.

[1] 18 CFR 37.4(a)(2) (1997).

[2] 18 CFR 161.3(h)(2) (1997).

[3] Wisconsin Electric Power Company, 80 FERC ¶ 62,215 (1997).

William L. Massey,

Commissioner.

[FR Doc. 98–13293 Filed 5–18–98; 8:45 am]

BILLING CODE 6717–01–P

DEPARTMENT OF ENERGY

18 CFR Part 385

Federal Energy Regulatory Commission.

[Docket No. PL98–1–000]

Public Access to Information and Electronic Filing; Request For Comments and Notice of Intent to Hold technical Conference

May 13, 1998.

AGENCY: Federal Energy Regulatory Commission, DOE.

ACTION: Request for Comments for Notice of Intent to Hold Technical Conference.

SUMMARY: The Federal Energy Regulatory Commission (Commission) intends to develop a comprehensive information management system that accepts filings and disseminates information electronically. The Commission seeks public comment to determine the best way to implement its electronic filing initiative. After reviewing the comments, the Commission intends to hold a technical conference to discuss its implementation process.

DATES: Comments are due June 30, 1998.

ADDRESSES: Send comments to: Office of the Secretary, Federal Energy Regulatory Commission, 888 First Street, N.E., Washington, D.C. 20426.

FOR FURTHER INFORMATION CONTACT:

Brooks Carter, Office of the Chief Information Officer, Federal Energy Regulatory Commission, 888 First Street, NE, Washington, DC 20426, (202) 501–8145.

Carolyn Van Der Jagt, Office of the General Counsel, Federal Energy Regulatory Commission, 888 First Street, NE, Washington, D.C. 20426, (202) 208–2246.

SUPPLEMENTARY INFORMATION: In addition to publishing the full text of this document in the **Federal Register**, the Commission also provides all interested persons an opportunity to inspect or copy the contents of this document during normal business hours in the Public Reference Room at 888 First Street, NE, Room 2A, Washington, DC 20426.

The Commission Issuance Posting System (CIPS) provides access to the texts of formal documents issued by the Commission. CIPS can be accessed via Internet through FERC's Homepage (http://www.ferc.fed.us) using the CIPS Link or the Energy Information Online icon. The full text of this document will be available on CIPS in ASCII and WordPerfect 6.1 format. CIPS is also available through the Commission's electronic bulletin board service at no charge to the user and may be accessed using a personal computer with a modem by dialing 202–208–1397, if dialing locally, or 1–800–856–3920, if dialing long distance. To access CIPS, set your communications software to 19200, 14400, 12000, 9600, 7200, 4800, 2400, or 1200 bps, full duplex, no parity, 8 data bits and 1 stop bit. User assistance is available at 202–208–2474 or by E-mail to CipsMaster@FERC.fed.us.

This document is also available through the Commission's Records and Information Management System (RIMS), an electronic storage and retrieval system of documents submitted to and issued by the Commission after November 16, 1981. Documents from November 1995 to the present can be viewed and printed. RIMS is available in the Public Reference Room or remotely via Internet through FERC's Homepage using the RIMS link or the Energy Information Online icon. User assistance is available at 202–208–2222, or by E-mail to RimsMaster@FERC.fed.us.

Finally, the complete text on diskette in WorkPerfect format may be purchased from the Commission's copy contractor, La Dorn System Corporation. La Dorn Systems Corporation is located in the Public Reference Room at 888 First Street, NE., Washington, DC 20426.

I. Introduction

The growing availability and use of electronic media and the increasing competitiveness of the natural gas, oil, and electric industries are compelling the Federal Energy Regulatory Commission (Commission) to manage its information resources more strategically. Advances in information technology (IT) permit the filing and dissemination of information at a faster rate and more cost-effectively than the traditional paper distribution methods.

The Commission's ultimate goal is to improve its use of IT to reduce regulatory burdens, cut processing times, simplify filing processes, and generate better information for use by its staff, regulated industries, and the public. The Commission views its efforts to implement a system for electronic filing and dissemination of information as a large and complex undertaking. It believes that certain

aspects of electronic filings could be implemented relatively easily in the near future, whereas, other aspects may take more time to develop.

