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NSC/Soubers to Smith 09/06/2002
By af Date '02/13/07

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

CONFIDENTIAL

October 14, 1970

National Security Decision Memorandum 86

TO: The Secretary of State
 The Secretary of Treasury
 The Secretary of Agriculture
 The Secretary of Commerce
 The Secretary of Labor
 The Secretary of Interior
 The Director, Office of Management and Budget
 The Administrator, Agency for International
 Development
 The Chairman, Council of Economic Advisers
 The Special Trade Representative

SUBJECT: Tariff Preferences for Developing Countries

The President has reviewed the recommendations of the Under Secretaries Committee in its memorandum of August 28 for elaboration of the U. S. position on generalized tariff preferences.

The President concurs in the points on which the Under Secretaries made joint recommendations, relating to:

- borderline beneficiary countries;
- exclusion of Hong Kong;
- exclusion of Communist countries except Yugoslavia;
- special measures for least developed countries;
- definition of excepted petroleum products;
- definition and scope of coverage of primary products included in our preference scheme;
- addition of eighteen items of interest to the developing countries outside the Western Hemisphere.

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The President has decided that we should no longer insist that special preferences be fully eliminated over a five-year period for countries to be eligible to receive generalized preferences from the United States. We should make clear that we continue to oppose special preferences, however, and that we will develop criteria which would still render countries ineligible under our generalized preferences if trade under the special preferences on items covered by the scheme grows and assumes significant trade proportions. In addition, if special preferences are maintained by others, we reserve the right to extend special preferences ourselves to the same extent. However, in view of the reaction to our original proposal, and subject to the above, we will permit countries now receiving special preferences to be included as original beneficiaries under our scheme (assuming of course that they otherwise qualify).

The President has directed that the Under Secretaries Committee, within two weeks, determine the criteria which would provide for the elimination from our generalized preferences of countries whose special preference trade is significant and growing in items subject to generalized preference schemes. If the issue cannot be resolved by the Committee, a paper presenting alternative possibilities should be submitted within two weeks.


Henry A. Kissinger