

Table of World Trade Organisation and Other Trade Terms

<u>Absolute advantage</u>
An idea described by Adam Smith in his Inquiry into the Nature and Causes of the Wealth of Nations, and developed further by others, that countries engage in international trade to obtain goods more cheaply from abroad than they could make them themselves at home. Smith argued that international trade allows a greater specialization than would be possible in an autarkic system, thereby permitting resources to be used more efficiently. Writing about the reasons why families buy things rather than making them themselves, he said: "What is prudence in the conduct of every private family can scarce be folly in that of a great kingdom. If a foreign country can supply us with a commodity cheaper than we ourselves can make it, better buy it with some part of the produce of our own industry employed in a way in which we have some advantage."
<u>Accelerated tariff liberalization</u>
ATL. The APEC initiative for early voluntary sectoral liberalization in another guise. APEC ministers decided in Kuala Lumpur in November 1998 to transfer the tariff elements of the first nine sectors of this initiative to the WTO. The nine sectors are forest products, fish and fish products, toys, gems and jewellery, chemicals, medical equipment and instruments, environmental goods and services, energy, and a telecommunications mutual recognition agreement. In the Auckland Challenge APEC members agreed to pursue the initiative until the end of 2000.
<u>Acceptable level of risk</u>
Defined in the WTO Agreement on the Application of Sanitary and Phytosanitary Measures as "the level of protection deemed appropriate by the Member establishing a sanitary or phytosanitary measure to protect human, animal or plant life or health within its territory". This concept is also known as the "appropriate level of sanitary or phytosanitary protection". See also sanitary and phytosanitary measures.
<u>Access to Medicines</u>
An aspect of work on intellectual property rights in the WTO. It deals with the balance between obligations under the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and the expectations of developing countries for affordable medicines. Developing countries claim that compulsory licences and parallel imports are essential for their governments to carry out effective health policies through affordable medicines. In their view, the TRIPS agreement is skewed in favour of developed countries and the pharmaceutical companies residing there. The differing views on access to medicines show the inherent tension between intellectual property rights and public expectations of vigorous competition between companies. The Declaration on the TRIPS Agreement and Public Health adopted at the Doha Ministerial Conference is aimed at reducing this tension and at the same time maintaining the benefits of adequate protection of intellectual property rights.
<u>Accession</u>
The act of becoming a member of the WTO or another international Organization or agreement. Accession to the WTO requires negotiations between the existing members and the applicant to ensure that its trade regime will be in harmony with WTO rules and that the applicant is able to observe these rules. On accession, the schedules of tariffs and services commitments the new member offers should also be comparable to those of existing members which have participated in successive rounds of multilateral trade negotiations and reduced their trade barriers over the years. In other words, a country has to be prepared to offer roughly the same as it will enjoy from membership. Accession to the OECD requires new members to show that their economic regime is broadly in tune with those of existing members. Membership of UNCTAD or other United Nations bodies does not entail this sort of obligation. See also enlargement, schedules of commitments on services and schedules of concessions.
<u>Accounting rate</u>
In telecommunications, the charge made by one country's telephone network operator for transporting calls originating in another network to their final destinations within the second network. See also telecommunications termination services.
<u>ACP</u>
African, Caribbean and Pacific countries. Group of 71 countries with preferential trading relation with the EU under the Lomé Treaty.
<u>ACP states</u>
<u>ACP-EC Partnership Agreement</u>
<u>ACP-EC Sugar Protocol</u>
First concluded in 1975 as Protocol 3 to the Lomé Convention. It is an instrument of indefinite duration. The Protocol is now part of the ACP-EC Partnership Agreement. Through this protocol the European Community undertakes to purchase, at guaranteed prices, specific quantities of cane sugar, raw or white, originating in ACP states. The following annual quantities apply: Barbados (49,300 tonnes), Fiji (163,000 tonnes), Guyana (157,000 tonnes), Jamaica (118,300 tonnes), Kenya (5,000 tonnes), Madagascar (10,000 tonnes), Malawi (20,000 tonnes), Mauritius (487,200 tonnes), Swaziland (116,400 tonnes) and Tanzania (10,000 tonnes). See also Special Preferential Sugar Agreement.
<u>Acquis communautaire</u>
All legislation adopted under the treaties establishing the European Communities, including regulations, directives, decisions, recommendations and opinions. Title I of the Treaty of Maastricht sets maintaining and building the <i>acquis communautaire</i> as one of the objectives of the European Union. When a country accedes to the European Union, its national legislation needs to be harmonized with the <i>acquis communautaire</i> . This can mean revising hundreds of parliamentary acts. See also enlargement and European Community legislation.
<u>Act of state doctrine</u>
The principle expressed in a United States Supreme Court judgement of 1897 that "every sovereign State is bound to respect the independence of every other sovereign State, and the courts of one country will not sit in judgment on the acts of the government of another, done within its own territory". Other jurisdictions of course also use this doctrine. Adding-up problem: see fallacy of composition.
<u>Actionable subsidies</u>
A category of subsidies described in the WTO Agreement on Subsidies and Countervailing Measures. Subsidies may be actionable, and therefore illegal, if they cause injury to the domestic industry of another member, negate other commitments made under the GATT, or cause serious prejudice to the interests of another member. If such adverse effects exist, the country maintaining the subsidy must withdraw it or remove its adverse effects. See also countervailing duties, non-actionable subsidies, prohibited subsidies and subsidies.
<u>Ad notes</u>
The notes and explanatory provisions contained in Annex I to the GATT. They amplify and interpret some of the GATT articles proper. They

always have to be read together with the relevant article.
<u>Ad referendum agreement</u>
Provisional acceptance of the outcome of a set of negotiations. Definitive acceptance may depend on the results of related negotiations, approval by the government or the fulfilment of some other condition. See also bracketed language and without prejudice.
<u>Ad valorem equivalent</u>
A calculation of the level of a specific tariff, which converts a rate expressed as a fixed monetary value per product into a value expressed as a percentage of the value of the product. This gives the ad valorem tariff rate. For example, a specific tariff of one dollar levied on a compact disc worth ten dollars would give an ad valorem equivalent of 10%. On a disc worth twenty dollars, a tariff of one dollar would amount to 5%. See also compound tariff.
<u>ad valorem equivalent</u>
When a tariff is fixed in specific or mixed terms, usually an "ad valorem equivalent" of the non ad valorem portion of the duty is calculated for reference purposes. There are several formulas for estimating the AVEs. One common approach is based on MFN trade dividing duties collected by Customs value.
<u>ad valorem tariff</u>
A tariff which is imposed in percentage terms over the value of the good. For example, a 5% tariff, which means that the import tariff is 5% of the appraised value of the good in question.
<u>Ad valorem tariff</u>
A tariff rate expressed as a percentage of the value of the goods to be imported or exported. Most tariffs are now expressed in this form. See also customs valuation and specific tariff.
<u>Additional commitments</u>
The GATS permits WTO members to make commitments on trade in services that are additional to those made under market access and national treatment. Qualifications, standards and licensing matters are mentioned specifically, but additional commitments need not be confined to these areas. See also schedules of commitments on services.
<u>Adjustment costs</u>
The economic and social costs arising from structural adjustment.
<u>Administered protection</u>
See contingent protection and non-tariff measures.
<u>Administered trade</u>
See managed trade.
<u>Administrative guidance</u>
The practice of influencing the activities of an industry by government ministries through through formal or informal measures. Guidance may simply consist of advice on how to interpret a government act or decision. It may also be a method of enforcing, for example, voluntary export restraints through the publication of indicative production and export forecasts. Industries are then supposed to work out among themselves how to divide the export cake. Administrative guidance of the second kind probably works best in countries where the enforcement of competition policy is weak.
<u>Administrative international commodity agreements</u>
These are international commodity agreements that do not operate a buffer stock, export quotas or other mechanisms designed to influence the price of a commodity through manipulating the amount coming on the market. This type of agreement is concerned with matters such as market transparency, more efficient production, processing and distribution, consumer information, and the collection and dissemination of statistical information. See also economic international commodity agreements.
<u>Administrative protection</u>
See contingent protection and non-tariff measures.
<u>Administrative regulation</u>
See regulation.
<u>Advance informed consent</u>
An obligation embodied in the Cartagena Protocol on Biosafety. It establishes the need for an exporter to seek consent from an importing country before the first shipment of a living modified organism intended for intentional release into the environment. See also prior informed consent.
<u>Advance ruling</u>
Binding advice by a competent authority on the legality of an action or its impact before the action is taken. For example, Article 509 of NAFTA requires the customs administrations of member countries to issue promptly a written advance ruling on its tariff treatment of a good before it is imported. Importers and exporters alike may ask for such rulings.
<u>Advisory Centre on WTO Law</u>
Established on 17 July 2001 in Geneva as an independent intergovernmental organization with funding from nine developed countries and more than 25 developing countries and economies in transition. The Centre provides legal services and training to developing countries and economies in transition that have contributed to its endowment fund. Least developed countries can use the Centre's services without contributing funds.
<u>African Economic Community</u>
AEC. An organization aiming to promote the economic, social and cultural development of Africa. It was established on 12 May 1994 through the Treaty of Abuja. Membership, which now exceeds fifty, is open to all members of the Organization of African Unity, now the African Union.

The AEC will aim in the long term to form an African Common Market. In the medium term it will concentrate on trade cooperation and trade facilitation. Its secretariat is located in Addis Ababa.
<u>African Growth and Opportunity Act</u>
<u>African Union</u>
Established in July 2001 at a meeting in Lusaka of African heads of government as the successor to the Organization of African Unity.
<u>AFTA</u>
<u>Agenda 2000</u>
The European Community financial reform plan for 2000-06 aimed at strengthening European Union with a view to receiving new members. The strategy identifies three main challenges: (a) how to strengthen and reform the Union's policies so that they can deal with enlargement and deliver sustainable growth, higher employment and improved living conditions for Europe's citizens, (b) how to negotiate enlargement while at the same time vigorously preparing all applicant countries for the moment of accession, and (c) how to finance enlargement, the advance preparations and the development of the Union's internal policies. The strategy foresees major changes to the Common Agricultural Policy since the envisaged eastward enlargement could lead to an increase of 50% in European Community agricultural land and a doubling of the farm labour force. See also Europe Agreements and Treaty of Nice.
<u>Agenda 21</u>
The Agenda for the 21st Century — a declaration from the 1992 Earth Summit (UN Conference on the Environment and Development) held in Rio de Janeiro.
<u>aggregate measure of support for agricultural production (AMS)</u>
The AMS refers to an index that measures the monetary value of the extent of government support to a sector. The AMS, as defined in the WTO Agreement on Agriculture, includes both budgetary outlays as well as revenue transfers from consumers to producers as a result of policies that distort market prices.
<u>Aggregate measurement of support</u>
A term used in agricultural negotiations. It is the annual level of support expressed in monetary terms for all domestic support measures where government funds are used to subsidize farm production and incomes. It includes product-specific support and support given to agricultural producers in general. The annual level of support has to be reduced as a result of the Uruguay Round negotiations. Domestic support measures with minimal impact on trade do not have to be reduced. See also Agreement on Agriculture, amber box, blue box, equivalent measure of support, green box, subsidies and total aggregate measurement of support.
<u>Aggressive multilateralism</u>
The option available to the United States of using the WTO dispute settlement mechanism vigorously, backed up by Section 301 to the extent that that would be legal or desirable.
<u>Aggressive reciprocity</u>
The unilateral action of an economy which seeks to force a trading partner to change its trade policy. Measures used include retaliation in response to perceived unfair actions, the use of domestic trade legislation, etc. Aggressive reciprocity is capable of solving some trade issues, but often at the expense of considerable political ill-will. It has also been described as the "crow-bar theory of trade policy". See also bilateralism, passive reciprocity, Section 301, Special 301, unfair trading practices and unilateralism.
<u>Aggressive unilateralism</u>
See unilateralism.
<u>Agreement</u>
See ANZCERTA.
<u>Agreement Concerning the International Registration of Marks</u>
See Madrid Agreement Concerning the International Registration of Marks.
<u>Agreement for the Protection of Appellations of Origin and their International Registration</u>
See Lisbon Agreement.
<u>Agreement for the Repression of False or Deceptive Indications of Source on Goods</u>
See Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods.
<u>Agreement on Agriculture</u>
<u>Agreement on Basic Telecommunications Services</u>
A WTO agreement first envisaged in the Uruguay Round outcome on trade in services and concluded on 15 February 1997. It contains market access commitments made by 69 member countries covering cross-border trade and supply through a commercial presence. The Agreement entered into force on 1 January 1998 through the Fourth Protocol to the General Agreement on Trade in Services. See also cross-border trade in services, International Telecommunication Union and reference paper on telecommunications services.
<u>Agreement on Customs Valuation</u>
Formally the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994. It sets out a system of non-discriminatory rules to be followed by customs authorities when they assess the value of imports for the levying of customs duties. See also customs valuation.
<u>Agreement on Government Procurement</u>
<u>Agreement on Import Licensing Procedures</u>
The agreement setting out the procedures to be followed by WTO members in their administration of import licensing regimes. It defines import licensing as "administrative procedures used for the operation of import licensing régimes requiring the submission of an application or other documentation (other than that required for customs purposes) to the relevant administrative body as a prior condition for importation into the customs territory of the importing Member". The Agreement has provisions on automatic import licensing (i.e. approval of the application is always granted) and non-automatic import licensing (i.e. all cases where licensing is not automatic). The Agreement also establishes a system for notifying import licensing procedures to the WTO. The aim of all of these provisions is to ensure that import licensing

regimes are administered fairly and equitably and under transparent conditions.
<u>Agreement on Mutual Acceptance of Oenological Practices</u>
See World Wine Trade Group.
<u>Agreement on Preshipment Inspection</u>
<u>Agreement on Rules of Origin</u>
<u>Agreement on Safeguards</u>
<u>Agreement on Subsidies and Countervailing Measures</u>
A WTO agreement which establishes three categories of subsidies and the procedures to be followed in dealing with them. The categories are prohibited subsidies (subsidies contingent on export performance or the use of domestic rather than imported goods), actionable subsidies (subsidies which may only be maintained if they do not injure the domestic industry of another member, cause nullification or impairment of benefits, or cause serious prejudice to the interests of another member) and non-actionable subsidies (subsidies which may be maintained by members). The Agreement details an accelerated timetable for dispute settlement cases arising from the application of the Agreement. It also sets out the conditions under which countervailing duties may be imposed. It does not apply to agricultural subsidies. See also Agreement on Agriculture, amber box, blue box, green box, Permanent Group of Experts and provisional countervailing duties.
<u>Agreement on Tariffs and Trade 1994</u>
The customs valuation agreement. It sets out the principles and procedures to be followed by WTO members in their assessment of the value of imported goods for the purpose of levying the appropriate amount of customs duties. The primary base for assessing the customs value is the transaction value. Broadly, this is the price actually paid or payable for the goods for export under conditions of competition. See also identical goods and similar goods.
<u>Agreement on Technical Barriers to Trade</u>
<u>Agreement on Textiles and Clothing</u>
A WTO agreement succeeding the Multi-Fibre Arrangement (MFA). It differs from the MFA in that it aims to bring international trade in textiles and clothing again under the normal liberalizing and non-discriminatory WTO trade rules by 1 January 2005. On 1 January 1995 members had to integrate 16% of their 1990 trade in textiles. Another 17% had to be integrated by 1 January 1998, a further 18% by 1 January 2002 and the remainder by 1 January 2005. This means that there is scope for backloading, but some fairly precise conditions for implementation apply. For example, at each stage products have to be chosen from the following four groups: tops and yarns, fabrics, made-up textile products, and clothing. Progress is supervised by the Textiles Monitoring Body, established under the Agreement, which has some dispute settlement functions in respect of the Agreement. The WTO dispute settlement mechanism is also available to members.
<u>Agreement on the Application of Sanitary and Phytosanitary Measures</u>
<u>Agreement on the Importation of Educational, Scientific and Cultural Agreements</u>
See Florence Agreement.
<u>Agreement on Trade in Civil Aircraft</u>
One of the WTO plurilateral agreements, concluded as part of the Tokyo Round. Signatories to the Agreement undertake to eliminate all customs duties and other charges on (a) civil aircraft, (b) civil aircraft engines, parts and components, (c) other parts, components and sub-assemblies of civil aircraft and (d) ground flight simulators. The Agreement requires that purchasers should be free to select suppliers on the basis of commercial and technological factors, and without quantitative restrictions. WTO rules on subsidies apply.
<u>Agreement on Trade-Related Aspects of Intellectual Property Rights:</u>
<u>Agreement on Trade-Related Investment Measures</u>
TRIMS. A WTO agreement concluded during the Uruguay Round. It aims to eliminate conditions attaching to permission to invest that may distort or restrict trade in goods. The annex to the Agreement contains an illustrative list of TRIMS deemed inconsistent with Article III (National Treatment) and Article XI (General Elimination of Quantitative Restrictions) of the GATT. These are (a) requirements that an enterprise must use a defined amount of products of domestic origin, (b) permission to import related to export performance, and (c) any requirements related to quantitative restrictions of imports. The Agreement also raises in Article 9 the possibility that at a later stage it might include provisions on investment and competition policy. See also foreign direct investment, local content requirements and trade-balancing requirement.
<u>Agreement Regarding International Trade in Textiles</u>
See Multi-Fibre Arrangement.
<u>Agriculture and the multilateral trading system</u>
<u>AITIC</u>
Agency for international trade information and cooperation. A Swiss-financed agency based in Geneva which aims to assist less-advantaged countries to play a more active role in the work of the WTO and other trade-related organizations. AITIC is expected to be transformed into an intergovernmental organization in late 2002 or early 2003.
<u>ALADI</u>
Asociación Latinoamericana de Integración. The Latin American Integration Association (LAIA). Formed in 1980 by Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela following the collapse of LAFTA (Latin-American Free-Trade Association). The objective of ALADI, as set out in the Treaty of Montevideo, is to pursue the gradual and progressive establishment of a Latin-American common market. Mercosur is seen as a step towards achieving this objective. ALADI's secretariat is located at Montevideo.
<u>ALADI</u>
Latin American Integration Association.
<u>Alliance for Progress</u>
Initially a ten-year development plan for Latin America containing economic and social objectives. It was launched by President Kennedy in 1961. Among other aims, it was to find "a rapid and lasting solution to the grave problem created by excessive price fluctuations in the basic exports of Latin American countries" and to accelerate the economic integration of Latin America. Some progress was made over the years, but when the Alliance for Progress was formally ended in 1980, many thought that its achievements fell short of its aims. See also Andean Trade Preference Act, Andean Trade Promotion and Drug Eradication Act, Caribbean Basin Initiative, Enterprise for the Americas Initiative and FTAA. Alliance of Small Island States: AOSIS. See small island developing states.

<u>also dependence theory.</u>
The share of domestic production of goods and services that is exported. See also export participation rate. Export processing zones: see free-trade zones.
<u>Alternative dispute resolution</u>
A method of settling disputes through arbitration, consultation, dispute mediation, etc., outside the formal framework of court proceedings. The parties to the dispute usually appoint a disinterested person who attempts to bring down an outcome based on fairness and equity. Alternative dispute resolution only works if the parties are genuinely committed to finding a solution and to accept a negotiated outcome since such awards are in most cases not enforceable through courts. See also dispute settlement and International Court of Arbitration.
<u>Alternative specific tariff</u>
A tariff rate set either at an ad valorem rate, i.e. expressed as a percentage of the value of the product, or at a specific rate, i.e. set as a fixed monetary rate per article. The customs authorities then usually apply the higher of the two. See also ad valorem tariff and specific tariff.
<u>Amber box</u>
Supports for agriculture considered to distort trade and therefore subject to reduction commitments. As a result of the Uruguay Round negotiations WTO members had to quantify the value of these supports and inscribe it in their schedules of commitment. Members may not exceed this level. See also blue box and green box.
<u>amber box</u>
supports considered to distort trade and therefore subject to reduction commitments.
<u>Amendments to WTO agreements</u>
<u>American Economic Integration</u>
See SIECA.
<u>American Selling Price</u>
<u>Amicus brief</u>
An opinion offered to the court by a disinterested party (called amicus curiae or friend of the court) in the hope that this would assist the Judges in arriving at the best possible outcomes. Courts don't always like being helped in this way. Amicus curiae: see amicus brief.
<u>amicus curiae</u>
(Latin "friend of the court") A person who is not a party to a lawsuit but who petitions the court/tribunal or is requested by the court/tribunal to file a brief in the action because that person has a strong interest in the subject matter.
<u>AMS</u>
The AMS refers to an index that measures the monetary value of the extent of government support to a sector. The AMS, as defined in the WTO Agreement on Agriculture, includes both budgetary outlays as well as revenue transfers from consumers to producers as a result of policies that distort market prices.
<u>Analogue country</u>
The country selected by anti-dumping authorities for the purpose of price comparison when they consider that the price information available from the country of origin of the goods would not yield useful results. See anti-dumping measures.
<u>Analytical Index</u>
A two-volume guide to the interpretation and application of the GATT (General Agreement on Tariffs and Trade) prepared by the Legal Division of the WTO. The Analytical Index contains at a highly detailed level the interpretations of the GATT articles made by its membership, dispute settlement panels, etc. It is an essential tool for those engaged in analysing the legal aspects of trade policy. See also GATT Basic Instruments and Selected Documents.
<u>Andean Community</u>
The Cartagena Agreement of 26 May 1969 established the Andean Pact, sometimes known as Andean Group, as a sub-group of LAFTA (Latin American Free Trade Area). The Agreement aims to coordinate the industry and foreign investment policies of its members. Current members are Bolivia, Colombia, Ecuador, Peru and Venezuela. Chile was a member from 1969 to 1976. An Andean Free Trade Area was established on 1 January 1992, followed by the adoption of a common external tariff on 1 January 1995. On 1 January 1997 the arrangement evolved into the Andean Community. Its secretariat is located in Lima.
<u>Andean Community</u>
Formerly known as the Andean Group (established in 1969) and the Andean Common Market, the Andean Community (CAN) is a sub-regional organization made up of Bolivia, Colombia, Ecuador, Peru and Venezuela and the bodies and institutions comprising the Andean Integration System (AIS). The key objectives of the Andean Community are: to promote the balanced and harmonious development of the member countries under equitable conditions; to stimulate growth through integration and economic and social cooperation; to enhance participation in the regional integration process with a view to the progressive formation of a Latin American common market; and to strive for a steady improvement in the standard of living of their inhabitants.
<u>Andean Free Trade Area</u>
See Andean Community.
<u>Andean Pact</u>
See Andean Community.
<u>Andean Trade Preference Act</u>
A United States act of 1991 which gave trade preferences for ten years to products from Bolivia, Colombia, Ecuador and Peru to encourage the development of licit trade. It was modelled on the Caribbean Basin Initiative.
<u>Andean Trade Promotion and Drug Eradication Act</u>
Trade preferences given under the Andean Trade Preference Act were renewed in August 2002 until 31 December 2006 through the Andean

Trade Promotion and Drug Eradication Act. The preamble to the Act assumes that the FTAA (Free-Trade Area of the Americas) will have been concluded by the end of 2005.
Andriessen Assurance
An arrangement negotiated in 1985 between the European Economic Community (EEC) and Australia which keeps certain Asian beef markets free of subsidies. Named after Frans Andriessen who was then EEC Commissioner for Agriculture.
Animal welfare
A subject proposed by the European Community and Switzerland with the support of European non-governmental organizations for inclusion as a non-trade concern in the WTO negotiations on agriculture. The aim of the proposal is to achieve recognition that compensation payments relating to animal welfare are not trade-distorting, and that it should be possible to include them in the green box.
Annecy Tariff Conference
The second of the nine rounds of multilateral trade negotiations. It was held at Annecy, France, from April to August 1949. It primarily aimed to facilitate accession to the GATT by ten countries (Denmark, Dominican Republic, Finland, Greece, Haiti, Italy, Liberia, Nicaragua, Sweden and Uruguay) which had not participated in the 1947 Geneva tariff negotiations. In the event, Uruguay did not accede until 1953. See also Tariff Conference.
Annex I countries
So named after their inclusion in Annex I of the United Nations Framework Convention on Climate Change. They are Australia, Austria, Belarus, Belgium, Bulgaria, Canada, Croatia, Czech Republic, Denmark, European Union, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Latvia, Liechtenstein, Lithuania, Luxembourg, Monaco, the Netherlands, New Zealand, Norway, Poland, Portugal, Romania, Russian Federation, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, Ukraine, United Kingdom and the United States.
Annex II countries
In the United Nations Framework Convention on Climate Change the OECD member countries.
Annex VII countries
Refers to the countries listed in Annex VII to the WTO Agreement on Subsidies and Countervailing Measures. They are (a) the least developed countries so designated by the United Nations that are members of the WTO and (b) Bolivia, Cameroon, Congo, Côte d'Ivoire, Dominican Republic, Egypt, Ghana, Guatemala, Guyana, India, Indonesia, Kenya, Morocco, Nicaragua, Nigeria, Pakistan, Philippines, Senegal, Sri Lanka and Zimbabwe. The least developed countries are exempt from the prohibition on export subsidies. The others are exempt until their GNP per capita reaches \$1,000 per year.
Anti-circumvention
Measures by governments to prevent circumvention of measures they have imposed, such as definitive anti-dumping duties. Sometimes firms seek to avoid such duties through, for example, assembly of parts and components either in the importing country or a third country, or by shifting the source of manufacture and export to a third country. The term as used in the WTO does not refer to cases of fraud. These would be dealt with under normal legal procedures of the countries concerned. The Agreement on Agriculture contains an anti-circumvention provision. It stipulates that export subsidies not listed in the Agreement must not be used to circumvent export subsidy commitments. Nor must non-commercial transactions be used in this way. See also anti-dumping measures, carousel effect, dumping and screwdriver operations.
anticompetitive practices
A wide range of business practices in which a firm or group of firms may engage in order to restrict inter-firm competition to maintain or increase their relative market position and profits without necessarily providing goods and services at a lower cost or of higher quality. These practices include price fixing and other cartel arrangements, abuses of a dominant position or monopolization, mergers that limit competition and vertical agreements that foreclose markets to new competitors.
Anti-competitive practices
Often called restrictive business practices or unfair business practices. These are used by firms to limit their exposure to price mechanisms. This is possible when firms, or groups of firms, have market dominance or market power. In some cases, it may involve collusion among firms. See also antitrust, cartel, competition law, conduct and trade and competition policy.
Anti-dumping Agreement
The WTO Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994. See anti-dumping measures.
anti-dumping duties
Article VI of the GATT 1994 permits the imposition of anti-dumping duties against dumped goods, equal to the difference between their export price and their normal value, if dumping causes injury to producers of competing products in the importing country.
Anti-dumping measures
Anti-globalization
A complex protest action apparently based on the proposition that it is possible, through a combination of international economic cooperation and the pursuit of autarky, to assist the development of developing countries. Views abound on how this should be done, and there is no unanimity among its proponents on the best way to achieve this aim. However, adherents of such views seem to be convinced that, but for the efforts of the WTO, the IMF, the G-7 or the G-8, etc., their aims would be realized speedily. Many anti-globalists also oppose the validity of the principles included by the Washington Consensus. See also globalization.
Antitrust Enforcement Guidelines for International Operations
A set of guidelines last reissued in April 1995 by the United States Department of Justice and the Federal Trade Commission. They give guidance to businesses engaged in international operations on questions relating to the enforcement of antitrust laws. The guidelines cover areas such as jurisdiction over conduct and entities outside the United States, comity, mutual assistance in international antitrust enforcement and the effect of involvement by foreign governments on the antitrust liability of private entities. See also effects doctrine, extraterritoriality, negative comity and positive comity.
Antitrust laws
ANZCERTA

<p>Australia New Zealand Closer Economic Relations Trade Agreement, usually referred to as CER. Entered into force on 1 January 1983. Trade in goods between the partners is free of tariffs, and there are no quantitative restrictions. The partners do not use anti-dumping measures against each other and rely on competition laws instead to the extent that dumping may be caused by anti-competitive behaviour. Countervailing duties may still be imposed. The parties accord each other national treatment in government procurement. Services were brought under the ambit of the free-trade agreement in 1988 through the ANZCERTA Protocol on Trade in Services.</p>
<p><u>ANZCERTA Protocol on Trade in Services</u></p>
<p>Adopted in 1988 to bring trade in services within the ANZCERTA framework. The Protocol covers all services trade between Australia and New Zealand, except for a small number of specified activities listed in the two annexes where restrictions apply. No new activities may be added to the annexes. Periodic bilateral discussions have led to the removal or tightening of the inscriptions. See also negative listing.</p>
<p><u>APEC</u></p>
<p><u>APEC</u></p>
<p>Asia-Pacific Economic Cooperation. APEC was established in 1989 to further enhance economic growth and prosperity for the region and to strengthen the Asia-Pacific community. APEC has 21 members - Australia; Brunei Darussalam; Canada; Chile; People's Republic of China; Hong Kong, China; Indonesia; Japan; Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; The Republic of the Philippines; The Russian Federation; Singapore; Chinese Taipei; Thailand; United States of America; Viet Nam.</p>
<p><u>APEC Blueprint for Action on Electronic Commerce</u></p>
<p>Adopted in 1999. It established a detailed work program on electronic commerce based on the principle that governments, inter alia, would promote the development of electronic commerce by providing a favourable legal and regulatory environment. This environment is assumed to be predictable, transparent and consistent. The blueprint also contains the APEC paperless trading initiative.</p>
<p><u>APEC Business Advisory Council</u></p>
<p>ABAC. Established at the November 1995 APEC Ministerial Meeting in Osaka to ensure the continued cooperation and active involvement of the business and private sectors in all APEC activities. Each economy has three ABAC members.</p>
<p><u>APEC Business Travel Card</u></p>
<p>A scheme enabling bona fide business people from participating APEC economies to travel to other participating economies without the need to obtain visas. Holders of the card are given preferential immigration clearance.</p>
<p><u>APEC Economic and Technical Cooperation</u></p>
<p>Ecotech. One of the three pillars of the APEC work agenda. It aims to support the achievement of the APEC goals by developing common policy concepts, implementing joint activities and engaging in policy dialogue. It was established at the November 1995 APEC Ministerial Meeting. Cooperation activities take place in the areas of human resources development, industrial science and technology, small and medium enterprises, economic infrastructure, energy, transportation, tourism, telecommunications and information, trade and investment data, trade promotion, marine resource conservation, fisheries, and agricultural technology. See also APEC working groups, Bogor Declaration and Osaka Action Agenda.</p>
<p><u>APEC Economic Leaders' Meetings</u></p>
<p>Informal meetings of APEC leaders enabling them to share their visions for the Asia-Pacific region and provide directions for APEC's long-term development. Leaders' meetings have been held at Seattle (1993), Bogor (1994), Osaka (1995), Manila (1996), Vancouver (1997), Kuala Lumpur (1998), Auckland (1999), Brunei Darussalam (2000), Shanghai (2001) and Mexico (2002). The 2003 meeting will be hosted by Thailand, 2004 by Chile and 2005 by the Republic of Korea. See also Bogor Declaration and Osaka Action Agenda.</p>
<p><u>APEC Eminent Persons' Group</u></p>
<p>Established in Bangkok in 1992 to form a long-term vision for trade liberalization in the region. It consisted of prominent academics and business people, from the APEC economies. The EPG issued two annual reports covering issues such as trade liberalization, dispute mediation, environmental issues, investment, and standards. The 1995 APEC Economic Leaders' Meeting held in Osaka declared that its task had been completed. It may be re-formed if required.</p>
<p><u>APEC framework for liberalization and facilitation</u></p>
<p>The APEC process of liberalization and facilitation is to achieve the goals set out in the Bogor Declaration, as described in the Osaka Action Agenda. It comprises (a) actions by individual APEC economies, (b) actions by APEC fora and APEC actions related to multilateral fora. The APEC fora include the APEC Committee on Trade and Investment, the Economic Committee and the APEC working groups. See also Manila Action Plan for APEC.</p>
<p><u>APEC individual action plans</u></p>
<p>These describe the voluntary actions by which APEC economies expect to reach the targets of the Bogor Declaration. Individual action plans contain each economy's proposed action and, where appropriate, proposed collective action on trade and investment liberalization and facilitation. They contain steps to be taken in fifteen areas: tariffs, non-tariff measures, services, investment, standards and conformance, customs procedures, intellectual property rights, competition policy, government procurement, deregulation, rules of origin, dispute mediation, mobility of business people, implementation of the Uruguay Round outcomes, and information gathering and analysis. Individual action plans contain more detail on near-term actions. They are less specific on policies or directions for the long term. They are updated regularly. See also e-IAP and rolling specificity.</p>
<p><u>APEC Mutual Recognition Arrangement for Conformity Assessment of Telecommunications Equipment</u></p>
<p>A non-binding arrangement which entered into force on 1 July 1999. It aims to streamline conformity assessment procedures for telecommunications and telecommunications-related equipment. It provides for the mutual recognition of conformity assessment bodies by the importing countries and mutual acceptance of testing and equipment certification procedures undertaken. APEC members can make the arrangement binding between themselves through an exchange of letters.</p>
<p><u>APEC Non-Binding Investment Principles</u></p>
<p>A voluntary code containing principles to be applied to investment flows, adopted in 1994. It is aimed at promoting a policy environment characterized by increased confidence, reduced uncertainty and the liberalization and simplification of investment rules and policies. The principles include transparency, most-favoured-nation (MFN) treatment, establishment, national treatment, transfers, nationalization and compensation, performance requirements, taxation and investment incentives, dispute resolution, etc. See also World Bank Guidelines on the Treatment of Foreign Direct Investment.</p>
<p><u>APEC Non-Binding Principles on Government Procurement</u></p>

<u>APEC Pacific Business Forum</u>
Formed in 1993 to identify issues APEC should address to facilitate regional trade and investment and to encourage the development of business networks throughout the region. It consisted of senior business people representing the interests of small, medium and large enterprises. It published two reports on issues including dispute mediation, investment, standards, etc. In 1995 it was replaced by the APEC Business Advisory Council.
<u>APEC paperless trading initiative</u>
Adopted in 1999 as part of the APEC Blueprint for Action on Electronic Commerce. Members agreed to endeavour to reduce or eliminate the requirement for paper documents needed for customs and other cross-border trade administration by 2005 for developed economies and 2010 for developing economies. This initiative applies to sea, air and land transport.
<u>APEC Principles on Trade Facilitation</u>
A non-binding set of principles adopted in Shanghai in 2001. The principles are: (a) transparency (information on laws, rules, regulations, etc.), (b) communication and consultations, especially with the business and trading community, (c) simplification, practicability and efficiency by ensuring that rules and procedures are no more burdensome or restrictive than necessary to achieve their objectives, (d) non-discrimination, (e) consistency and predictability to minimize uncertainty to the trade and trade-related parties, (f) harmonization, standardization and recognition on the basis of international standards where possible, (g) modernization and the use of new technology, (h) access to due process to enable seeking redress with respect to the administration of rules, and (i) cooperation among government authorities and business and trading communities. See also trade facilitation.
<u>APEC principles on transparency standards</u>
<u>APEC Principles to Enhance Competition and Regulatory Reform</u>
A non-binding set of five principles adopted in Auckland in 1999. The principles are: (1) non-discrimination (competition and regulatory principles not to discriminate between economic entities, whether these are foreign or domestic), (2) comprehensiveness (broad application of the principles to goods and services, and private and public business activities), (3) transparency in policies and rules, (4) accountability (clear responsibility within domestic administrations for the implementation of the competition and efficiency dimension in the development and administration of policies and rules), and (5) implementation (take, inter alia, practical steps to promote consistent application of policies and rules, eliminate unnecessary rules and regulatory procedures, and improve the transparency of policy objectives).
<u>APEC working groups</u>
APEC has eleven working groups engaged in practical cooperation activities, such as preparation of technical manuals, information networks, training courses, etc. The eleven groups cover agricultural technical cooperation, energy, fisheries, human resources development, industrial science and technology, marine resource conservation, small and medium enterprises, telecommunications and information, tourism, trade promotion and transportation.
<u>Appellate Body</u>
A standing body of seven persons established under the WTO Understanding on Rules and Procedures Governing the Settlement of Disputes to hear appeals arising from panel cases. The grounds for such appeals are confined to points of WTO law. The Appellate Body's members are persons of recognized authority with demonstrated expertise in law, international trade and relevant WTO agreements who are not affiliated with any government. When the Appellate Body was established, many thought that occasional cases only would be referred to it. That expectation was wrong. Today most WTO members tend to appeal against adverse panel decisions. See also dispute settlement, dispute settlement body and panel.
<u>Appellate Body</u>
An independent seven-person body that, upon request by one or more parties to the dispute, reviews findings in panel reports.
<u>Appellations of origin</u>
Types of geographical indications of source. They are used when a product originating in a country, region or locality is deemed to have a quality or characteristic due exclusively or essentially to the geographical environment, including natural and human factors. Examples are champagne and Emmental cheese. Appellations of origin are covered by the WTO Agreement on Trade-Related Aspects of Intellectual Property Rights. See also traditional expressions.
<u>Applied tariff rates</u>
The tariff rates imposed by a customs administration when a good crosses the border. These rates are often considerably lower than the bound rates arrived at as a result of trade negotiations or the rates listed in national tariff schedules. See also bindings and nominal tariff rates.
<u>Appropriate level of sanitary or phytosanitary protection</u>
Defined in the Agreement on the Application of Sanitary and Phytosanitary Measures as the level of protection deemed appropriate by a WTO member establishing a new a sanitary or phytosanitary measure to protect human, animal or plant life or health within its territory. Views on what constitutes an appropriate level of protection vary greatly. This concept is also known as the "acceptable level of risk".
<u>Arab Maghreb Union</u>
Consists of Algeria, Libya, Mauritania, Morocco and Tunisia. It was formed in 1989 with political, economic and social objectives, including the aim of achieving a Common Market. Its secretariat is located at Rabat. See also Maghreb states.
<u>Arbitration</u>
<u>Areeda-Turner test</u>
A method proposed by Phillip Areeda and Donald F Turner in 1975 "to examine the relationship between a firm's prices and its costs in order to define a rational dividing line between legitimately competitive prices and prices that are properly regarded as predatory". Areeda and Turner concluded that unless at or above average cost, a price below reasonably anticipated (1) shortrun marginal costs or (2) average variable costs should be deemed predatory, and the monopolist may not defend it on the grounds that his price was "promotional" or merely met an equally low price of a competitor. They say that although marginal cost data are nearly always unavailable, a price below reasonably anticipated average variable cost should conclusively presumed unlawful. This proposition by Areeda and Turner has spawned a considerable literature questioning and refining its assumptions, but the basic approach is considered to remain valid. See also antitrust laws and predatory pricing.
<u>Arm's-length pricing</u>
A principle designed to assess whether the market price charged for goods and services traded internationally has been manipulated. The arm's-length price is usually defined as the price that would have been charged between independent firms dealing at arm's length in

comparable circumstances. The methods to assess whether this criterion has been satisfied can be complex. See also transfer pricing.
<u>Arrangement on Guidelines for Officially Supported Export Credits</u>
A non-binding OECD arrangement concluded in 1978 and updated many times since. It aims to ensure an orderly export credit market and to avoid competition between countries for giving more favourable credit terms. It applies to export credits extended and supported directly by governments or on their behalf under a government guarantee. It also covers concessional financing under aid programs if the granting of a loan is tied to purchases from the donor country. See also mixed credits and tied aid.
<u>Arrangement Regarding Bovine Meat</u>
See International Bovine Meat Agreement.
<u>Arrangements for Consultations on Restrictive Business Practices</u>
A GATT mechanism adopted on 18 November 1960 aimed at ensuring that restrictive business practices did not frustrate the benefits of tariff reductions and the removal of quantitative restrictions. It recommends that contracting parties, i.e. the GATT members, should enter, as appropriate, into bilateral or multilateral consultations if any contracting party requests this. The party so addressed is enjoined to take measures to remove the harmful effects of restrictive business practices if there is agreement that these exist. This mechanism lay dormant until 1996 when the United States invoked it in a dispute with Japan concerning photographic materials.
<u>Article 113 Committee</u>
The predecessor of the Article 133 Committee. It took its name from Article 113 of the Treaty of Rome.
<u>Article 133 Committee</u>
Often referred to as the 133 Committee. It takes its name from Article 133 of the Treaty of Amsterdam, one of the treaties amending the Treaty of Rome. It permits European Community action based on uniform principles on tariffs, anti-dumping, trade agreements, trade liberalization, etc. This is the Common Commercial Policy. The European Commission, which speaks and negotiates on behalf of member states in the WTO, must conduct its trade negotiations in consultation with the 133 Committee. See also subsidiarity.
<u>Article 20 of the WTO Agreement on Agriculture</u>
See continuation clause.
<u>Article 21.5 panel</u>
A panel established under this article of the Understanding on Rules and Procedures Governing the Settlement of Disputes to rule on disagreements over the implementation of recommendations or rulings of a dispute settlement panel. Where possible, the panel hearing the original complaint will examine the disagreement over its ruling. It normally has 90 days to produce its report.
<u>Article 22.6 arbitration</u>
<u>Article 25 arbitration</u>
See arbitration.
<u>Article XX</u>
The GATT article listing allowed general exceptions to the trade rules under defined conditions.
<u>Article XX</u>
Article listing allowed "exceptions" to the trade rules.
<u>Article XXIV</u>
See customs unions, free-trade areas, free-trade agreements and regional trade agreements.
<u>Arusha Declaration</u>
<u>ASEAN</u>
Association of South-East Asian Nations. Established in 1967 to promote economic progress and political stability in the region. It consists of Brunei, Burma, Cambodia, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand and Vietnam. Its main aims are (a) to accelerate economic growth, social progress and cultural development, (b) to promote regional peace and stability, and (c) to promote collaboration and mutual assistance in the economic, social, cultural, technical, scientific and administrative fields. In the WTO the ASEAN countries often speak as a group on general issues. See also AFTA and ASEAN Vision 2000.
<u>ASEAN</u>
Association of Southeast Asian Nations. The seven ASEAN members of the WTO — Brunei, Indonesia, Malaysia, Myanmar, the Philippines, Singapore and Thailand — often speak in the WTO as one group on general issues. The other ASEAN members are Laos and Vietnam.
<u>ASEAN Framework Agreement on Services</u>
<u>ASEAN Free Trade Agreement</u>
See AFTA.
<u>ASEAN Free Trade Area</u>
The territory covered by the parties to AFTA (ASEAN Free Trade Agreement).
<u>ASEAN Industrial Cooperation Scheme</u>
ICO. An industrial development program adopted in 1995 by the ASEAN countries to promote investment in technology-based industries and to enhance value-adding activities in goods and services production. It replaced the ASEAN Industrial Joint Venture Scheme. To be eligible for the benefits under AICO, a cooperative venture must consist of at least two companies located in different ASEAN countries, and the companies must have at least 30% of equity owned by ASEAN nationals. The approved output of AICO entities enjoys the preferential tariff rate for intra-ASEAN trade ranging from zero to 5%. All products except those falling under Article 9 (General Exceptions) of the CEPT arrangement may be produced under AICO.
<u>ASEAN Industrial Joint Venture Scheme</u>

See ASEAN Industrial Cooperation Scheme.
<u>ASEAN Integration System of Preferences</u>
Entered into force on 1 January 2002. This scheme enables the six original signatories of AFTA (Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore and Thailand) to extend voluntary tariff preferences to the four newer members (Burma, Cambodia, Laos and Vietnam).
<u>ASEAN Investment Area</u>
AIA. Entered into force on 21 June 1999 and amended on 14 September 2001. It aims to establish a liberalized, transparent, competitive and dynamic environment for investment flows among ASEAN members. The AIA covers all direct investments other than portfolio investments and investment matters already covered by other ASEAN agreements. In principle, members give each other national treatment, except for investment in industries inscribed in the temporary exclusion lists, sensitive lists and general exceptions. Items included in the temporary exclusion lists will be opened to ASEAN members by 2003. Services are covered to the extent that they are incidental to manufacturing, agriculture, forestry, fisheries and mining and quarrying. See also AFTA.
<u>ASEAN Vision 2000</u>
An action plan adopted by ASEAN governments on 15 December 1997 to realize fully the original aims of ASEAN. Many of these aims are economic, such as the full implementation of AFTA and the free flow of investment between the ASEAN members by 2020. See also ASEAN Investment Area.
<u>ASEAN+3</u>
The ASEAN countries plus China, Japan and the Republic of Korea. Its first summit meeting was held in Kuala Lumpur in December 1997. See also East Asia Study Group.
<u>ASEAN+3+2</u>
The countries forming ASEAN+3 plus Hong Kong and Taiwan.
<u>ASEAN-5</u>
Indonesia, Malaysia, Philippines, Singapore and Thailand.
<u>ASEAN-6</u>
Brunei Darussalam, Indonesia, Malaysia, Philippines, Singapore and Thailand.
<u>ASEM</u>
Asia-Europe Meeting. An informal process of dialogue and cooperation between the members of the European Union, the European Commission and Brunei, China, Indonesia, Japan, Republic of Korea, Malaysia, Philippines, Singapore, Thailand and Vietnam. ASEM's three main work areas are economic (reducing barriers to trade and investment, and financial and social policy reform), political, and cultural and intellectual. Summit meetings are held every two years. The first ASEM was held in Bangkok in March 1996, the second in London in 1998, the third in Seoul in 2000, and the fourth in Copenhagen in 2002. ASEM 5 will be held in Hanoi in 2004. ASEM does not have a secretariat. Coordination is done through foreign ministers and senior officials.
<u>Asia-Europe Cooperation Framework 2000</u>
Adopted at the third Asia-Europe Meeting in Seoul in 2000. A rather tedious catalogue of principles and objectives as well as political and economic priorities to be undertaken by the ASEM members.
<u>Asia-Pacific Economic (APEC)</u>
Asia Pacific Economic Cooperation forum. Established in November 1989, the Asia-Pacific Economic Cooperation (APEC) is the premier forum for facilitating economic growth, cooperation, trade and investment in the Asia-Pacific region. APEC members (21) are: Australia, Brunei Darussalam, Canada, Chile, People's Republic of China, Hong Kong, China, Indonesia, Japan, Republic of Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, the Philippines, the Russian Federation, Singapore, Chinese Taipei, Thailand, United States, and Viet Nam. http://www.apecsec.org.sg
<u>Assistance</u>
A more genteel term than protection, but it means the same and has the same effect.
<u>Associated foreign direct investment</u>
Defined by UNCTAD as foreign direct investment triggered either by the establishment of an affiliate or the expansion of existing affiliates. See also sequential foreign direct investment.
<u>Association Agreements</u>
Agreements, usually known as Europe Agreements, which give the countries of Central and Eastern Europe and some developing countries preferential access to European Community markets. Sensitive sectors, especially agricultural products, may be excluded from such agreements. Concluding one does not automatically imply future European Community membership. Some 70 ACP states are also separately associated with the European Community through the ACP-EC Partnership Agreement. See also Agenda 2000, enlargement and Mediterranean Agreements.
<u>Association of Caribbean States</u>
Entered into force in August 1995. It consists of 25 Latin-American and Caribbean countries. They are Colombia, Costa Rica, Cuba, Dominican Republic, El Salvador, Guatemala, Haiti, Honduras, Mexico, Nicaragua, Surinam and Venezuela plus the members of Caricom. The Association's aim is to form the world's fourth-largest trading group. In December 1995 it adopted an action plan to liberalize trade through measures for the economic integration among members, including trade liberalization, investments, transport and other related areas; promote and facilitate trade and investment; and to promote the region's transport and tourism sectors. Its secretariat is located at Port-of-Spain, Trinidad and Tobago.
<u>Association of Tin Producing Countries</u>
Established in 1983 with the objective of obtaining remunerative and equitable returns to tin producers and adequate to consumers at fair and stable prices. Members are Bolivia, Democratic Republic of Congo, Indonesia, Malaysia, Nigeria and Thailand.

<u>ASYCUDA</u>
Automated System for Customs Data. A computerized management system developed by UNCTAD for handling freight manifestos, customs declarations, accounting requirements and other procedures related to foreign trade. It can be adapted to individual customs regimes.
<u>Asymmetrical trade agreements</u>
These are in the main bilateral trade agreements with unequal sets of obligations for the partners. This might mean different timetables for tariff reductions or the phasing out of non-tariff measures. In other cases, one party might give free entry to the products of the other party without expecting similar treatment in return. See also Caribbean Basin Initiative, GSP, ACP-EC Partnership Agreement and SPARTECA as examples of such agreements.
<u>Asymmetrical trade openness</u>
Describes a situation in which an exporting country with relatively closed markets can take advantage of relatively open markets elsewhere. This proposition gained currency particularly in the United States in the 1980s as a reason for a growing trade deficit. It was based on the assumption that the United States offered the most open market, and that it adhered fully to the multilateral trade rules. Other countries were seen to be less open to varying degrees and adhering to mercantilism, but they benefited all the same from the United States openness. Some advocated market-opening measures as a remedy. See also aggressive unilateralism, free and fair trade, Section 301 and Super 301.
<u>ATA Carnet</u>
See Customs Convention on the ATA Carnet for the Temporary Admission of Goods.
<u>ATC</u>
The WTO Agreement on Textiles and Clothing which integrates trade in this sector back to GATT rules within a ten-year period.
<u>ATC</u>
The WTO Agreement on Textiles and Clothing which integrates trade in this sector back to GATT rules within a ten-year period.
<u>Atlantic Charter</u>
Agreed at the August 1941 Atlantic Conference between President Roosevelt and Prime Minister Churchill. The Charter set out in paragraphs four and five an early definition of the multilateralism that was to guide post-war reconstruction. It expressed the wish of the United States and the United Kingdom "with due respect for their existing obligations, to further the enjoyment by all States, great or small, victor or vanquished, of access, on equal terms, to the trade and the raw materials of the world which are needed for their prosperity". The words "existing obligations" were meant to give comfort to the United Kingdom regarding the imperial preferences arrangement. Paragraph five read ". . . they desire to bring about the fullest collaboration between all nations in the economic field with the objective of ensuring, for all, improved labour standards, economic development and social security". In time, these sentiments led to the Bretton Woods agreements and, ultimately, the GATT.
<u>At-the-border barriers</u>
These consist in the main of tariffs and non-tariff measures, including import quotas. Some add exchange rates to this category, but these are not usually the responsibility of trade ministries. See also behind-the-border issues.
<u>Attraction-aversion dilemma</u>
Defined by William A. Stoeber as "the dilemma of desiring the benefits that foreign investors could bring while wanting to limit the intrusion of foreign entities". See also foreign direct investment.
<u>Auckland Challenge</u>
The rather long declaration issued at the APEC Economic Leaders' Meeting at Auckland in September 1999. The APEC Principles to Enhance Competition and Regulatory Reform seem to be its only noteworthy part.
<u>Audiovisual services</u>
The production, distribution and exhibition of films and video tapes. Some sensitive policy areas converge on this sector. The include claims of cultural identity, the protection of intellectual property rights and the aim to liberalize trade. These competing claims play themselves out against the broader canvas of rapid technological change and the new possibilities for distribution of audiovisual services it offers. Governments sometimes apply screening quotas and cross-ownership limitations on newspapers, radio and television stations in an attempt to preserve the local cultural characteristics. See also audiovisual services in the Uruguay Round, broadcasting directive, local content rules in broadcasting and trade and culture.
<u>Audiovisual services in the Uruguay Round</u>
<u>Australia and the third world</u>
See Harries Report.
<u>Australian argument for protection</u>
The conclusion drawn in the Brigden Report that the "evidence available does not support the contention that Australia could have maintained its present population at a higher standard of living under free trade". It continued that " the same average income for the same population could not have been obtained without protection". The Brigden Report did not claim that protection would increase aggregate national income, and therefore it did not undermine the argument for free trade. Australia New Zealand Closer Economic Relations Tr
<u>Australian subsidy on ammonium sulphate</u>
<u>Autarky</u>
National self-sufficiency in production. Pure autarky is a theoretical construct. It is not attainable in the modern world. Where it has been tried, it has led to low standards of living. The pretended policy of autarky in some countries has only been possible through substantial assistance from friendly countries and humanitarian help from others. The term is now also used loosely for economies that seek to produce the bulk of their requirements at home regardless of the cost through policies aimed at self-reliance, self-sufficiency and techno-nationalism.
<u>author</u>
Natural person who creates a literary or artistic work.
<u>Auto pact</u>

See Canada–United States Automotive Products Agreement.
Automatic import licensing
See import licensing.
automatic import licensing
Import licensing where approval of the application is granted in all cases, and is not administered in such a manner as to have restricting effects on imports subject to automatic licensing.
Automatic termination
See sunset clause.
Automaticity
The “automatic” chronological progression in the WTO for settling trade disputes in regard to panel establishment, terms of reference, composition and adoption procedures. See also dispute settlement and Understanding on Rules and Procedures Governing the Settlement of Disputes.
automaticity
The “automatic” chronological progression for settling trade disputes in regard to panel establishment, terms of reference, composition and adoption procedures.
Autonomous liberalization
Countries often lower their tariffs or remove other market access restrictions without being asked by others. They do so because they envisage a flow of benefits for their economies. The extent to which they should be able to claim payment for their autonomous liberalization in multilateral trade negotiations then becomes an issue for negotiators. A notional credit is created to exact payment from others, sometimes with the use of complicated formulas. The logic of using negotiating credit in this way is not always clear since the country benefiting most from autonomous trade liberalization is the country doing it in the first place.
Average tariff
A device used to give an informative picture at a glance of a complete tariff schedule, which will usually have troughs and peaks, in a single average rate. It is the unweighted mean of either all applied or all bound rates. Such rates are also used for comparing the treatment of product sectors in different countries. See also applied tariff rates, bindings, peak tariffs and trade-weighted average tariff.
Backdoor protectionism
The use of measures such as unreasonable product standards or excessively stringent quarantine rules to influence the flow of imports. Ostensibly, such requirements are imposed to protect the public interest and, sometimes to their surprise, the consumers. See also protectionism, sanitary and phytosanitary measures and technical barriers to trade.
Backloading
The practice of ensuring that liberalizing commitments do not fall due until late in whatever phase-in period has been agreed in trade negotiations. This is true of commitments by some developed countries under the WTO Agreement on Textiles and Clothing. It may also refer to deferring mandatory trade liberalization under an agreement or arrangement until the last possible legally acceptable moment. See also frontloading.
Balance of advantages
A principle sometimes used in multilateral trade negotiations which holds that advantages derived from the exchange of concessions in trade negotiations should be broadly balanced among participants. The balance is usually achieved through the requests-and-offers technique. This principle is not based on economic theory, and some surprising justifications for the existence or absence of a balance have been offered. The ultimate basis of this principle is the fallacious assumption that trade liberalization entails a cost to the liberalizing country. See also mercantilism.
Balance of concessions
A judgement WTO members make in the course of negotiations and on their conclusion about the relative value of what they sought and were given. They usually try to ensure that the two are about equal. See also balance of advantages
Balance of payments
BOP. A statistical summary of a country's total trade, other economic transactions and financial flows at a given time. The BOP is made up of current account (current transactions), capital account (capital transactions) and a balancing item to even out difficulties in recording international transactions. The current and capital account components of the BOP may each either be in surplus or deficit, but the BOP itself must always be in balance. The current account is the component of the BOP showing trade in goods and services, income and unrequited transfers (e.g. foreign aid payments, workers remittances, etc.) over a specified period. The capital account records currency inflows and outflows due to international dealings in financial assets, such as investments and loans.
Balance of trade
Balance-of-payments consultations
Baltic states
Estonia, Latvia and Lithuania.
Bangkok Agreement
Formally First Agreement on Trade Negotiation Among Developing Countries of ESCAP. It aims at trade expansion among developing country members of the Economic and Social Commission for the Asia-Pacific (ESCAP) through mutually beneficial trade measures. It was signed on 31 July 1975. Members are Bangladesh, India, Laos, Republic of Korea and Sri Lanka.
Bangkok Declaration
Part of the final report adopted at UNCTAD X in Bangkok on 19 February 2000. Its focus is on globalization and UNCTAD's contribution to the international debate on development-related global issues. The declaration is supplemented by a plan of action.
Barbaining tariff

The name accorded in popular parlance to the United States tariff once it could be used to bargain down the tariffs of others following the adoption of the United States Reciprocal Trade Agreements Program in 1934. The tariff then in force was the Smoot-Hawley tariff which was unalterable except through congressional amendment. The term is now used more commonly to refer to the practice of keeping an obsolete tariff in the hope that it may be used to exact a tariff reduction from others. Sometimes it works, but it is a poor negotiating tool. See also autonomous tariff, conventional tariff, multi-column tariff and single-column tariff.
Barter trade
An exchange of actual goods or services estimated to have the same value. Each party's contribution may be valued for accounting purposes in terms of a third-country currency, but the principal trait of barter trade is that no money changes hand between the parties to the transaction. See also compensation trade and countertrade.
Base period
The time period, rather like a snapshot, agreed during the Uruguay Round agricultural negotiations as the basis on which all reductions and commitments were to be made. For market access and domestic support commitments, the base period was 1986-88. For export subsidy commitments, it was 1986-90. See also Agreement on Agriculture.
Base rate
A term often used to describe the tariff levels that form the starting point for reductions to be made through tariff negotiations. The levels concerned are those in force on a certain date. A decision whether to use bound tariff rates or applied tariff rates is necessary. Agreement on what constitutes base rates permits an easy comparison of envisaged or desirable reductions.
Basel Convention
Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal. Adopted on 22 March 1989 under the auspices of the United Nations Environment Program (UNEP). It entered into force on 5 May 1992. The Convention aims to reduce and control the international movement of hazardous waste and to ensure that these wastes are disposed of in an environmentally sound manner. Its two trade-related provisions state that (a) the parties have the right to ban the import of hazardous wastes, and (b) they may not export to or import hazardous wastes from non-members of the Convention. In September 1995 the parties decided to amend the Convention to include a ban on the movement of hazardous waste for recycling from developed to developing countries starting on 1 January 1998. See also multilateral environment agreements and trade and environment.
Basel Convention
An MEA dealing with hazardous waste.
Basic agricultural products
Defined in the WTO Agreement on Agriculture as "the product as close as practicable to the first sale". This definition leaves room for dispute. If one were to follow it strictly, cheese made on the farm would be a basic agricultural product, but if it was made in an industrial dairy it would be a processed product. Basic Instruments and Selected Documents: see GATT Basic Instruments and Selected Documents.
Basic telecommunication services
Includes voice telephony, telex, facsimile and data transmission. See also Agreement on Basic Telecommunications Services, International Telecommunication Union, Negotiating Group on Basic Telecommunications and value-added telecommunications services.
Basket tariff quota
A tariff quota covering a range of closely related internationally traded products. If a tariff quota is applied at the four-digit level under the Harmonized Commodity Description and Coding System (HS), it is still possible to give additional protection to sensitive products by splitting the four-digit level into six digits or more. Quota rights can then be allocated selectively within the entire four-digit range. In this way, a tariff quota can be used as a protectionist measure even when it is allocated fully to importers.
Baumgartner proposals
A set of ideas suggested for action in the GATT in 1961 by the then French Minister for Finance and Economic Affairs, M Baumgartner, for the management of world trade in agricultural products. The essence of the proposals was an extension of the Common Agricultural Policy model to global markets, supplemented by the United States Food for Peace program, to dispose of surplus production. The cost of this plan would have been met by the importing countries. The key component of the pricing mechanism was the "normal price" which would have been set at a level well above what then was the price on the open market. See also agriculture and the multilateral trading system and PL 480.
Beef hormones
See hormone growth promotants.
Beer II
See second beer panel.
Beggar-thy-neighbour policies
Trade or economic measures, such as export subsidies, import quotas and tariffs, taken with the aim of improving domestic economic conditions, e.g. raising employment, and the intention of making them a cost to other countries. Such policies may lead to similar measures by others in response. Beggar-thy-neighbour policies are considered to have been a major factor in deepening and prolonging the Great Depression of the 1930s. See also balance of trade, mercantilism and Smoot-Hawley tariff.
Behaviour
A term used in the administration of antitrust laws or competition laws. It is virtually the same as conduct, and it describes the actions of firms that may fall within the ambit of the applicable laws.
Behind-the-border issues
Policies and measures adopted by governments which are aimed primarily at the domestic economy, but which have an impact on imports and exports. These include domestic subsidies, competition policy, standards, labour conditions, and many others. See also at-the-border barriers.
Beirut Agreement
Agreement for Facilitating the International Circulation of Visual and Auditory Materials of an Educational, Scientific and Cultural Character. Adopted under United Nations Educational, Scientific and Cultural Organization (UNESCO) auspices in 1948. The agreement provides that the

parties do not levy import duties or impose quantitative restrictions on the import of defined materials.
<u>Belgian family allowances</u>
<u>Benefit</u>
Under the WTO Agreement on Subsidies and Countervailing Measures this is a criterion necessary to establish whether a subsidy exists. The Agreement describes six types of governmental measures that may be considered benefits or subsidies. These are (a) a financial contribution by a government or public body, (b) a government practice involving a direct transfer of funds, (c) government revenue foregone or not collected, (d) provision by a government of goods and services other than infrastructure, (e) payments made by a government through a funding mechanism payments made through a private body on behalf of a government, and (f) any form of income or price support in the sense of GATT Article XVI (subsidies) which confers a benefit.
<u>Benefits of trade</u>
Refers to benefits different to the ones postulated in the gains-from-trade theory which states that two countries with different price structures will get better economic returns if they trade with each other than if they adhere to autarky. The theory of comparative advantage also points to the benefits of international specialization. There are some other benefits. Trade gives access to capital goods, machinery and raw materials. It leads to the transfer of technology through the commercial and cooperative spread of new techniques, ideas and skills. Trade promotes the transfer of capital as firms seek to produce in the country best suited to their needs. Trade also brings about an additional benefit not always seen as that: anti-monopolist policies and an environment of competition.
<u>Benelux</u>
A customs union formed in 1948 between Belgium, the Netherlands and Luxembourg. Plans for the three to enter into an economic union were superseded by their founding membership of the European Economic Community on 1 January 1958.
<u>Benign mercantilism</u>
See mercantilism.
<u>Berne Convention</u>
The Berne Convention for the Protection of Literary and Artistic Works protects the rights of authors of literary and artistic works. It was concluded in 1886 and revised several times since, the last time in 1971. The primary aim of the latest revisions was to move the convention towards according substantially uniform protection in all member countries. It is administered by WIPO. The 1971 revision of the Berne Convention is one of the standards to be observed under the Agreement on Trade-Related Aspects of Intellectual Property Rights. See also intellectual property.
<u>Berne Convention</u>
Treaty, administered by WIPO, for the protection of the rights of authors in their literary and artistic works.
<u>Best information available</u>
A concept used in the administration of anti-dumping measures. It means that even though the information provided by a party to a dumping investigation may not be ideal in all respects, this is not a reason for disregarding it, as long as the other party has acted to the best of its ability. If the evidence or information is not accepted, the supplying party should be given the reasons for it. It should also be given an opportunity to supply further explanations, taking account of the time-limits for the investigation.
<u>Best-endeavour undertakings</u>
Conditional promises to take certain actions, or to consider the possibility of taking certain action. If they are part of a trade agreement, they are an aspect of soft law. In trade negotiations best-endeavour undertakings are often the first step towards more binding obligations. See also nagging rights.
<u>Bicycle theory</u>
The proposition that the multilateral trading system must keep moving forward through successive liberalizing rounds and agreements if it is to remain liberal. On this analogy, the system would fall over like a bicycle if long gaps between liberalizing moves were to permit protectionist sentiments and actions to become dominant. The evidence for this proposition does not appear all that strong. See also protectionism.
<u>Bid challenge</u>
A complaint by one party to an agreement on government procurement that the other party has not followed the agreed rules in awarding a contract. A challenge usually has to be made within a specified period. The parties normally also agree that challenges should be heard by an impartial and independent tribunal, and that the challenger can attend all hearings.
<u>Bilateral air services agreements</u>
Air traffic agreements concluded between governments in accordance with Article 6 of the Chicago Convention. They specify, sometimes in great detail, matters such as names of the carriers, the number of scheduled flights and the maximum number of passengers the other country may direct to one's own country. They also list the airports that may be used. See also freedoms of the air and open skies.
<u>Bilateral investment treaties</u>
A name given by many countries to their investment promotion and protection agreements. The model United States agreement contains rights and obligations concerning the application of most-favoured-nation treatment and national treatment, whichever is the better; fair and equitable treatment more generally; permission for aliens to enter the other party's territory to establish, develop, administer and advise on an investment and to engage top managerial personnel regardless of nationality; an undertaking not to impose performance requirements; the provision of effective means for asserting claims and enforcing rights; transparency of regulation; procedures to be followed in case of expropriation; and freedom to transfer funds. See also international investment agreements.
<u>Bilateral restraint agreement</u>
See voluntary restraint arrangement.
<u>Bilateral trade agreement</u>
An agreement between two countries setting out the conditions under which trade between them will be conducted. If both parties are already WTO members enjoying the attendant non-discrimination, market access and other benefits, the main additional reason for a bilateral agreement may be a program of bilateral trade facilitation and trade promotion activities. If one party is not a member of the WTO, the agreement will normally provide for most-favoured nation treatment and national treatment, protection of intellectual property rights,

consultation and dispute settlement, and other principles and mechanisms necessary for ensuring smooth trade flows and the speedy resolution of problems. Bilateral trade agreements usually contain a provision for periodic reviews of trade developments at ministerial or officials level, such as a Joint Trade Committee or a Mixed Commission.
Bilateralism
BIMP-EAGA
Brunei–Indonesia–Malaysia–Philippines East ASEAN Economic Growth Area, proposed at a meeting of ASEAN economic ministers in October 1993. It covers Labuan, Sabah, Sarawak (Malaysia), North, Central, South and South-East Sulawesi, Maluku, Irian Jaya and East, West and Central Kalimantan (Indonesia), Mindanao and Palawan (Philippines) and all of Brunei. BIMP-EAGA is aimed at developing trade and investment between contiguous underdeveloped areas of separate countries. See also AFTA.
Binding
Also called concession. A legal obligation not to raise tariffs on particular products above the specified rate agreed in WTO negotiations and incorporated in a country's schedule of concessions. Bindings are enforceable through the WTO. Their purpose is to provide greater commercial certainty through a ceiling on tariffs which cannot be breached without an offer of compensation to affected trading partners. These ceilings are often higher than the applied tariff rates.
Binding commitments
Binding (sometimes bound) commitments are a legal obligation not to make market access conditions for services more restrictive than described in a country's schedule of commitments on services submitted to the WTO. Bindings are enforceable under WTO rules and may only be breached through negotiation with affected trading partners. A country breaching a binding may have to offer compensation to other trading partners in the form of commitments in other services.
binding, bound
See "tariff binding"
Biochemical prospecting
See UNCTAD BIOTRADE initiative.
biological diversity
Means the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are part; this includes diversity within species, between species and of ecosystems.
biological resources
Include genetic resources, organisms or parts thereof, populations, or any other biotic component of ecosystems with actual or potential use or value for humanity.
Biopiracy
The unauthorized search in the wild by biotechnology companies for plants or genes that may be useful for the development of, for example, new pharmaceuticals or improved strains of commercial crops. Some developing countries in particular consider that they are disadvantaged by this practice because they may not receive proper compensation for the use of plants that occur naturally in their territories. The biotechnology companies, on the other hand, are seen to be benefiting commercially through their application for patents for discoveries made in this way. This is the basis for the argument that there should be a new class of intellectual property rights to curb biopiracy. The entire concept remains contentious.
Bioprospecting
The search for plants or genes that may be useful for the development of, for example, new pharmaceuticals or improved strains of commercial crops. See also biopiracy.
Bipartisan Trade Promotion Authority Act of 2002
Trade Promotion Authority.
Blair House Accord
Block exemptions
A term used to describe the practice of the European Community to exempt some sensitive sectors, most often agricultural and textile products, from the full application of the provisions of its preferential trade arrangements. Block exemptions may also be used in the administration of competition policy to exempt certain sectors or practices from the applicable laws. See also Association Agreements and Europe Agreements.
Blocking statutes
National legislation aimed at countering the attempted extraterritorial use of antitrust laws by others. Such legislation typically forbids nationals of the country concerned to cooperate in antitrust investigations launched by a foreign country. See also extraterritoriality.
Blue box
Agricultural supports linked to production, but subject to production limits and therefore minimally trade-distorting. They are exempt from the reduction commitments under the WTO Agreement on Agriculture. See also amber box and green box.
blue box
permitted supports linked to production, but subject to production limits and therefore minimally trade-distorting.
Bogor Declaration
Adopted by the APEC Economic Leaders' Meeting on 15 November 1994 at Bogor (Indonesia) to achieve free trade in goods and services as well as free investment among APEC members. Developed country members will achieve the target by 2010, developing countries by 2020. Leaders emphasized their strong opposition to the creation of an inward-looking bloc that would impair the pursuit of global free trade. Leaders also said that they would give particular attention to their trade with non-APEC developing countries to ensure that they would also benefit from APEC's trade and investment liberalization, in conformity with GATT/WTO provisions. See also APEC and open regionalism.
Bolar exception

<u>Bona fides</u>	See good faith.
<u>Bonus</u>	See Dairy Export Incentive Program and Export Enhancement Program.
<u>Boomerang clause</u>	
<u>Boomerang effect</u>	The possibility that policies executed by a government may rebound on it. Trade policy generally seeks to avoid the boomerang effect by treating exporters from other jurisdictions and their products in a manner equivalent to that given to domestic producers and their products. The boomerang effect is more likely to occur under laws and regulations not subject to the national treatment provision. See also beggar-thy-neighbour policies and retaliation.
<u>Bootlegging</u>	The unauthorized recording of concert performances for later broadcasting or other commercial gain. Such recordings are often cheap, and their quality almost certainly inferior. See also copyright, intellectual property and piracy.
<u>Border measures</u>	See tariff and non-tariff measures.
<u>Border protection</u>	Any measure which acts to restrain imports at the point of entry.
<u>border protection</u>	Any measure which acts to restrain imports at point of entry.
<u>Border tax adjustments</u>	Refunds of, or additions to, indirect taxes (e.g. excise tax) or non-collection of dues borne by an article destined for domestic consumption if that article is exported. Such adjustments are sometimes also called drawbacks or remissions. Adjustment can also be a charge levied on an imported article that equals indirect taxes (e.g. sales tax) imposed on similar domestic products. Such adjustments are not illegal under the GATT. See also export incentives.
<u>Border trade</u>	See frontier traffic.
<u>Borderless world</u>	Originally the title of a book written in 1990 by Kenichi Ohmae which is more concerned with ways in which a firm can make the best of competing in an interlinked global economy. It represents an aspect of the literature on globalization and internationalization. In the meantime, the idea of a world without national borders to trade has taken hold in some quarters. However, like the paperless office, this will take some time to achieve
<u>Bottleneck facilities</u>	See essential facilities doctrine
<u>Bottom-up approach</u>	Preparing an agenda for trade negotiations by agreeing on negotiating subjects item by item. As agreement is reached on each item, the shape of the final agenda gradually becomes apparent. See also top-down approach.
<u>Bottom-up multilateralism</u>	A negotiating process resulting in bilateral and unilateral outcomes which are extended multilaterally from the bottom up. Cowhey and Aronson, proponents of this process, stress that such deals must encompass the basic principles of the multilateral trade regime, and they must be open to the scrutiny of third parties. They say that multilateral negotiations will only yield slow incremental progress towards liberalization, and that regionalism, and in some cases the sectoral approach, can provide a superior solution to many issues if appropriate consultative mechanisms between regions exist. See also bilateralism, hub and spokes, unilateralism, multilateralism and sectoral trade negotiations.
<u>Bound</u>	See concession.
<u>Bounty</u>	A subsidy available to domestic producers, usually to help an ailing industry. It can be aimed at bridging the gap between domestic and imported prices of a manufacture (e.g. shipbuilding), or the use of a specified input in a production process (i.e. superphosphate for agriculture). Many prefer bounties to tariffs as a method for supporting or protecting industries because the amount paid, and therefore the cost to other industries and consumers, is clearly evident. Budgetary pressures are likely to keep bounties in check. Another argument is that bounties can be targeted more accurately, and they do not become a charge on inputs to other industries except through the general taxation system. See also protection and subsidies.
<u>Box</u>	A form of domestic support for agriculture. See amber box, blue box and green box.
<u>box</u>	Category of domestic support.
<u>Boycott</u>	The refusal to supply a country or a firm, to import or buy from it, or to deal with it in other ways. This may in certain cases constitute an anti-competitive practice or a restrictive business practice.