The Commission requests comments to determine the best way to proceed with developing a faster, more cost-efficient electronic system for accepting, processing, and distributing the myriad of filings that it currently receives on paper. The Commission requests input from the industries it regulates and other interested parties, including software developers and standards setting organizations. After reviewing the comments, the Commission intends to hold a technical conference to discuss its implementation process and to establish various working groups to investigate the requirements necessary for the Commission to achieve its goal of moving towards a more efficient, cost-effective, paperless environment and the options available to meet that goal. The Commission will issue a separate, later notice announcing the date, time, and location for the technical conference.

II. Background

On November 7, 1997, the Chairman of the Commission hosted a round table forum to discuss reform of the Commission's regulatory processes. The November 7 symposium focused on public access to information and standards for electronic filing. The round-table forum included Commission staff and representatives of oil and natural gas pipelines, electric utilities, hydropower interests, customer groups, and other agencies with experience in electronic filing. The symposium featured a presentation by officials of the National Energy Board of Canada, who described their electronic filing program, and an on-line demonstration of the Federal Communication Commission's (FCC) Internet World Wide Web Site.[1] Generally, the symposium participants enthusiastically supported the Commission's endeavors to further proceed with electronic filing.

The Commission previously has developed regulations for electronic filing of certain information as part of its ongoing effort to improve its ability to process information and provide information to the public. Gas pipelines file tariffs electronically and file various portions of their rate cases in specified electronic format.[2] Electric utilities proposing to merge file certain competitive analyses data electronically.[3] Electric utilities and licensees who file FERC Form No. 1 file that form electronically.[4] Other reports and forms also are filed electronically.[5] The Commission further has encouraged those who comment on proposed rules to file copies of their comments in electronic format on diskette and by Internet E-Mail.[6]

The Commission believes that electronic filing should be more efficient and cost-effective for both the Commission and those filing with the Commission. For the filer, electronic filing is faster than paper filing and eliminates the need to arrange for messenger or other services to hand deliver paper copies of the Commission. For the Commission, electronic filing eliminates the need to process paper filings, and electronic files are easier, and take less space to store than paper files.

Perhaps even more important, electronic files provide enhanced retrieval and document processing capability. Electronic files can be posted on the Internet or other electronic mediums for viewing and downloading. Search and other electronic cataloguing programs can be used to find specific information. Finally, portions of electronic files can be copied and pasted into other documents.

III. Request for Comments

The Commission requests comments that address the issues and questions raised below.

A. Filing Format

Establishing the format(s) for electronically filed documents creates numerous complex requirements, including finding a format(s) that: (1) is easy for the filing party to create; (2) is easy for the Commission to process electronically with minimal human interaction; (3) can be quickly and accurately published on the Commission's home page for viewing and downloading using most common browsers; (4) complies with the record retention requirements of the National Archives and Records Administration (NARA); and (5) is searchable and from which text or other information can be exported into other documents or applications. Commenters should consider these issues in their comments.

The filings the Commission presently accepts, processes, and distributes vary from routine text-only filings to complex environmental and engineering data in natural gas certificate and hydroelectronic filings that include tables, graphs, charts, maps, blueprints, and photographs. Some of these documents are small and could be filed electronically relatively easily. However, some filings are quite large and may require different consideration. The Commission believes that certain types of documents common to all industries, such as tariff filings, could be filed in the same format. However, the Commission does not believe that one particular format would be suitable for all times of filings.

Possible electronic filing formats include, but are not limited to: native proprietary and non-proprietary word processing spreadsheet, or text formats; Standard Generalized Markup Language (SGML); Hypertext Markup Language (HTML); Extensible Markup Language (XML); Portable Document Format (PDF); and Rich Text Format (RTF).

Each format option has its own particular advantages and limitations. For example, using numerous native proprietary and non-proprietary formats is the least expensive option for filers. However, the Commission would have to support all the different software products and versions. Further, anyone downloading the filed documents would also need the same capabilities unless the Commission converts the documents into one usable format.[7] Converting files raises several additional concerns. Different formats do not always accurately convert into the new format. Some conversions do not preserve the original fonts; certain text enhancements such as bolding and underlining may be eliminated; or the conversion drops footnote numbers or converts them to text. This also creates the problem of verifying the accuracy of the converted document.

HTML works well for major natural gas certificate filings because it is relatively easy to incorporate graphs, charts, and other types of information into HTML documents. However, each word processing or spreadsheet application converts to HTML according

[1] Commission staff also demonstrated the Commission's Internet site, which came on-line on November 10, 1997.

