

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.

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 and Montenegro (formerly Yugoslavia).

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 For purposes of comparison: a recent State Department list of the countries of the world contains the names of 192 independent countries, and 62 dependencies; it separately lists Taiwan.

(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, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan (all of them former Soviet Union republics)

In recent Congresses, legislation was introduced (but not acted upon) to grant permanent NTR status to former Soviet republics Kazakhstan, Russian Federation, Ukraine, and Uzbekistan, and to Cuba and Serbia-Montenegro. Legislation to restore permanent NTR status to Armenia, Russia, and Serbia-Montenegro is pending in the 108th Congress.

For more detailed information see CRS Report RL31558, *Normal trade relations (most-favored-nation) policy of the United States*; and 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.