<u>Bracketed language</u>
A section of a negotiating text put in square brackets either because the language is disputed or because its adoption will depend on agreement being achieved elsewhere in the text. See also ad referendum agreement and without prejudice.
<u>Brain drain</u>
see reverse transfer of technology.
<u>Branch office economy</u>
The proposition that modern communications technologies enable economic decision-making to be concentrated in a few financial centres, and that smaller economies are no longer their own masters. Holders of this view often expect their governments to take steps to prevent this. They fall into two main groups. The first advocates making the economy more competitive and therefore more attractive to foreign investors through trade and investment liberalization. The second calls for protectionism, though this is usually couched in words like positive intervention, the need for a more modern industry policy and other devices with this intent. See also globalization and internationalization.
<u>Brazilian unroasted coffee</u>
<u>Bretton Woods agreements</u>
The United Nations Monetary and Financial Conference held at Bretton Woods, New Hampshire, in 1944 produced charters for the World Bank (International Bank for Reconstruction and Development or IBRD) and the International Monetary Fund (IMF). It also proposed the establishment of the International Trade Organization (ITO) for which negotiations were held separately, but which ultimately resulted in a less ambitious outcome in the form of the GATT. The three are sometimes called the Bretton Woods institutions. See also Havana Charter, IBRD, IMF and ITO.
<u>Bribery in international transactions</u>
See Convention on Combating Bribery of Foreign Public Officials in International Business Payments and trade and illicit payments. Transactions, Draft International Agreement on Illicit
<u>Brigden Report</u>
Commissioned in 1927 by the Australian Government to report on the effects of the tariff on the economy. It was named after Professor J B Brigden of the University of Tasmania who headed the enquiry. The report, published in 1929, recommended moderate levels of protection and warned that protection levels at the time had probably reached their economic limit. In the long run, the influence of the report was much greater on approaches to the assessment of protection levels than the actual making of tariff policy. See also Australian argument for protection.
<u>Broadband services</u>
Communications services using still images, video, sound, text and data either separately or in combination. Broadband generally denotes the ability to communicate information at a high transmission rate. See also audiovisual services.
<u>Broadcasting Directive</u>
<u>Brundtland Commission</u>
See World Commission on Environment and Development.
<u>Brussels Declaration</u>
The statement resulting from the Third United Nations Conference on the Least Developed Countries, held in Brussels from 14 to 20 May 2001. Among other matters, participants agreed that they would use the WTO Doha Ministerial Conference to "advance the development dimension of trade". One aim would be to improve preferential market access for least developed countries (LDCs) through working towards the objective of duty-free and quota-free access for LDCs in developed countries. The conference also adopted an action plan for the least developed countries. See also Everything But Arms.
<u>Brussels Definition of Value</u>
BDV. A standard for valuing goods at the border to fix the customs duties to be paid. It was developed under the auspices of the Customs Cooperation Council, now the World Customs Organization, located in Brussels. The BDV is the price goods would fetch on sale in the open market in the importing country at the time and in the place the import occurs. It sets out a number of considerations aimed at arriving at a decision on whether the actual sales price of the product corresponds with the notional standard of value. The BDV has now been superseded by the methods set out in the WTO Agreement on Implementation of Article VII [customs valuation] of the General Agreement on Tariffs and Trade 1994. See also customs valuation.
<u>Brussels Ministerial Meeting</u>
See Uruguay Round.
<u>Brussels Tariff Nomenclature</u>
A product classification for the purposes of structuring a national tariff. Developed by the Customs Cooperation Council, now the World Customs Organization, based in Brussels. This nomenclature was superseded by on 1 January 1988 by the Harmonized Commodity Description and Coding System. BSE: bovine spongiform encephalopathy, or "mad cow disease".
<u>BSE</u>
spongiform encephalopathy, or "mad cow disease".
<u>BTA</u>
Border tax adjustment
<u>Building-block approach</u>
First, building blocks may be the elements ultimately making up a free-trade agreement. Some easy elements, such as trade facilitation activities, might be tackled first as confidence-building measures. The more difficult economic provisions would come later. Second, free-trade areas are seen by some as the building blocks of the multilateral trading system. Individual areas could ultimately be combined to bring down trade barriers between ever larger areas.
<u>Built-in Agenda</u>
BIA. The extensive WTO work program resulting from the provisions contained in the instruments negotiated during the Uruguay Round. Part

of the BIA reflects the fact that agreement on some issues was not possible during the Round itself. In these cases, the BIA authorized or mandated new negotiations. The BIA contains the mandate for the negotiations on agriculture and services which started in 2000.
Burden-sharing
The idea that the cost of new trade measures should be borne by the widest possible group of affected countries. Some also use the term when they erroneously see trade liberalization as a cost to economies doing so. Burden-sharing is not the same as reciprocity, which demands roughly equivalent action from others. See also balance of advantages.
But for test
A method adopted by the panel in Canada – measures affecting the export of civil aircraft to establish whether a link existed between a governmental grant “to the Canadian regional aircraft industry and anticipated exportation or export earnings”. The test asks whether assistance would not have been given but for anticipated exportation or earnings. The panel found that assistance to the Canadian regional aircraft industry constituted export subsidies inconsistent with the Agreement on Subsidies and Countervailing Measures. Butter mountain: the name given in common parlance to the dairy product surpluses caused by the Common Agricultural Policy of the European Community. See also wine lake.
Buy American Act
A United States act passed in 1933 to ensure (a) that only unmanufactured and manufactured articles, materials and supplies produced in the United States would be bought for public use and (b) that in the case of construction of public buildings and public works only articles, materials and supplies produced in the United States would be used at all construction stages. The Act does not apply to goods used outside the United States or not produced domestically. There are some other exceptions, including one where the public interest would demand otherwise or where the cost would be unreasonable if American materials were used. Members of the WTO Agreement on Government Procurement are exempt from significant aspects this Act. Many of the American states have their own Buy American law. See also buy-local policies.
Buy-local policies
A way of giving advantages to domestic producers of goods and services under the government procurement rules of some countries. Such policies are often expressed in terms of a preference margin favouring the home-grown product, but sometimes they may be limited to decision to purchase locally if all other things are equal. Buy-local policies at times are used to promote the development of domestic industries.
Byrd Amendment
The Continued Dumping and Subsidy Offset Act passed by the United States Congress in October 2000. Named after Senator Robert Byrd who proposed it as an amendment to an appropriation bill for agriculture. The Act seeks to ensure that proceeds from anti-dumping and countervailing duty cases are paid to the United States companies that initiated the cases. Companies receiving such payments may use them for items such as plant modernization and pension expenditures.
Glossary
A-B C-D E-F G-I J-L M-O P-S T-Z

Cabotage
Shipping or air services between domestic ports and airports, respectively. In most countries, such services are reserved for ships or aircraft owned and registered locally. Their crews must be hired under local employment conditions. In the United States ships providing cabotage services must also be built in domestic shipyards. See also freedoms of the air and Jones Act.
Cairns Group
A group of agricultural exporting nations lobbying for agricultural trade liberalization. It was formed in 1986 at a Ministerial Meeting in Cairns, Australia, just before the beginning of the Uruguay Round. Current members are Argentina, Australia, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Guatemala, Indonesia, Malaysia, New Zealand, Paraguay, Philippines, South Africa, Thailand and Uruguay. See also Agreement on Agriculture and agriculture and the multilateral trading system.
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Group of agricultural exporting nations lobbying for agricultural trade liberalization. It was formed in 1986 in Cairns, Australia just before the beginning of the Uruguay Round. Current membership: Australia, Argentina, Brazil, Canada, Chile, Colombia, Fiji, Indonesia, Malaysia, New Zealand, Paraguay, the Philippines, South Africa, Thailand and Uruguay.
Cairns Group of Agriculture Exporting Countries
A group of nations formed in 1986 at Cairns, Australia. The group seeks the removal of trade barriers and substantial reductions in subsidies affecting agricultural trade. These goals were in response to depressed commodity prices and reduced export earnings stemming from subsidy controversies. The members account for a significant portion of the world's agricultural exports. The group includes major food exporters from both developed and developing countries: Argentina, Australia, Brazil, Canada, Chile, Colombia, Hungary, Indonesia, Malaysia, New Zealand, the Philippines, Thailand, and Uruguay. The Cairns Group was a strong coalition in the Uruguay Round of multilateral trade negotiations.
Calvo doctrine
A doctrine prevalent in Latin American legal systems. It holds that foreign nationals, and particularly foreign investors, are not entitled to seek protection from their governments in excess of that available to nationals of host countries. In other words, it rejects any suggestion of privileged treatment for foreign investors. The doctrine in effect prevented countries adhering to it from concluding treaties for the protection of investment, and it had therefore a direct influence on investment flows. It is named after Dr Carlos Calvo, an Argentinian lawyer and diplomat, who enunciated it in 1868. Canada – Administration of the Foreign Investment Review Act: see FIRA panel. Canada – Import, distribution and sale of certain alcoholic drinks by provincial marketing agencies: see second beer panel. Canada – Measures affecting exports of unprocessed herring and salmon: see herring and salmon.
Canada–United States Automotive Products Agreement
Concluded in 1965 and entered into force in September 1966. It permitted some motor vehicle manufacturers to bring vehicles, parts and accessories into Canada from the United States free of import duties. Some performance requirements had to be met by companies participating in the scheme. The last time new applicants were given permission to participate in the scheme was on 31 July 1989. The Agreement became

an irritant especially for Japanese car manufacturers who began operations in the United States in the 1980s. In 2000 a WTO panel ruled that certain elements of the agreement violated Canada's WTO obligations. The ensuing revisions have removed most of the reasons for the original agreement.
<u>Canada–United States Free Trade Agreement</u>
Abbreviated to CUSFTA or CUSTA. Signed on 2 January 1988. It provided that all tariffs between the two countries would be phased out by 1 January 1998. Canada's foreign investment screening threshold was increased from \$C5 million to \$C150 million, but some other restrictions on investment remained. The Agreement's provisions services regard are less liberal than those for goods. This Agreement has largely been superseded by NAFTA.
<u>Canadian periodicals</u>
A WTO case brought by the United States against Canada in 1996. Canada had maintained measures designed to prohibit the import of certain editions of foreign periodicals or to favour domestic periodicals through lower excise duties and postal rates. An important element of these measures was the aim of protecting Canadian cultural identity. In June 1997 the panel found against Canada on most counts, especially in relation to its obligations under GATT Article III (National Treatment) and Article XI (General Elimination of Quantitative Restrictions). This case is relevant to any work on trade and culture.
<u>Cancun Summit</u>
A meeting of 22 heads of state and heads of government held at Cancun, Mexico, in 1981. It aimed to find a way to restart the stalled North-South dialogue. It was organized in the favourable climate created by the first Brandt Report, issued in 1980. Although the meeting ended in an apparent consensus, it turned out to be a failure in bringing about its stated objective. Like all other North-South initiatives, it was not able to overcome the competing views of the main participants concerning the best way to implement any proposed measures. CAP: see Common Agricultural Policy.
<u>CAP</u>
Common Agricultural Policy — The EU's comprehensive system of production targets and marketing mechanisms designed to manage agricultural trade within the EU and with the rest of the world.
<u>Capacity-building</u>
<u>Caribbean Basin Initiative</u>
CBI. Originally a United States 12-year plan which began on 1 January 1984 under the Caribbean Basin Economic Recovery Act of 1983 to promote the development of Caribbean Basin nations. It was made permanent in 1990. The CBI extends tariff-free treatment to all products from the Caribbean area, and reduced tariffs for textiles, some leather goods and petroleum products. Sugar imports are subject to quotas, but Caribbean sugar enters the United States free of tariffs. The 2000 United States Caribbean Basin Trade Partnership Act (CBTPA), part of the Trade and Development Act of 2000, offers Caribbean Basin beneficiary countries that are prepared to join NAFTA or another free-trade agreement tariff treatment roughly equal to that accorded to the NAFTA partners. CBTPA expires in 2008. See also Alliance for Progress and Enterprise for the Americas Initiative.
<u>Caribbean Common Market</u>
Founded in 1973 as the replacement for the Caribbean Free Trade Association (CARIFTA). It currently is a customs union with a common external tariff. It consists of Antigua and Barbuda, the Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, St Christopher and Nevis, St Lucia, St Vincent and the Grenadines, Suriname, and Trinidad and Tobago. The British Virgin Islands and the Turks and Caicos Islands have associate membership. Members have also agreed to a free internal market in air services. Its secretariat is located at Georgetown, Guyana.
<u>Caribbean Community</u>
CARICOM. Consists of all the members of Caribbean Common Market except the Bahamas.
<u>Caribbean Free Trade Association</u>
See Caribbean Common Market.
<u>Caricom</u>
The Caribbean Community and Common Market comprises 15 countries: Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Haiti, Jamaica, Montserrat, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago. The Bahamas is a member of the Community but not the Common Market. Associate members (3) include: Anguilla, British Virgin Islands, Turks and Caicos Islands. http://www.caricom.org
<u>carry forward</u>
When an exporting country uses part of the following year's quota during the current year.
<u>carry over</u>
When an exporting country utilizes the previous year's unutilized quota.
<u>causal link</u>
Relationship that is established when a cause generates a given effect. See Subsidies, Antidumping and Countervailing Duties
<u>CBD</u>
Convention on Biological Diversity
<u>Central American Common Market (CACM)</u>
The Central American Common Market (CACM) was established on 13 December 1960 when Guatemala, El Salvador, Honduras, and Nicaragua signed the General Treaty of Central American Economic Integration. Costa Rica acceded on 23 July 1962. In October 1993, the five CACM countries signed the Guatemala Protocol, which amended the 1960 General Treaty. The Protocol redefines the objectives, principles and stages of economic integration, and calls on members to establish a customs union. More specifically, the Guatemala Protocol calls on members to bring the free trade area of the CACM into full operation through the gradual elimination of tariff and non-tariff barriers, the granting of national treatment to intraregional trade, and the adoption of a regional legal framework covering rules of origin, safeguards, unfair trade practices, intellectual property, services, sanitary and phytosanitary measures, and standards and technical regulations. http://www.sieca.org.gt

<u>Cherry-picking</u>
The attempt to choose from a menu of obligations or negotiating options only those likely to cause one the fewest difficulties. The vigilance of others often prevents this. See also forum-shopping.
<u>Chiang Mai Initiative</u>
Adopted at a meeting of ASEAN+3 finance ministers in Chiang Mai, Thailand, in May 2000. It created a network out of the currency swap arrangements then in existence among the ASEAN+3 members, with Japan at the centre. See also New Miyazawa Initiative.
<u>Chicago Convention</u>
The Convention on International Civil Aviation, concluded in 1944 with the aim of promoting a regime for safe and orderly international air services. Its provisions govern the methods of allocating bilateral air traffic rights, a basic feature of the global aviation system. The Convention is administered by the International Civil Aviation Organization (ICAO), located in Montreal. See also bilateral air services agreements, freedoms of the air and open-skies agreements.
<u>Chief supplier provision</u>
One of the main features of the United States Reciprocal Trade Agreements Program. It stipulated that no tariff concession would be made to any country unless it was the chief supplier of the product. The provision was intended to preserve United States bargaining power with countries yet to conclude a reciprocal trade agreement after earlier reductions had been applied to other trade agreement partners under the most-favoured-nation rule. The chief supplier provision was carried forward into the GATT in the form of the principal supplier right.
<u>Child labour</u>
Convention No 138 (Minimum Age Convention) of the International Labour Organization states that the minimum age of employment in acceding countries must not be less than fifteen years. This may be lowered to thirteen years for some forms of light work and twelve years for developing countries, provided that employment does not interfere with the child's education. Convention No 138 aims to raise the minimum age progressively, and ILO Recommendation No 146 suggests that the minimum age of employment should be sixteen years. See also Convention Concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour and core labour standards.
<u>China-ASEAN free-trade agreement</u>
CAFTA. Proposed in November 2001 for conclusion within ten years. A framework agreement including an early harvest on tariff reductions was signed on 4 November 2002.
<u>Chinese Taipei</u>
The formal name for Taiwan in APEC, the WTO and some other international organizations.
<u>CHOGM</u>
The Commonwealth Heads of Government Meeting, held every two years. Trade policy issues are usually on its agenda, but it does not make rules. CHOGRM (Commonwealth Heads of Government Regional Meeting), which meets infrequently, is composed of the Asia-Pacific Commonwealth members.
<u>CIPEC</u>
Conseil intergouvernemental des pays exportateurs du cuivre (Intergovernmental Council of Copper Exporting Countries). Established in 1967 in Lusaka to coordinate research and to exchange information, including statistics, among member countries. Full members are Chile, Democratic Republic of Congo, Indonesia, Peru and Zambia. Australia, Papua New Guinea and Yugoslavia are associate members.
<u>Circumvention</u>
Measures taken by exporters to evade anti-dumping measures or countervailing duties. It can refer also to the evasion of rules of origin, etc. Circumvention consists of disguising the true origin of the product, sometimes through manufacturing operations whose sole purpose it is to provide sufficient evidence to meet the requirements of an agreement. These sometimes fall into the category of screwdriver operations. The Agreement on Agriculture seeks to prevent circumvention of commitments to rein in export subsidies. Circumvention in the textile trade refers to avoiding quotas and other restrictions by altering the country of origin of a product. See also anti-circumvention.
<u>CITES</u>
Convention on International Trade in Endangered Species. An MEA.
<u>Civil aircraft code</u>
See Agreement on Trade in Civil Aircraft. Civil society: In the context of trade policy, those who are not directly involved in the discussions and negotiations in intergovernmental organizations, but who may be affected by their decisions or who may have points of view to put across. Most often civil society appears to refer to non-governmental organizations (NGOs), but it is also taken to mean, by UNCTAD, for example, parliamentarians, trade unions and academics. Most intergovernmental organizations now have a website aimed to meet the needs of civil society.
<u>Clawback provisions</u>
The ability of a party ordered to pay treble damages in extraterritorial proceedings conducted under United States antitrust laws to recover through the national court system the amount in excess of actual damages. If the party ordered to pay treble damages is successful in its counterclaim, the party receiving the treble damages will be ordered to repay the amount deemed to be excessive. Recovery of damages really is only possible if the company receiving them in the first place has assets in the country conducting clawback proceedings. See also extraterritoriality.
<u>Clayton Act</u>
A United States antitrust law first passed in 1914. It seeks to prohibit a range of restrictive business practices and to "arrest the creation of trusts, conspiracies, and monopolies in their incipency and before consummation". It also permits the imposition of treble damages. The Act in general applies to foreign trade, but some provisions are limited to interstate commerce. See also competition policy, Robinson-Patman Act, Sherman Act and Webb-Pomerene Act. Clean Development Mechanism: see Kyoto Protocol.
<u>Climate change</u>
A term summarising the concern that increased concentrations of greenhouse gases in the atmosphere because of human interference will lead to accelerated changes in climate patterns. See also trade and environment, Kyoto Protocol and United Nations Framework Convention

on Climate Change.
CLMV
Cambodia, Laos, Myanmar (Burma) and Vietnam. See ASEAN.
CNUCED
Conférence des Nations Unies sur le Commerce et le Développement. See UNCTAD.
Cobden-Chevalier Treaty
A commercial treaty concluded in 1860 between England and France. It brought most-favoured-nation treatment into general use within Europe for a few decades.
Cocktail approach
A term describing the concurrent use of several methods to achieve tariff reductions. A cocktail could include, for example, item-by-item tariff negotiations, linear tariff cuts and zero-for-zero tariff reductions.
COCOM
Co-ordinating Committee for Multilateral Export Controls. It was formed in response to a 1951 United Nations General Assembly recommendation for an embargo on the shipment of "arms, ammunition and implements of war, atomic energy materials, petroleum and items useful in the production of implements of war" to communist countries. In 1958, the list of prohibited articles was reduced to strictly strategic goods, and there were several changes afterwards in the list of prohibited articles. COCOM's membership consisted of NATO (North Atlantic Treaty Organization) countries, except Iceland, plus Japan. The Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies, effective from 1 November 1996, has superseded the COCOM arrangement.
Code of conduct
Usually a non-binding intergovernmental instrument that seeks to regulate certain types behaviour of governments or private corporations. Codes of conduct are as difficult to negotiate as binding agreements since signatories normally expect to observe them in good faith. Sometimes, codes of conduct are in fact the first step towards a binding agreement.
Code of Good Practice for the Preparation, Adoption and Application of Standards
This is contained in Annex 3 to the WTO Agreement on Technical Barriers to Trade. Central government standardizing bodies must comply with its provisions, but it is open also to local government and non-government bodies. The Code contains fourteen substantive provisions aimed at the non-discriminatory and transparent preparation and administration of standards. See also conformity assessment, International Electrotechnical Commission and International Organization for Standardization.
Code on Commercial Counterfeiting
An instrument proposed by the United States in the Tokyo Round. It was designed to combat counterfeiting of products traded internationally. There was no agreement then on its feasibility or desirability, but the Uruguay Round produced the Agreement on Trade-Related Aspects of Intellectual Property Rights.
Code-conditioned most-favoured-nation treatment
Describes situations where most-favoured nation treatment only has to be extended to members of the same GATT code or WTO agreement. An example of this is the WTO Agreement on Government Procurement. See also conditional most-favoured-nation treatment.
Codex Alimentarius
A program managed jointly by the Food and Agricultural Organization (FAO) and the World Health Organization for initiating, preparing, publishing and revising international food standards. The program is administered by the Codex Alimentarius Commission, established in 1962.
Co-existence and diversity
A principle underlying the Japanese negotiating position in the WTO negotiations on agriculture. It means that the traditional social and community functions of agriculture should be allowed to co-exist with the function of agriculture as a provider of food and industrial raw materials. The implication is that a measure, sometimes quite a lot, of agricultural protectionism will be necessary in some economies to ensure continuing diversity. See also continuation clause, Friends of Multifunctionality, multifunctionality, and non-trade objectives.
Collective action
A term used in APEC to describe activities aimed at liberalizing or expanding trade that can, by definition, only be carried out jointly. These include mutual recognition of qualifications and standards, customs cooperation, etc. See also concerted liberalization action.
Collective rights
See community rights.
Colorado Group
A group active in the WTO consisting of Australia, Canada, Chile, European Community, Hong Kong-China, Israel, Japan, New Zealand, Singapore, Switzerland and the United States as core members. It seeks to develop multilateral principles for trade facilitation.
Columbus Declaration
The ministerial declaration of 21 October 1994 launching the Trade Efficiency Programme administered by UNCTAD. Its appendix contains recommendations to governments for trade efficiency in banking and insurance, customs, business information for trade, transport, telecommunications and business practices.
Comecon
See Council for Mutual Economic Assistance.
COMESA
See Common Market for Eastern and Southern Africa.

<u>Comity</u>
A term used in international law to signify the reciprocal courtesy or mutual respect which one member of the family of nations owes to the others in considering the effects of its official acts. See also negative comity and positive comity.
<u>Commerce</u>
Usually, but by no means exclusively, refers to activities related to the production, sale and distribution of goods and services within the internal market. See also trade.
<u>Commercial defence mechanisms</u>
See contingent protection.
<u>Commercial import</u>
The import of a product into a customs territory for the purpose of sale, incorporation in a good for sale or for the production of goods for sale.
<u>Commercial presence</u>
Any type of business or professional establishment within the territory of a member of the GATS (General Agreement on Trade in Services) for the purpose of supplying a service. This includes juridical persons, branches and representative offices. See also modes of services delivery, right of establishment and right of non-establishment.
<u>Commercial treaty</u>
Any agreement between two or more countries which is concerned mainly with the conduct of trade relations between them. For examples of commercial treaties see bilateral trade agreement, economic framework agreement, free-trade agreement, trade and economic agreement and trade and investment facilitation agreement.
<u>Commission on Enterprise, Business Facilitation and Development</u>
Established at UNCTAD IX. Its mandate covers assistance to developing countries on policy-related issues and training activities concerning the development of entrepreneurship, promoting the best use of the Trade Efficiency Programme, assessing the practical implications of the Global Information Infrastructure, examining successful development experiences and monitoring the implementation of the Programme of Action for the Least Developed Countries for the 1990s. The Commission meets once a year. See also UNCTAD.
<u>Commission on Investment, Technology and Related Financial Issues</u>
Established at UNCTAD IX. Its mandate covers issues aimed at an improved ability of developing countries to attract and utilize foreign direct investment, examining issues related to competition law of particular relevance to development, undertaking analysis of science, technology and innovation policies as well as providing technical assistance in technology development, and examining specific development challenges regarding effective participation in international trade and investment. The Commission meets once a year. See also UNCTAD.
<u>Commission on Phytosanitary Measures</u>
Established under the auspices of the Food and Agricultural Organization through the 1997 revision of the International Plant Protection Convention (IPPC). Its main functions are (a) to review the state of plant protection in the world and the need for action to control the international spread of pests and their introduction into endangered areas, (b) develop and adopt international standards, and (c) establish rules for the resolution of disputes concerning obligations under the IPPC. Until the entry into force of the revised IPPC, the Commission is known as the Interim Commission on Phytosanitary Measures.
<u>Commission on Science and Technology for Development</u>
A subsidiary body of ECOSOC, but serviced by UNCTAD. It has a work program with a strong development perspective covering technology for small-scale economic activities, gender implications of science and technology, science and technology and the environment, the contribution of technologies to industrialization in developing countries, and information technologies and their role in science and technology. The Commission meets every two years.
<u>Commission on Trade in Goods and Services, and Commodities</u>
Established at UNCTAD IX. It has a wide mandate covering assistance to developing countries to enable them to benefit from and adjust to the Uruguay Round outcomes, assisting countries acceding to the WTO, identifying impediments to trading success, analysing issues related to trade preferences, assisting developing countries to strengthen their capacities in the services sector, work on trade and environment issues, and addressing issues of particular relevance to commodity-dependent countries. The Commission meets once a year. See also UNCTAD.
<u>Commission on Transnational Corporations</u>
Previously a subsidiary body of ECOSOC, but now integrated into the Commission on Investment, Technology and Related Financial Issues of UNCTAD.
<u>Commitment</u>
A legally binding undertaking specific to a country under one of the agreements administered by the WTO. Examples of commitments are tariff bindings and inscriptions in the schedules of commitments on services. Such commitments usually stem from negotiations between two or more parties and are then made available in a non-discriminatory way to all parties of the agreement concerned. See also additional commitments.
<u>Commitment mechanisms</u>
As argued in the Asian Development Outlook 2002 and elsewhere, preferential trade agreements can hasten or lock in economic policy reforms. Whether an agreement does this depends greatly on the robustness of its provisions, including the credibility of the applicable dispute settlement system. Commodity: any article exchanged in trade, but commonly used to refer to raw materials. Examples are wheat, tin, copper, manganese, coffee, tea and rubber. See also buffer stocks, commodity policy, commodity terms of trade and international commodity agreements.
<u>Committee of Permanent Representatives</u>
See Coreper.
<u>Committee on Regional Trade Agreements</u>

See regional trade agreements.
<u>Committee on Rules of Origin</u>
See Agreement on Rules of Origin.
<u>Committee on Trade and Development</u>
A WTO committee established on 26 November 1964. It is concerned with developing-country issues. One of its main tasks has long been the administration of Part IV of the GATT and the Enabling Clause. See also developing countries and the multilateral trading system.
<u>Committee on Trade and Environment</u>
A WTO committee established in response to the Rio Declaration on Environment and Development and Agenda 21. Its task is to identify the relationship between trade measures and environmental measures in order to promote sustainable development and to make recommendations on possible changes to the rules of the multilateral trading system concerning goods, services and intellectual property rights. According to the Committee's terms of reference, any suggested changes ought to be compatible with the open, equitable and non-discriminatory nature of the multilateral trading system. See also multilateral environment agreements and trade and environment.
<u>Commodity arrangements</u>
A general term for schemes to manage the production and trade of commodities. See administrative international commodity agreements, commodity policy, economic administrative commodity agreements and Integrated Programme for Commodities.
<u>Commodity cartels</u>
Public or private cartels formed to maintain the price of a commodity above what it would fetch on open markets. The usual mechanisms are the imposition of export quotas and collusion to maintain prices above real market levels. Such cartels can only be successful if they include all of the important producers and if no commodity can be readily substituted. OPEC was a successful cartel for more than a decade, but its ability to keep prices up led to the entry of higher-cost producers into the market. The international diamond cartel based in South Africa has also operated profitably for many years, but it is being challenged increasingly by diamond producers selling on alternative markets. See also commodity policy, international commodity agreements, international steel cartel and resources diplomacy.
<u>Commodity Credit Corporation</u>
<u>Commodity terms of trade</u>
An index showing the ratio of commodity prices to prices for manufactured goods. Commodity terms of trade have improved if fewer commodities have to be sold to pay for a given amount of manufactures. They have deteriorated when more commodities have to be sold. See also terms of trade.
<u>Common Crisis</u>
North South : Cooperation for World Recovery: see Brandt Report.
<u>Common customs tariff</u>
See common external tariff.
<u>Common external tariff</u>
The uniform tariff rates applied by the members of a customs union against non-members. Members of a customs union agree to eliminate or phase out all tariffs among themselves. At the same time, they replace their individual tariffs with a single tariff applied to third countries. Membership of a customs union may therefore entail an unchanged, higher or lower tariff by individual members on a given product. Under WTO rules, the resulting changes may not be used to increase the level of protection overall. Free-trade areas do not have a common external tariff.
<u>Common market</u>
more developed type of customs union in which, in addition to the free movement of goods between member states, labour, capital and services can also move without restriction. Common markets lead to highly integrated economies. See also four freedoms
<u>Common Market for Eastern and Southern Africa</u>
COMESA. The treaty establishing COMESA was signed at Kampala on 5 November 1993. It is the successor to the Preferential Trade Area for Eastern and Southern African States (PTA). Its members are Angola, Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Lesotho, Madagascar, Malawi, Mauritius, Namibia, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe. The aims of COMESA are (a) to attain sustainable growth and development of member states by promoting a more balanced and harmonious development of its production and marketing structures, (b) to promote joint development in all fields of economic activity and the joint adoption of macro-economic policies and programs to raise the standard of its peoples and to foster closer relations
<u>Commonwealth of Independent States</u>
Formed in late 1991 with many of the republics that had made up the Soviet Union. Its members are Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine and Uzbekistan. In 1993 its members agreed on the creation of an Economic Union allowing the free movement of goods, services, labour and capital. See also Newly Independent States.
<u>Commonwealth preferences</u>
The name for empire preferences (also known as imperial preferences) used especially in the post-war years, but it was already in use between the wars. See also historical preferences and imperial preferences arrangements.
<u>Community Charter of Fundamental Social Rights for Workers</u>
See Social Charter.
<u>Community interest clause</u>
This clause is part of a regulation issued in 1979 by the European Community which makes the imposition of anti-dumping or countervailing duties dependent on the existence of a Community interest in the matter. Importantly, "Community interest" includes the interests of consumers and processors of the imported product as well as the need for an internal competitive market. See also anti-dumping measures and countervailing duties.
<u>Community rights</u>

Also known as collective rights. The terms describe the fact that communities may develop and/or own aspects of traditional knowledge. There is a view that these rights need new forms of intellectual property protection.
Comparability
A term used in the APEC discussions denoting arrangements which ensure a broad and perceived equivalence between individual APEC contributions towards the implementation of the Bogor Declaration. See also comprehensiveness and Osaka Action Agenda.
Comparative advantage
The theory first proposed by David Ricardo in 1817 that a country is more likely to export goods that it can produce relatively efficiently. The relative efficiency measure compares production costs of different goods in each country concerned, not the production cost of the same good in different countries. A country's comparative advantage is reflected in its unsubsidized exports to world markets which is then said to be a country's revealed comparative advantage. Comparative advantage is seldom static. Countries can acquire a comparative advantage through, for example, investing in the acquisition of skills by their workforces. Hence the concept of dynamic comparative advantage. See also absolute advantage, competitive advantage, gains-from-trade theory, Heckscher-Ohlin theorem, kaleidoscopic comparative advantage and Stolper-Samuelson theorem.
Compensation
A remedy available to members of the WTO in cases where another member breaks a bound commitment on services or imposes a tariff on a good above its bound rate. Such an action may be possible under the terms of the agreement, but the member taking it must then compensate others in some fashion, usually through making a tariff concession in another product or a commitment on another services activity. See also binding commitments, bindings and safeguards.
Compensation trade
A trading arrangement whereby the supplier of raw materials, manufactures or services to a foreign enterprise agrees to be paid in the form of part of the output of that enterprise. For the buyer enterprise in question, the advantages are that it does not need foreign exchange to import production components, there is no need to make any repayments until the operation is up and running, and it has a ready market for some of its products. It may, however, find that sometimes it will be competing against its own products if they have only a limited market, and that it has to make its products available to its suppliers at a discount. See also barter trade and countertrade.
Compensatory financing arrangements
Intergovernmental schemes designed to minimize the effects of shortfalls in commodity export earnings and export earning fluctuations, particularly those of developing countries heavily dependent on commodity exports. Access to the main arrangement, the IMF Compensatory and Contingency Financing Facility, is subject to a range of conditions largely aimed at promoting structural adjustment and improvements in the balance of payments. The STABEX and SYSMIN schemes, which were available to ACP states under the Lomé Convention, have not been renewed in the ACP-EC Partnership Agreement. Some budgetary assistance is still available to ACP countries heavily dependent on export earnings from agricultural and mineral products if losses in earnings are likely to jeopardize macroeconomic stability. See also Common Fund for Commodities.
Competence
The constitutional empowerment given to governments to enact laws and enter into binding international commitments. In federated states, there is usually a division of power between the central government and the states or provinces, but in all cases the central government has control over foreign affairs and defence matters, including international economic relations. The European Community is a particularly interesting example of a division of power. The European Commission has exclusive external competence in any field where internal common rules have been established. This, for example, applies to the common commercial policy. In the case of services and intellectual property rights the competence of the Commission may be more circumscribed. The broad trend, however, since the establishment of the Community has been for the Commission's competence to expand. See also subsidiarity.
competition laws
Also known as "antitrust" or "antimonopoly" laws. Antitrust refers to a field of economic policy and laws dealing with monopoly and monopolistic practices. The intellectual basis for antitrust economics or policy is the sub-field of industrial organization economics which addresses issues arising from the behavior of firms operating under different market structure conditions and the effect that this has on economic performance. Most antitrust or competition laws have provisions dealing with structure such as mergers, monopoly, dominant market position and concentration, as well as behavior, such as collusion, price fixing, and predatory pricing.
competition policy
Include competition laws in additions to other measures aimed at promoting competition in the national economy, such as sectoral regulations and privatization policies. Also supervision over the government policies through competition advocacy.
Competitive advantage
A contentious theory of industrial development popularized by Michael Porter and others in the Competitive Advantage of Nations. The origins of the theory itself appear to go back to the economist Alfred Marshall (1842-1924). It states that the success of a firm or an industry is based on cost advantages in the production of a relatively standardized product or product-based advantages related to the development of differentiated products. Firms with a competitive advantage are often concentrated geographically, which in turn assists the development of a workforce with the relevant skills. Critics of this theory have noted that through its emphasis on high-technology firms in advanced countries, and its devaluation of the importance of comparative costs, it appears to give legitimacy to public expenditure and protection policies designed to promote the premature development of high-technology industries. See also comparative advantage and strategic trade theory.
Competitive devaluation
A government-induced depreciation or devaluation of the exchange rate aimed at undercutting the competition from other countries. The risk in doing so is that one's competitors may retaliate with their own devaluations and leave everyone worse off. See also beggar-thy-neighbour policies.
Competitive neutrality
A concept relevant to the examination and administration of the nature of competition between private-sector firms and deregulated government monopolies. The need for competitive neutrality arises from the fact that removing barriers to market entry and ending government monopolies may not be enough to achieve genuine competition in that sector. In such a situation, the advantage may still lie with the enterprise that previously was a government monopoly or part of one. The remedy usually is some form of pro-competitive regulation. See also deregulation and re-regulation.
Competitive-need limitation

An aspect of the administration of the United States GSP scheme. If in any calendar year imports of a given product from a beneficiary country account for more than 50% of United States imports of that product, the exporting country's eligibility for benefits for that product is terminated. Similarly, once a country's share of exports to the United States of a given product exceeds a specified value, benefits will also be terminated. The specified value varies from year to year. The competitive-need limitation may be waived in certain circumstances, especially if the exporting country gives reasonable access to United States goods and services, and if it offers proper protection for United States-owned intellectual property rights. Many least developed countries enjoy automatic waivers from the limitation. See also graduation.
Glossary
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EAC
East African Cooperation. A mechanism within the Common Market for Eastern and Southern Africa established in 1996. It aims to promote faster trade and investment liberalization. Its longer-term objectives are the establishment of a customs union and an East African Federation. The three partners making up the EAC are Kenya, Tanzania and Uganda.
EAEC
East Asia Economic Caucus. A consultative group proposed in the early 1990s by Malaysia which, if implemented, would consist of East Asian countries. See also ASEAN+3.
EALAF
East Asia-Latin America Forum. Now replaced by the Forum for East Asia-Latin America Cooperation.
E-APEC strategy
A framework aimed at creating a digital society adopted in 2001 at the Shanghai Economic Leaders' Meeting. Its three pillars are: (a) to create an environment for strengthening market structures and institutions, (b) to facilitate an environment for infrastructure investment, and (c) to enhance human capacity building and promote entrepreneurship.
Early harvest
Agreement among negotiating partners that some of their targets could or should be reached and implemented without waiting for the formal end to the negotiations. The Doha Ministerial Declaration, for example, states that "... agreements reached at an early stage [of the negotiations launched by the Declaration] may be implemented on a provisional or a definitive basis". An example of an early harvest in the Uruguay Round was the creation of the Trade Policy Review Mechanism. See also single undertaking.
Earth Summit
The United Nations Conference on Environment and Development. See UNCED.
East African Cooperation
EAC. A mechanism within the Common Market for Eastern and Southern Africa established in 1996. It aims to promote faster trade and investment liberalization. Its longer-term objectives are the establishment of a customs union and an East African Federation. Main areas for economic cooperation are harmonization of fiscal and monetary policies, trade and industry, transport and communications, energy, agriculture and animal husbandry, environment and natural resources, and tourism and wildlife conservation. Cooperation is also proceeding in political matters, immigration, law and justice, and security. EAC also seeks to encourage interest from the private sector. The three partners making up the EAC are Kenya, Tanzania and Uganda.
East African Development Bank
A regional development bank located in Kampala. It was established in 1967. Its members are Kenya, Tanzania and Uganda.
East ASEAN Growth Area
See BIMP-EAGA
East Asia Economic Caucus
See EAEC.
East Asia Free-Trade Agreement
EAFTA. Proposed in November 2001 by President Kim Dae Jung of Korea. It would consist of the ASEAN countries, China, Japan and Korea. See also ASEAN+3 and North East Asia Free-Trade Area.
East Asia Study Group
A group consisting of representatives of the members of the ASEAN+3 countries, established in March 2001. Its mandate is to examine ways to promote regional cooperation.
East Caribbean Common Market
See Organization of Eastern Caribbean States.
East-South trade
Described trade between the Comecon members and developing countries. The term is now obsolete in that meaning.
East-West trade
Described trade between the OECD countries and the Comecon countries. Such trading posed special problems arising largely from the non-convertibility of the currencies of Comecon countries and the transfer of technology. The term is now obsolete in its original meaning, but some continue to use it for trade between Eastern and Western Europe. See also dual purpose exports.
EC

European Communities. The official name of the European Union in the WTO. See also common commercial policy and European Community.
EC
European Communities.
EC measures concerning meat and meat products (hormones)
See hormone growth promotants.
EC-92 program
See European Community Single Market.
ECAFE
See ESCAP.
ECDC
Economic Cooperation between Developing Countries. A mechanism operating mainly within the United Nations system designed to promote the economic advancement of developing countries through cooperative activities. See also Committee on Trade and Development and GSTP.
ECLAC
See Economic Commission for Latin America and the Caribbean.
Eclectic theory of international investment
A theory of foreign direct investment that assumes that investment decisions are driven by the identification of ownership, location and internalization advantages, and these three components are viewed as interacting. First, direct investment gives the investor control over the asset. Second, it allows the investor to choose the location of a production facility that fits in best with the company's aims. Third, foreign direct investment allows the investor company to utilize its existing intellectual capital in the best way.
Eco-dumping
Used in common parlance for the production of goods for export under substandard environmental conditions. The term does not have proper standing in trade policy formulation. The practice is assumed to give producers a cost advantage in export markets where more stringent conditions apply. It appears, however, that production costs that can be ascribed to environmental regulations are a much smaller factor in total costs than other production costs. Generally, it is likely that they account for no more than 2% of total production cost. See also eco-duties and trade and environment.
Eco-duties
Proposed levies on imported products to compensate for a perceived unfair competitive advantage arising to producers operating under less stringent, and therefore less expensive, environmental standards for industry. This is a contentious concept which has considerable potential to be misused as a protectionist device. See also eco-dumping and trade and environment.
Eco-labelling
A voluntary market mechanism designed to encourage industry to produce goods which have a reduced environmental impact and to encourage consumers to buy them in preference to others. A trade concern about eco-labelling schemes is that they can include production-related criteria discriminating against imports which only reflect the environmental preferences of the importing country. See also eco-duties, genetic labelling, social labelling and trade and environment.
Economic and Social Commission for the Asia-Pacific
See ESCAP.
Economic and Social Commission for Western Asia
ESCWA. Originally established in 1973 as the Economic Commission for Western Asia (ECWA) and given its present name in 1985. It is one of the United Nations regional economic commissions. It seeks to improve the economic well-being of its members states and their economic relations with each other. Its secretariat is located in Amman.
Economic Commission for Africa
ECA. One of the United Nations regional economic commissions. Established in 1958. It seeks to promote economic advances in African countries. Its secretariat is located in Addis Ababa.
Economic Commission for Europe
UN-ECE. One of the United Nations regional economic commissions. Established in 1947. It has done much useful work, particularly in the area of standards affecting international trade and in trade facilitation more generally. Its secretariat is located in Geneva. See also EDIFACT,
Economic Commission for Latin America and the Caribbean
ECLAC. One of the United Nations regional economic commissions. It was established in 1948 as the Economic Commission for Latin America (ECLA) and given its current name in 1985. It aims to promote economic progress in Latin American countries. Its secretariat is located in Rio de Janeiro.
Economic Commission for Western Asia
See Economic and Social Commission for Western Asia.
Economic cooperation agreement
A bilateral or plurilateral agreement to promote deeper economic cooperation between the partners. Such agreements do not follow a set pattern, but usually they do not contain market access provisions. Other names used for this type of instrument include economic framework agreement, trade and economic agreement and trade and investment framework (or facilitation) agreement.
Economic Cooperation Area of Black Sea Countries

ECABS. Established in 1992. It includes Armenia, Azerbaijan, Bulgaria, Greece, Roumania, Russia, Turkey and Ukraine.
Economic Cooperation between Developing Countries
See ECDC. Economic Cooperation Organization: ECO. Established in 1985 to promote the economic development of its members, at that time Iran, Pakistan and Turkey. Since 1992 the members of ECO have been Afghanistan, Azerbaijan, Iran, Kazakhstan, Kyrgyzstan, Pakistan, Tajikistan, Turkey, Turkmenistan and Uzbekistan. Trade and customs, transport and communications and money and finance form major parts of its work program. The ECO secretariat is located in Teheran.
Economic framework agreement
A treaty between two or more parties setting out basic rules for the conduct of economic relations between them. Provisions included in such agreements do not follow set patterns. At a minimum, they usually contain elements of trade facilitation. They also provide for non-discrimination between the parties. Depending on the level of obligations, there may also be a mechanism for consultation and dispute settlement. Among other names for this type of agreement are economic partnership agreement, trade and economic agreement, trade and investment framework agreement and trade and investment facilitation agreement.
Economic impact criterion
A test sometimes suggested for use in the GATT to assess whether a domestic measure is impairing national treatment. Under this criterion, the proof for a finding that the national treatment obligation had been breached would have to be found in changing trade flows. Finding the proof might pose many practical difficulties because there may be other reasons why a country's imports of a product might have changed. GATT dispute settlement panels have rejected the use of this criterion in favour of a test assessing whether there is equality of competitive opportunity.
Economic integration
All economies, except those practising autarky, are to some extent integrated, but the term is usually reserved for groups of economies that are manifestly combining their activities more quickly among themselves than with others. It is usual to distinguish between market-led integration (spontaneous integration without the formal involvement of governments) and policy-led integration (integration through intergovernmental frameworks). Another distinction is that between shallow and deep integration. The former is confined, for example, to the formation of a free-trade area in which each member retains autonomy in economic policies. The latter implies cooperation or harmonization of matters such as competition laws, monetary and financial policies, standards and other regulations, etc., as would be the case in a common market. See also globalization and internationalization.
Economic integration agreements
Used in Article V of the GATS to cover free-trade arrangements in services. This term was chosen because free trade in services requires the possibility of commercial presence in the importing country as well as the free movement of consumers and producers of services. This is seen as involving a greater degree of economic integration than might occur under conditions of free trade in goods. Economic integration agreements must have substantial sectoral coverage and provide for the absence or elimination of substantially all discrimination between its members to conform to WTO rules. See also free-trade areas and trade in services.
Economic international commodity agreements
These are international commodity agreements that seek to influence the price of the commodity through buffer stocks, export quotas and other measures manipulating the amounts reaching the market. See also administrative international commodity agreements.
Economic nationalism
The view that economic advances can only be achieved at the expense of other participants in the international economy. See also autarky, beggar-thy-neighbour policies, mercantilism and zero-sum nationalism.
Economic needs test
A mechanism controlled by government, industry or professional associations to decide whether the entry into the market of new foreign, and sometimes domestic, firms is warranted on economic grounds. Such mechanisms are often opaque. They may be discretionary and protectionist. Sometimes economic needs tests purport to protect the interests of consumers, but these are not always asked for their views on additional competition in the market. Article XVI of the GATS setting out market access rules proscribes the use of economic needs tests.
Economic partnership agreement
A bilateral or plurilateral agreement. The content of such agreements varies greatly. Some merely promote voluntary economic cooperation between the partners. Others are proper free-trade agreements. See also economic cooperation agreement and trade and economic agreement for other instruments of this type.
Economic regulation
See regulation.
Economic sanctions
Economic and commercial measures sometimes taken by governments to achieve their foreign policy objectives. These measures include trade embargoes, investment restrictions or prohibitions, travel restrictions, etc. Most commonly such measures are taken in the pursuit of United Nations economic sanctions. In their analysis of economic sanctions imposed over a long period, Hufbauer and his colleagues have concluded that is not true to say that sanctions "never work" (Economic Sanctions Reconsidered: History and Current Policy). Rather, they consider that sanctions are of limited utility in achieving foreign policy goals that depend on compelling the target country to take actions it is determined to resist. Nevertheless, they consider that in the case of small target countries and comparatively modest policy goals, sanctions have brought about changes in behaviour. See also security exceptions and retaliation.
Economic summits
See G8.
Economic unity theory
An element of the competition policy of the European Community. It holds that for the purposes of an antitrust action under Community law against a subsidiary of a company located within the Community, the two are considered a single economic unity. In other words, the parent company is deemed itself to be involved.
Economic-complementarity agreements
Another name for partial-scope trade agreements and sectoral free-trade areas sometimes negotiated by developing countries under the

Enabling Clause.
<u>Economies in transition</u>
Economies making the transformation from centrally-planned economies to market economies. Sometimes, the expression is used also for developing countries that have embarked upon substantial economic deregulation.
<u>Eco-packaging</u>
The use of packaging materials that have the smallest impact on the environment, either because their production is environmentally friendly or because they can easily be re-used or recycled. Insistence on certain types of non-standard eco-packaging could result in protectionist effects if the supplying country cannot meet the required standards. See also trade and environment.
<u>Eco-protectionism</u>
Measures aimed protecting local industries under the guise of protecting the environment. See also trade and environment and trade and labour standards.
<u>ECOSOC</u>
United Nations Economic and Social Council. Does not make rules. Its annual high-level sessions of WTO, IBRD and IMF heads are considered to be helpful in promoting coherence of economic policy between countries. See also ECOSOC and the GATT and Draft International Agreement on Illicit Payments.
<u>Eco-standards</u>
Product, production or consumption standards imposed to reduce or eliminate damage to the environment. See also technical barriers to trade and trade and environment.
<u>ECOWAS</u>
Economic Community of West African States. Established in 1975. It consists of the members of the West African Economic Community (Benin, Burkina Faso, Côte d'Ivoire, Mali, Mauritania, Niger and Senegal), the members of the Mano River Union (Guinea, Liberia and Sierra Leone), and Cape Verde, The Gambia, Ghana, Guinea-Bissau, Nigeria and Togo. ECOWAS was only partly successful in achieving its trade liberalization aims. It was relaunched in 1993 with a program for free trade in all unprocessed products and progressive liberalization of trade in industrial products. Members are also working towards the creation of a customs union. A program is also under way for the free movement of persons throughout ECOWAS. Its secretariat is located in Lagos.
<u>Ecrêtement</u>
Removing the peaks. A proposal made early in the Kennedy Round (1963-67) by the European Economic Community for tariff harmonization through targeted reductions. The proposal stemmed from an EEC view that its own tariffs were mostly in the 10% to 20% range, whereas the United States tariffs in many cases ranged from 30% to 50%, with some going up to 100%. The EEC therefore proposed lowering tariffs by half to target levels of 10% for manufactures, 5% for semi-manufactures and zero for raw materials. The proposal was not acceptable to the United States because it would have forced it to accept much larger tariff cuts in the face of an EEC unwillingness to do something on agriculture. See also double écart formula and thirty-ten formula.
<u>EDI</u>
Electronic Data Interchange. The transfer of data in a standardized electronic form between companies through the use of networks such as the internet.
<u>EDIFACT</u>
Electronic Data Interchange for Administration, Commerce and Transport. Developed under the auspices of the United Nations Economic Commission for Europe (UN/ECE). It is defined officially as a "set of internationally agreed standards, directories and guidelines for the electronic interchange of structured data, and in particular that related to trade in goods and services between independent, computerized information systems".
<u>EEP</u>
See Export Enhancement Program.
<u>Effective market access</u>
Defined by some as the absence of domestic regulatory policies and other structural impediments that unintentionally limit competition or transparency. Tariff and non-tariff measures such as subsidies and voluntary restraint arrangements would be assessed separately. Effective market presence: defined by some as the ability of foreign firms to compete in the market through investing, i.e. through enjoyment of the right of establishment. See also trade and investment.
<u>Effective rate of assistance</u>
ERA. Sometimes also called effective rate of protection. It is a framework for making clear the difference between the hypothetical situation of no domestic assistance to industry and the situation actually obtaining. The ERA concept is useful because it can measure government interventions such as subsidies or purchasing preferences that may influence trade flows without actually restricting flows at the border, including tariffs and non-tariff measures. It also shows the additional costs borne by consumers because of domestic assistance. The ERA does not distinguish between measures that may be considered legal or illegal under the WTO agreements. During the Uruguay Round Australia proposed that the ERA framework should be used in negotiations for trade liberalization, but it failed to attract widespread support. See also nominal rate of protection and tariff escalation.
<u>Effective rate of protection</u>
See effective rate of assistance.
<u>Effects doctrine</u>
The principle that a state may have antitrust laws covering conduct outside of its territory if such conduct has an actual or potential effect on commerce within its territory. For example, the 1986 Third Restatement of the Foreign Relations Law of the United States says that "any agreement in restraint of United States trade that is made outside of the United States, and any conduct or agreement in restraint of such trade that is carried out predominantly outside of the United States, are subject to the jurisdiction to prescribe of the United States, if a principal purpose of the conduct is to interfere with the commerce of the United States, and the agreement or conduct has some effect on that commerce". The effects doctrine is subject to a test of reasonableness. Other jurisdictions, including the European Community, apply a

version of the effects doctrine. See also competition policy, extraterritoriality and implementation doctrine.
<u>Efficiency-seeking investment</u>
A term for foreign direct investment undertaken to supply other markets in the most competitive manner. See also market-seeking investment.
<u>EFTA</u>
European Free Trade Association. Entered into force on 3 May 1960 through the Convention of Stockholm. Founding members were Austria, Denmark, Norway, Portugal, Sweden, Switzerland and the United Kingdom. Iceland joined in 1970. Finland became a full member in 1986 after having been an associate member. Denmark and the United Kingdom left on 31 December 1972 to join the European Economic Community. They were followed by Portugal in 1985 and Austria, Finland and Sweden on 1 January 1995. EFTA now comprises Iceland, Liechtenstein, Norway and Switzerland. EFTA has always had much more modest aspirations for economic integration than the European Economic Community. Nevertheless, it has provisions on restrictive business practices and the right of establishment of enterprises of member countries. Agricultural products are for the most part exempt from the provisions of the Convention. See also European Economic Area.
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<u>Egregious</u>
Defined in the Concise Oxford Dictionary as "shocking". An adjective which, but for the efforts of United States legislators, might well be unknown among trade policy makers. See Special 301 and Super 301.
<u>E-IAP</u>
The electronic version of the individual action plans prepared periodically by APEC members.
<u>Electronic commerce</u>
The production, advertising, sale and distribution of products via telecommunications networks. See also Global Trade Point Network and UNCITRAL model law on electronic commerce.
<u>Electronic Data Interchange</u>
See EDI.
<u>Embodied services</u>
Services embodied in a physical product, such as the intellectual component of computer software sold in the form of floppy disks or CD-ROMs. Some say that the estimated share of services in global trade statistics would double if embodied services were included in service trade statistics. This proposition may well be true, but a demonstration of it could only be achieved with great additional reporting burdens. Reporting embodied services separately would mean, for example, that iron ore exports would consist at least of a commodity component and services components involving at least prospecting, transport, marketing and management. It of course makes sense for a manufacturing firm to know what the services components of its products are worth, but it cannot sell its products separately from these. The customer therefore is charged a single unit price. See also trade in services statistics.
<u>Emergency protection</u>
See escape clause.
<u>Empire preferences</u>
See imperial preferences arrangement.
<u>Enabling Clause</u>
The agreement on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries, one of the outcomes of the Tokyo Round. It allows developed WTO members to take action favouring developing countries without according the same treatment to other members. Main measures covered by it include the GSP, non-tariff measures covered by the GATT, regional and global trading arrangements between developing countries and special treatment for the least developed countries. The Enabling Clause was intended to promote greater participation of developing countries in the world trading system, but there is doubt that it achieved its purpose. See also developing countries and the multilateral trading system, GSTP, Part IV of the GATT, regional trade arrangement and special and differential treatment.
<u>Energy Charter Treaty</u>
Concluded in December 1994 with the signature of the Final Act of the European Energy Charter Conference. More than 50 countries have signed it. Membership includes most OECD countries, Central and East European countries and members of the Commonwealth of Independent States. The purpose of the treaty is to establish "a legal framework in order to promote long-term co-operation in the energy field, based on complementarities and mutual benefit". It covers broadly trade, investment and other matters relevant to energy. In Article 3 members agree to promote access to international markets on commercial terms, and generally to develop an open and competitive market for energy materials and products.
<u>Enforcement</u>
See compliance, consultations, cross-retaliation, dispute settlement and retaliation.
<u>Enquiry points</u>
Some of the WTO agreements require members to establish points in their trade administrations where other members can obtain information on the sector covered by the agreement. Sometimes they are called contact points. The exchange of information is at the governmental level. Examples of such agreements are the GATS, the Agreement on Trade-Related Aspects of Intellectual Property Rights and the Agreement on Technical Barriers to Trade. The GATS also requires developed-country members to establish contact points where private firms from developing countries can find out about trade opportunities.

<u>Enterprise for ASEAN Initiative</u>
EAI. An initiative announced by President Bush on 26 October 2002. It offers individual ASEAN countries ready to do so the opportunity to enter into free-trade agreement negotiations with the United States. Countries taking up this offer ought to be members of the WTO. They also ought to have concluded a Trade and Investment Framework Agreement with the the United States as a preparatory step.
<u>Enterprise for the Americas Initiative</u>
EAI. A United States program launched in June 1990 by President Bush to strengthen Latin American and Caribbean economies. The main components of the initiative are trade, investment and debt reduction programs. The proposed FTAA had its origin under this initiative. See also Alliance for Progress, Andean Trade Preference Act, Andean Trade Promotion and Drug Eradication Act and Caribbean Basin Initiative.
<u>Entrepôt trade</u>
Shipping goods through a port in one economy for re-export to another economy as, for example, is the case for the export of some Indonesian or Malaysian products through Singapore, or China and Hong Kong. Goods entering and leaving as entrepôt trade are not subject to tariffs. Apparent discrepancies in bilateral trade statistics may arise because goods may be recorded first as entering the intermediate country and then as re-exports to the final destination without any indication of the true country of origin. See also rules of origin.
<u>Environmental dumping</u>
See eco-dumping and eco-duties.
<u>Equality of competitive opportunity</u>
The principle underlying the national treatment obligation contained in Article III of the GATT. It means that national laws and regulations have to be drafted so that imported products to compete effectively with domestic products. Normally, this means that regulations for imported and domestic products are identical, but there may be formally different rules for imports if this is the only way to achieve equal opportunity. See also competitive neutrality, economic impact criterion and implicit discrimination.
<u>Equitable competition</u>
A concept based on the assumption that there ought to be some degree of international harmonization of labour, environmental and other standards seen to affect the cost of production to achieve a framework in which firms compete on more equal terms. The wisdom underlying this concept is that countries permitting inadequate standards give their firms a cost advantage which translates into enhanced international competitiveness for them. See also fair competition, level playing field, social clause, trade and labour standards and trade and the environment.
<u>Equivalence</u>
A principle set out in the WTO Agreement on the Application of Sanitary and Phytosanitary Measures. It says that if an exporting country demonstrates objectively to an importing country that its sanitary and phytosanitary measures achieve the levels set by the importing country, the levels should be considered equivalent. The measures taken by the two countries need not be identical.
<u>Equivalence of advantages</u>
Achieved through the granting of a benefit to another party in return for a benefit of about the same size. See also reciprocity.
<u>Equivalent measure of support</u>
EMS. A term used in the WTO Agreement on Agriculture. It describes an annual level of support to agricultural producers, expressed in monetary terms, which cannot be calculated in accordance with the methods used for determining the aggregate measure of support.
<u>Erga omnes</u>
Lat. "against all" or "in relation to all". It is a term sometimes used in trade agreements, as in "If a party lowers its tariffs erga omnes . . ."
<u>ESCAP</u>
The Economic and Social Commission for the Asia-Pacific. One of the United Nations regional economic commissions. It was established in 1947 as the Economic Commission for Asia and the Far East (ECAFE) and given its present name in 1974. It has major work programs on regional economic cooperation, environment and sustainable development, poverty alleviation, transport and communications, statistics and issues concerning least developed, land-locked and island developing countries. ESCAP's secretariat is located in Bangkok. See also Bangkok Agreement.
<u>Essential facilities doctrine</u>
An antitrust term meaning broadly that the owner of an "essential", "bottleneck" or "gate-keeper" facility, such as a public electricity or water utility, a telecommunications network or a railway, must give access to competitors at a reasonable price so that they in turn can conduct their own businesses. The interpretation of this doctrine varies from country to country.
<u>Essential products</u>
WTO members may in defined circumstances impose restrictions on imports under GATT Article XII to safeguard their balance of payments. Developing-country members may also use Article XVIII. In doing so, they may give priority to the import of products deemed more essential than others. The Understanding on the Balance-of-Payments Provisions of the GATT, concluded during the Uruguay Round, defines "essential products" as those which meet basic consumption needs or those which contribute to an improvement of the balance-of-payments situation, such as capital goods or other inputs into production.
<u>EST</u>
Environmentally-sound technology.
<u>EST&P</u>
EST and products.
<u>Establishment</u>
See post-establishment, pre-establishment and right of establishment.
<u>EU</u>

European Union, in the WTO officially called the European Communities.
<u>Euro-Mediterranean Economic Area</u>
EMEA. A free-trade area proposed in November 1995 at a meeting in Barcelona which would cover the fifteen members of the European Union and twelve Mediterranean Rim countries (Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Malta, Morocco, Palestine, Syria, Tunisia and Turkey). The EMEA is expected to become effective by 2010. See also Mediterranean Agreements.
<u>Europe Agreements</u>
A type of Association Agreement used by the European Community for its political and economic relations under preferential conditions with the countries of Central and Eastern Europe. They were first concluded in 1991. Under these agreements, Central and Eastern European Countries undertake to adopt laws similar to those of the European Community concerning competition policy and intellectual property protection. Europe Agreements allow for the possibility of eventual full membership of the Community, but they do not guarantee it. See also enlargement and Mediterranean Agreements.
<u>European Agricultural Guidance and Guarantee Fund</u>
The mechanism through which the European Community finances the Common Agricultural Policy. The Fund is in two parts: (a) the Guidance part which funds structural policy, and (b) the Guarantee part which supports markets and prices. Historically, the Fund has spent the bulk of its resources on supporting markets and prices.
<u>European Coal and Steel Community</u>
ECSC. Established in 1951 by the Treaty of Paris. It created a single market for coal and steel among member countries. Members delegated their powers in this regard to a newly created High Authority, a supra-national authority. The successful working of the ECSC was one of the factors leading to the negotiation of the Treaty of Rome which created the European Economic Community. In 1965, the Treaty Establishing a Single Council of the European Communities (the Merger Treaty) unified the High Authority with the Commission of the European Economic Community. The Treaty establishing the ECSC expired on 23 July 2002. See also European Communities.
<u>European Communities</u>
A term created with the adoption of the Merger Treaty (Treaty Establishing a Single Council of the European Communities) in 1965 which created, among other institutional changes, a single Commission of the European Communities. The Commission unified the bodies administering the European Atomic Energy Community, the European Coal and Steel Community (ECSC) and the European Economic Community. These communities continue to exist as separate legal entities. Article XI of the Marrakesh Agreement Establishing the World Trade Organization refers to the European Communities as a member of the WTO. This is because there were doubts at that time whether the European Community had competence over matters falling within the ambit of the ECSC and the Atomic Energy Community. These doubts proved unjustified. See also European Commission.
<u>European Community</u>
Created as a legal entity by the Treaty of Maastricht as the successor of the European Economic Community (EEC or the Common Market). Often shortened to EC. The term "European Community" was often used before the entry into force of the Treaty of Maastricht to mean the EEC, but other authors meant the European Communities by it. The exact meaning is usually clear from the context. See also enlargement, European Union and Treaty of Maastricht.
<u>European Community and European Union treaties</u>
This entry outlines the main treaties underlying the European Union. The European Economic Community was established on 1 January 1958 through the Treaty of Rome. The Merger Treaty of 1965 unified the separate bodies heading the European Atomic Energy Community, the European Coal and Steel Community and the European Economic Community into the European Commission. The Single European Act of 1987 eliminated remaining barriers between the member states. The Treaty of Maastricht established the European Union on 1 November 1993. The Treaty of Amsterdam which entered into force on 1 May 1999 simplified and consolidated the treaties constituting the law of the European Union. The Treaty of Nice is aimed at preparing European Union institutions for the enlargement likely to occur over the next few years.
<u>European Community legislation</u>
The European Community has five legislative avenues to carry out its mandate. Regulations are official European Community acts which are binding in their entirety and which apply directly in all member states. Regulations therefore promote legislative harmonization, since community law prevails over national law where there is a conflict. Directives are official European Community acts which are binding on the member states to which they are addressed as far as their objectives are concerned, but member states are free to decide how to give effect to directives. This approach can make the implementation of controversial measures more acceptable. Decisions are binding in their entirety on those to whom they are addressed. Recommendations and opinions have no binding force, but they can be as effective as other measures.
<u>European Community Single Market</u>
Launched in 1987 through the Single European Act, an amendment to the Treaty of Rome, and achieved in 1992. It entailed the elimination of the remaining physical (customs), technical (standards and licensing) and fiscal barriers between the then twelve members of the European Community. This not only meant that goods and services produced in one member state had unhindered access to the other member states if they were wanted there, but also that foreign goods and services, once they were lawfully imported by one member state, could then be transferred to any other member state. Even then, there was a view at the time of its creation that it would not lead to a single market, and that without further reforms the European Community market would remain a collection of twelve national markets. A 1985 European Commission White Paper contained 282 draft directives seen as essential for achieving the Single Market. See also European Community legislation and four freedoms.
<u>European Court of Justice</u>
The judicial organ charged with ensuring that the law is observed in the interpretation and application of the treaties establishing the European Communities as well as the provisions laid down by the various Community institutions. The Court of Justice is the pre-eminent legal body in the Community, but the courts of the member states retain a role in the application of Community laws, especially where the member states are charged with carrying out certain functions and where Community instruments confer directly individual rights on nationals of member states. The European Court of Justice is located in Strasbourg.
<u>European Economic Area</u>
EEA. Established on 1 January 1994. It comprises the 15 members of the European Community (EC) and three of the four members of EFTA (Iceland, Liechtenstein and Norway) in a single market. Switzerland decided in December 1992 not to join the EEA. For the EFTA countries, membership of the EEA represents an intermediate step between a separate EFTA and its full EC membership. However, applying to join the EEC would be a separate step. The agreement establishing the EEA covers the four freedoms (free movement of goods, persons, services and capital), but agriculture and fisheries are covered in a rather limited way. Members of the EEA must adopt the <i>acquis communautaire</i> dealing

with competition. EFTA states are also bound by the European Community rules on social policy, consumer protection, environment, company law and statistics.
European Economic Community
EEC. Established by the Treaty of Rome which was signed on 25 March 1957. It entered into force on 1 January 1958. The Treaty was intended to "lay the foundations of an ever closer union among the peoples of Europe". Among its principal aims were the elimination of tariff and non-tariff barriers among member states and the formation of a common market entailing also the free movement of persons, services and capital. The EEC consists of a number of elements, including the Common Agricultural Policy, the Common Commercial Policy and a common transport policy. The EEC has been replaced by the European Community through the Treaty of Maastricht. See also enlargement, European Union and four freedoms. European Economic Community – Payments and subsidies paid to processors and producers of oilseeds and related animal-feed
European Economic Community – subsidies on exports of pasta products
See pasta case.
European Free Trade Association
See EFTA
European Patent Convention
The Convention on the Grant of European Patents concluded on 5 October 1973. It establishes a common system of law for the grant of patents in member states. These European patents have the effect of national patents granted by member states.
European Recovery Program
See Marshall Plan.
European Union
Created by the Treaty of Maastricht, signed in February 1992. It entered into force on 1 November 1993. The European Union consists of three parts: (i) the European Community (which remains the principal pillar), (ii) a common foreign and security policy and (iii) cooperation in the fields of justice and home affairs. Only the European Community has a legal personality and can sign international agreements. The fifteen members of the European Union are Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom. See also Treaty of Amsterdam and Treaty of Nice.
European Union (EU)
The European Union (EU) groups fifteen member states through a set of common institutions where decisions on specific matters of joint interest are taken at the European level. http://europa.eu.int
European Union-Mercosur Cooperation Agreement
Adopted on 15 December 1995 in Madrid. It sets out the process for future cooperation between the two groups of partners. The areas to be covered include economic, commercial, industrial, customs, statistics, intellectual property, investment, energy, transport, science and technology, telecommunications and information technology, environment, education, culture and drug trafficking. The work will be done through a Council of Cooperation at ministerial level. The cooperation agreement may lead to a free-trade agreement between the two groups, possibly by 2005. See also Mercosur.
European works
See broadcasting directive.
Everything But Arms
A European Union initiative for duty-free and quota-free access to all products except arms originating in least developed countries. It took effect on 5 March 2001 for most products. Sugar, rice and bananas will receive free access in stages by 2009.
EVSL
See Early Voluntary Sectoral Liberalization.
Ex aequo et bono
Lat. according to what is just and good.
Ex ante
Lat. before a measure is applied.
ex ante, ex post
Before and after a measure is applied.
Ex parte communications
The WTO Understanding on Rules and Procedures Governing the Settlement of Disputes expressly prohibits ex parte communications (communications with one party only to a dispute) with a panel or the Appellate Body concerning a matter they may be considering. Written submissions to a panel or the Appellate Body are treated as confidential, but they must be available to the parties to the dispute.
Ex post
After a measure is applied.
Exchange controls
Conditions or limits imposed by governments on the extent to which residents may have access to foreign exchange reserves. WTO members may use exchange controls imposed in accordance with the Articles of Association of the IMF, but they may not use them to frustrate the intent of the GATT. For trade in services, they may not apply restrictions on international transfers and payments for current transactions where they have made specific commitments. In both cases, exchange controls may be possible to safeguard the balance of payments under strictly defined conditions. See also balance-of-payments consultations and trade and foreign exchange.

<u>Exchange dumping</u>
Suggested in the past by some as a category of dumping. This was assumed to occur through manipulation of the exchange rate to give exporters an advantage in the importing market. So-called exchange dumping was discussed at the time of the Havana Charter negotiations, but no rules were established to deal with this practice. Some of the calls for negotiations on trade and foreign exchange appear to be based on the view that some forms of exchange dumping still persist.
<u>Exchange of concessions</u>
Agreed bilateral outcomes arrived at as the result of requests and offers in multilateral trade negotiations. A concession is in its narrow sense a binding, but it is also used for tariff reductions more generally.
<u>Exchange rate</u>
The cost of a currency in terms of another currency. Some exchange rates are fixed. This is done through a government decision, usually against a currency showing moderate fluctuations in value. Floating exchange rates are determined by free markets in response to supply and demand. See also currency board.
<u>Excise duty</u>
A duty sometimes levied by governments on the production, purchase, sale or use of a commodity. A typical example is the duty levied on the distilling and sale of alcohol. Foreign and domestic products have to be given the same level of excise duty under the WTO rules on national treatment.
<u>Exclusive Economic Zone</u>
See United Nations Convention on the Law of the Sea.
<u>Exclusive export rights</u>
The right given to governmental and non-governmental enterprises to be the sole exporter of, usually, an agricultural commodity. See also single-desk selling.
<u>Exclusive import rights</u>
The practice of giving holders of patents, copyright and other intellectual property rights the ability to stop parallel importation of products embodying the same intellectual property rights. Some countries assign exclusive importing rights in particular products to state trading operations. See also trading rights.
<u>Exclusive marketing rights</u>
EMRs. A concept used in the Agreement on Trade-Related Aspects of Intellectual Property Rights relating to patent protection for pharmaceuticals and agricultural chemical products. EMRs may be available for five years in cases where defined transitional arrangements are used to bring the provisions of the Agreement into effect.
<u>Exclusive service suppliers</u>
A small number of service suppliers established or authorized by the government. They usually operate in an environment of little or no competition
<u>Exhaustion doctrine</u>
The principle that once a product has been sold on a market, the intellectual property owner no longer has any rights over it. Laws vary as to whether the right continues to be exhausted if the product is imported from one market into another, which affects the owner's rights over trade in the protected product. WTO members are now debating whether exhaustion applies to products put on the market under compulsory licences. See also parallel importation.
<u>Ex-officio</u>
Act by right of office
<u>Exon-Florio amendment</u>
Section 5021 of the United States Omnibus Trade and Competitiveness Act of 1988 which authorizes the President to block on national security grounds mergers, acquisitions and joint ventures involving foreign investment. It offers considerable flexibility in its application. See also foreign investment screening, national interest and security exceptions.
<u>Explicit consensus</u>
See consensus and decision-making in the WTO.
<u>Explicit harmonization</u>
A form of cooperation between governments to achieve defined and legally binding uniform bilateral, regional or global standards. It entails some movement away from complete national autonomy for the making of standards towards decision-making in an international framework or within international institutions. See also harmonization and zero-margin harmonization.
<u>Export</u>
A good or a service sold by residents of one country to residents of another in return, usually, for foreign exchange. See also barter and countertrade.
<u>Export cartel</u>
See cartel
<u>Export competition</u>
The practice of competing internationally in markets for agricultural commodities through export subsidies, subsidized export credits, state-trading enterprises, abuse of food aid and non-transparent market support systems.
<u>Export controls</u>
Measures instituted by exporting countries to supervise export flows. Reasons for them include compliance with United Nations economic sanctions, adherence to voluntary restraint arrangements, observance of export quotas under international commodity arrangements,

management of strategic exports and administration of rules concerning dual purpose exports, as well as a policy of preserving some raw materials and other articles for domestic production or consumption. See also grey-area measures and Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies.
Export credits
The granting to the importer (purchaser) of goods and services an extended term to pay for them. OECD members handle their government-supported export credits according to the Arrangement on Guidelines for Officially Supported Export Credits. The accepted practice today is to consider repayment terms of less than two years as short-term, between two and five years as medium-term and above five five years as long-term. Many exporting countries have mechanisms to manage, support or guarantee export credits since, especially in the case of large contracts like power stations or port facilities, favourable terms of credit can influence considerably the competitiveness of a bid. The WTO Agreement on Subsidies and Countervailing Duties declares export credits prohibited if they are made at less than commercial rates. Export credits extended by OECD members in accordance with the OECD Arrangement are exempt from this prohibition.
Export culture
A recognition among individuals, firms and governments that competitive exports contribute significantly to national economic welfare, and that participation in international markets must be a high priority. Promoting and sustaining an export culture requires a consistent effort to abolish domestic structural impediments to exporting and to ensure the availability of non-discriminatory market access in other countries.
Export earnings guarantee schemes
Mechanisms usually aimed at ensuring that individual commodity producers or countries mainly dependent on export earnings from commodities are not exposed fully to sharp drops in their incomes. They are also known as compensatory financing arrangements. Examples of such mechanisms were STABEX and SYSMIN, both operated by the European Community under the Lomé Convention. They have been replaced in the ACP-EC Economic Partnership Agreement by a scheme to support national budgets in defined cases. The IMF Compensatory and Contingency Financing Facility has a broader scope.
Export Enhancement Program
EOP. A United States subsidy program introduced in 1985. Its objective is to help American exporters compete against subsidized prices in specific markets. Commodities able to benefit from this program are wheat, wheat flour, rice, frozen poultry, barley, barley malt, table eggs and vegetable oil. EOP enables exporters to sell these products abroad for less than the price they paid for them. The subsidies, called bonuses under the program, are paid in cash by the Commodity Credit Corporation (CCC). See also Dairy Export Incentive Program and Farm Security and Rural Investment Act of 2002 which extended the program until 2007.
Export Expansion and Reciprocal Trade Agreements Act
The fast-track proposal tabled by President Clinton in September 1997. It was not adopted. See also Trade Promotion Authority and United States trade agreements legislation.
Export incentives
Measures adopted by governments to promote the expansion of exports by domestic companies. Such measures can include direct subsidies, bounties, reduced import tariffs for components where they are incorporated into exported products, taxation concessions, etc. The Agreement on Subsidies and Countervailing Duties makes some types of export incentives illegal, including subsidies related to the export of products. See also bounty and export subsidies.
Export inflation insurance schemes
Schemes operated by governments particularly in the high-inflation environment of the 1970s. They were designed to minimize or eliminate the effects of monetary inflation on the cost of export contracts. Countries not maintaining such schemes held that they conferred a competitive advantage to exporters benefiting from them. These exporters could bid more aggressively in international markets, since they were secure in the knowledge that they would not have to bear the cost of inflation alone. A panel established by the GATT in 1978 to examine whether such schemes amounted to a subsidy concluded that this would be true if the premium rates were "manifestly inadequate to cover long-term operating costs and losses". It also noted that the meaning of "long-term" still would have to be defined. In the current environment of low inflation any schemes of this nature which might still exist appear to be unused.
Export of domestically prohibited goods
Allowing the manufacture of goods for export, but not for domestic consumption. Said to be done for reasons of health, safety, etc. Practical examples are hard to find. Views differ on the extent to which importing countries should agree to open their markets to these exporters. Some say that if a country does not allow such products in its domestic market, it should ban their export also. Others say that importing countries have no obligation to accept such products. At its worst, the arguments therefore amount to blatant protectionism on the part of those who dispute the right of countries to engage in such exports, but in many cases the reality is not so simple. This difficult issue has been on the GATT work program since 1982. A solution is not readily apparent.
Export of jobs
The erroneous view sometimes expressed sometimes by trade unions and manufacturers in sensitive sectors that the import of products means the export of jobs because any order placed abroad means that someone in a foreign country now has a job. The remedy usually suggested is higher tariffs to promote import substitution. However, such policies lead to higher costs for the economy overall, and they therefore make it less competitive with resulting higher unemployment. See also exporting unemployment.
Export participation rate
A measurement indicating how many firms in a given industry in an economy are engaged in exporting or attempting to export goods and services. The export participation rate is a useful device for assessing the extent to which a country has acquired an export culture.
Export performance measure
See export performance requirements.
Export performance requirements
Conditions imposed by the country authorizing foreign investment within its territory that are aimed at expanding that country's exports. At its simplest, the enterprise established with foreign investment has to export a certain percentage of its output, expressed either in value or quantity. Wholesale and retail traders may have to balance their imports with exports. The Agreement on Trade-Related Investment Measures bans most of these requirements.
Export pessimism
A view prevalent particularly in the 1950s in the heyday of import substitution policies by developing countries in the Latin-American region.

	It was based on the assumption that the smallness of their exports would not be able to promote economic development, and that international integration would undermine whatever competitiveness an economy might have achieved. The conclusion was that import substitution was the only realistic policy. See also dependence theory.
Export processing zones	See free-trade zones.
Export restitution	An export subsidy under the Common Agricultural Policy which bridges the gap between domestic and world prices.
Export restraint arrangement	See voluntary restraint agreement.
Export subsidies	Government payments or other financial contributions by governments provided to domestic producers or exporters if they export their goods or services. They are illegal for manufactured products under the Agreement on Subsidies and Countervailing Measures. See also export incentives.
Export targeting	The practice by an exporting country of selecting some countries as particularly promising markets for its products. The practice becomes reprehensible in the eyes of producers in importing countries when unfair trading practices are used. The United States Omnibus Trade and Competitiveness Act includes export targeting in the category of unreasonable acts, policies and practices. As such, they may give grounds for action under Section 301. See also import targets and voluntary import expansion programs.
Export tariffs	A levy on goods or commodities at the time they leave a customs territory. Reasons for imposing export tariffs include raising revenue, the desire to promote further processing of commodities within the country and a policy of ensuring that commodities perceived as scarce and necessary for domestic production are reserved as much as possible for local industry. See also double pricing, export quotas, Lerner's symmetry theorem and short-supply products.
Exportation	the same as export.
export-performance measure	Requirement that a certain quantity of production must be exported.
expressions of folklore	Means productions consisting of characteristic elements of the traditional artistic heritage developed and maintained by a community or by individuals reflecting the traditional artistic expectations of such a community, in particular: (i) verbal expressions, such as folk tales, folk poetry and riddles; (ii) musical expressions, such as folk songs and instrumental music; (iii) expressions by actions, such as folk dances, plays and artistic forms or rituals; whether or not reduced to a material form; and (iv) tangible expressions, such as: (a) productions of folk art, in particular, drawings, paintings, carvings, sculptures, pottery, terracotta, mosaic, woodwork, metalware, jewelry, basket weaving, needlework, textiles, carpets, costumes; (b) musical instruments; (c) architectural forms.
Expropriation	Confiscation by the host country of property owned by foreign nationals or taking action to nullify the value of property, usually under the guise of some public policy goal. Article III of the United States model bilateral investment treaty says that parties may only expropriate an investment for a public purpose, in a non-discriminatory manner, upon payment of prompt, adequate and effective compensation, and in accordance with due process of law. Bilateral investment treaties and investment promotion and protection agreements seek to establish procedures for just compensation of former owners.
External trade	This can mean the same as foreign trade generally. It can also refer to the foreign trade conducted by members of a preferential trade arrangement with non-members. The trade between the partners to such an arrangement is then called internal trade.
Extraordinary challenge	A procedure available under NAFTA Article 1904.13 concerning the settlement of disputes about anti-dumping or countervailing duty matters. The provision allows parties to challenge a panel decision on the claim that (a) a panel member was guilty of gross misconduct, bias, a serious conflict of interest or violating the rules of conduct in other ways, (b) the panel seriously departed from a fundamental rule of procedure, or (c) the panel manifestly exceeded its powers, and that any of these conditions materially affected the panel's decision and threatened the integrity of the panel review process.
Extraterritoriality	The enforcement of the laws of a country outside its territory. This is much disliked except by those economically powerful enough to benefit from it. See also antitrust laws, effects doctrine, Iran-Libya Sanctions Act and Helms-Burton legislation.
Factor proportion theory	See Heckscher-Ohlin theorem.
Failing-firm doctrine	A doctrine established under United States and some other antitrust-laws. It permits mergers that might otherwise be illegal, if some conditions are met. These usually are (a) a grave possibility of a business failure, (b) a lack of any other prospective buyer and (c) a small chance for a successful reorganization of the firm. See also crisis cartel.
FAIR Act	See Federal Agriculture Improvement and Reform (FAIR) Act.

<u>Fair and equitable treatment</u>
An obligation found in Article XVIII (State Trading Enterprises) of the GATT concerning the conduct of state trading in relation to government import purchases. This obligation does not have the same force as most-favoured-nation treatment, but it was originally meant to give non-discriminatory treatment to the maximum extent possible.
<u>Fair competition</u>
In trade policy the proposition that international trade should be conducted within the non-discriminatory rules of the multilateral trading system. Sometimes this is also known as the level playing field. One element of fair competition in trade is that competition is kept within certain bounds. Otherwise, anti-dumping measures, countervailing duties, etc., may apply. In competition policy, fair trade means the conduct of business in conformity with usually pro-competitive laws. See also equitable competition and fair trade.
<u>Fair labour standards</u>
See core labour standards and social clause.
<u>Fair trade</u>
This has several meanings. It can be a trading system in which rights and obligations are balanced and observed by participants in the system. To others it means trade without reliance on dumping or subsidies. In the 1980s, fair trade came to be defined by some as meaning something more akin to managed trade, such as the effort to achieve forced bilateral balance of trade. In competition policy, fair trade refers to the conduct of commercial activities without resort to anti-competitive behaviour as described by a country's competition laws. The context usually makes clear the intended meaning.
<u>Fair-use doctrine</u>
The proposition that works under copyright may be drawn on to a limited extent through quotation of excerpts, particularly for scholarly purposes, without leading to claims of piracy. Whether use would be considered fair in a particular instance would depend on the circumstances of the case. See also intellectual property rights and intellectual property right infringements.
<u>Fallacy of composition</u>
The dilemma, as explained for example in the 2002 Trade and Development Report that "on its own a small developing country can substantially expand its exports without flooding the market and seriously reducing the prices of the products concerned, but this may not be true for developing countries as a whole". Proponents of this view often use the analogy of spectators in a football stadium. If the people in the front rows stand up to see better, those in the seats behind also have to stand up. The result is that hardly anybody is better off. The fallacy lies in assuming that if something works for one economy, it could or should work for lots of others also. See also prisoner's dilemma.
<u>FAO</u>
See Food and Agricultural Organization.
<u>FAO</u>
Food and Agricultural Organization.
<u>Farm Security and Rural Investment Act</u>
The United States agricultural law, signed by President Bush on 13 May 2002, which replaces the Federal Agriculture Improvement and Reform Act of 1996. Among many other provisions, it extends the Export Enhancement Program, the Food for Progress program and the Food for Peace program until 2007. Critics claim that this Act authorizes substantial handouts to anyone engaged in farming and related activities without apparently promoting structural adjustment. Its provisions can be seen both as a cause of and a reaction to the problems caused by distorted agricultural production and trade policies elsewhere in the world.
<u>Favourable-balance-of-trade objective</u>
See mercantilism
<u>FCN treaties</u>
See Treaties of Friendship, Commerce and Navigation.
<u>FDI</u>
Foreign direct investment.
<u>FEALAC</u>
See Forum for East Asia and Latin American Cooperation.
<u>Federal Agriculture Improvement and Reform (FAIR) Act</u>
The formal name of the comprehensive farm bill covering both production and trade aspects passed by the United States Congress on 28 March 1996 and signed into law by President Clinton on 4 April. The Act largely retained the existing export subsidy programs, such as the Dairy Export and Incentive Program and the Export Enhancement Program, but it put a ceiling on expenditure on them. The Act also envisaged a seven-year program to remove the link between production and payments to some farmers, particularly those growing rice, cotton, feedgrains, wheat and oilseeds. It has now been succeeded by the Farm Security and Rural Investment Act. See also Commodity Credit Corporation.
<u>FEEMP</u>
Food, Energy, the Environment, Economic Growth and Population. A long-term APEC work program initiated in 1995 to ensure that the region's future economic growth would be sustainable in the longer term.
<u>FEOGA</u>
Fonds européen d'orientation et de garantie agricole. See European Agricultural Guidance and Guarantee Fund.
<u>Fetish of industrialization</u>
An expression used by Clair Wilcox in A Charter for World Trade (written in 1949) to describe what he calls an insistent demand in undeveloped countries that standards of living be improved, and an irrational belief that this improvement is to be obtained only through a rapid industrialization of their economies. He noted that this was almost always accompanied by severe restrictions on foreign trade. See also

developing countries and the multilateral trading system, import substitution and infant-industry argument.
<u>Fifth Protocol to the General Agreement on Trade in Services</u>
Gives effect to the commitments on trade in financial services following negotiations in 1996 and 1997. It entered into force on 1 March 1999.
<u>Final goods and services</u>
Goods and services bought by end-users. They are not used in any further production process. This distinguishes them from intermediate goods and services. The distinction depends entirely on who buys them. A teapot bought for use at home is a final product, but teapots bought by hotels for the provision of breakfast tea are clearly an intermediate good for the provision of a final service.
<u>Financial services</u>
Banking, general insurance, life insurance, funds management, securities trading and advisory services related to these activities. See Understanding on Financial Services.
<u>First Account</u>
The program under the Common Fund for Commodities which finances international buffer stocks and internationally-coordinated national stocks, but only if they are operated in the framework of Integrated Programme for Commodities. This program is inactive. See also Second Account.
<u>First Agreement on Trade Negotiation Among Developing Countries of ESCAP</u>
See Bangkok Agreement.
<u>First regionalism</u>
Used by Jagdish Bhagwati to describe the wave of preferential trade arrangements concluded during the 1950s and 1960s. The two main surviving arrangements from that time are the European Community and EFTA.
<u>First-difference negotiations</u>
Another name for the technique of bilateral requests and offers followed in the WTO system for trade in goods and services.
<u>First-difference reciprocity</u>
See first-difference negotiations. First-mover advantage: the benefits said to be available to a firm because it is the first in the market with a new technology or a new process.
<u>First-order protectionism</u>
The trade-restrictive measures falling broadly into the category of voluntary restraint arrangements. This term is based on the incontrovertible intention that any such measures should be protectionist. See also protectionism.
<u>First-to-file</u>
A procedure to determine priority of patent rights. Most countries, the United States and the Philippines being the main exceptions, accord priority of invention to the person registering first regardless of when the invention took place. The United States and the Philippines use the "first-to-invent" principle to accord priority. The main advantage of the first-to-file method is that, if a dispute arises about the precedence of claims, it establishes a clear starting point for any determination of which inventor may have priority rights. Under the first-to-invent method, the applicable date may have to be established laboriously through the use of notebooks and other records. See also intellectual property rights.
<u>First-to-invent</u>
See first-to-file.
<u>Fixed exchange rate</u>
See exchange rate.
<u>Fixed quota</u>
A quota set for the volume of import of goods that may not be exceeded in set period. See also tariff rate quota.
<u>Flag of convenience</u>
A nationality of a ship, indicated by the flag it flies, different to the nationality of the ship's owner. Flag-of-convenience registries offer the shipowner a choice of the least onerous conditions in terms of registration costs, mandatory manning requirements, wages and, possibly, safety requirements.
<u>Flat-tariff structure</u>
A tariff schedule in which all tariff rates are equal or nearly equal. The famous example is that of Chile which in 2003 will have a tariff rate of 6% for nearly all imports. See also dispersed tariff.
<u>Flexibility provisions</u>
These relate to the reductions to be made in agricultural export subsidies as a result of the Uruguay Round negotiations. If a country's export subsidies increased since the 1986-90 base period on which the negotiations were based, it had the option of using 1991-92 as the base period. However, the end-points for achieving the reductions remain the same. Flexibility provisions are also contained in the Agreement on Textiles and Clothing. They permit swing (transfer of part of an export quota for one product to another product), carryover (the use in the current year of an unused export quota from the previous year) and carry forward (the use of part of next year's quota during the current year). The flexibility provisions mentioned in the Agreement on Textiles and Clothing had their origin in the Multi-Fibre Arrangement. See also Agreement on Agriculture.
<u>Floating exchange rate</u>
See exchange rate.
<u>Floating initial negotiating rights</u>

See initial negotiating rights.
Floor price
A guaranteed price level for commodity producers. It may be higher or lower than the world market price for that commodity. In international commodity agreements the floor price may be the level at which the buffer stock manager must buy in an effort to reduce supply to the market and in this way support the price. See also Common Agricultural Policy, loan rate and trigger price mechanism.
Florence Agreement
Agreement on the Importation of Educational, Scientific and Cultural Materials. Adopted under United Nations Educational, Scientific and Cultural Organization (UNESCO) auspices in 1950. Parties to the Agreement undertake not to levy import duties on books, publications, documents and educational, scientific and cultural materials listed in the annexes. A protocol to the Agreement adopted in 1977 modernized the lists of materials covered. Flying-geese formation: see convoy problem.
Folklore
An aspect of traditional knowledge. The protection of folkloric expressions against illicit exploitation has been discussed in the United Nations Educational, Scientific and Cultural Organization and WIPO for many years. Some have suggested that it should also become part of the WTO agenda.
food aid
Food aid refers to shipments of food commodities from donor to recipient countries on a total-grant basis or on highly concessional terms.
Food Aid Convention
See International Grains Agreement.
Food for Peace program
See PL 480.
Food for progress program
A United States program established under the Food Security Act of 1985. It encourages agricultural policy reform in developing countries through food donations and sales at concessional prices. Commodities are provided under this program to developing countries and emerging democracies that have committed themselves to some elements of free enterprise in their agricultural economies. All edible commodities managed by the Commodity Credit Corporation are eligible for exports under this program. The Farm Security and Rural Investment Act of 2002 renewed the program until 2007.
Food security
A concept ensuring that the nutritional needs of a country are met. It is sometimes used to discourage opening the domestic market to foreign agricultural products on the principle that a country must be as self-sufficient as possible for its basic dietary needs. See also Food and Agricultural Organization, food security box and World Food Programme.
Food security box
A proposal made in 2001 by India to amend the WTO Agreement on Agriculture. Key elements of the box would be: (a) government service programs, food security stocks, domestic food aid, natural disaster relief, structural adjustment programs, environmental support measures, poverty alleviation, rural development and rural employment programs to be exempt from subsidy reduction programs, (b) developing countries to have flexibility in providing agricultural subsidies, (c) flexibility for developing countries in the administration of tariff bindings and (d) developing countries to be exempt from making minimum market access commitments. See also development box.
Food-importing Group
This was established early in the Uruguay Round to represent the interests of developing countries dependent on imports of food.
Foot dragger
A party to multilateral trade negotiations which uses the consensus rule to prevent a decision or to water down the force of a provision to suit its own purposes. See also convoy problem.
Footloose industries
A term used for industries for which the location is relatively unimportant for production and sales because they do not depend on an elaborate physical infrastructure or large fixed investment. They can easily move elsewhere in search of a cheaper and better operating environment. Sometimes they have to do this in order to satisfy new rules of origin. Some service activities, such as information processing, are thought to fall into the category of footloose industries. Globalization, which can spread the production process over many countries, is thought to give some impetus to the emergence of such industries. Remember, though, that in the long run all industries are footloose. See also delocalization.
Forced technology transfer
The practice of requiring firms to transfer some of their technology to the host country as part of receiving approval to invest when there is no existing law or regulation concerning the transfer of technology. See also compulsory licensing.
Foreign Corrupt Practices Act
FCPA. A United States law adopted in 1977 which imposes criminal liability on its corporations and individuals who are involved in offering inducements to officers of foreign governments to obtain or retain business. The FCPA is therefore directly relevant to rules and practices governing government procurement. See also trade and illicit payments.
Foreign direct investment
Defined by the IMF as "direct investment that is made to acquire a lasting interest in an enterprise operating in an economy other than that of the investor, the investor's purpose being to have an effective voice in the management of the enterprise". Much thought has been given to the meaning of "lasting interest". The OECD has recommended that 10% or greater ownership should satisfy this requirement. The OECD also defines direct investment flows as (i) the direct investor's net purchases of the company's share capital and net loans, trade and other credits advanced, and (ii) the direct investor's share of reinvested earnings. See also APEC Non-Binding Investment Principles, Foreign Investment Advisory Service, non-equity-based investment, portfolio investment and World Bank Guidelines on the Treatment of Foreign Direct

Investment.
Foreign exports
See re-exports and, for comparison, domestic exports.
Foreign Investment Advisory Service
FIAS. An advisory service originally established by the International Finance Corporation and now operated jointly by it with the IBRD. It assists developing countries in attracting increasing amounts of foreign direct investment. Its main activities include giving advice to governments on foreign investment laws, the institutions needed to administer foreign investment and to develop investment promotion strategies. See also Multilateral Investment Guarantee Agency.
Foreign investment protection agreements
See bilateral investment treaties and investment promotion and protection agreements.
Foreign investment screening
A mechanism operated by many countries to ensure that projects financed with foreign investment meet national development objectives and economic needs tests, and that foreign equity in specific sectors or companies does not exceed legal limits. Screening also aims to promote bona-fide investment proposals. The importance of foreign investment screening for trade policy stems from the fact that some see it as capable of being a trade impediment in cases where foreign investment is essential for effective market access. The screening process may result in the refusal of an application to invest and therefore to a denial of market access. See also Exon-Florio amendment and pre-establishment.
Foreign parity
See most-favoured-nation treatment.
Formula tariff reductions
See linear tariff cuts
Formula-plus tariff reductions
The use of linear tariff cuts, accompanied by other methods to achieve tariff reductions, such as zero-for-zero tariff reductions.
Fortress effect
This refers to the possibility that regional integration agreements may lead to more protectionist attitudes by member countries towards non-members. Much careful analysis of this problem has not led to conclusive evidence either way. Fortress Europe: a term expressing the fear by some that the formation of the European Community Single Market would turn the Community into an inward-looking market more difficult to penetrate. Such fears have not been justified.
Forum for East Asia-Latin America Cooperation
FEALAC. Established in March 2001 in Santiago de Chile as the successor to the East Asia-Latin America Forum (EALAF). Its members are Argentina, Australia, Bolivia, Brazil, Brunei, Burma, Cambodia, Chile, China, Columbia, Costa Rica, Cuba, Ecuador, El Salvador, Korea, Japan, Indonesia, Laos, Malaysia, Mexico, New Zealand, Panama, Paraguay, Peru, Philippines, Singapore, Thailand, Uruguay, Venezuela and Vietnam. FEALAC's goal is to find common ground on political, cultural, social, economic and international issues.
Forum-shopping
The practice of introducing a proposal or pursuing a dispute in one forum after another until a favourable outcome has been achieved. Sometimes also called forum-hopping.
Four freedoms
The free movement of goods, capital, labour and services. The expression is often used in the context of the Treaty of Rome where they are mandated in Titles I and III. See also deep integration and European Economic Area.
Four pillars of trade liberalization
Described by Gerard Curzon in Multilateral Commercial Diplomacy as most-favoured-nation treatment, reliance on the customs tariff rather than non-tariff measures, tariff negotiations leading to reduction of tariffs and tariff stabilization through rules enabling the binding of tariffs.
Fourth Protocol to the General Agreement on Trade in Services
Gives effect to the commitments on basic telecommunications services negotiated after the conclusion of the Uruguay Round. It entered into force on 5 February 1998. See also Agreement on Basic Telecommunications Services.
Framework Agreement on the ASEAN Investment Area
Signed on 7 June 1998, entered into force on 21 June 1999. See ASEAN Investment Area.
Framework Agreements
The name given to four outcomes of the Tokyo Round negotiations dealing particularly with developing-country issues. The four instruments are (i) the Enabling Clause, (ii) the Declaration on Trade Measures Taken for Balance-of-Payments Purposes, (iii) the Decision on Safeguard Action for Development Purposes and (iv) the Understanding Regarding Notification, Consultation, Dispute Settlement and Surveillance. The term "framework agreements" was taken from paragraph 2 of the Tokyo Declaration which sought, among other matters, an "improvement of the international framework for the conduct of world trade" in response to developing-country concerns that the trading system did not meet fully their needs. See also developing countries and the multilateral trading system and Tokyo Round agreements.
Framework Convention on Climate Change
See United Nations Framework Convention on Climate Change.
Francophone countries
Includes at least the countries that have French as their national language or one of their national languages. These are: Belgium, Benin, Burkina-Faso, Burundi, Cameroon, Canada, Central African Republic, Chad, Comoros, Democratic Republic of Congo, Djibouti, France, Gabon, Guinea, Haiti, Côte d'Ivoire, Luxembourg, Madagascar, Mali, Monaco, Niger, Republic of Congo, Rwanda, Senegal, Seychelles, Switzerland,

