

104TH CONGRESS  
2D SESSION

# S. 1918

To amend trade laws and related provisions to clarify the designation of normal trade relations.

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## IN THE SENATE OF THE UNITED STATES

JUNE 27, 1996

Mr. ROTH (for himself, Mr. MOYNIHAN, Mr. CHAFEE, Mr. BAUCUS, Mr. SIMPSON, Mr. CONRAD, Mr. GRASSLEY, Ms. MOSELEY-BRAUN, Mr. BRADLEY, Mr. ROCKEFELLER, Mr. MURKOWSKI, Mr. NICKLES, Mr. PRYOR, Mr. GRAHAM, Mr. BREAUX, Mr. GRAMM, Mr. D'AMATO, Mr. HATCH, Mr. PRESSLER, and Mr. LOTT) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend trade laws and related provisions to clarify the designation of normal trade relations.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

### 3   **SECTION 1. FINDINGS AND POLICY.**

4       (a) FINDINGS.—The Congress makes the following  
5       findings:

6               (1) Since the 18th century, the principle of  
7       nondiscrimination among countries with which the  
8       United States has trade relations, commonly re-

1       ferred to as “most-favored-nation” treatment, has  
2       been a cornerstone of United States trade policy.

3           (2) Although the principle remains firmly in  
4       place as a fundamental concept in United States  
5       trade relations, the term “most-favored-nation” is a  
6       misnomer which has led to public misunderstanding.

7           (3) It is neither the purpose nor the effect of  
8       the most-favored-nation principle to treat any coun-  
9       try as “most favored”. To the contrary, the principle  
10      reflects the intention to confer on a country the  
11      same trade benefits that are conferred on any other  
12      country, that is, the intention not to discriminate  
13      among trading partners.

14          (4) The term “normal trade relations” is a  
15      more accurate description of the principle of non-  
16      discrimination as it applies to the tariffs applicable  
17      generally to imports from United States trading  
18      partners, that is, the general rates of duty set forth  
19      in column 1 of the Harmonized Tariff Schedule of  
20      the United States.

21      (b) POLICY.—It is the sense of the Congress that—

22          (1) the language used in United States laws,  
23      treaties, agreements, executive orders, directives,  
24      and regulations should more clearly and accurately

1 reflect the underlying principles of United States  
2 trade policy; and

3 (2) accordingly, the term “normal trade rela-  
4 tions” should, where appropriate, be substituted for  
5 the term “most-favored-nation”.

6 **SEC. 2. CHANGE IN TERMINOLOGY.**

7 (a) TRADE EXPANSION ACT OF 1962.—The heading  
8 for section 251 of the Trade Expansion Act of 1962 (19  
9 U.S.C. 1881) is amended to read as follows: “**NORMAL**  
10 **TRADE RELATIONS**”.

11 (b) TRADE ACT OF 1974.—(1) Section 402 of the  
12 Trade Act of 1974 (19 U.S.C. 2432) is amended by strik-  
13 ing “(most-favored-nation treatment)” each place it ap-  
14 pears and inserting “(normal trade relations)”.

15 (2) Section 601(9) of the Trade Act of 1974 (19  
16 U.S.C. 2481(9)) is amended by striking “most-favored-na-  
17 tion treatment” and inserting “trade treatment based on  
18 normal trade relations (known under international law as  
19 most-favored-nation treatment)”.

20 (c) CFTA.—Section 302(a)(3)(C) of the United  
21 States Canada Free-Trade Agreement Implementation  
22 Act of 1988 (19 U.S.C. 2112 note) is amended by striking  
23 “the most-favored-nation rate of duty” each place it ap-  
24 pears and inserting “the general subcolumn of the column

1 1 rate of duty set forth in the Harmonized Tariff Schedule  
2 of the United States”.

3 (d) NAFTA.—Section 202(n) of the North American  
4 Free Trade Agreement Implementation Act (19 U.S.C.  
5 3332(n)) is amended by striking “most-favored-nation”.

6 (e) SEED ACT.—Section 2(c)(11) of the Support for  
7 East European Democracy (SEED) Act of 1989 (22  
8 U.S.C. 5401(c)(11)) is amended—

9 (1) by striking “(commonly referred to as ‘most  
10 favored nation status’), and

11 (2) by striking “MOST FAVORED NATION  
12 TRADE STATUS” in the heading and inserting  
13 “NORMAL TRADE RELATIONS”.

14 (f) UNITED STATES-HONG KONG POLICY ACT OF  
15 1992.—Section 103(4) of the United States-Hong Kong  
16 Policy Act of 1992 (22 U.S.C. 5713(4)) is amended by  
17 striking “(commonly referred to as ‘most-favored-nation  
18 status’).”.

19 **SEC. 3. SAVINGS PROVISIONS.**

20 Nothing in this Act shall affect the meaning of any  
21 provision of law, Executive order, Presidential proclama-  
22 tion, rule, regulation, delegation of authority, other docu-  
23 ment, or treaty or other international agreement of the  
24 United States relating to the principle of “most-favored-  
25 nation” (or “most favored nation”) treatment. Any Execu-

1 tive order, Presidential proclamation, rule, regulation, del-  
2 egation of authority, other document, or treaty or other  
3 international agreement of the United States that has  
4 been issued, made, granted, or allowed to become effective  
5 and that is in effect on the effective date of this Act, or  
6 was to become effective on or after the effective date of  
7 this Act, shall continue in effect according to its terms  
8 until modified, terminated, superseded, set aside, or re-  
9 voked in accordance with law.

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