

CRS Report for Congress

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Country Applicability of the U.S. Normal Trade Relations (Most-Favored-Nation) Status

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Summary

The United States accords permanent normal-trade-relations (NTR) (formerly called most-favored-nation (MFN)) treatment to all its trading partners except four countries to which it is denied by law and 11 countries whose NTR status is temporary and subject to the conditions of Title IV of the Trade Act of 1974. Legislation to restore permanent NTR treatment to five countries is pending.

As a matter of general policy embodied in its own law (Section 126; Trade Act of 1974; 19 U.S.C. 2136), the United States extends unlimited and permanent **nondiscriminatory (NTR/MFN) treatment to all** of its **trading partners**. Hence, there exists no official specific list of countries *with* NTR status.¹

Excepted from this general policy have been certain countries whose MFN status was suspended by law. In several such instances, permanent NTR treatment has been restored by legislation; in most other cases, however, the status has been restored (and remains in effect) on a temporary, periodically renewable basis. Such restoration and continuation in effect through semiannual or annual renewals is subject to the conditions set by the requirements of the Jackson-Vanik freedom-of-emigration amendment (Section 402; 19 U.S.C. 2432) and related provisions of Title IV of the Trade Act of 1974 (e.g., existence of a 3-year, renewable bilateral trade agreement).

The countries that are, at present, **denied NTR status** by the United States are: Cuba, Laos, North Korea, and Serbia-Montenegro (formerly Yugoslavia).

¹ For purposes of comparison: a recent State Department list of the countries of the world contains the names of 190 independent countries, and 63 dependencies; it separately lists Taiwan but omits Serbia-Montenegro.

Countries to which NTR treatment is at present being accorded based on **conditional restoration** under the provisions of Title IV of the Trade Act of 1974 are:

(1) under the presidential waiver of full compliance with the Jackson-Vanik amendment requirements, which must be renewed annually and is subject to disapproval by joint resolution of Congress:

Belarus (former constituent republic of the Soviet Union), and Vietnam.

(2) under the presidential determination of full compliance with the Jackson-Vanik amendment requirements, which must be made semiannually and is subject to disapproval by joint resolution of Congress at the time of year-end renewal:

Armenia, Azerbaijan, Kazakhstan, Moldova, Russian Federation, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan (all are former Soviet Union republics).

Legislation is pending in the 107th Congress to restore permanent NTR status to Cuba, Kazakhstan, the Russian Federation, Ukraine, and Uzbekistan.

For more detailed information see CRS Issue Brief IB93107, *Normal-Trade-Relations (Formerly Most-Favored-Nation) Policy of the United States*; Trade Briefing Book entry (*Most-favored-nation treatment/Normal trade relations*) [www.congress.gov/brbk/html/ebtra30.html]; or contact the author at (202) 707-7747.