Togo and Vanuatu. They are members of the Organisation Internationale de la Francophonie (OIF). Some twenty other countries are member states of the OIF because of the role French plays in their cultures.
Free and fair trade
The idea, enunciated particularly well in United States tariff and trade policy, that from the perspective of economic development and global welfare free trade is a highly desirable objective, but only if one's trading partners also play fairly under the rules they have accepted. If they adhere to unfair practices, they should not be entitled to the benefits of open market access. There is a well-documented view, for example, that the thinking underpinning the emergence of Section 301 is aimed not at protecting the United States market, but to ensure that other economies similarly open their markets.
Free imports
Goods that can be imported without the payment of any customs duties. See also free list and zero rating.
Free list
A listing of products that can be imported free of customs duties or that are not subject to import licensing requirements.
Free riders
A casual term used to imply that a country which does not make any trade concessions, profits, nonetheless, from tariff cuts and concessions made by other countries under the most-favoured-nation principle. From an economic perspective, free riders do themselves harm because they deny themselves the benefits of trade liberalization. See also most-favoured-nation treatment.
Free trade
free trade area
Trade within the group is duty free but members set own tariffs on imports from non- members (e.g. NAFTA).
Free Trade Area of the Americas
See FTAA.
Free Trade Area of the Americas (FTAA)
The Heads of State and Government of the 34 democracies in the hemisphere agreed to construct a Free Trade Area of the Americas (FTAA), in which barriers to trade and investment will be progressively eliminated. The negotiations were launched at the Summit of the Americas in Miami, U.S.A., in December 1994. They agreed to complete negotiations towards this agreement by January 2005. http://www.ftaa-alca.org
Freedom of transit
The right, available to members of the WTO under Article V of the GATT, to transport goods unhindered across the territory of another member for them to be able to reach their final destination. The right includes the use of vessels and other means of transport for the purpose. Members may not discriminate between goods and means of transport from other members, and they may not levy customs duties on goods in transit. They are, however, entitled to recover administrative expenses based on the actual cost of any services provided in connection with the transit.
Freedom-of-emigration provision
See Jackson-Vanik amendment.
free-rider
A casual term used to infer that a country which does not make any trade concessions, profits, nonetheless, from tariff cuts and concessions made by other countries in negotiations under the most-favoured-nation principle.
Free-trade agreement
A contractual arrangement between two or more countries under which they give each other preferential market access, usually called free trade. In practice, free-trade agreements tend to allow for all sorts of exceptions, many of them temporary, to cover sensitive products. In some cases, free trade is no more than a longer-term aim, or the agreement represents a form of managed trade liberalization. Observers have noted that many recent free-trade agreements have run to several hundred pages, whereas a true free-trade agreement would require only a few lines. See also customs union, free-trade area, regional integration arrangement and regional trade arrangement.
Free-trade area
A group of two or more countries or economies, customs territories in technical language, that have eliminated tariff and all or most non-tariff measures affecting trade among themselves. Participating countries usually continue to apply their existing tariffs on external goods. Free-trade areas are called reciprocal when all partners eliminate their tariffs and other barriers towards each other. There are cases where developing country partners are exempt from making equivalent reductions, as is the case with SPARTECA and the ACP-EC Partnership Agreement, even though they get free access to developed-country markets. These are called non-reciprocal free-trade areas. See also customs union, trade creation, trade deviation and trade diversion.
Free-trade zones
These are defined areas, also called export processing zones, normally located near transport nodal points and designated by governments for the duty-free import of raw materials or manufacturing components intended for further processing or final assembly and their re-export afterwards. Such products are exported to markets in other countries. Successful free-trade zones tend to have a plentiful supply of relatively cheap and adequately skilled labour. Countries establishing free-trade zones usually are characterized by non-competitive domestic industries and regulatory frameworks, and this is one way in which they gain access to foreign investment and markets. Such zones sometimes lead to technology transfers to host countries, but often that is not an objective of companies establishing operations in them.
French assistance to exports of wheat and wheat flour
See French wheat and wheat flour case.
French plan
See Pflimlin plan.
Friends of Multifunctionality
An informal group to promote acceptance of the concept of multifunctionality of agriculture in the WTO and elsewhere. Core members are the

European Community, Japan, Mauritius, Norway, Republic of Korea and Switzerland.
Frontier traffic
Usually refers to trade across a frontier by local inhabitants in a clearly defined geographical area who have well-developed kinship ties or a long-standing economic association. Under Article XXIV of the GATT countries may decide not to apply all of the usual customs formalities to border trade. Goods traded in this way are not expected to find their way into the broader economy on either side of the border. The GATT does not specify what distance each side of the frontier is to be considered to lie within the frontier zone, but many pre-war trade agreements specifically settled on a limit of fifteen kilometres on either side of the border.
Frontloading
Refers to the practice of ensuring that liberalization commitments under an agreement or arrangement are proportionately heavier at the beginning of the implementing period. See also Agreement on Textiles and Clothing and backloading.
FTAA
Free Trade Area of the Americas. Also called Western Hemisphere Free Trade Agreement. Agreed as an objective at the Miami Summit of the Americas in December 1994 to cover all the Americas, except Cuba. To some extent, the FTAA can be considered an extension of NAFTA, but it appears likely that the two will be legally distinct. 2005 is the target date for its entry into force. Eleven working groups covering market access, customs procedures and rules of origin, investment, standards and technical barriers to trade, sanitary and phytosanitary measures, subsidies, anti-dumping and countervailing duties, smaller economies, government procurement, intellectual property rights, services, and competition policy have been established to prepare the grounds for negotiations. Negotiations were launched at the Summit of the Americas held in March 1998 in Santiago de Chile. See also Enterprise for the Americas Initiative.
FTAA
Free Trade Area of the Americas. Also called Western Hemisphere Free Trade Agreement.
Full balance-of-payments consultations
Full preferential trade agreement
Describes a preferential trade agreement under which all of the parties accord each other free trade in all products. See also partial preferential trade agreement.
Functional trade agreement
A form of trade agreement now seldom used. It seeks to deal with a particular type of form of trade, measure or occurrence. Examples are government procurement, measures to restrict or manage trade and the imposition of countervailing duties.
Functioning of the GATT System
FOGS. One of the negotiating groups established at the start of the Uruguay Round. Its negotiating mandate was defined as enhancing the surveillance in the GATT of national trade policies, improving the overall effectiveness and decision-making of the GATT as an institution and increasing the contribution of the GATT to greater coherence in global economic policy-making. One of its achievements was the establishment of the Trade Policy Review Mechanism.
Fungible goods
Also called fungibles or fungible materials. Described, for example, in NAFTA as goods or materials that are virtually the same and that can be used interchangeably. See also identical goods and similar goods.
Glossary
A-B C-D E-F G-I J-L M-O P-S T-Z

G15
Group of 15 developing countries acting as the main political organ for the Non-Aligned Movement.
G-15
A group originally of fifteen developing countries acting as the main political organ for the Non-Aligned Movement. It was established in 1990. Its members now are: Algeria, Argentina, Brazil, Chile, Colombia, Egypt, India, Indonesia, Iran, Jamaica, Kenya, Malaysia, Mexico, Nigeria, Peru, Senegal, Sri Lanka, Venezuela and Zimbabwe. It gives primary attention to issues of investment, trade and technology. The G-15's main objectives are to harness the potential for greater cooperation among developing countries, to review the impact of the world economic situation and the state of international relations on developing countries, to serve as forum for consultations among developing countries with a view to coordinating policies and actions, to identify and implement new schemes for South-South cooperation and to pursue a more productive North-South dialogue.
G-24
Intergovernmental Group of Twenty-Four on International Monetary Affairs, established in 1971. Its objective is to coordinate positions of developing countries on monetary and development finance issues. Members are divided into three regions. Region I (Africa) is represented by Algeria, Côte d'Ivoire, Democratic Republic of Congo, Egypt, Ethiopia, Gabon, Ghana, Nigeria and South Africa. Region II (Latin America and the Caribbean) is represented by Argentina, Brazil, Colombia, Guatemala, Mexico, Peru, Trinidad and Tobago and Venezuela. Region III (Asia and developing countries of Europe) is represented by India, Iran, Lebanon, Pakistan, Philippines, Sri Lanka and Syrian Arab Republic.
G7
The members of the G8 apart from Russia. It still meets for some financial and economic discussions.
G77
Group of developing countries set up in 1964 at the end of the first UNCTAD (originally 77, but now more than 130 countries).
G-77
See Group of 77.

GB
Group of seven leading industrial countries: Canada, France, Germany, Italy, Japan, United Kingdom, Russian Fed., United States.
Gains-from-trade theory
That part of the theory of international economic relations which demonstrates that two countries with different price structures are maximizing their economic returns if they trade with each other rather than pursuing autarky. The gain lies in the ability of either country to buy more at a lower cost from the other than it would be if it attempted to be self-sufficient. The consequence is specialization in production. See also absolute advantage, comparative advantage, Heckscher-Ohlin theorem, globalization, international division of
Gate-keeper effect
Control by a company of an infrastructure facility that is essential for others to develop their businesses. See also essential facilities doctrine.
GATS
The WTO's General Agreement on Trade in Services.
GATT
General Agreement on Tariffs and Trade, which has been superseded as an international organization by the WTO. An updated General Agreement is now one of the WTO's agreements.
GATT 1947
General Agreement on Tariffs and Trade 1947. The old (pre-1994) version of the GATT, adopted at the conclusion in 1947 of the Second Session of the Preparatory Committee of the United Nations Conference on Trade and Employment, and as subsequently rectified, amended or modified. It was in force from 1 January 1948 until the conclusion of the Uruguay Round when it was replaced by the GATT 1994. The two basic texts are identical, but legally distinct, in that the GATT 1947 was an international treaty, whereas the GATT 1994 is only one of the components of the Marrakesh Treaty Establishing the World Trade Organization.
GATT 1994
The new version of the General Agreement, incorporated into the WTO, which governs trade in goods.
GATT à la carte
A derisory term used by some commentators to describe the situation prevailing up to the end of the Uruguay Round whereby GATT members could to a large extent decide themselves which of the Tokyo Round agreements they should join. See also single undertaking.
GATT Basic Instruments and Selected Documents
BISD. Reports published annually by the GATT Secretariat between 1952 and 1994 which contain decisions, conclusions and reports adopted in the reporting period. The BISD is indispensable for the administration and study of the GATT and related agreements and codes. It was accompanied by an exhaustive Analytical Index.
GATT Council of Representatives
Established on 4 June 1960 to administer the GATT more effectively in view of its expanding work program. Until then, an intersessional committee composed of seventeen members had provided continuity between the annual sessions of the contracting parties. The Council's main functions were to consider matters requiring urgent attention between the annual sessions of the contracting parties and to supervise the work of committees, working parties and other subsidiary bodies. All GATT members automatically became members of the Council which met about once a month. In the WTO, the body most nearly performing the functions of the GATT Council is the General Council.
GATT plus
An expression implying imposition or acceptance of international trade disciplines more stringent than those prescribed by the GATT or extending the GATT rules to areas beyond trade in goods. One of the most ambitious examples of "GATT plus" was the proposal by the Atlantic Council of the United States that there should be a code of trade liberalization within the GATT framework with stronger rules for the conduct of trade relations between industrialized countries willing to accept them. According to its proponents, the benefits would have been extended to all GATT members according to the most-favoured-nation clause. The code would also have been open to new members willing to accept its obligations, but only code members would have been able to initiate tariff negotiations with another code member. The proposal did not find favour with GATT members as a whole. See also most-favoured-nation treatment and WTO plus.
GATT review session
The ninth session of the contracting parties (members) of the GATT, held from October 1954 to March 1955. It reviewed all aspects of the operations of the GATT. Several articles were amended as a consequence, most notably Article XVIII dealing with economic development issues and the rights and obligations of developing countries. Most other changes were minor. This was also the session at which the United States obtained its waiver on agriculture. See also developing countries and the multilateral trading system and Section 22 waiver.
GATT-consistency of national legislation
Under the Protocol of Provisional Accession national legislation in effect before 1 January 1948 was allowed to remain in force even if it was inconsistent with the provisions of the GATT. In other words, such legislation was grandfathered. Laws passed after that date had to be in conformity with the GATT, though certain exceptions, for example in the form of strictly circumscribed waivers, are possible. In the Manufacturing Clause case, the panel found that amendments to grandfathered legislation may be possible if they do not make it more inconsistent with the GATT, or if they do not cancel rightful expectations of other members. Another panel ruling, this time in the Superfund case, held that the mere existence of national legislation permitting discretionary action inconsistent with the GATT did not constitute a violation of obligations under the GATT.
GATT-Think
Characterized by Paul Krugman as three simple rules about the objectives of negotiating countries in the GATT: 1. Exports are good. 2. Imports are bad. 3. Other things equal, an equal increase in imports and exports is good. He says that GATT-Think is enlightened mercantilism and economic nonsense. Despite all this, Krugman concedes that the GATT has after all played a useful role in liberalizing the world trading system.
GBT
See Group on Basic Telecommunications.

General Affairs Council	See Council of the European Union.
General Agreement on Tariffs and Trade	See GATT.
General Agreement on Trade in Services	See GATS.
General Council	This is a body composed of all WTO members. It has general authority to supervise the various agreements under the jurisdiction of the WTO. It exercises authority between the biennial WTO Ministerial Conferences and on behalf of them. It meets about once a month. See also Dispute Settlement Body and Trade Policy Review Mechanism.
General obligations	Obligations which should be applied to all services sectors at the entry into force of the GATS.
General tariff	This term nowadays is often used instead of most-favoured-nation tariff in that it applies to the bulk of one's trading partners. Before the emergence of general most-favoured-nation treatment with the entry into force of the GATT in 1948, the general tariff often referred to the tariff applied to countries not receiving preferences of one kind or another. In some cases, countries still distinguish between a general tariff and a most-favoured-nation tariff, and the rates contained in the former are usually higher. See also normal trade relations.
General trade	Goods traded under the rates contained in the general tariff. In modern usage it often means goods receiving most-favoured-nation treatment.
Generalized System of Preferences	See GSP.
Generally Accepted Accounting Principles	GAAP. These are accounting rules that have achieved the status of widely-used principles to measure and report financial data. They vary between industries and between countries. Their purpose is to present credible financial data to investors, creditors and regulatory authorities. In the free-trade agreement between Canada and Chile GAAP is described as "recognized consensus or substantial authoritative support in the territory of a party with respect to the recording of revenues, expenses, costs, assets and liabilities, disclosure of information and preparation of financial statements. These standards may be broad guidelines of general application as well as detailed standards, practices and procedures". See also international accounting standards.
Generic springboarding	This is the contentious process by which a firm starts to prepare for the commercial production and sale as a generic product of an item which is still under patent protection. The aim of springboarding is to ensure that producers of generic products can enter the market as early as possible once the patent term expires. In the case of pharmaceuticals, where two to three years may be required to develop a generic drug, springboarding enables firms to manufacture an item still under patent protection for the purpose of meeting pre-regulatory requirements. But commercial activity is not permitted at this stage, and doing so would involve an intellectual property right infringement. See also Bolar exception, decompilation, intellectual property and reverse engineering.
Genetic labelling	A system of product labelling advocated by some to indicate whether the product or its components have been modified genetically. Proponents argue that doing so is in the interest of consumers and users. Opponents say that this yet another unnecessary technical barrier to trade because, for reasons of cost, most producing countries do not keep genetically modified crops separate from others. All European Community members were required to enact genetic-labelling legislation by 31 July 1997 to ensure that firms located in member states use the labels when necessary. See also eco-labelling and social labelling.
genetic material	Means any material of plant, animal, microbial or other origin containing functional units of heredity.
genetic resources	Means genetic material of actual or potential value.
genetically modified agricultural products	The modification of the genetic characteristics of a microorganism, plant or animal by inserting a modified gene or a gene from another variety or species. Genetically modified organisms (GMOs) may be microorganisms designed for use as biopesticides or seeds that have been altered genetically to give a plant better disease resistance or growth.
Genetically modified micro-organism	GMM. A micro-organism in which the genetic material has been altered in a way that would not occur in the natural world.
Genetically modified organism	GMO. An organism in which the genetic material has been altered in a way that would not occur in the natural world.
Geneva Convention	Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of their Phonograms. It protects a producer of phonograms of another Member state against the making of duplicates without consent. "Phonogram" means an exclusively aural fixation, i.e. a recording (record, compact disc, tape, etc.). The term does not include sound films or videocassettes. The convention currently has 52 members.
Geneva Tariff Conference, 1947	

<p>Consisted of tariff negotiations between the participants in the Preparatory Committee of the United Nations Conference on Trade and Employment. About 45,000 concessions were exchanged. This was the first occasion when tariff negotiations were conducted multilaterally. Negotiations were conducted under the principal supplier rule. In other words, the granting of a concession only had to be considered if the country supplying the largest part of the product made a request for a tariff reduction. The Geneva Tariff Conference is deemed to have been the first round of multilateral trade negotiations. See also principal supplier right.</p>
<p>Geneva Tariff Conference, 1955-56</p> <p>A minor round of multilateral tariff negotiations, largely because the United States Congress had limited the negotiating authority of its delegation. It was the last of the formal tariff conferences, and it is deemed the fourth round of multilateral trade negotiations.</p>
<p>Geographical indications</p> <p>Place names, or words associated with a place, used to identify products (for example, Champagne, Tequila or Roquefort), which have a particular quality, reputation or other characteristic because they come from that place. Some wine-producing countries allow the use of "semi-generic" names where the traditional geographical indication has become widespread as a means to describe a type of wine, but only if the true indication of origin of the wine is also shown on the label. Examples of such semi-generic names are Burgundy, Sherry and Port. Others insist that this practice is illegal under the Agreement on Trade-Related Aspects of Intellectual Property Rights. See also appellations of origin and traditional expressions.</p>
<p>Georgetown Agreement</p> <p>Adopted on 6 June 1975 in Georgetown, Guyana. It established the group of ACP states. It was revised on 26 November 1992 with the objective of promoting the aims of the Lomé Convention. Membership is open to all states that are members of the Convention, now renamed the ACP-EC Partnership Agreement. Cuba is a member of the Georgetown Agreement, but not the ACP-EC Partnership Agreement. The Convention's secretariat is in Brussels.</p>
<p>Glass-Steagall Act</p> <p>The United States Bank Act of 1933, largely repealed in 1999. It separated commercial and investment banking. Banks, including foreign bank branches and subsidiaries, could not underwrite or deal in securities of non-governmental issuers. See also financial services.</p>
<p>Global Alliance for Sugar Trade Reform and Liberalization</p> <p>See Global Sugar Alliance.</p>
<p>Global commons</p> <p>Defined by the World Commission on Environment and Development as the oceans, outer space and Antarctica, i.e. those parts of the planet that fall outside national jurisdictions. See also trade and environment.</p>
<p>Global Compact</p> <p>Proposed by the Secretary-General of the United Nations to business leaders at the World Economic Forum on 31 January 1999. It consists of nine principles: (1) support and respect the protection of international human rights within the sphere of influence of business, (2) make sure corporations are not complicit in human rights abuses, (3) freedom of association and effective recognition of the right to collective bargaining, (4) elimination of all forms of forced and compulsory labour, (5) effective abolition of child labour, (6) elimination of discrimination in respect of employment and occupation, (7) support a precautionary approach to environmental challenges, (8) undertake initiatives to promote greater environmental responsibility, and (9) encourage the development and diffusion of environmentally-friendly technologies.</p>
<p>Global Environment Facility</p> <p>GEF. A mechanism for the provision of grants and concessional funding for programs protecting the global environment and promoting sustainable economic growth. It concentrates on climate change, biological diversity, international waters and stratospheric ozone. GEF projects and programs and funds for them are awarded and supervised by the IBRD, the United Nations Development Programme (UNDP) and the United Nations Environment Programme (UNEP). See also trade and environment.</p>
<p>Global Information Infrastructure</p> <p>GII. A proposal formulated by the United States in 1994 for international cooperation in the development of a more efficient and more versatile global telecommunications and information network. Five basic principles would have governed the establishment of the GII: encouraging private sector investment, promoting competition, providing open access, creating a flexible regulatory environment, and ensuring universal service. See also Okinawa Charter on Global Information Society.</p>
<p>Global Sugar Alliance</p> <p>Formally Global Alliance for Sugar Trade Reform and Liberalization. A group of sugar producers which aims to reform international trade in sugar. It was formed in 1999. Its members include producers in Australia, Brazil, Canada, Chile, Colombia, El Salvador, Guatemala, Honduras, India, Nicaragua, Panama, South Africa and Thailand.</p>
<p>Global Trade Point Network</p> <p>Established by UNCTAD to enhance the participation of developing countries and economies in transition in international trade, to reduce transaction costs and to allow them better access to trade-related information and global networks. Some 100 national Trade Points now exist. They are connected electronically. They act as trade facilitation centres where all necessary formalities can be transacted under one roof, and they provide information to traders on export opportunities. See also Trade Efficiency Programme and electronic commerce.</p>
<p>Globality</p> <p>Sometimes used to refer to one of the general negotiating principles that form part of the Punta del Este Declaration. The principle held that the launching, conduct and implementation of the negotiations were to be treated as parts of a single undertaking. This principle was often expressed in the phrase "nothing is agreed until everything is agreed".</p>
<p>Good governance</p> <p>Highly desirable attributes of decision-making and decision-implementing processes. The main attributes are participation by all who may be affected, respect for the rule of law, transparency, responsiveness to the views of participants, consensus, equity and inclusiveness, and effectiveness and efficiency. Most importantly, those making and implementing decisions must be accountable to those affected by them. See also Washington Consensus.</p>
<p>Good offices</p> <p>A form of mediation between parties to a dispute. It describes an offer by a disinterested third party, often a person of distinction in the field,</p>

to examine what can be done to settle a difficult dispute. The offer to assist may be made spontaneously, or it may be part of a framework for settling disputes. Good offices and mediation always consist of giving advice. The never have the binding force of arbitration. Article 5 of the WTO Understanding on Rules and Procedures Governing the Settlement of Disputes says that the parties may use the good-offices procedure, assuming they agree among themselves to do so. Either party may call for its introduction. It may begin or be terminated at any time. The procedure may run parallel to a panel process. Also, the Director-General of the WTO may offer his good offices in an ex officio capacity. See also arbitration.
Government procurement
Also called public procurement. It covers purchases of goods and services by governments and governmental authorities for their own use. Government procurement is estimated to account for at least 10% of GDP in many countries, but estimates differ widely. The GATT and GATS exempt government procurement from the application of their rules. See also Agreement on Government Procurement, APEC Non-binding Principles on Government Procurement and Working Group on Transparency in Government Procurement. Government trading monopolies: the exclusive allocation to one firm, often state-owned, of the right to trade internationally in certain products. See also single-desk selling and state trading.
Government use
Arises in the case of patents when the government itself uses or authorises other persons to use the rights over a patented product or process, for government purposes, without the permission of the patent owner. See also compulsory licensing.
Graduation
The removal of tariff preferences accorded to developing countries under GSP (Generalized System of Preferences) programs because a country has exceeded a certain level of per capita GDP. Many countries also have graduating mechanisms allowing the removal of GSP concessions for particular products once a supplier country captures more than a defined share of the import market for that product. See also competitive-need limitation.
Graduation clause
Paragraph 7 of the Enabling Clause notes that less-developed GATT members expect that their capacity to make contributions under the GATT provisions would improve with the progressive development of their economies and trade. Accordingly, they would expect to participate more fully in the framework of rights and obligations under the GATT. See also developing countries and the multilateral trading system and graduation.
Grains Trade Convention
See International Grains Agreement.
Grandfather clause
Refers to a provision in the Protocol of Provisional Application adopted by the original members of the GATT in 1947 which states that Part II of the GATT would be applied "to the fullest extent not inconsistent with existing legislation". This was a device which permitted the continuing existence of national legislation in violation of the GATT articles. It was based on the view that the entry into force of the GATT would be delayed indefinitely if members first had to bring their legislation into conformity with it. This provision became known as the "grandfather clause" because it accepted as a fait accompli legislation predating the agreement. The grandfather clause has not been carried forward into the GATT 1994. See also GATT-consistency of national legislation.
Greater Horn of Africa
Consists of Burundi, Djibouti, Eritrea, Ethiopia, Kenya, Rwanda, Somalia, Sudan, Tanzania and Uganda. See also Horn of Africa.
Green box
Domestic support policies for agricultural products exempt from the Uruguay Round reduction commitments and permitted without limits. Green box policies include genuine relief to farmers through a wide range of assistance measures which have a minimal impact on trade, such as disaster relief, research, disease control, infrastructure, environmental protection and food security. See also Agreement on Agriculture, amber box and blue box.
green box :
supports considered not to distort trade and therefore permitted with no limits.
Green labelling
See eco-labelling
Green procurement
Purchasing policies and practices that favour environmentally-friendly parts and materials.
Green protectionism
See eco-protectionism and trade and environment.
Green Room
A meeting room in the WTO building in Geneva sometimes used for working out compromises in trade negotiations, often under the leadership of the WTO Director-General. As the room is quite small, only a small part of the WTO membership can take part in such meetings. For this reason, opponents of the WTO sometimes use the Green Room as an example of alleged non-transparent decision-making. Against this, it can be argued that in multilateral negotiations difficult decisions cannot be made in plenary meetings, especially if some parties have to back down.
Greenhouse gases
An omnibus term for atmospheric gases that absorb and emit infra-red radiation. These gases account for less than 1% by volume of the atmosphere. Scientific evidence suggests that there is a long-term build-up of such gases. This has led to predictions of an adverse climate change. The main greenhouse gases are carbon dioxide (CO ₂), methane (CH ₄), nitrous oxide (N ₂) and perfluorocarbons (PFCs). See also Kyoto Protocol and United Nations Framework Convention on Climate Change.
Greening the GATT
A term popularized by Daniel Esty in a book of the same title. It expresses a hope of those who would like the WTO to be more responsive to their particular environmental concerns and who see a necessity for the GATT to reflect clearly the aims of environmental protection. See also

trade and environment.
<u>Grey marketing</u>
A North American expression denoting the practice of parallel importation. Goods so imported are known as "grey market goods" or as "grey market imports".
<u>Grey-area measures</u>
Discriminatory export and import restraints agreed between governments which are usually contrary to the principles governing the multilateral trading system, but which were not clearly illegal under the multilateral rules. Examples of grey-area measures are orderly marketing arrangements and voluntary export arrangements. All are now illegal under the WTO Agreement on Safeguards. Existing grey-area measures had to be eliminated by 1999. Emerging grey-area measures may be cartel arrangements between private firms implicitly sanctioned by governments and voluntary import expansion agreements between governments.
<u>Group of 15</u>
See G-15.
<u>Group of 24</u>
See G-24.
<u>Group of 77</u>
G77. A loosely organized group of developing countries, originally numbering 77, which was formed at the first meeting of UNCTAD in 1964. The G77 quickly became the main force in setting the agenda for the UNCTAD work program. It now has over 130 members. The group's aim is to help developing countries to articulate and promote their collective interests, and to enhance their joint negotiating capacity in all major economic areas of the United Nations system. Existing members use broad economic and political criteria to decide whether a country should be admitted to membership. The G77 chairmanship rotates at fixed intervals among the groups representing the African, Latin-American and Asian countries. The G77 also functions in other parts of the United Nations system, but it does not operate in the WTO. China is not a member of the G77. See also group system.
<u>Group of Latin American and Caribbean Countries</u>
See GRULAC.
<u>Group of Negotiations on Goods</u>
GNG. A group established at the start of the Uruguay Round to manage all negotiating issues relating to the GATT and trade in goods, including trade-related aspects of intellectual property rights and trade-related investment measures.
<u>Group of Negotiations on Services</u>
GNS. A group established at the start of the Uruguay Round to handle all issues relating to trade in services.
<u>Group of Three</u>
A free-trade arrangement between Colombia, Mexico and Venezuela. It entered into force on 1 January 1995. See also free-trade area.
<u>Growing East Asia Community</u>
Proposed in January 2002 by Japanese Prime Minister Junichiro Koizumi as a long-term goal. It would include at least the ASEAN countries, China, Korea, Japan, Australia and New Zealand.
<u>Growth triangles</u>
Sub-regional economic zones identified by governments as holding particular promise for rapid economic development by virtue of their location or factor endowment. On a map, they sometimes look like triangles, but other Euclidian shapes may be found. They are often conceived in the form of free-trade zones. Growth triangles in most cases include territory of two or three states who cooperate in their development, but they may be contained within a single country. See also BIMP-EAGA.
<u>GRULAC</u>
The Group of Latin American and Caribbean Countries which operates informally within the WTO.
<u>GSP</u>
Generalized System of Preferences — programmes by developed countries granting preferential tariffs to imports from developing countries.
<u>GSTP</u>
Global System of Trade Preferences Among Developing Countries. It entered into force in 1989. Its aim is to promote the development of economic cooperation among developing countries through the exchange of tariff preferences. Least developed countries do not have to offer reciprocal concessions. Non-tariff preferences may also be exchanged. Membership of the GSTP is open to members of the Group of 77. Negotiations are conducted under UNCTAD auspices. 44 countries participate in the GSTP. See also ECDC and trade negotiations between developing countries.
<u>Guidelines for Mutual Recognition Agreements or Arrangements in the Accountancy Sector</u>
A set of non-binding principles adopted by the WTO on 29 May 1997 aimed at making it easier for governments to negotiate the mutual recognition of professional qualifications. Part A of the Guidelines deals with the conduct of negotiations and the relevant obligations governments have under the GATS. Part B sets out various issues that may have to be addressed in negotiations, such as the intended participants, the purpose and scope of the arrangement, the conditions under which mutual recognition will be accorded, the mechanism for implementation, and other related matters. See also mutual recognition arrangements and Working Party on Professional Services.
<u>Gulf Cooperation Council</u>
GCC. Formal name Cooperation Council of the Arab States of the Gulf. Established in 1981. It consists of Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates and Oman. Among its major political and economic aims is that of drawing up similar regulations in the economic and financial fields, trade, customs and transport, information and tourism. In 1981 the GCC members also established a free-trade area covering industrial and agricultural products, but not petroleum products. A customs union is to be established on 1 January 2003. Its

secretariat is located at Riyadh
Hard law
In trade policy usage, international arrangements that entail legally enforceable rights and obligations on their members. Examples of hard law are the WTO obligations as embodied in the GATT (General Agreement on Tariffs and Trade) and the GATS (General Agreement on Trade in Services). Such arrangements are usually in the form of treaties, or they have the status of a treaty. See also soft law.
Hard-core waiver
A decision taken in the GATT in 1955 to allow members in certain cases to retain quantitative restrictions that had been maintained over several years because of persistent balance-of-payments difficulties. The waiver was subject to some conditions. For example, members had to demonstrate that a sudden removal of a quantitative restriction would result in serious injury to a domestic industry, and they had to carry out a policy of progressive liberalization. See also residual quantitative restrictions.
Harmonization of standards and qualifications
The adoption of a single standard or qualification requirement by two or more countries where previously each might have had its own, free-standing, set of requirements. Harmonization may involve the creation of an entirely new standard, the adoption of the standard of the most influential participant in the arrangement, the adoption of the most reasonable standard or a mixture of them. Achieving harmonization often entails laborious negotiations. See also Agreement on Technical Barriers to Trade, explicit harmonization, International Electrotechnical Commission, International Organization for Standardization, managed mutual recognition and mutual recognition arrangements.
Harmonized System
Formally the Harmonized Commodity Description and Coding System. An international nomenclature developed by the World Customs Organization. It is arranged in six-digit codes under 97 chapters. It allows all participating countries to classify traded goods on a common basis. Beyond the six-digit level, countries are free to introduce national distinctions for tariffs and many other purposes. The Harmonized System's aims are (a) to achieve international uniformity in the classification of goods for customs purposes; (b) to facilitate the collection, analysis and comparison of world trade statistics; (c) to provide a common international system for coding, describing and classifying goods for commercial purposes; and (d) to provide an updated nomenclature to take account of technological developments and changes in international trade patterns.
Harmonized tariff reductions
One of the ways to reduce tariff levels explored in the Tokyo Round negotiations. It was aimed at bringing tariffs of the participants for the same products to roughly similar levels. Harmonization is as difficult now as it was 25 years ago because of its impact on sensitive products. See also linear tariff cuts and tariff negotiations.
Harries Report
A report commissioned by the Australian Government in 1978 to examine the nature of Australia's relationship with the Third World and to make proposals for the development of that relationship. The report was published in 1979 under the title Australia and the third world. It contributed to a better understanding of the issues subsumed in the North-South dialogue and the New International Economic Order.
Hawley-Smoot tariff
See Smoot-Hawley tariff.
Hazard Analysis and Critical Control Points
HACCP. A system for assuring the safe manufacture of food products. It consists of seven steps: (1) analysis of hazards, (2) identification of critical control points, (3) establishing critical limits for each control point, (4) monitoring of the control points, (5) establishing a system of corrective action, (6) effective record-keeping, and (7) establishing procedures to verify that the system is working properly. HACCP had its origin in the food safety requirements developed by NASA for the United States space program. It is of particular relevance for the administration of sanitary and phytosanitary measures.
Heckscher-Ohlin theorem
States that countries will export those goods whose production is relatively intensive in the factors with which they are well endowed. The basic assumption underlying the theorem is that demand patterns do not differ much between countries. The theorem was first formulated by Eli Filip Heckscher in 1919 and publicized by Bertil Gotthard Ohlin in 1933, both eminent Swedish economists. It has been refined considerably over the years as a result of a patient statistical analysis. Essentially, the theorem is a restatement of the theory of comparative advantage. See also new trade theory and Stolper-Samuelson theorem.
Hidden dumping
A form of dumping said to occur when a firm exports goods at ostensibly market prices to a related firm, but in reality at a lower cost. The second firm then sells the goods in the importing country at about that price, but the transaction has all the time been below market price. See also anti-dumping measures.
High-income economies
A group of 52 economies so classified by the IBRD and listed in the World Development Report. In 2000 they had a per-capita GNI (gross national income) of more than \$9,266. 23 of them are OECD member countries. The average income among these countries varies considerably, and not all of them would consider themselves developed or industrialized countries. See also low-income economies, lower-middle-income economies and upper-middle-income economies.
Historical preferences
In the WTO framework this refers to benefits under preferential trade arrangements in existence before the GATT entered into force on 1 January 1948. Such arrangements were allowed to continue even though they contravene most-favoured-nation treatment, but under Article I of the GATT (General Most-Favoured-Nation Treatment) the maximum margin of preference cannot be increased. The imperial preferences arrangement is one example of historical preferences. The value of historical preferences decreased steadily as most-favoured-nation tariffs came down.
HLM
A high-level meeting. In the WTO context, this often refers to the High-Level Meeting for Least Developed Countries, held in October 1997 in Geneva.
Hollowing-out

