marine licenses and unlicensed ratings pass written examinations. During the latter part of 1993, the Coast Guard conducted focus group meetings and discussions which addressed the future of Coast Guard licensing. Specifically, the group looked at ways to improve and modernize merchant mariner examinations. Although the focus group was composed entirely of military and civilian Coast Guard members, maritime industry representatives are participating in the implementation of focus group report recommendations.

The "Licensing 2000 and Beyond" Focus Group Report (November, 1993), a copy of which is available in the public docket for this rulemaking [94-029] where indicated under ADDRESSES above, recommends that the Coast Guard's Marine Licensing Program adopt new methods of verifying competency, including practica demonstrations and the use of simulators. Practical demonstrations and simulators would provide more effective means of testing the skills of the applicants by requiring proper actions and reactions during real-time, real-world scenarios. Electronic methods of examination are employed by private and public sector organizations. There is increasing use of "Third or Fourth Party" testing systems that maximize the significant benefits new technology offers. The Focus Group Report defined a "Third Party" as one who trains or teaches the mariner, and a "Fourth Party" as someone, other than the Coast Guard or a Third Party trainer, who administers a test or makes a subjective judgement about the competency of an individual applicant. The Coast Ğuard is exploring the possibility of implementing electronic testing methods and the use of "Thirdor "Fourth-Party" testing services.

However, 46 CFR 10.205, 10.207, 10.901, 12.05–9, 12.10–5, 12.15–9, and 12.20–5, specify that applicants pass written (or oral) examinations. Because the Coast Guard is considering the use of other proven methods of proficiency testing which could significantly improve a very critical aspect of the Coast Guard's qualification system, this final rule removes the word "written" from the regulations governing merchant marine examinations and makes minor revisions to reflect the possible use of private and public sector testing services.

By a later notice in the **Federal Register**, the Coast Guard will provide results of its efforts to modernize the examinations and will describe the new examination methods before they are implemented.

Discussion of Proposed Rules

This NPRM proposes to remove the word "written" from the regulations pertaining to Coast Guard administered examinations for merchant marine license and raise of grade of license applicants (46 CFR 10.205(i)(1), 10.207(d)(1), 10.217(a)(1),(2), and 10.901(a)), and for unlicensed rating applicants (46 CFR 12.05–9(a) and (b), 12.10-5(a) and (b), 12.15-9(a) and (c), and 12.20-5). Also, minor revisions are proposed which would allow the Coast Guard Officer in Charge, Marine Inspection (OCMI) to authorize the testing of applicants through use of private and public sector testing services. These revisions reflect the Coast Guard's efforts to develop more modern, efficient, and effective examination methods.

Sections 12.05–9(b), 12.10–5(a), 12.15-9(a), and 12.20-5 regarding examinations for able seaman, lifeboatman, qualified member of the engine department and tankerman, respectively, continue to require that the examinations be conducted in the English language. This requirement continues to be necessary to ensure that personnel in these critical positions will sufficiently understand orders that could come under the stress of an emergency situation. The ability to understand orders under such conditions could make the critical difference in life-threatening situations.

Regulatory Evaluation

This proposal is not a significant regulatory action under section 3(f) of Executive Order 12866 and does not require an assessment of potential costs and benefits under section 6(a)(3) of that order. It has not been reviewed by the Office of Management and Budget under that order. It is not significant under the regulatory policies and procedures of the Department of Transportation (DOT) [44 FR 11040 (February 26, 1979)]. The Coast Guard expects no economic impact from this rule, and a full Regulatory Evaluation under paragraph 10e of the regulatory policies and procedures of DOT is unnecessary. The revisions made reflect the Coast Guard's efforts to improve and modernize examination methods for mariners. The revisions would result in no additional costs to the industry.

Small Entities

Under the Regulatory Flexibility Act [5 U.S.C. 601 et seq.], the Coast Guard must consider the economic impact on small entities of a rule for which a general notice of proposed rulemaking is required. "Small entities" may

include (1) small businesses and not-forprofit organizations that are independently owned and operated and are not dominant in their fields and (2) governmental jurisdictions with populations of less than 50,000. This proposal would place no additional costs on the public. Because it expects the impact of this proposal to be minimal, the Coast Guard certifies under 5 U.S.C. 605(b) that this proposal, if adopted, will not have a significant economic impact on a substantial number of small entities.

Collection of Information

This proposal contains no new collection-of-information requirements under the Paperwork Reduction Act [44 U.S.C. 3501 *et seq.*].

Federalism

The Coast Guard has analyzed this proposal under the principles and criteria contained in Executive Order 12612 and has determined that it does not have sufficient implications for federalism to warrant the preparation of a Federalism Assessment. The authority to develop and administer examinations for merchant marine license and document applicants has been committed to the Coast Guard by Federal statutes. The Coast Guard does not expect this proposal to raise any preemption issues, however, the Coast Guard does intend to preempt State and local actions on the same subject matter.

Environment

The Coast Guard considered the environmental impact of this proposal and concluded that, under paragraph 2.B.2 of Commandant Instruction M16475.1B, this proposal is categorically excluded from further environmental documentation. The proposal is an administrative matter within the meaning of paragraph 2.B.2.l. of Commandant Instruction M16475.1B that clearly has no environmental impact.

List of Subjects

46 CFR Part 10

Reporting and recordkeeping requirements, schools, Seamen.

46 CFR Part 12

Reporting and recordkeeping requirements, Seamen.

For the reasons set out in the preamble, the Coast Guard proposes to amend 46 CFR parts 10 and 12 as follows: