

**OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE**

**WTO Dispute Settlement Proceeding
Regarding the Tax Treatment for
Foreign Sales Corporations (Docket
No. WTO/D-27)**

AGENCY: Office of the United States Trade Representative.

ACTION: Notice; request for comments.

SUMMARY: Pursuant to section 127(b)(1) of the Uruguay Round Agreements Act (URAA) (19 U.S.C. 3537(b)(1)), the Office of the United States Trade Representative (USTR) is providing notice that a dispute settlement panel has been established under the Marrakesh Agreement Establishing the World Trade Organization (WTO) to examine the Foreign Sales Corporation (FSC) provisions of the U.S. Internal Revenue Code.

DATES: Although USTR will accept any comments received during the course of the dispute settlement proceedings, comments should be submitted on or before November 2, 1998, to be assured of timely consideration by USTR in preparing its first written submission to the panel.

ADDRESSES: Comments may be submitted to Sandy McKinzy, Litigation Assistant, Office of Monitoring and Enforcement, Room 501, Attn: FSC Dispute, Office of the U.S. Trade Representative, 600 17th Street, NW., Washington, DC 20508.

FOR FURTHER INFORMATION CONTACT: William D. Hunter, Office of the General Counsel (202) 395-3582.

SUPPLEMENTARY INFORMATION: By letter dated July 1, 1998, the European Communities requested the establishment of a panel to examine the FSC provisions (sections 921-927) of the U.S. Internal Revenue Code. On September 22, the WTO Dispute Settlement Body established a panel.

Major Issues raised by the European Communities and Legal Basis of Complaint

In their request for the establishment of a panel, the European Communities allege that the FSC provisions are inconsistent with several provisions of the WTO agreements, including the following specific allegations:

—The exemptions from U.S. direct (income) taxes of a portion of FSC income related to exports and of dividends distributed to U.S. parent companies constitute prohibited export subsidies under Article 3.1(a) of the Agreement on Subsidies and Countervailing Measures (SCM Agreement);

—The requirement that the tax exemption under the FSC provisions is limited to receipts from the export of products having at least 50% U.S. origin by market value renders the FSC provisions a prohibited import substitution subsidy under Article 3.1(b) of the SCM Agreement;

—Because the United States allegedly has not taken the FSC provisions into account for the purpose of compliance with U.S. commitments under the Agreement on Agriculture, there is a violation of Articles 3 and 8 of that agreement read in conjunction with Articles 9(1)(d), 10(1) and 10(3) of that agreement.

Public Comment: Requirements for Submissions

Those persons wishing to submit written comments should provide fifteen (15) typed copies (in English) to Sandy McKinzy, Litigation Assistant, Office of Monitoring and Enforcement, Room 501, Attn: FSC Dispute, Office of the U.S. Trade Representative, 600 17th Street, N.W., Washington, DC 20508.

If the submission contains business confidential information, fifteen copies of a confidential version must also be submitted. A justification as to why the information contained in the submission should be treated confidentially must be included in the submission. In addition, any submissions containing business confidential information must be clearly marked "Confidential" at the top and bottom of the cover page (or letter) and of each succeeding page of the submission. The version that does not contain confidential information should also be clearly marked, at the top and bottom of each page, "public version" or "non-confidential."

Pursuant to section 127(e) of the URAA (19 U.S.C. 3537(e)), USTR will maintain a file on this dispute settlement proceeding, accessible to the public, in the USTR Reading Room: Room 101, Office of the United States Trade Representative, 600 17th Street, NW., Washington, DC 20508. The public file will include the U.S. submissions to the panel in the proceeding; the submissions, or non-confidential summaries of submissions, to the panel received from other participants in the dispute, as well as the report of the dispute settlement panel and, if applicable, the report of the Appellate Body. The public file also will include written comments submitted in connection with this request, except for information granted "business confidential" status pursuant to 15 CFR 2003.6 An appointment to review the public file (Docket WTO/D-27 ("U.S.-

Tax Treatment for Foreign Sales Corporations") 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 p.m. to 4 p.m., Monday through Friday.

Frederick L. Montgomery,

Chairman, Trade Police Staff Committee.

[FR Doc. 98-26702 Filed 10-5-98; 8:45 am]

BILLING CODE 3190-01-M

DEPARTMENT OF TRANSPORTATION

Federal Aviation Administration

Notice of Intent to Rule on Application 98-03-C-00-EUG To Impose and Use the Revenue From a Passenger Facility Charge (PFC) at Eugene Airport-Mahlon Sweet Field (EUG), Submitted by the City of Eugene, Eugene, OR

AGENCY: Federal Aviation Administration (FAA), DOT.

ACTION: Notice of intent to rule on application.

SUMMARY: The FAA proposes to rule and invites public comment on the application to impose and use the PFC revenue at Eugene Airport-Mahlon Sweet Field (EUG) under the provisions of 49 U.S.C. 40117 and part 158 of the Federal Aviation Regulations (14 CFR part 158).

DATES: Comments must be received on or before November 5, 1998.

ADDRESSES: Comments on this application may be mailed or delivered in triplicate to the FAA at the following address: J. Wade Bryant, Manager; Seattle Airports District Office, SEA-ADO; Federal Aviation Administration; 1601 Lind Avenue SW, Suite 250; Renton, WA 98055-4056.

In addition, one copy of any comments submitted to the FAA must be mailed or delivered to Mike Boggs, Airport Manager, at the following address: City of Eugene, 28855 Lockheed Drive, Eugene, OR 97402.

Air Carriers and foreign air carriers may submit copies of written comments previously provided to Eugene Airport-Mahlon Sweet Field, under § 158.28 of part 158.

FOR FURTHER INFORMATION CONTACT: Ms. Mary Vargas, (425) 227-2660; Seattle Airports District Office, SEA-ADO; Federal Aviation Administration; 1601 Lind Avenue SW, Suite 250; Renton, WA 98055-4056. The application may be reviewed in person at this same location.

SUPPLEMENTARY INFORMATION: The FAA proposes to rule and invites public comment on the application 98-03-C-