	See deindustrialization and delocalization.
<u>Horizontal arrangements</u>	
	See competition policy.
<u>Horizontal commitments</u>	
	A component of the schedules of commitments attached by WTO member countries to the GATS. Horizontal commitments apply to all services trade covered in a schedule of commitments. Generally, they relate to investment, formation of corporate structures, land acquisition, the movement of personnel, etc. See also commitment.
<u>Horizontal foreign direct investment</u>	
	This refers to foreign direct investment by a firm in the area of activities it already pursues at home. For example, a car manufacturer in country A invests in car plant in country B. See also tariff-jumping investment.
<u>Horizontal keiretsu</u>	
	See keiretsu relationships.
<u>Horn of Africa</u>	
	Consists of Djibouti, Eritrea, Ethiopia, Somalia and Sudan. See also Greater Horn of Africa.
<u>Host country operational measures</u>	
	HCOMs. An UNCTAD contribution to the analysis of international investment agreements. It describes "the vast array of [investment] measures implemented by host countries concerning the operation of foreign affiliates once inside their jurisdictions". UNCTAD divides HCOMs into three groups. The first, so-called "red light" HCOMs, contains measures explicitly prohibited by multilateral agreements, such as the Agreement on Trade-Related Investment Measures. The second group, the "yellow light" HCOMs, is made up of measures additionally prohibited, conditioned or discouraged by inter-regional, regional or bilateral agreements. The third group, the "green light" HCOMs, are not generally prohibited through international investment rules. See also traffic light approach.
<u>ICC Guidelines for International Investment</u>	
	Adopted in 1972 by the International Chamber of Commerce (ICC) to serve as a model for international agreements. They have been used in this way by the OECD and some other international organizations. A feature of the guidelines is that they combine the rights and obligations of states and firms in a single instrument.
<u>ICITO</u>	
	Interim Commission for the International Trade Organization. Established in 1948 to prepare the administrative arrangements for entry into force of the ITO. At the same time, it was agreed that ICITO would supply the secretariat services for GATT. As the ITO did not enter into force, ICITO's only reason for existence was the latter arrangement.
<u>ICSID</u>	
	International Centre for Settlement of Investment Disputes, located in Washington DC, chaired ex officio by the president of the IBRD. It was established by the Convention on the Settlement of Investment Disputes between States and Nationals of Other States which entered into force on 14 October 1966. ICSID provides facilities for conciliation and arbitration of disputes. It describes its main objective as the promotion of a climate of mutual confidence between states and foreign investors conducive to an increasing flow of resources to developing countries. It publishes the ICSID Review: Foreign Investment Law Journal which is a useful source of commentary and analysis of the legal treatment of foreign investment, including investment treaties. See also foreign direct investment.
<u>ICT</u>	
	Information and Communication(s) Technology. See also Digital Divide, Digital Opportunity Taskforce and Okinawa Charter on Global Information Society.
<u>IDB OR IADB</u>	
	Inter-American Development Bank. Established in 1959, the Inter-American Development Bank (IDB) supports economic and social development and regional integration in Latin America and the Caribbean. It does so mainly through lending to public institutions, but it also funds some private projects, typically in infrastructure and capital markets development. Members (46) include: Argentina, Austria, The Bahamas, Barbados, Belgium, Belize, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Croatia, Denmark, Dominican Republic, Ecuador, El Salvador, Finland, France, Germany, Guatemala, Guyana, Haiti, Honduras, Israel, Italy, Jamaica, Japan, Mexico, Netherlands, Nicaragua, Norway, Panama, Paraguay, Peru, Portugal, Slovenia, Spain, Suriname, Sweden, Switzerland, Trinidad and Tobago, United Kingdom, United States, Uruguay and Venezuela. http://www.iadb.org
<u>Identical goods</u>	
	Defined in the Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994 (the customs valuation agreement) as "goods that are the same in all respects, including physical characteristics, quality and reputation. Minor differences in appearance would not preclude goods otherwise conforming to the definition from being regarded as identical". Among other conditions, goods are not regarded as "identical goods" unless they were produced in the same country as the goods being valued. See also fungible goods, like products and similar goods.
<u>IEA</u>	
	International Energy Agency. An intergovernmental organization established in 1974 after the first oil shock. It consists of OECD member countries.
<u>ILO</u>	
	See International Labour Organization.
<u>ILO Convention No. 138</u>	
	See child labour.
<u>ILO Convention No. 182</u>	

The Convention Concerning the Prohibition and Immediate Action for the Elimination of the Worst Forms of Child Labour.
<u>ILO Declaration on Fundamental Principles and Rights at Work</u>
See Declaration on Fundamental Principles and Rights at Work.
<u>IMF Buffer Stock Financing Facility</u>
See buffer stocks.
<u>IMF Compensatory and Contingency Financing Facility</u>
A facility available to IMF members who experience balance-of-payments difficulties because of temporary shortfalls in export earnings. Commodity exporters are the main users of this facility. It can also be used by members in cases of unforeseen adverse external shocks beyond their control, such as a sharp drop in export earnings, sharp rises in import prices or international interest rates. Availability of funds is usually conditional on a commitment by the recipient to address the causes of the payments imbalance. See also structural adjustment.
<u>Impairment</u>
See nullification and impairment.
<u>Implementation</u>
Putting into effect the undertakings made in trade negotiations. This usually considered much less exciting by trade policy people than negotiating new things. In the WTO, implementation often refers to a set of issues argued for by developing countries. The first is that some of their Uruguay Round obligations are too heavy for them. The second is that there should be negotiations to redress the unfair balance carried by developing countries. Third, that they can only meet some of their other obligations through extended deadlines and increased technical assistance. In these circumstances, some developing countries argue, there is little point in their negotiating new obligations until they can fulfil their current ones. The Doha Ministerial Conference adopted a Declaration on Implementation-related Issues and Concerns which seeks to find solutions to some of these problems. See also capacity-building.
<u>Implementation doctrine</u>
The principle in competition law that conduct by firms may be actionable in the country or group of countries where it occurs, even though it may have been decided on elsewhere. See also antitrust laws, competition policy and effects doctrine.
<u>Implementation periods</u>
See staging
<u>Implicit discrimination</u>
A legislative, tax or other measure applicable to domestic and imported goods and services that may indirectly or unintentionally discriminate against the imported product or service. Having to conform with certain domestic measures maintained by the importing country may cause them to lose their competitive advantage. It is easy for governments to demonstrate that such measures amount to no more than national treatment, but they may be formulated with the aim of disadvantaging the imported product. See wine gallon assessment for a practical example of this concept.
<u>import licensing</u>
Administrative procedures requiring the submission of an application or other documentation (other than those required for customs purposes) to the relevant administrative body as a prior condition for importation of goods. WTO Agreement on Import Licensing Procedures.
<u>Import market value</u>
A system for the valuation of goods to be imported for the purpose of levying customs duties which is based on the value of the same goods currently sold in the internal markets of the importing country. This system never was common. It has been superseded by the transaction value method described in the WTO Agreement on Implementation of Article VII [customs valuation] of the General Agreement on Tariffs and Trade 1994. See also customs valuation.
<u>Import quotas</u>
Restrictions or ceilings imposed by an importing country on the value or volume of certain products that may be bought from abroad. They are designed to protect domestic producers from the effects of lower-priced imported products. Import quotas are a form of quantitative restrictions.
<u>Import restrictions</u>
Any governmental measure that has the effect of making import flows smaller than they would be in the absence of the measure. Examples are foreign exchange restrictions, import licensing and import quotas. Import cartels may have the same effect.
<u>Import risk assessment</u>
See risk assessment.
<u>Import substitution</u>
A policy for the development of a domestic productive capacity in goods and services with the aim of reducing or displacing imports, often with the expectation of increases in employment and reductions in the current account deficit. Countries practising import substitution often find that their foreign exchange reserves do not show any improvement at all, partly because they still have to import capital goods. To the extent that this policy involves restrictions on imports or domestic subsidies, it raises domestic costs and limits a country's exports.
<u>Import substitution subsidy</u>
A subsidy payable only if local materials or components are used in the production of a good, regardless of whether this is the sole condition for its availability. All such subsidies are prohibited under the WTO Agreement on Subsidies and Countervailing Measures.
<u>Import surcharge</u>
A levy added to the normal customs duties. Countries sometimes apply a surcharge to improve a current account deficit, usually with limited success because persistent trade deficits tend to reflect a particular type of economic structure or, sometimes, more deep-seated economic problems. Import surcharges also raise the cost of domestic producers and cause them to become less competitive against international standards. The imposition of a surcharge may be legal under the WTO rules if it does not exceed the margin between the applied tariff rates

	and the bound tariff rates. See also primage.
<u>Import target</u>	See voluntary import expansion.
<u>Import tariffs</u>	These are customs duties levied at the border on products imported from other economies. See also export tariffs, multi-column tariff and single-column tariff.
<u>In a manner contrary to honest commercial practices</u>	The Agreement on Trade-Related Aspects of Intellectual Property Rights gives natural and legal persons the right to have undisclosed information protected by governments and governmental agencies against disclosure, acquisition or use by others in a manner contrary to honest commercial practices. Such practices are defined as at least breach of contract, breach of confidence and inducement to breach. They include the acquisition of undisclosed information by third parties who knew, or were grossly negligent in failing to know, that such practices were involved in the acquisition. An identical provision can be found in Article 1721 of NAFTA. See also trade secrets.
<u>Inaudita altera parte</u>	Without prior notice to the defendant.
<u>In-bond manufacturing</u>	The production of goods within a free-trade zone, or a facility recognized for the purpose by the customs authorities, where no duties have to be paid on the import of components or raw materials as long as they are exported to another customs territory.
<u>Inclusion list</u>	Part of the CEPT mechanism under AFTA. Products on this list enjoy the full preferential tariff rates for intra-ASEAN trade. See also Sensitive List and Temporary Exclusion List.
<u>Incoterms</u>	Standard trade definitions most commonly used in international sales contracts. Examples are FAS (free alongside ship), FOB (free on board) and CIF (cost, insurance and freight). The Incoterms are administered by the International Chamber of Commerce.
<u>Independence of protection</u>	An intellectual property concept enshrined in the Paris Convention. It means, for example, that any Australian patent granted under the Paris Convention enjoys protection in Australia quite independently of any protection it may enjoy in respect of the same invention under patents granted in other countries, whether or not these are signatories of the Paris Convention.
<u>Independent Commission on International Development Issues</u>	See Brandt Report.
<u>Indian Ocean Rim Association for Regional Cooperation</u>	IOR-ARC. An organization for promoting regional economic cooperation, sustained growth and balanced development launched in 1997 at meeting in Mauritius. It aims to promote the expansion of trade and investment among its members. The IOR-ARC has nineteen members (Australia, Bangladesh, India, Indonesia, Iran, Kenya, Madagascar, Malaysia, Mauritius, Mozambique, Oman, Seychelles, Singapore, South Africa, Sri Lanka, Tanzania, Thailand, United Arab Emirates and Yemen). China, Egypt, France, Japan and the United Kingdom are dialogue partners.
<u>Indications of source</u>	A description on the product itself or on its packing material mainly of the country, but sometimes also the region, where it has been made. See geographical indications, marks of origin and Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods.
<u>Indicators of market openness</u>	Conceptual frameworks for the measurement of the extent to which markets can be contested by new entrants, particularly those located in other countries. There are three basic approaches to constructing such indicators. The first assesses levels of tariff barriers, non-tariff barriers and tariff equivalents. The second looks at the results of liberalizing policy changes through examining their effect on trade flows, extent and growth of intra-industry trade, etc. This is done through modelling work. The third approach is aimed at the interaction between barriers and the competitive process in a given market. In other words, it looks at the structural openness of markets to competition. There is considerable agreement on the most appropriate methods for the first two approaches, but they can differ rather more for the third class of indicators. See also international contestability of markets and trade and competition.
<u>Indigenous knowledge</u>	Distinctive knowledge held by indigenous peoples and transmitted to future generations. Often referred to as traditional knowledge.
<u>Indirect dumping</u>	Dumping is usually defined as the sale of a product abroad for less than it is sold on the home market. This definition assumes that only two countries are involved, i.e. the product is exported from country A to country B. An allegation of indirect dumping would claim that the article causing injury was first exported from country A to country B where it would not be considered as having been dumped, then from country B to country C. See also dumping, hidden dumping and anti-dumping measures.
<u>Indirect material</u>	Under the rules of origin of NAFTA this is either a good used in the production, testing or inspection of a good, but not physically incorporated into the good, or it is a good used in the maintenance of buildings or the operation of equipment associated with the production of a good. Examples of indirect materials are fuel and energy, tools, spare parts, safety equipment, lubricants and greases.
<u>Individual action plan</u>	See APEC individual action plan.
<u>Industrial designs</u>	

The shape, configuration, pattern or ornamentation of a useful article, but not a method or principle of construction. See also intellectual property and Locarno Agreement Establishing an International Classification for Industrial Designs.
Industrial property
Mainly deals with inventions, trade marks and industrial designs, but also the repression of unfair competition. See also intellectual property.
Industrial research
Defined in the WTO Agreement on Subsidies and Countervailing Measures as planned search or critical investigation aimed at discovery of new knowledge, with the objective that such knowledge may be useful in developing new products, processes or services, or in bringing about a significant improvement to existing products, processes or services. Assistance qualifying as non-actionable subsidies for up to 75% of the cost of such industrial research may be allowable under the Agreement if it is limited to costs of personnel, instruments, equipment, land and buildings, consultancy, additional overhead costs directly related to research and other running costs incurred directly as result of the research activity. See also pre-competitive development activity.
Industrial tariffs
In strict terms, tariffs levied on manufactures and semi-manufactures to distinguish them from tariffs on primary agricultural and mineral commodities. Sometimes used, however, to refer to tariffs on non-agricultural products. See also non-agricultural market access.
Industry policy
In its wide meaning, this term refers to policies adopted by governments towards all industries or industrial development generally. In its narrow meaning, it covers governmental policy towards selected industrial sectors to ensure their development or restructuring. This can be done in many ways, and one of them is protection. Sometimes, calls for an active industry policy reflect no more than a desire to pursue mercantilism, freer availability of subsidies, preference for domestic manufacturers in government procurement and local content requirements. See also infant-industry argument, learning-by-doing argument, picking winners, strategic trade theory and structural adjustment.
Industry-to-industry understandings
A euphemistic name given to voluntary restraint arrangements. They are understandings between industries only because governments insist on them, though in some cases industries are quite happy to accept them because of the opportunity for windfall profits they offer to importers and exporters alike.
Inertial policy determinism
Adherence to policies long after they have outlived their ostensible utility. See also conventional wisdom, QWERTY principle and vestigial thought.
Infant-industry argument
This argument proposes that if a given industry with a potential comparative advantage was accorded protection, usually in the form of tariffs, subsidies, local content requirements, bounties, etc., to allow it to establish itself, it would be able in the long run to exploit the comparative advantage without the need for special protection. One of the flaws in the argument is that if the cost of current protection is to be repaid in the future, above-average returns will be needed after the industry is established, and that is at best problematical. In practice, few infant industries grow up of their own volition. Instead, they tend to seek to perpetuate their protection. See also learning-by-doing argument, picking winners and strategic trade theory.
Infant-industry provision
Article XVIII of the GATT (Governmental Assistance to Economic Development) allows developing countries under certain conditions to impose measures aimed fostering the development of infant industries. The GATS does not contain an article to this effect. See also developing countries and the multilateral trading system and infant-industry argument.
Information Technology Agreement
An outcome in the WTO of the December 1996 Singapore Ministerial Conference. Parties agreed to eliminate customs duties and any other duties on a wide range of information technology products through equal rate reductions beginning in 1997 and ending in 2000. They also bound the zero tariffs. Because of its wide membership, the Agreement covers more than 90% of world trade in information technology products, including computers, telecommunications equipment, semiconductors, semiconductor manufacturing equipment, software and scientific instruments. It does not cover consumer electronic goods.
Information Technology Agreement II
A proposal for WTO negotiations put forward by the Quadrilateral (Quad) trade ministers in May 1997. It envisages expanding the Information Technology Agreement through the addition of provisions on non-tariff measures, expansion of product coverage and the transfer of technology.
Initial commitments
Trade-liberalizing commitments in services which WTO members are prepared to make early in negotiations.
Initiative for Japan-ASEAN Comprehensive Partnership
Proposed by Prime Minister Koizumi on 14 January 2002. The initiative seeks a stronger trade and investment relationship between Japan and the ASEAN countries, as well as increased activities in science and technology, human resource development, tourism, etc.
Injunction
A court order that either prohibits a party from doing a specified act or commands a party to undo some wrong or injury.
Inland parity
See national treatment.
Inorganic integration
Described by some as the process resulting from formal and politically oriented trade agreements forged among countries to reduce tariff and non-tariff barriers and harmonize trade-relevant domestic economic policies. See also economic integration.
Input dumping

Said to be done of products that are not in themselves dumped, but which are claimed to contain components acquired at dumped prices. See also secondary dumping. In-quota rate: the tariff applicable to a product imported within the limits of a tariff quota.
<u>Insufficient operations</u>
A term used in the administration of rules of origin to signify that a product imported from one party to a free-trade agreement does not qualify for the preferential customs rate because it has undergone little transformation in that party. The free-trade agreement between Japan and Singapore, for example, describes as insufficient operations: (a) preservation of products in good condition during transport and storage, (b) changes of packaging, (c) affixing marks or labels on the products or their packaging, (d) disassembly, (e) placing in bottles, cases or boxes, and other simple packaging operations, (f) simple cutting, (g) simple mixing, (h) simple assembly of parts to form a complete product, (i) simple making up of sets of articles, and (j) any combination of these operations. See also minimum operations. Integrated Framework for Trade-Related Technical Assistance
<u>Integrated Framework for Trade-Related Technical Assistance to Least Developed Countries</u>
Adopted in 1998 to improve the trade-related benefits available to least developed countries from the WTO and five other multilateral agencies (IMF, International Trade Centre WTO-UNCTAD, UNCTAD and the United Nations Development Program). See also Doha Development Agenda Global Trust Fund.
<u>Integrated Tariff of the European Community</u>
TARIC. An annual publication by the European Community (EC) listing tariffs and other trade measures applied to EC imports and exports. The tariff information is also available electronically in a continually updated version.
<u>Integration</u>
See deep integration, economic integration, inorganic integration, market-led integration, organic integration and policy-led integration.
<u>Integration program</u>
The phasing out of Multi-Fibre Agreement (MFA) restrictions in four stages starting on 1 January 1995 and ending on 1 January 2005.
<u>Integration programme</u>
The phasing out of MFA restrictions in four stages starting on 1 January 1995 and ending on 1 January 2005.
<u>Integrity in customs</u>
See Arusha Declaration.
<u>Intellectual property</u>
Generally includes patents, trademarks, industrial designs, lay-out designs of integrated circuits, copyright, geographical indications and trade secrets (confidential information). See also Agreement on Trade-Related Aspects of Intellectual Property Rights, WIPO, traditional knowledge and United Nations Educational, Scientific and Cultural Organization.
<u>Intellectual property protection</u>
The safeguarding of the rights of an owner of intellectual property through national legislation and international agreements especially concerning copyright, patents and trademarks. Many commentators insist that the strength or weakness of a country's system of intellectual property protection seems to have a substantial effect on the kinds of technology firms transfer to another country. See also intellectual property right infringements, sui generis right and transfer of technology.
<u>Intellectual property right infringements</u>
Such infringements on a commercial scale are classified as piracy if they involve the unauthorized reproduction of copyright materials, or as counterfeiting where there is copying of trademarks with the intention of passing the goods off as those of the authentic producer. Trademarks can be infringed through the unauthorized use of a mark that is identical or so similar to an existing mark that it may lead to confusion among consumers. Patents can be infringed through unauthorized manufacture, use or sale in the country of registration of the invention claimed in the patent.
<u>Intellectual property rights</u>
Ownership of ideas, including literary and artistic works (protected by copyright), inventions (protected by patents), signs for distinguishing goods of an enterprise (protected by trademarks) and other elements of industrial property.
<u>Inter-American Convention on International Commercial Arbitration</u>
Adopted by the member states of the Organization of American States on 30 January 1975. The parties agree in Article I that "an agreement in which the parties undertake to submit to arbitral decision any differences that may arise between them with respect to a commercial transaction is valid". Article 4 states that any arbitral decision or award that cannot be appealed against under the applicable law has the force of a final judicial judgement. See also arbitration.
<u>Inter-American Development Bank (IDB or IADB)</u>
Established in 1959, the Inter-American Development Bank (IDB) supports economic and social development and regional integration in Latin America and the Caribbean. It does so mainly through lending to public institutions, but it also funds some private projects, typically in infrastructure and capital markets development. Members (46) include: Argentina, Austria, The Bahamas, Barbados, Belgium, Belize, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Croatia, Denmark, Dominican Republic, Ecuador, El Salvador, Finland, France, Germany, Guatemala, Guyana, Haiti, Honduras, Israel, Italy, Jamaica, Japan, Mexico, Netherlands, Nicaragua, Norway, Panama, Paraguay, Peru, Portugal, Slovenia, Spain, Suriname, Sweden, Switzerland, Trinidad and Tobago, United Kingdom, United States, Uruguay and Venezuela. http://www.iadb.org
<u>Interested third parties</u>
A mechanism under the Understanding on Rules and Procedures Governing the Settlement of Disputes which allows for the consideration of the interests of member countries in a dispute in which they are not directly involved. Such members have the right to be heard by a panel and to make submissions to it, but to do so they must be able to show through trade figures that they have a substantial interest in the matter. A mere interest in the principles being argued is not enough.
<u>Interface theory</u>
The proposal, prevalent in the 1980s, that in international economic and trade relations some interface mechanism may be necessary to allow different economic systems to trade together without friction. The shift to market-economy principles by the former centrally-planned

economies has reduced the need for such a mechanism, but systemic difficulties remain particularly in relation to subsidies and dumping practices. See also East-West trade.
<u>Intergovernmental conference</u>
A mechanism available to the European Union to consider revisions of and amendments to the framework of treaties constituting it. Intergovernmental conferences can stretch over months and even years, but they usually lead to substantial steps forward.
<u>Intergovernmental Council of Copper Exporting Countries</u>
See CIPEC.
<u>Intergovernmental Group of Twenty-Four on International Monetary Affairs</u>
See G-24.
<u>Intergovernmental organizations</u>
These are organizations usually established through a treaty bringing together governments regionally or multilaterally for the pursuit of a common purpose. Intergovernmental organizations usually are administered by a secretariat which supports the organization's governing body, consisting of representatives of member states, as well as subsidiary bodies established by the governing body. Intergovernmental organizations and their staffs often enjoy full or partial diplomatic privileges in the country hosting them.
<u>Interim Agreement necessary for the formation of a customs union or a free-trade area</u>
An instrument mentioned in GATT Article XXIV which deals with customs unions and free-trade areas. Such agreements have to be notified to the WTO, together with a timetable for their implementation. Few interim agreements appear to have been notified to the GATT or the WTO. Nor have working parties, in examining notified agreements, always been able to agree whether it was an interim agreement or a final agreement. However, in a sense nearly all notified free-trade agreements have been interim agreements even though the parties may have regarded them as final agreements. This is because even free-trade agreements intended to conform immediately to Article XXIV contain phase-in provisions for the elimination of trade restrictions in sensitive products.
<u>Interim Commission on Phytosanitary Measures</u>
See Commission on Phytosanitary Measures.
<u>Interim Co-ordinating Committee for International Commodity Arrangements</u>
See commodity policy.
<u>Intermediary nation embargo</u>
See tuna II.
<u>Intermediate agricultural products</u>
These are agricultural products that have been processed to some extent, but not generally enough to be sold to consumers. Examples are hides and skins, animal fats and raw sugar.
<u>Intermediate goods and services</u>
See final goods and services.
<u>Intermediate material</u>
A term used in the rules of origin of NAFTA. It means a material produced by the producer of a good and used in the production of that good. Such goods may be included in the calculation of the value of a product to make it qualify for preferential customs treatment under the Agreement.
<u>Internal market</u>
Used both for a market lying within a single jurisdiction and the market made up through the formation of a customs union, a free-trade area or a common market, such as the European Community.
<u>Internal support</u>
Encompasses any measure which acts to maintain producer prices at levels above those prevailing in international markets. This is done through direct payments to producers, including deficiency payments, and input and marketing cost reduction measures available only for agricultural production.
<u>Internal taxes</u>
Government charges applied to sale of goods and services inside a customs territory. Article III of the GATT requires that such charges are levied at the same rate for domestic products as for imported products. In other words, national treatment is a fundamental obligation in this regard. See also behind-the-border issues.
<u>Internal trade</u>
Usually the trade between the partners to a preferential trade arrangement. Their trade with third countries is known as external trade. Sometimes internal trade is used to describe commercial activity within a single economy, but the use of commerce for this is often preferred.
<u>International accounting standards</u>
Accounting standards being developed by the International Accounting Standards Committee (IASC) with the aim of enhancing the comparability of financial information, improving disclosure, reducing compliance cost and encouraging uniform financial reporting by multinational companies. These standards are therefore seen as a means for a better and more efficient allocation of financial resources. See also Generally Accepted Accounting Principles, Guidelines for Mutual Recognition Agreements or Arrangements in the Accountancy Sector and harmonization of standards and qualifications.
<u>International Agreement on Jute and Jute Products</u>
Entered into force in 1984 under the Integrated Programme for Commodities. It was renegotiated in 1989 with entry into force in 1991. It expired on 11 April 2000 and was replaced by the International Jute Study Group. This Agreement was confined to the aims of achieving better markets for jute and jute products, transparency in international trade and improved production and processing techniques. It was

administered by the International Jute Organization, located in Dhaka.
<u>International Bauxite Association</u>
Established in 1975. It consists of producers only. Its aims are the orderly and rational development of the bauxite industry and to secure fair and reasonable returns for member countries from the exploitation, processing and marketing of bauxite and its products, bearing in mind the interests of consumers. Its secretariat is located in Kingston, Jamaica.
<u>International Bovine Meat Agreement</u>
One of the WTO plurilateral agreements, originally negotiated in the Tokyo Round as the Arrangement Regarding Bovine Meat. Its objectives were (a) expanding, liberalizing and stabilizing trade in meat and livestock, (b) encouraging greater international cooperation in all aspects of trade in bovine meat and livestock, (c) to secure additional benefits for developing countries and (d) to expand trade further on a competitive basis, taking into account the traditional position of efficient producers. Until it was terminated at the end of 1997, it was administered by the International Meat Council.
<u>International Bureau of Intellectual Property</u>
This is the secretariat administering the governing bodies of WIPO and its Unions. A Union consists of the states that have acceded to one of the intellectual property conventions. The International Bureau also maintains international registration services in the fields of patents, trademarks, industrial designs and appellations of origin. It is located in Geneva.
<u>International Centre for Trade and Sustainable Development</u>
A non-governmental organization established in 1996 to promote a better understanding of the relationship between international trade, sustainable development and environmental issues more generally. It is located in Geneva.
<u>International Chamber of Commerce</u>
ICC. A business organization represented in more than 130 countries. Its headquarters are based in Paris. The ICC promotes an open international trade and investment system and the market economy. Among the services it provides to its members is the International Court of Arbitration. See also Incoterms.
<u>International Civil Aviation Organization</u>
See Chicago Convention.
<u>International Cocoa Agreement</u>
First concluded in 1972 after 17 years of negotiations and renegotiated in 1975, 1980, 1986 and 1993. A new agreement to succeed the 1993 agreement was negotiated in February 2001. It is due to enter into force definitively on 1 October 2003 or at any time afterwards once the ratification requirements have been met. The Agreement no longer operates a buffer stock. The objectives of the current Agreement include, among others, (a) the development and strengthening of cooperation in the international cocoa economy, (b) contributing to a balance between supply of and demand for cocoa in the world market, and (c) promotion of transparency in the world cocoa economy through the collection and dissemination of statistics and other data on cocoa. The Agreement's administrative body, the International Cocoa Organization, is located in London.
<u>International commercial dispute resolution</u>
Resolution of disputes between private parties in different countries outside the framework of courts. This can be done through negotiation, mediation and conciliation, expert determination and expert appraisal, arbitration and a combination of such processes. The method selected depends on the views of the parties. See also ICSID and International Court of Arbitration.
<u>International commodity-related environment agreement</u>
ICREA. A type of voluntary intergovernmental instrument suggested by UNCTAD as conducive to the promotion of environmental objectives in commodity production and to facilitate cooperation among producers and consumers in this regard. ICREAs could either be concerned with the setting of standards, or they could be aimed at funding the transition to more sustainable production methods. See also commodity policy and trade and environment.
<u>International Conference on Financing and Development</u>
See Monterrey Consensus.
<u>International contestability of markets</u>
Used for assessing the extent to which markets are free of distortion through regulation and anti-competitive governmental or private action from the perspective of exporters in other countries. A fully contestable market would be one in which firms can compete purely on the basis of price and ability to deliver the product or service wanted by the market. International contestability is therefore determined by such factors as tariff and non-tariff measures, regulatory conditions affecting the import of services, structural impediments in the form of, for example, distribution systems, internal regulation of investment and competition, and private anti-competitive practices. See also indicators of market openness and trade and competition.
<u>International Convention for the Protection of New Varieties of Plants</u>
Concluded in 1961 in Paris and revised in 1978 in Geneva. It provides for the grant of patents or special titles of protection to breeders of new plant varieties. It is administered by the International Union for the Protection of New Varieties of Plants (UPOV), rather than by WIPO. See also intellectual property rights. International Convention for the Protection of Performers,
<u>International Convention on the Simplification and Harmonization of Customs Procedures</u>
See Kyoto Convention.
<u>International Copper Study Group</u>
ICSG. An intergovernmental organization established under UNCTAD auspices in 1992. Its members consist of 24 national governments and the European Community. They represent more than 80% of world trade in copper. The ICSG's main functions are the exchange of information on the international copper economy, to collect and disseminate improved statistics and to consider any special issues that might arise. Its secretariat is located in Lisbon. See also CIPEC and international commodity bodies.
<u>International Cotton Advisory Committee</u>
ICAC. Established in 1939 as an association of cotton producers and restructured in 1945 to admit consumers also. It collects and disseminates statistics on cotton production and trade and promotes measures for the development of the global cotton economy. Its

secretariat is located in Washington, DC. See also international commodity bodies.
<u>International Court of Arbitration</u>
Established in 1923 as the arbitration body of the International Chamber of Commerce. It offers resolution of commercial disputes without litigation in national court systems. See also alternative dispute resolution.
<u>International Court of Justice</u>
The principal judicial organ of the United Nations. Its two functions are to settle legal disputes between states and to give advisory opinions on legal questions submitted by authorized international organizations and agencies, all of them being United Nations agencies. The sources of law used by the Court include international treaties and conventions, international custom, general principles of law, judicial decisions and academic work. The Court was established in 1946 as the successor to the Permanent Court of International Justice. It is located at The Hague.
<u>International Dairy Agreement</u>
One of the WTO plurilateral agreements, originally negotiated during the Tokyo Round as the International Dairy Arrangement. Its objectives were (a) to achieve the expansion and ever greater liberalization of world trade in dairy products under market conditions as stable as possible on the basis of mutual benefit to exporting and importing countries, and (b) to further the economic and social development of developing countries. The Agreement covered trade in fresh and preserved milk and cream, butter, cheese and curd, and casein. Until it was terminated at the end of 1997, it was administered by the International Dairy Council.
<u>International Dairy Arrangement</u>
See International Dairy Agreement.
<u>International Dairy Council</u>
See International Dairy Agreement.
<u>International Development Association</u>
IDA. This is an agency of the IBRD (World Bank) which makes concessional loans to the poorest of developing countries. Its aim is to reduce disparities between and within countries, and it concentrates on primary education, basic health, water supply and sanitation. IDA only lends to countries having a per-capita income in 2000 of less than \$885 and which do not have the financial ability to borrow from the World Bank on commercial terms. The IDA is funded mainly through contributions from the wealthier member countries, rather than by borrowing on financial markets as is the case for the World Bank itself. See also International Finance Corporation and Multilateral Investment Guarantee Agency.
<u>International division of labour</u>
The arranging of production processes to promote ever greater specialization of labour, economies of scale and standardized products. Its aim is to enable firms to compete through the price mechanism. The international division of labour was originally based on the analogy of dividing the manufacture of a product in such a way that the greatest possible part of it could be produced by cheaper unskilled and semi-skilled labour, but the complexity of many products now produced and traded internationally has greatly undermined this rationale. See also delocalization, globalization, new international division of labour and product cycle theory.
<u>International economic relations</u>
Includes directly, in addition to international trade, international monetary and financial cooperation and activities, such as capital movements and foreign investment. More indirectly, almost any international activity can have an economic aspect or effect.
<u>International Electrotechnical Commission</u>
IEC. The main international body for cooperation on standards and conformity assessment in the fields of electricity, electronics and related technologies. It provides a forum for the preparation and implementation of consensus-based voluntary international standards. The IEC is associated with the WTO through the Agreement on Technical Barriers to Trade. Its secretariat is located in Geneva. See also International Organization for Standardization.
<u>International Energy Agency</u>
IEA. An intergovernmental organization established in 1974 after the first oil shock. It consists of OECD member countries. Its main concerns are increased energy efficiency, energy conservation and the development of new sources of energy. The IEA's secretariat is located in Paris.
<u>International Finance Corporation</u>
IFC. The part of the IBRD (World Bank) charged with providing finance for private enterprise in developing countries. In this way, it seeks to promote their economic development. The IFC coordinates its activities closely with the World Bank, but it operates essentially as an independent agency. See also International Development Association and Multilateral Investment Guarantee Agency.
<u>International financial institutions</u>
A term used for intergovernmental organizations, such as the IMF, the IBRD or the Asian Development Bank. They are concerned mainly with the promotion of sound economic management by member states or the provision of financial support to member states for defined purposes. Developing countries often can obtain financial assistance for the development of their economies under concessional conditions, such as extended repayment periods and interest below market rates. See also multilateral development banks and structural adjustment.
<u>International Fund for Agricultural Development</u>
IFAD. One of the United Nations specialized agencies. It began operations in 1977 with a mandate to finance agricultural development projects leading to improved food supplies and food security in developing countries. The bulk of its loans is made available to low-income countries, usually on highly concessional terms. See also Food and Agricultural Organization and World Food Programme.
<u>International Grains Agreement</u>
IGA. The successor to the International Wheat Agreement. It entered into force on 1 July 1995 for three years, with provision for renewal every two years. The IGA consists of two instruments: the Grains Trade Convention and the Food Aid Convention. The former aims to promote international cooperation in the wheat and coarse grains trade, mainly through improving market transparency. The latter provides annually specified minimum amounts of food aid to developing countries in the form of grains suitable for human consumption, much of it through the World Food Programme. The IGA is administered by the International Grains Council located in London. See also Food and Agricultural Organization and food security.

