

Dated: June 12, 2000.

R. Roger Majak,

Assistant Secretary for Export Administration.

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DEPARTMENT OF COMMERCE

DEPARTMENT OF TRANSPORTATION

44 CFR Part 403

RIN 2105-AC70

Repeal of Traffic Restrictions to North Korea

AGENCY: Department of Commerce and Department of Transportation.

ACTION: Final rule.

SUMMARY: The Departments of Transportation and Commerce maintain joint restrictions on shipping to North Korea, prohibiting any ships documented under the laws of the United States or any aircraft registered under the laws of the United States from engaging in transportation to and from North Korea. In view of the President's recent decision to ease certain sanctions against North Korea, the two departments are repealing the restrictions. This action requires a change to the Code of Federal Regulations.

DATES: This final rule is effective June 19, 2000.

FOR FURTHER INFORMATION CONTACT: Mr. Christopher T. Tourtellot, Office of the Assistant General Counsel for International Law, U.S. Department of Transportation, 400 Seventh Street SW., Washington, DC 20590. Telephone: (202) 366-9183. Ms. Rochelle Woodard, Department of Commerce, Office of the Chief Counsel for Export Administration, Room 3839, 14th Street & Constitution Avenue NW., Washington, DC 20230. Telephone: (202) 482-5304.

SUPPLEMENTARY INFORMATION: The regulations in 44 CFR Part 403 (Transportation Order T-2), which are the joint responsibility of the Departments of Transportation and Commerce, currently impose a shipping restriction that prohibits any ships documented under the laws of the United States or any aircraft under the laws of the United States from engaging in transportation to and from North Korea.

On September 17, 1999, the President announced his intention to ease certain sanctions against North Korea in order to pursue improved relations. There is also a need to facilitate transportation to and from North Korea in support of the Agreed Framework of October 1994.

To accomplish this goal, the Departments of Transportation and Commerce are repealing Order T-2, 44 CFR Part 403, the effect of which is to permit any ships documented under the laws of the United States and any aircraft registered under laws of the United States to engage in transportation to and from North Korea, subject to applicable regulatory restrictions such as the transportation and export control regulations.

This is being released as a final rule. Prior notice and opportunity for public comment are not required to be provided for this rule pursuant to the military and foreign affairs exemption contained in 5 U.S.C. 553(a)(1). Therefore, the analytical requirements of the Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.*, are inapplicable. Because of the need to facilitate transportation to and from North Korea, especially the delivery of humanitarian aid, and because of the need to support the Agreed Framework to pursue improved relations with North Korea in furtherance of United States foreign policy, we are making the rule effective on less than 30-day's notice.

International Trade Impact Statement

This final regulation applies to all United States air carriers and shipping lines, as well as all privately owned aircraft and ships that are documented or registered under the laws of the United States. The rule should improve United States companies' ability to compete in international markets and to participate in trade and travel in the North Korea market. The overall level of travel to and from the United States is not expected to be significantly affected.

Regulatory Impact

Executive Order 12866 and DOT Regulatory Policies and Procedures

This rulemaking affects other federal agencies and involves important matters of public policy, and is therefore significant under DOT Policies and Procedures. It is also a significantly regulatory action for the purposes of Executive Order 12866.

Economic Analysis

The repeal of the regulation will have only the smallest economic impact on

affected parties. Given this *de minimis* effect, the Department finds that further economic analysis is unnecessary.

Paperwork Reduction Act

The repeal of this rule will not alter any recordkeeping or reporting requirements.

Other Executive Orders

The repeal of this rule will not implicate any interests affected by the provisions of Executive Order 12630, Government Actions and Interference with Constitutionally Protected Property Rights; Executive Order 12988, Civil Justice Reform; or Executive Order 13045, Protection of Children from Environmental Health Risks and Safety Risks.

Federalism Implications

The repeal of this regulation has no direct impact on the individual states, on the balance of power in their respective governments, or on the burden of responsibilities assigned them by the national government. In accordance with Executive Order 13132 consultation with state and local governments is, therefore, not required.

Unfunded Mandates Reform Act of 1995

The repeal of this rule does not impose unfunded mandates under the Unfunded Mandates Reform Act of 1995. It does not result in costs of \$100 million or more to either state, local, or tribal governments, in the aggregate, or on the private sector.

List of Subjects in 44 CFR Part 403

Air carriers, Korea, Democratic Peoples Republic of, Maritime carriers, Reporting and recordkeeping requirements.

Accordingly, under the authority of Sec. 704, 64 Stat. 816, as amended; 50 U.S.C. App. 2154; interpret or apply sec.101, 64 Stat. 799, as amended; 50 U.S.C. App. 2071; E.O. 10480, 18 FR 4939, 3 CFR 1953 Supp.; sec. 4(a) Pub. L. 89-670, 80 Stat. 933; 49 U.S.C. 1653; and the authority delegated by 49 CFR 1.56a(c) for the Department of Transportation; and as discussed in the Supplementary Information, amend 44 CFR Chapter IV as follows:

PART 403—[REMOVED]

1. Part 403 is removed.

Dated: May 23, 2000.