[2] 18 CFR 154.4; 18 CFR 385.2011(b); Revisions to Uniform System of Accounts, Forms, Statements, and Reporting Requirements for Natural Gas Companies, 60 FR 53019 (Oct. 11, 1995), FERC Stats. and Regs. Regulation Preambles Jan. 1991 to June 1996 ¶31.026 at 31,517 (Sep. 28, 1995).

[3] Inquiry Concerning the Commission's Merger Policy under the Federal Power Act: Policy Statement, 61 FR 68,595 (Dec. 30, 1996), FERC Stats. & Regs. ¶31,044 at 30,135, 30,138 (1996), *order on reconsideration*, 79 FERC ¶61,321 (1997).

[4] 18 CFR 141.1(b)(2); 18 CFR 385.2011(a)(6).

[5] 18 CFR 385.2011(a).

[6] *See* Standards For Business Practices of Interstate Natural Gas Pipelines, Notice of Proposed Rulemaking, 61 FR 58790 (Nov. 19, 1996), FERC Stats. & Regs. Proposed Regulations ¶32,521 (Nov. 13, 1996).

[7] For example, the FCC accepts tariff documents in 44 different formats and converts the documents to PDF files.

to its own specifications and will not always handle sophisticated formatting options. Additionally, hand coding of HTML may be required to improve the presentation of the document.

SGML and XML may be difficult to use and would require users to purchase additional software. Further, the Commission would have to develop the Document Type Definitions for any filings based on those standards. PDF preserves the integrity of the original document, so that the PDF document looks like the document as if it were printed by the original word processing format. It also converts tables and other graphics. However, it has limited search capabilities and filers would have to purchase Adobe Systems Incorporated's software in order to create documents in PDF format.

This is just a partial list of some of the problems and limitations that the Commission perceives as issues in determining the appropriate format(s) for its electronic filing initiative. Below is a list of questions on which the Commission would like comments to assist it in evaluating different formats it could use for electronic filings. This list is not meant to be all inclusive. Commenters are invited to present any additional information that may be relevant to the Commission's investigation. When responding to the questions, the commenter should note if its response is affected by the type of filing it makes and/or by certain industry-specific requirements.[8]

Specifically, the Commission seeks comments on the following: (1) What format(s) should the Commission consider for its different types of filings (please specify)? (2) What are the pros and cons of each format and what should the Commission and/or filer do to remedy the cons? (3) Are there certain filings for which the Commission can implement electronic filing relatively easily in the near future (please specify)? (4) What types of filings will require more time and effort to implement electronic filing (please specify): (5) How do you think the Commission should proceed in selecting which format(s) to use for which filings?

B. Citations

Another problem with electronic filing is maintaining comparability in citation format between electronic and printed versions of a document. The user of an electronic document must be able to locate the appropriate portion of the document cited by someone who used the paper copy.

As discussed above, PDF format is designed to maintain the structure and page formatting of the original document. Another alternative that eliminates the problems of matching page numbers band improves citation accuracy is for the filer to number the paragraphs in the filing. Numbering paragraphs will permit accurate citation because the numbering is not susceptible to changes resulting from margin or printer settings. (6) What citation format should the Commission establish for electronic filings and issued documents?

C. Signatures

The Commission's regulations require that all filings with the Commission must be signed.[9] The existence of such a requirement, created when documents were filed on paper, raises a number of questions when documents are filed electronically. (7) Is the signature requirement important enough to be retained? (8) If the Commission does not require signatures, how would the filing party verify that the contents of the filing are true? (9) If only certain filings need to be signed, should the Commission establish electronic signature requirements for those specific filings (please specify)?

D. Privileged Material

While much of the information filed with the Commission is subject to public disclosure, the Commission's regulations exempt certain information. For example, site-specific historic preservation information in archaeological survey reports is considered non-public information. (10) How should privilege documents be handled? (11) How should documents be filed that are only partially privileged?

E. Methods of Electronic Filing

The Commission currently receives its filings on 3½-inch diskettes formatted for MS–DOS based computers. However, the Commission has found that diskette-type filings: (1) require time-consuming processing; (2) are cumbersome to store; and (3) are susceptible to viruses. In one instance, in Docket No. CP98–97–000 the Commission received, as a demonstration project, a certificate application from Great Lakes Gas Transmission Limited Partnership which was formatted in HTML on a CD–ROM. With some modifications, the Commission posted the application on its Internet site.

