

104TH CONGRESS  
2D SESSION

# S. 1918

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IN THE HOUSE OF REPRESENTATIVES

OCTOBER 4, 1996

Referred to the Committee on Ways and Means

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## AN ACT

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,*

1 **SECTION 1. FINDINGS AND POLICY.**

2 (a) FINDINGS.—The Congress makes the following  
3 findings:

4 (1) Since the 18th century, the principle of  
5 nondiscrimination among countries with which the  
6 United States has trade relations, commonly re-  
7 ferred to as “most-favored-nation” treatment, has  
8 been a cornerstone of United States trade policy.

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

13 (3) It is neither the purpose nor the effect of  
14 the most-favored-nation principle to treat any coun-  
15 try as “most favored”. To the contrary, the principle  
16 reflects the intention to confer on a country the  
17 same trade benefits that are conferred on any other  
18 country, that is, the intention not to discriminate  
19 among trading partners.

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

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

2 (1) the language used in United States laws,  
3 treaties, agreements, executive orders, directives,  
4 and regulations should more clearly and accurately  
5 reflect the underlying principles of United States  
6 trade policy; and

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

10 **SEC. 2. CHANGE IN TERMINOLOGY.**

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

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

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

24 (c) CFTA.—Section 302(a)(3)(C) of the United  
25 States Canada Free-Trade Agreement Implementation

1 Act of 1988 (19 U.S.C. 2112 note) is amended by striking  
 2 “the most-favored-nation rate of duty” each place it ap-  
 3 pears and inserting “the general subcolumn of the column  
 4 1 rate of duty set forth in the Harmonized Tariff Schedule  
 5 of the United States”.

6 (d) NAFTA.—Section 202(n) of the North American  
 7 Free Trade Agreement Implementation Act (19 U.S.C.  
 8 3332(n)) is amended by striking “most-favored-nation”.

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

12 (1) by striking “(commonly referred to as ‘most  
 13 favored nation status’)”, and

14 (2) by striking “MOST FAVORED NATION  
 15 TRADE STATUS” in the heading and inserting  
 16 “NORMAL TRADE RELATIONS”.

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

## 22 **SEC. 3. SAVINGS PROVISIONS.**

23 Nothing in this Act shall affect the meaning of any  
 24 provision of law, Executive order, Presidential proclama-  
 25 tion, rule, regulation, delegation of authority, other docu-

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

Passed the Senate September 10, 1996.

Attest:

GARY SISCO,  
*Secretary.*