

petitioner describes these components and systems as identical to U.S.-model components and systems.

The petitioner states that all vehicles must be inspected to ensure compliance with the Theft Prevention Standard at 49 CFR part 541, and that anti-thefts marking must be added to vehicles that are not already so marked.

The petitioner also states that a vehicle identification plate must be affixed to the vehicles near the left windshield post and a reference and certification label must be affixed in the area of the left front door post to meet the requirements of 49 CFR part 565.

Interested persons are invited to submit comments on the petition described above. Comments should refer to the docket number and be submitted to: Docket Management, Room PL-401, 400 Seventh St., SW., Washington, DC 20590. [Docket hours are from 9 am to 5 pm]. It is requested but not required that 10 copies be submitted.

All comments received before the close of business on the closing date indicated above will be considered, and will be available for examination in the docket at the above address both before and after that date. To the extent possible, comments filed after the closing date will also be considered. Notice of final action on the petition will be published in the **Federal Register** pursuant to the authority indicated below.

Authority: 49 U.S.C. 30141(a)(1)(A) and (b)(1); 49 CFR 593.8; delegations of authority at 49 CFR 1.50 and 501.8.

Issued on: October 17, 2003.

Kenneth N. Weinstein,

Associate Administrator for Enforcement.

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DEPARTMENT OF TRANSPORTATION

National Highway Traffic Safety Administration

[Docket No. NHTSA-03-16341, Notice 1]

Group Lotus Plc.; Receipt of Application for a Temporary Exemption From Federal Motor Vehicle Safety Standard No. 108 and Part 581 Bumper Standard

In accordance with the procedures of 49 CFR part 555, Group Lotus Plc. ("Lotus") has applied for a Temporary Exemption from S7. Headlighting

requirements, of Federal Motor Vehicle Safety Standard ("FMVSS") No. 108, *Lamps, reflective devices, and associated equipment*; and Part 581 *Bumper Standard*. The basis of the application is that compliance would cause substantial economic hardship to a manufacturer that has tried in good faith to comply with the standard.

We are publishing this notice of receipt of the application in accordance with the requirements of 49 U.S.C. 30113(b)(2), and have made no judgment on the merits of the application.

I. Background

Lotus, which was founded in 1955, produces small quantities of performance cars. In the past five years, Lotus has sold a total of 550 automobiles in the United States. The only current Lotus vehicle sold in the United States is Lotus Esprit ("Esprit"). In the same time period, Lotus has manufactured a total of 18,888 vehicles worldwide, including Lotus Elise ("Elise").

The Elise was introduced in 1996, but it was not originally designed or intended for the U.S. market. However, after deciding to terminate production of the Esprit by 1999,¹ petitioner sought to introduce the Elise in the United States. Significant management, ownership and financial hardship issues contributed to the delay in introducing the Elise model. Recently, Perushan Otomobil Nasional Berhad ("Proton") has taken a 100% ownership of Lotus. Petitioner is now ready to introduce the Elise vehicle into the U.S. Market. A description of the Elise vehicle is set forth in the Exhibit 1 of the petition (Docket No. NHTSA-03-16341). For additional information on the vehicle, please go to <http://www.LotusCars.com>.

II. Why Lotus Needs a Temporary Exemption

Lotus has continued to experience substantial economic hardship, previously discussed by the agency in a March 3, 2003 Renewal of a Temporary Exemption from FMVSS No. 201 (68 FR 10066).² Lotus' latest financial submissions show the company's operating loss of £43,228,000

(≈\$69,000,000) for the fiscal year 2000; a loss £18,055,000 (≈\$29,000,000) for the fiscal year 2001; and a loss of £2,377,000 (≈\$4,000,000) for its fiscal year 2002. This represents a cumulative loss for a period of 3 years of £63,660,000 (≈\$102,000,000).³

According to the petitioner, the cost of making the Elise compliant with the headlighting requirements of FMVSS 108 and the bumper standard is beyond the company's current capabilities. Petitioner contends that developing and building FMVSS-compliant headlamps and Part 581-compliant bumpers cannot be done without redesigning the entire body structure of the Elise. Specifically, developing Part 581-compliant bumpers would cost \$6 million dollars over a period of 2 years. Producing an actual FMVSS-compliant headlamp would cost approximately \$1.1 million. In addition, there are unspecified costs of body modifications in order to accommodate the new headlamp, because there is insufficient space in the current body structure to permit an FMVSS-compliant headlamp.

Lotus requests a three-year exemption in order to concurrently develop compliant bumpers and headlamps and make necessary adjustments to the current body structure. Petitioner anticipates the funding necessary for these compliance efforts will come from immediate sales of Elise vehicles in the United States.

III. Why Compliance Would Cause Substantial Economic Hardship and How Lotus Has Tried in Good Faith To Comply With Standard No. 108 and the Bumper Standard

Petitioner contends that Lotus cannot return to profitability unless it receives the temporary exemption. In support of their contention, Lotus prepared alternative forecasts for the next 3 fiscal years. The first forecast assumes that the petitioner receives exemptions from S7 of FMVSS No. 108 and the bumper standard. The second forecast assumes the exemptions are denied.⁴ In the event of denial, Lotus anticipates extensive losses through the fiscal year 2006, because it cannot bring the Elise into full compliance any earlier.

³ All dollar values are based on an exchange rate of £1= \$1.60.

⁴ See Petition Exhibit 2 (Docket No. NHTSA-03-16341).

¹ Esprit production was eventually extended by three years while petitioner sought to bring Elise into compliance with FMVSS. Esprit will cease production on 12/31/2003.

² We note that the Elise vehicle is FMVSS No. 201 compliant.