There are several methods the Commission can use to accommodate electronic filings. For very simple filings, such as motions to intervene, the Commission can use an HTML form that intervenors can complete interactively. Information from the intervention could be loaded into a service list database, which in turm could be updated on the Commission's web site. In other cases, the Commission could use an HTML form for basic filer information to which the filer would have the ability to attach files and upload them to the Commission via the Internet. (12) which method(s) should the Commission use for electronic filing: (i) the HTML forms approaches discussed below; (ii) computer-to-computer using a leased line/private network; (iii) uploading to the Commission's electronic bulletin board; or (iv) some other method (please specify)? (13) Should the Commission consider different methods for different types of filings (please specify)? (14) How should the Commission handle large filings?

F. The Hearing Process

Electronic filing of documents will affect the Commission's hearing process in a number of ways. Although motions, pleadings, and testimony are filed with the Commission in the same manner as other filings, discovery requests and responses between and among participants generally are not required to be filed. Discovery often involves unique accommodations. For instance, a participant may be invited to review voluminous files of documents related to a particular matter. It may be that only a tiny subset of those documents is eventually introduced at hearing or relied on by witnesses in the proceeding. Exhibits introduced at hearings are also not filed by the participants, but are instead submitted to the court reporter for introduction into the record. Participants at Commission hearings currently rely on paper copies of filed documents, and on paper copies of discovery request, discovery responses, and trial exhibits. (15) How should the discovery process be modified, if at all, to accommodate electronic filing? (16) How should trial exhibits be introduced into the record to accommodate electronic filing? (17) How should trials be conducted if pleadings, testimony, and exhibits have been filed and served electronically?

G. Oaths, Attestations, and Notarization

Certain filings require verification under oath, attestations, or notarization. For example, under Parts 34 of the

[8] The Appendix to this order contains a compendium of the questions contained in the body of the order.

[9] 18 CFR 385.2005 (1997).

Commission's regulations and the Federal Power Act, an application for authority to issue securities requires that the application be signed by an authorized representative and be verified under oath. (18) To the extent such verification is only required by the Commission's regulations and not be statute, are these requirement important enough to be retained? (19) How should the Commission accommodate filings which require verification under oath, attestations, and notarization?

H. Security, Integrity, and Authentication

The security, integrity, and authentication of electronic filings is a significant concern. (20) Should the Commission consider any special authentication or security measures, such as encryption, digital signatures, logon ID's, and passwords? (21) Are special measures only needed for certain documents (please specify)? (22) What steps should the Commission take to detect security breaches in filings? (23) How should the security breaches be handled?

I. Automatic Acknowledgment

The Commission intends to implement an automatic acknowledgment mechanism. (24) How should the Commission provide automatic acknowledgment? (25) Should the receipt be sent to the web browser or by E-Mail? (26) How should the Commission notify the filer of the docket number of an electronic filing in a new proceeding? (27) Would posting the docket number on the Commission's Internet site be sufficient?

J. Service

The Commission's regulations currently do not prevent parties from agreeing to electronic service.[10] The Commission intends to clarify its rules to better facilitate electronic service. Additionally, the Commission presently provides paper copies of its issuances to all parties in a proceeding. It intends to provide electronic service for its issuances in the future. (28) Should the Commission encourage electronic service between parties over the Internet? (29) Should the Commission facilitate electronic service by posting documents on its Internet site or should the party making the filing make it available on its own Internet site? (30) Is it adequate for the Commission to serve notice to the parties in a proceeding that it has issued an order or should it disseminate the order directly to the parties electronically?

[10] *See* 18 CFR 385.2010(f)(2).

IV. Public Comment Procedures

The Commission invites interested persons to submit comments, data views, and other information concerning the matters set out above.

To facilitate the Commission's review of the comments, commenters are requested to provide an executive summary of their position on the issues raised. Commenters are requested to identify the specific question posed that their discussion addresses and to use appropriate headings. Additionally, commenters should double space their comments.

The original and 14 copies of such comments must be received by the Commission before 5:00 p.m., June 30, 1998. Comments should be submitted to the Office of the Secretary, Federal Energy Regulatory Commission, 888 First Street, NE., Washington DC 20426 and should refer to Docket No. PL98–1–000.

