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OFFICE OF THE UNITED STATES
TRADE REPRESENTATIVE
EXECUTIVE OFFICE OF THE PRESIDENT
WASHINGTON
20506

Coleman

January 12, 1984

MEMORANDUM

TO: Ronald K. Peterson, OMB
FROM: Mike Hathaway, USTR *MHT*
SUBJECT: USTR Comments on State's Suggestions
Regarding Submission to Congress of Compact of
Free Association relating to Jurisdiction of the
Trust Territory of the Pacific

We have one suggestion to make. Section 243 of the Agreement provides that products of the FAS will be accorded treatment no less favorable than that accorded to the products of any foreign country, and contains no specific exceptions to this general language. However, the U.S. does in fact accord a number of tariff preferences which are considered excepted from such a general most-favored-nation rule, as, for example, treatment under the 1965 Canadian automotive agreement. Although it would apparently not be practical to modify the agreement itself at this time, it is proposed that the end of the paragraph of the section-by-section analysis on section 242-243 be modified to read "entitled to generally applicable most favored nation treatment."