Iain S. Baird,

Deputy Assistant Secretary for Export Administration, Department of Commerce.

Dated: June 9, 2000.

A. Bradley Mims,

Deputy Assistant Secretary for Aviation and International Affairs, Department of Transportation.

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DEPARTMENT OF THE TREASURY

Office of Foreign Assets Control

31 CFR Part 500

Foreign Assets Control Regulations

AGENCY: Office of Foreign Assets Control, Treasury.

ACTION: Final rule; amendments.

SUMMARY: The Office of Foreign Assets Control of the U.S. Department of the Treasury is amending the Foreign Assets Control Regulations to implement the President's September 17, 1999, determination to ease sanctions against North Korea. This final rule authorizes new financial, trade, and other transactions with North Korea and its nationals. An import notification and approval procedure will be required for all imports from North Korea. This final rule does not unblock assets within U.S. jurisdiction blocked prior to this time, nor does it affect enforcement actions with respect to prior violations of the embargo.

EFFECTIVE DATE: June 19, 2000.

FOR FURTHER INFORMATION CONTACT: Dennis P. Wood, Chief of Compliance Programs, tel.: 202/622-2490, Steve Pinter, Acting Chief of Licensing, tel.: 202/622-2480, or Barbara Hammerle, Deputy Chief Counsel, tel.: 202/622-2410, Office of Foreign Assets Control, Department of the Treasury, Washington, DC 20220.

SUPPLEMENTARY INFORMATION:

Electronic Availability

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and additional information concerning the programs of the Office of Foreign Assets Control are available for downloading from the Office's Internet Home Page: <http://www.treas.gov/ofac>, or in fax form through the Office's 24-hour fax-on-demand service: call 202/622-0077 using a fax machine, fax modem, or (within the United States) a touch-tone telephone.

Background

On September 17, 1999, the President announced his decision to ease economic sanctions against North Korea in order to improve overall relations with North Korea, to support the Agreed Framework, and to encourage North Korea to continue to refrain from testing long-range missiles. Accordingly, the Office of Foreign Assets Control is amending the Foreign Assets Control Regulations, 31 CFR part 500 (the "FACR"), to add § 500.586, authorizing new transactions involving property in which North Korean nationals have an interest. The effect of this amendment is that transactions involving such property coming within the jurisdiction of the United States or into the possession or control of persons subject to the jurisdiction of the United States after June 19, 2000 or in which an interest of North Korea or a national thereof arises after that time, are authorized by general license. Newly authorized transactions include, but are not limited to, exportation to North Korea, new investment, and brokering transactions (except as otherwise restricted under regulations administered by other federal agencies, e.g., the Export Administration Regulations). Importations from North Korea require notification to and approval from the Office of Foreign Assets Control for purposes of compliance with Chapter 7 of the Arms Export Control Act. Property blocked as of June 16, 2000, remains blocked. Reports due under general or specific license must still be filed covering activities prior to the effective date of this rule.

Because the Regulations involve a foreign affairs function, the provisions of Executive Order 12866 and the Administrative Procedure Act (5 U.S.C. 553) (the "APA") requiring notice of proposed rulemaking, opportunity for public participation, and delay in effective date are inapplicable. Because no notice of proposed rulemaking is required for this rule, the Regulatory Flexibility Act (5 U.S.C. 601-612) does not apply.

Paperwork Reduction Act

As authorized in the APA, the Regulations are being issued without prior notice and public comment. The collections of information related to the Regulations are contained in 31 CFR part 501 (the "Reporting and Procedures Regulations"). Pursuant to the Paperwork Reduction Act of 1995 (44 U.S.C. 3507), those collections of information have been approved by the Office of Management and Budget ("OMB") under control number 1505-0164. An agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless the collection of information displays a valid control number.

List of Subjects in 31 CFR Part 500

Administrative practice and procedure, Banks, Banking, Foreign investments in U.S., Foreign trade, Securities, North Korea.

PART 500—FOREIGN ASSETS CONTROL REGULATIONS

1. The authority citation for part 500 continues to read as follows:

Authority: 50 U.S.C. App. 1-44; E.O. 9193, 3 CFR, 1938-1943 Comp., p. 1174; E.O. 9989, 3 CFR, 1943-1948 Comp., p. 748.

Subpart E—Licenses, Authorizations and Statements of Licensing Policy

2. Section 500.533 is revised to read as follows:

§ 500.533 Exportations, reexportations, and incidental transactions.

(a) All transactions ordinarily incident to the exportation of goods, software, or technology (including technical data) from the United States or reexportation of U.S.-origin goods, software, or technology from a foreign country to any person in a designated foreign country or to the government of a designated foreign country, are hereby authorized, provided that the exportation or reexportation is licensed or otherwise authorized by the Department of Commerce under the Export Administration Regulations (15 CFR parts 730-799).

(b) The general license does not authorize the financing of any transaction from a blocked account.

Note to § 500.533: See note to § 500.586(b).

3. Section 500.586 is added to subpart E to read as follows:

§ 500.586 Authorization of new transactions concerning certain North Korean property.

(a) Subject to the limitations in paragraph (b) of this section,