Additionally, comments should be submitted electronically. Commenters are encouraged to file comments using Internet E-Mail.

Comments should be submitted through the Internet by E-Mail to comment.rm@ferc.fed.us in the following format: on the subject line, specify Docket No. PL98–1–000; in the body of the E-Mail message, specify the name of the filing entity and the name, telephone number, and E-Mail address of a contact person; and attach the comment in WordPerfect 6.1 or lower format or in ASCII format as an attachment to the E-Mail message. The Commission will send a reply to the E-Mail to acknowledge receipt. Questions or comments on electronic filing using Internet E-Mail should be directed to Brooks Carter at 202 501–8145, E-Mail address brooks.carter@ferc.fed.us.

Commenters also can submit comments on computer diskette in WordPerfect 6.1 or lower format or in ASCII format, with the name of the filer and Docket No. PL98–1–000 on the outside of the diskette.

All comments will be placed in the Commission's public files and will be available for inspection in the Commission's Public Reference room at 888 First Street, NE., Washington, DC 20426, during regular business hours. Additionally, comments can be viewed and printed remotely via the Internet through FERC's Homepage using the RIMS link or the Energy Information Online icon. User assistance is available at 202–208–2222, or by E-mail to RimsMaster@FERC.fed.us.

By direction of the Commission.

Linwood A Watson, Jr.,

Acting Secretary.

Appendix—Index of Questions

For the ease of those submitting comments, the following is a compendium of the questions contained in body of this order:

Filing formats

(1) What format(s) should the Commission consider for its different types of filings (please specify)?

(2) What are the pros and cons of each format and what should the Commission and/or filer do to remedy the cons?

(3) Are there certain filings for which the Commission can implement electronic filing relatively easily in the near future (please specify)?

(4) What types of filings will require more time and effort to implement electronic filing (please specify)?

(5) How do you think the Commission should proceed in selecting which format(s) to use for which filings?

Citations

(6) What citation format should the Commission establish for electronic filings and issued documents?

Signatures

(7) Is the signature requirement important enough to be retained?

(8) If the Commission does not require signatures, how would the filing party verify that the contents of the filing are true?

(9) If only certain filings need to be signed, should the Commission establish electronic signature requirements for those specific filings (please specify)?

Privileged Material

(10) How should privileged documents be handled?

(11 How should documents be filed that are only partially privileged?

Methods of Electronic Filing

(12) Which method(s) should the Commission use for electronic filing: (i) the approaches discussed above; (ii) computer-to-computer using a leased line/private network; (iii) uploading to the Commission's electronic bulletin board; or (iv) some other method (please specify)?

(13) Should the Commission consider different methods for different types of filings (please specify)?

(14) How should the Commission handle large filings?

The Hearing Process

(15) How should the discovery process be modified, if at all, to accommodate electronic filing?

(16) How should trial exhibits be introduced into the record to accommodate electronic filing?

(17) How should trials be conducted if pleadings, testimony, and exhibits have been filed and served electronically?

Oaths, Attestations, and Notarization

(18) To the extent such verification is only required by the Commission's regulations

and not be statute, are these requirements important enough to be retained?

(19) How should the Commission accommodate filings which require verification under oath, attestations, and notarization?

Security, Integrity, and Authentication

(20) Should the Commission consider any special authentication or security measures, such as encryption, digital signatures, logon ID's and passwords?

(21) Are special measures only needed for certain documents (please specify)?

(22) What steps should the Commission take to detect security breaches in filings?

(23) How should the security breaches be handled?

Automatic Acknowledgment

(24) How should the Commission provide automatic acknowledgment?

(25) Should the receipt be sent to the web browser or by E-Mail?

(26) How should the Commission notify the filer of the docket number of an electronic filing in a new proceeding?

(27) Would posting the docket number on the Commission's Internet site be sufficient?

Service

(28) Should the Commission encourage electronic service between parties over the Internet?

(29) Should the Commission facilitate electronic service by posting documents on its Internet site or should the party making the filing make it available on its own Internet site?

(3) Is it adequate for the Commission to serve notice to the parties in a proceeding that it has issued an order, or should it disseminate the order directly to the parties electronically?

[FR Doc. 98–13294 Filed 5–18–98; 8:45 am]

BILLING CODE 6717–01–M

DEPARTMENT OF THE TREASURY

Customs Service

19 CFR PART 123

RIN 1515–AB88

Foreign-Based Commercial Motor Vehicles in International Traffic

AGENCY: Customs Service, Department of the Treasury.

ACTION: Proposed rule.

SUMMARY: This document proposes to revise the Customs Regulations to allow certain foreign-based commercial motor vehicles, which are admitted as instruments of international traffic, to engage in the transportation of merchandise between points in the United States where such transportation is incidental to the immediately prior or subsequent engagement of such vehicles in international traffic. Any movement of these vehicles in the general direction of an export move or as part of the return movement of the vehicles to their base country shall be considered incidental to the international movement. The benefit of this liberalization of current cabotage restrictions inures in particular to both the United States and foreign trucking industries inasmuch as it allows more efficient and economical utilization of their respective vehicles both internationally and domestically.

DATE: Comments must be received on or before July 20, 1998.

ADDRESSES: Written comments (preferably in triplicate) may be addressed to and inspected at the Regulations Branch, U.S. Customs Service, 1300 Pennsylvania Avenue, NW., 3rd Floor, Washington, DC 20229.

FOR FURTHER INFORMATION CONTACT:

Legal aspects: Glen E. Vereb, Office of Regulations and Rulings, 202–927–2320.

Operational aspects: Eileen A. Kastava, Office of Field Operations, 202–927–0983.

SUPPLEMENTARY INFORMATION:

Background

Section 141.4(a), Customs Regulations (19 CFR 141.4(a)), provides that entry as required by 19 U.S.C. 1484(a) shall be made of all merchandise imported into the United States unless specifically excepted. Foreign-based commercial motor vehicles are not among those excepted items listed in § 141.4(b) and would therefore be subject to entry and payment of any applicable duty unless otherwise exempted by law or regulations.

Pursuant to 19 U.S.C. 1322, vehicles and other instruments of international traffic shall be excepted from the application of the Customs laws to such extent and subject to such terms and conditions as may be prescribed in regulations or instructions of the Secretary of the Treasury.

This statutory mandate pertaining to foreign-based commercial motor vehicles is implemented under § 123.14 of the Customs Regulations (19 CFR 123.14). Section 123.14(a) states that to qualify as instruments of international traffic, such vehicles having their principal base of operations in a foreign country must be arriving in the United States with merchandise destined for points in the United States, or arriving empty or loaded for the purpose of taking merchandise out of the United States.

Section 123.14(c), Customs Regulations, states that with one exception, a foreign-based commercial motor vehicle, admitted as an instrument of international traffic under § 123.14(a), shall not engage in local traffic in the United States. The exception, set out in § 123.14(c)(1), states that such a vehicle, while in use on a regularly scheduled trip, may be used in local traffic that is directly incidental to the international schedule.

Section 123.14(c)(2), Customs Regulations, provides that a foreign-based truck trailer admitted as an instrument of international traffic may carry merchandise between points in the United States on the return trip as provided in § 123.12(a)(2) which allows use for such transportation as is reasonably incidental to its economical and prompt departure for a foreign country.

In regard to these cabotage restrictions, Customs has received a petition from the American Trucking Association (ATA) requesting a change in Customs interpretation of its regulations governing the use of foreign-based trucks in local traffic in the United States. This petition is the culmination of joint discussions beginning in July of 1994 between the ATA and the Canadian Trucking Association (CTA) to obtain mutually agreed upon parameters with respect to the liberalization of current truck cabotage restrictions in their respective countries. The proposed amendments would, however, be universally applicable.

By way of additional background, reference is hereby made to a notice published in the Customs Bulletin pursuant to 19 U.S.C. 1625(c)(1) (see 31 Cust. Bull. and Dec. No. 40, 7 (October 1, 1997)), which revised the interpretation of when a foreign-based truck would be considered as used in international traffic under existing § 123.14. However, the proposal provided for herein regarding the use of a foreign-based commercial motor vehicle, including a truck, in permissible local traffic under § 123.14(c) was, of course, not addressed in the Customs Bulletin notice. To effect this change requires an amendment under the Administrative Procedure Act, 5 U.S.C. 553.

Accordingly, Customs has determined to propose such an amendment of § 123.14(c), which would allow certain foreign-based commercial motor vehicles, admitted as instruments of international traffic, to engage in the transportation of merchandise between points in the United States where such local traffic is incidental to the immediately prior or subsequent engagement of such vehicles in international traffic. In addition, this