<u>International Jute Study Group</u>
Established on 13 March 2001 as the successor to the International Agreement on Jute and Jute Products. The objective of the study group is to provide an effective framework for international cooperation, consultation and policy development in all aspects of the world jute economy. Its secretariat is in Dhaka.
<u>International Labour Organization</u>
ILO. Established in 1919 as part of the Treaty of Versailles. It became a United Nations specialized agency in 1946. Its objectives are to improve working and living conditions through the adoption of international conventions and recommendations setting minimum standards for wages, hours of work, conditions of employment, social security, etc. It is located in Geneva. See also child labour, core labour standards and trade and labour standards.
<u>International Lead and Zinc Study Group</u>
ILZSG. Established in 1959 as the successor to the Lead and Zinc Study Committee. It is a forum for consultation between producers and consumers on issues related to the production of and trade in lead and zinc, including the compilation of statistics. The ILZSG is located in London, but its meetings are conducted under the auspices of UNCTAD. See also international commodity bodies.
<u>International Maritime Organization</u>
IMO. One of the United Nations specialized agencies. It first became operational in 1959 as the Inter-Governmental Maritime Consultative Organization, and it was given its present name in 1982. The IMO provides a forum for intergovernmental cooperation on matters such as facilitation of international maritime traffic, maritime safety standards, liability and compensation issues and measures to prevent pollution from ships. It is located in London. See also maritime transport services
<u>International Meat Council</u>
The body which administered the International Bovine Meat Agreement, one of the WTO plurilateral agreements, until its termination at the end of 1997.
<u>International Natural Rubber Agreement</u>
First concluded in 1979, renewed in 1987 and terminated in 1999. It had been administered by the International Natural Rubber Organization, located in Kuala Lumpur. See also International Rubber Study Group.
<u>International Nickel Study Group</u>
INSG. It was established in 1986 under UNCTAD auspices and entered into force on 23 May 1990. It promotes international cooperation on issues concerning nickel, especially by improving statistics and other information on the nickel market, and it provides a forum for discussing nickel issues of common interest and concern. INSG members account for about 80% of world nickel mine production. Its secretariat is located at The Hague.
<u>International non-governmental organizations</u>
See non-governmental organizations.
<u>International Office of Epizootics</u>
An intergovernmental organization established in 1924. Its main objectives are (a) to inform governments of the occurrence and course of animal diseases throughout the world and of ways to control these diseases, (b) to coordinate studies devoted to the surveillance and control of animal diseases, and (c) to harmonize regulations for trade in animals and animal products among member countries. It cooperates closely with the members of the WTO in the administration of the Agreement on the Application of Sanitary and Phytosanitary Measures.
<u>International Olive Oil Agreement</u>
First concluded in 1956 and renegotiated in 1963, 1979 and 1986. Its current extension is valid until 31 December 2002. Discussions on its extension are under way. The Agreement aims to develop long-term markets, to promote research and development, to expand consumption, to forestall unfair competition practices and ensure reliability of supplies. It does not have a buffer stock. Membership consists mainly of the European Community and about a dozen other countries, mostly Mediterranean. The agreement is administered through the International Olive Oil Council, located in Madrid.
<u>International Organization for Standardization</u>
ISO. A world-wide federation of national standards bodies established in 1947 to promote the development of standardization and related activities with a view to facilitating the international exchange of goods and services. Each country is represented by one organization only. The ISO also promotes the development of cooperation in intellectual, scientific, technological and economic activities. It is associated with the WTO especially through work concerning the Agreement on Technical Barriers to Trade which is aimed at ensuring that standards are not used as disguised barriers to trade. See also International Electrotechnical Commission, ISO 9000 and ISO 14000.
<u>International Patent Classification</u>
IPC. See Strasbourg Agreement Concerning the International Patent Classification.
<u>International Plant Protection Convention</u>
Entered into force on 3 April 1952 and revised in 1979. It is administered by the Food and Agricultural Organization. Its objective is securing common and effective international action to prevent the introduction and the spread of pests of plants and plant products and to promote measures for their control. The Convention was amended in 1997 partly to meet the standard-setting requirements of the WTO Agreement on the Application of Sanitary and Phytosanitary Measures, but this version is not yet in force.
<u>International political economy</u>
Broadly defined as the academic discipline concerned with the relationship between the political and economic domains in contemporary international society. Trade policy is one aspect of this relationship.
<u>International Program for the Elimination of Child Labour</u>
IPEC. A program initiated in 1992 by the International Labour Organization to assist member countries in their efforts to eliminate child labour. Activities under IPEC include the development of national action programs, establishing demonstration projects and awareness programs for government, non-government organizations, workers and employers. Some twenty countries are now participating in IPEC. See also child labour, core labour standards, social clause and trade and labour standards.

<u>International Rubber Study Group</u>
IRSG. A body consisting of producer and consumer countries established in 1944. Its purpose is to act as a forum for the discussion of matters related to the production, consumption and trade in natural and synthetic rubber. It also publishes an extensive range of statistical material. Its secretariat is located in London. See also International Natural Rubber Agreement.
<u>International steel cartel</u>
A cartel allegedly dividing the world steel market into two hemispheres, with the dividing line running through Burma. According to those claiming knowledge of the existence of this cartel, steel mills on either side of the line did or do not export to markets on the other side. See also Multilateral Steel Agreement.
<u>International Sugar Agreement</u>
The first sugar agreements were negotiated in the 1860s. A new agreement was concluded in 1931 between producer associations whose governments then had to give effect to its provisions. At the same time, a permanent secretariat was established at The Hague. The agreement aimed to liquidate surplus stocks through export quotas, but it failed in this because non-members raised their production. A second agreement was negotiated in 1937. It provided for representation of consumers and producers. The first post-war sugar agreement was concluded in 1954 and renegotiated in 1958, 1968, 1973, 1977 and 1984. The agreement ran a buffer stock until 1977. The 1984 agreement did not contain economic provisions, but it set itself the task of negotiating a new agreement of this type. A successor administrative agreement entered into force in 1993 for five years, with no limit on the number of possible extensions. The administering body, the International Sugar Organization, is now located in London.
<u>International Tea Agreement</u>
First entered into force in 1933 as a producer-only arrangement and expired long ago. It is credited with having been successful in arresting long-term downward prices, largely accounted for by the fact that India, Ceylon and Java all were members. These three accounted at that time for 96% of world tea production. Tea is one of the commodities included in the Integrated Programme for Commodities, but efforts to negotiate a new tea agreement have not been successful.
<u>International Telecommunication Union</u>
ITU. Established in 1865 and restructured in 1947 as one of the United Nations specialized agencies. Its responsibilities are (a) to maintain and extend international cooperation for the improvement and rational use of telecommunications of all kinds, (b) to promote the development of technical facilities and their most efficient operation with a view to improving the efficiency of telecommunications services, increasing their usefulness and making them, so far as possible, generally available to the public, and (c) to harmonise the actions of members in the attainment of those ends. The ITU secretariat is located in Geneva. See also Agreement on Basic Telecommunications.
<u>International Textiles and Clothing Bureau</u>
A body located in Geneva whose objective are (a) to achieve the elimination of discrimination and protectionism directed against members' exports of textiles and clothing and (b) to promote the full application of GATT principles to trade in these products. Members are Argentina, Bangladesh, Brazil, China, Colombia, Costa Rica, Democratic People's Republic of Korea, Egypt, El Salvador, Guatemala, Honduras, Hong Kong-China, India, Indonesia, Macau-China, Maldives, Mexico, Pakistan, Paraguay, Peru, Republic of Korea, Sri Lanka, Thailand, Uruguay and Vietnam. Cuba, Mauritius and Singapore are observers.
<u>International Tin Agreement</u>
First concluded in 1931 and renewed in 1934. These early agreements did not allow for consumer representation. The third agreement, concluded in 1937, invited the two largest consumer countries to attend its meetings. The agreement was renegotiated to include producers and consumers in 1954, then 1961, 1966, 1971, 1975 and in 1980 for a duration of five years. All versions of the agreement established a buffer stock and ran a system of export quotas. This, in the end, became one of the reasons for the undoing of the Agreement in 1985. It appears that the buffer stock manager's forward dealings on the London Metals Exchange were a major factor in an emerging funds shortage. Another reason was that some major producers and consumers were not members, and they therefore were not bound by the Agreement's provisions. Views differ on the causes of the Agreement's demise. See also International Tin Study Group.
<u>International Tin Study Group</u>
Established in 1989 as a result of the United Nations Tin Conference, but not yet operational because too few participants have notified their acceptance. The aims of the group are to ensure enhanced international cooperation on tin, improve statistical information and exchange information on production and trade. See also International Tin Agreement.
<u>International Trade Centre UNCTAD/WTO</u>
ITC. Established in 1964 as the focal point in the United Nations system for technical cooperation with developing countries in trade promotion. Its work program now covers product and market development, development of trade support services, trade information, human resource development, international purchasing and supply management and trade promotion needs. The centre is located in Geneva. See also trade facilitation.
<u>International Trade Commission</u>
A United States governmental agency charged with reporting on the effects of tariffs and non-tariff measures on United States exports maintained by other countries. Originally established in 1916 as the United States Tariff Commission. Its mandate also covers the determination of dumping, action concerning the effects of export subsidies by other countries and safeguard action. It also advises the President whether agricultural imports interfere with agricultural price support programs. The ITC does not make trade policy, but its findings are among the basic determinants of United States trade policy.
<u>International trade law</u>
The body of multilateral, regional and bilateral trade agreements and other international agreements having a bearing on the way international trade is conducted. For many countries, the WTO agreements are the most important of these instruments for trade relations with countries that are also WTO members. In the remaining cases, bilateral agreements and other instruments form the body of applicable international trade law. Another stream of international trade law is concerned with the activities of private firms. See also private international law, public international law and UNCITRAL.
<u>International Trade Organization</u>
See ITO.
<u>International trade writ large</u>
A term used by Ernest Preeg to describe the international exchange of goods, services and the factors of production. Many now see this

overall approach as more relevant than simply looking at import and export trade. See also four freedoms.
<u>International Treaty on Plant Genetic Resources for Food and Agriculture</u>
Adopted by the Food and Agricultural Organization on 3 November 2001. The objectives of the Treaty are the conservation and sustainable use of plant genetic resources for food and agriculture and the fair and equitable sharing of the benefits arising out of their use, in harmony with the Convention on Biological Diversity, for sustainable agriculture and food security. The Treaty recognizes farmers' rights, establishes a multilateral system of access and benefit-sharing for plant genetic resources listed in Annex 1 to the Treaty, and it enjoins the parties to implement the rolling Global Plan for the Conservation and Sustainable Use of Plant Genetic Resources for Food and Agriculture. See also International Undertaking on Plant Genetic Resources.
<u>International Undertaking on Plant Genetic Resources</u>
Adopted by the Food and Agricultural Organization (FAO) in 1983. The objective of the Undertaking is to ensure that plant genetic resources of economic and/or social interest, particularly for agriculture, will be explored, preserved, evaluated and made available for plant breeding and scientific purposes. In the view of the FAO, the Undertaking is at the cross-roads where agriculture, environment and trade meet. A revised and expanded Undertaking was adopted on 3 November 2001 in the form of the International Treaty on Plant Genetic Resources for Food and Agriculture. See also farmers' rights.
<u>International Union for the Conservation of Nature and Natural Resources</u>
See CITES.
<u>International Union for the Protection of New Varieties of Plants</u>
UPOV. See International Convention for the Protection of New Varieties of Plants.
<u>International Vine and Wine Office</u>
See Office international de la vigne et du vin.
<u>International Wheat Agreement</u>
In its final version this consisted of two instruments: (a) the Wheat Trade Convention of 1986 which was a consultative forum with a program for the collection and dissemination of statistics and (b) the Food Aid Convention concluded at the same time. On 1 July 1995 the Agreement was succeeded by the Grains Trade Convention under the International Grains Agreement. All parties to the Agreement were members of the International Wheat Council, now the International Grains Council, located in London.
<u>Internationalization</u>
The extension of economic activity across national borders to harness the benefits of lower costs in other economies, with countries specializing in a particular stage of production. It is one of the results of decreasing costs of transport and communications which promotes the integration of markets for goods, services, technology, ideas, capital and human resources. Analysts tend to distinguish internationalization from globalization. Some see the former as allowing countries to retain their economic independence and the latter as weakening national sovereignty.
<u>Internationally recognized labour standards</u>
See core labour standards.
<u>Intervention price</u>
A mechanism under the Common Agricultural Policy whereby the European Community buys an agricultural commodity at a certain price. The intervention price expresses the intention to support the current income levels of farmers even when output is above requirements. See also floor price.
<u>Intra-firm trade</u>
International trade conducted between units of the same company. The bulk of this type of trade is conducted between units of multinational enterprises. Estimates of the size of intra-firm trade differ, but studies suggest that it may account for about one-third of total trade. Some commentators see intra-firm trade as a form of managed trade on the assumption that a multinational enterprise would rather purchase from its own units, even if a cost difference is involved, than using the open market. Opinion on this proposition remains divided. See also globalization.
<u>Intra-industry trade</u>
The concurrent export and import by an industry of essentially the same product. For example, an automotive industry in one economy may both import and export automotive parts. Intra-industry trade has been debated intensively by economists since the 1970s, with some holding that it is a special case of international trade. There is no disagreement, however, on the importance of intra-industry trade in terms of international trade flows. See also globalization.
<u>Invention</u>
The creation of something new which may turn into industrial property. In order to benefit from intellectual property protection in the form of a patent, an invention has to be new (i.e. it is not already described or used somewhere), it must be non-obvious (in WIPO terms, it would not have occurred to a specialist asked to provide a solution to the particular problem) and it must be capable of industrial use.
<u>Investment Policy Review</u>
IPR. An UNCTAD program to assist least developed countries in improving their potential to attract foreign direct investment (FDI) and to identify their competitive strengths. IPRs analyse a country's competitive position in attracting FDI, its policy framework and procedures and its policy options.
<u>Investment promotion and protection agreements</u>
Agreements concluded bilaterally by many countries aimed at promoting the flow of capital for economic activity and development. Such agreements typically contain provisions entailing the application of most-favoured-nation treatment, and setting out conditions concerning entry of personnel, expropriation and nationalization, transfers of funds, dispute settlement between the parties, etc. See also bilateral investment treaties and World Association of Investment Promotion Agencies.
<u>Investment services directive</u>
ISD. A European Community directive aimed at improving the right of establishment and freedom to provide services in the securities sector. It entered into force on 1 January 1996. Under the terms of this directive, investment firms are allowed to operate anywhere within the

	European Community once they have obtained authorization in their home member state. The activities authorized by the home country may be carried out through establishment in another member country or through cross-border trade. No additional authorization, endowment capital or any other measure having an equivalent effect may be requested. See also financial services.
Investment substitution	
	A term used by some to describe the replacement of GATT-restricted measures with other, sometimes more distorting practices, including domestic policy instruments. See also Agreement on Trade-Related Investment Measures.
Investment-related trade measures	
	Governmental measures aimed at promoting investment by foreign firms in one's economy. Sometimes these measures include high tariff barriers aimed at giving these firms a captive market. See also Agreement on Trade-Related Investment Measures and tariff-jumping investment.
Investor-state disputes	
	Treaties, whether bilateral, regional or multilateral, are between states, and they convey rights and obligations on the states (parties) to them. If a natural or judicial person residing in one of the member states wishes to have its concerns over another party's operation of the treaty addressed under the consultation or dispute settlement provisions of the treaty, it must first convince its own government to take up the case. There are exceptions. NAFTA, for example, allows investors in some circumstances to submit claims to arbitration that another party has breached an obligation in relation to monopolies and/or state enterprises. A claim may only be made if an investor has incurred loss or damage because of the alleged breach, and it must be made no more than three years after the investor first acquired, or should have first acquired, knowledge of the alleged breach and loss of damage. See also NAFTA Chapter 11.
Invisible hand	
	An expression used by Adam Smith in An Inquiry into the Nature and Causes of the Wealth of Nations when he deals with the motivation of those investing capital in industry. He rejects the view that a trader or investor intends to promote the public interest, or that he even knows how much he might be promoting it. Smith claims that the trader or investor "by directing [domestic] industry in such a manner as its produce may be of the greatest value, he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was not of his intention".
Invisible tariffs	
	An older expression for what is now broadly subsumed under the category of non-tariff measures, trade-restrictive use of customs valuation procedures and trade remedies.
Invisibles Group	
	An informal group of capital-based senior officials from WTO member countries, both developed and developing, which meets irregularly, usually in Geneva. It concerns itself with an exploration of major issues of common concern on the WTO work program. It has no decision-making powers. See also Consultative Group of Eighteen.
Invisibles trade	
	See trade in services.
IOSCO	
	International Organization of Securities Commissions, located in Montreal. Its objectives are (a) to cooperate to promote high standards of regulation in order to maintain just, efficient and sound markets, (b) to exchange information on respective experiences in order to promote the development of domestic markets, (c) to establish standards and an effective surveillance of international securities transactions, and (d) to provide mutual assistance to promote the integrity of the markets by a rigorous application of the standards and by effective enforcement against offences. IOSCO has more than 130 members.
IPC	
	International Patent Classification.
IPRS	
	Intellectual Property Rights. Ownership of ideas, including literary and artistic works (protected by copyright), inventions (protected by patents), signs for distinguishing goods of an enterprise (protected by trademarks) and other elements of industrial property.
IPRs	
	See intellectual property rights.
Iran and Libya Sanctions Act	
	ILSA. A United States law adopted on 5 August 1996 for five years and extended in 2001 for another five years. The Act is intended to (a) help deny Iran and Libya revenues that could be used to finance international terrorism, (b) limit the flow of resources necessary to obtain weapons of mass destruction and (c) to put pressure on Libya to comply with a range of United Nations resolutions. It does this by allowing the President to impose sanctions on foreign companies that provide new investments over \$US40 million for the development of petroleum resources in Iran or Libya. Possible sanctions include denial of export licences, prohibitions on loans or credits from United States financial institutions, prohibition on designation as a primary dealer for United States government debt instruments, denial of United States government procurement opportunities, and a ban on imports of the violating company. See also extraterritoriality.
Iron law of subsidies	
	The proposition that subsidies delay reforms and depress productivity by keeping inefficient producers in business, unless the granting of the subsidy is accompanied by strict and enforced rules for reform. See also law of constant protection.
ISO	
	International Organization for Standardization. A world-wide federation of national standards bodies established in 1947 to promote the development of standardization and related activities with a view to facilitating the international exchange of goods and services. Each country is represented by one organization only. The ISO also promotes the development of cooperation in intellectual, scientific, technological and economic activities. It is associated with the WTO especially through work concerning the Agreement on Technical Barriers to Trade which is aimed at ensuring that standards are not used as disguised barriers to trade.
ISO 14000	

A series of environmental management standards prepared by the International Organization for Standardization (ISO) covering six areas: environmental managing systems; environmental auditing; environmental labelling; environmental performance evaluation; life cycle assessment; terms and definitions. Most of the standards are intended as guidance documents on environmental tools and systems to help companies and other organizations integrate environmental considerations into their normal business processes. Only one of the standards, ISO 14001 on environmental management systems, contains specifications for certification or registration purposes.
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ISO 9000
A series of quality systems standards developed by the International Organization for Standardization (ISO). These are standards for evaluating the way a firm does its work. They should not be confused with product standards. Quality systems standards enable firms to identify the means of meeting consistently the requirements of its customers.
ISO 9000
A series of quality systems standards developed by the International Organization for Standardization (ISO). These are standards for evaluating the way a firm works. They should not be confused with product standards. Quality systems standards enable firms to identify the means of meeting consistently the requirements of its customers.
Istanbul Convention
The Customs Convention on Temporary Admission which entered into force on 27 November 1993. This Convention updates the Customs Convention on the ATA Carnet for the Temporary Admission of Goods. It created a single instrument to simplify and harmonize temporary admission formalities. Goods admitted temporarily must be re-exported to the country of origin. They must not undergo any transformation while they are under temporary admission. The Convention is administered by the World Customs Organization.
ITA
Information Technology Agreement, or formally the Ministerial Declaration on Trade in Information Technology Products, under which participants removed tariffs on IT products by 2000.
ITA II
Negotiations aimed at expanding ITA's product coverage.
ITC
The International Trade Centre UNCTAD/GATT, originally established by the old GATT. It is now operated jointly by the WTO and the United Nations, the latter acting through UNCTAD. The ITC is a focal point for technical cooperation on trade promotion of developing countries.
ITCB
International Textiles and Clothing Bureau — Geneva-based group of some 20 developing country exporters of textiles and clothing.
Item-by-item tariff negotiations
Tariff negotiations in which each item is looked at separately. The method is more laborious than formula cuts, linear tariff reductions or sectoral trade negotiations, but it may be only possible method for achieving results, especially if sensitive products are involved.
ITO
International Trade Organization. The proposal for the establishment of an ITO was one of the outcomes of the 1944 Bretton Woods conference. The ITO was meant to cover a wide range of economic issues, including investment, restrictive business practices, commodity arrangements, rules for international trade and trade issues related to economic development. All these topics were subject to intensive negotiations at Havana in 1947 and 1948. A compromise of sorts was reached in the end, but at the expense of an agreement with fewer teeth than its early main proponents would have liked. The only surviving part was the set of trade rules and tariff commitments now known as the GATT which was based on the chapter on commercial policy, but which had been negotiated on a parallel track. The ITO accordingly was never established. See also Bretton Woods agreements, Havana Charter, Organization for Trade Cooperation and WTO.
ITU
International Telecommunication Union.
Glossary
A-B C-D E-F G-I J-L M-O P-S T-Z

JJ
Joint Implementation. See Kyoto Protocol.
Johannesburg Declaration on Sustainable Development
See World Summit on Sustainable Development.
Johannesburg Plan of Implementation
See World Summit on Sustainable Development
Joint action
Action taken by all the contracting parties (members) of the GATT concerning administration of the provisions of the Agreement or with a

	view to furthering its objectives. Joint action was necessary, for example, for the granting of a waiver. In the official GATT documents the words "contracting parties" appear in capital letters when they refer to joint action taken by the parties.
	Joint Group on Trade and Competition
	A body established by the OECD in 1996 to consider options for achieving greater coherence between trade and competition policies, and for integrating competition principles more closely into the international trading system. See also trade and competition.
	Joint Implementation
	See Kyoto Protocol.
	Joint Recommendation Concerning Provisions on the Production of Well-Known Marks
	Adopted by WIPO on 29 September 1999. It establishes criteria for determining whether a mark is well known. These are (a) the degree of knowledge or recognition the mark enjoys, (b) duration, extent and geographical area of use of the mark, (c) duration, extent and geographical area of any promotion of the mark, (d) duration and geographical area of any registration or application for registration of the mark, (e) the record of successful enforcement of rights in the mark and (f) the value associated with the mark. The Recommendation also contains detailed provisions for dealing with conflicting marks (reproduction, imitation, translation or transliteration of a mark liable to create confusion with the well-known mark).
	Joint Trade Committee
	A mechanism normally instituted under bilateral trade agreements for periodic meetings reviewing bilateral trade flows and issues arising from them. Meetings may be held at ministerial or officials level, and their location normally alternates between the two countries involved. See also mixed commission.
	Joint venture
	A cooperative association between two or more firms or individuals to carry out a specific activity. Joint ventures may be dissolved when a task, such as the construction of a bridge or a research and development project, has been completed. In the case of a production facility, there may be agreement to dissolve the joint venture after a fixed number of years, usually along previously agreed guidelines. The main reasons for the formation of joint ventures include the pooling of financial, technical or intellectual resources, sharing risks or developing new markets. Sometimes, forming a joint venture with a local company is the only realistic way to enter a new market. See also ASEAN Industrial Cooperation Scheme, intellectual property protection and transfer of technology.
	Jones Act
	The United States Merchant Marine Act of 1920. Section 27 of the Act requires that all goods transported by water between United States ports must be carried in vessels built and registered in the United States, owned by United States citizens and fully crewed by United States citizens. See also cabotage.
	Juridical person
	A term used in the GATS. A legal entity, such as a corporation, trust, partnership, joint venture, sole proprietorship, association, etc., formed for the purpose of supplying services.
	Kaleidoscopic comparative advantage
	A term suggested by Jagdish Bhagwati to describe situations of industries in which many countries concurrently have a fragile comparative advantage. In other words, the comparative advantage is kaleidoscopic. Slight changes in the domestic environment might in these circumstances bring about a shift of industries across countries as they seek to maintain their competitive edge. This then may result in footloose industries or screwdriver operations. See also globalization and delocalization.
	Keiretsu relationships
	A term denoting complex traditional Japanese distribution systems and industrial conglomerate arrangements seen to make it difficult for newcomers to compete on price. Historically, keiretsu relationships appear to have been based on a desire by firms for continuity of supplies and orders. Today keiretsu relationships are seen by United States exporters in particular as major non-tariff measures or restrictive business practices. Japanese commentators tend to argue that their power is overrated, and that the relationships generally are not strong enough to negate price signals. Some distinguish between horizontal keiretsus (arrangements between firms in several sectors) and vertical keiretsus (arrangements between firms at different production and distribution stages in the same sector). See also Market-Oriented Specific Sector talks and Structural Impediments Initiative.
	Knowledge-based industry
	An industry thought to rely more than others on the creation of new ideas and new expressions of ideas. Accordingly, knowledge-based industries rely heavily on intellectual property protection.
	Kyoto Convention
	International Convention on the Simplification and Harmonization of Customs Procedures. Entered into force in 1974. It contains many annexes, each setting out procedures related to a particular area of customs administration. Each member decides which of these it will adhere to. Not all of the annexes have entered into force. The Convention also contains rules for the determination of origin for a product. It is administered by the World Customs Organization. In 1999 the Convention was revised to take account of developments in trade, transport and administrative techniques. See also Harmonized System, Istanbul Convention and rules of origin.
	Labelling
	See eco-labelling, genetic labelling, marks of origin and social labelling.
	Labour market testing
	The practice of ascertaining whether qualified local people might be available when assessing whether to support an application for the employment of foreign nationals. Article XVI of the GATS states, among other things, that in sectors where market access commitments have been made, limitations or numerical quotas may not be maintained or adopted on the total number of persons employed.
	Labour markets integration agreements
	listed in the GATS as a subset of economic integration agreements. WTO members may join an agreement establishing full integration of the labour market between the parties if (a) citizens of the parties to the agreement do not have to obtain residency and work permits and (b) if the agreement is notified to the Council for Trade in Services. Full integration of labour markets is described as citizens of the parties concerned having the right of free entry to the employment markets of the other parties. Integration should also cover measures such as

conditions of pay, other conditions of employment and social benefits.
<u>LAFTA</u>
Latin-American Free Trade Association. An intergovernmental organization created by the Treaty of Montevideo in February 1960, designed to establish gradually a free-trade area which would provide the basis for a Latin American Common Market. By 1980, only 14% of the trade of member countries was covered by the LAFTA rules. Following LAFTA's perceived inability to produce concrete results, ALADI (Latin-American Integration Association) was formed in that year.
<u>LAIA</u>
Latin American Integration Association. See ALADI (Asociación Latinoamericana de Integración).
<u>Laissez-faire policies</u>
Economic policies based on minimum governmental intervention to allow the market to produce the best outcomes. See also invisible hand.
<u>Last substantial transformation</u>
A concept used in the administration of rules of origin to decide whether a good will receive preferential tariff treatment. It means that the good has to have undergone sufficient processing or re-working to meet, for example, the change-in tariff-classification criterion or a value-added criterion. The last substantial transformation has to occur in one of the parties to the preferential trade agreement in question, and it has to be done immediately before the good is exported. See also substantial transformation.
<u>Latin American Association for Integration (ALADI)</u>
The Latin American Association for Integration (ALADI) was established by the Treaty of Montevideo in August 1980 and became operational in March 1981. The Association seeks to foster economic cooperation among its members, including through the conclusion of regional trading agreements and sectoral agreements. Members (12) include: Argentina, Bolivia, Brazil, Chile, Colombia, Cuba, Ecuador, Mexico, Paraguay, Peru, Uruguay, and Venezuela. ALADI replaced the Latin American Free Trade Association (LAFTA; Asociación Latinoamericana de Libre Comercio), which had been established in 1960 with the aim of developing a common market in Latin America. http://www.aladi.org
<u>Latin American Economic System</u>
See SELA.
<u>Latin American Integration Association</u>
See ALADI.
<u>Law of constant protection</u>
A term proposed by Jagdish Bhagwati to mean that if protectionism is stopped in some form or other, it will arise in some other guise elsewhere. See also iron law of subsidies.
<u>Lay-out designs of integrated circuits</u>
One of the forms of intellectual property enjoying protection under the Agreement on Trade-Related Aspects of Intellectual Property Rights. Protection is often afforded through a sui generis right, a method applying in this case specifically to lay-out designs (or topography) of integrated circuits. It prohibits the unauthorized reproduction or distribution of such designs. Reverse engineering is allowed under the laws of many countries.
<u>Layout-design/topography of integrated circuits</u>
The three-dimensional disposition of the elements and of some or all of the interconnections of an integrated circuit.
<u>LCA</u>
Life cycle analysis — a method of assessing whether a good or service is environmentally friendly.
<u>LDCs</u>
See least developed countries.
<u>Leaders' Statement to Implement APEC Transparency Standards</u>
See APEC principles on transparency standards.
<u>League of Nations</u>
The forerunner of the United Nations, established in 1919 as part of the Treaty of Versailles. The League's main aims were collective security, arbitration of international disputes, reductions in armaments and open diplomacy. By the 1930s there were serious doubts about its efficacy, though it continued to have a legal existence until 1946 when it was formally abolished. The League had a work program on international trade, but the onset of the Great Depression in the late 1920s and the deteriorating international political situation eliminated any great enthusiasm to engage in joint action for the revival of international trade.
<u>Learning-by-doing argument</u>
A variation of the infant-industry argument. It proposes that government protection of an industry is warranted if the industry can in this way learn to be competitive. See also import substitution.
<u>Least Developed Countries Report</u>
Published annually by UNCTAD. See Least developed countries.
<u>Leather</u>
See Japanese measures on imports of leather.
<u>Left-over tariffs</u>
See residual tariffs.
<u>Legal persons</u>

Incorporated companies, as opposed to natural persons, i.e. people.
Leontief Paradox
See new trade theory.
Lerner's symmetry theorem
Named after the economist Abba Lerner who demonstrated in 1936 that a tax on exports is the equivalent of a tax on imports.
Less than fair value
Under United States anti-dumping laws, broadly a lower export price of a product than its value on the exporter's home market. If the export price is less than the domestic price, less than fair value is deemed to exist. The difference, the margin of dumping, together with material injury, if that has been established, then forms part of the assessment for possible anti-dumping measures.
Less-advantaged countries
A term used by AITIC and others for a group of countries that traditionally have not been active in international trade negotiations. It includes the least developed countries, some other developing countries and some economies in transition.
Less-developed countries
A term in common use until the 1970s for what we now call developing countries.
lesser duty
A duty which is less than the margin of dumping but adequate to remove the injury to the domestic industry.
Lesser-duty principle
The principle in the administration of anti-dumping measures that additional duties imposed on products found dumped should be less than the margin of dumping if a lesser duty is enough to eliminate the injury.
Lex posterior
(Lat. later law). A rule used in the interpretation of international treaties which holds that if a country becomes a party to two treaties which have conflicting provisions, the obligations it assumes in the later accession are the ones applicable.
Life cycle assessment
A way of ascertaining the environmental effects of a product, process or service over its entire life. This includes the ultimate disposal of the product. A life cycle assessment covers the entirety of the resources consumed in the production of a good or a service, as well as the impact on the environment caused by the existence of these products. Sometimes, a life cycle assessment is also called a cradle-to-grave assessment. See also trade and environment.
like good or product
Includes an identical good and one that, although not the same in all aspects, has similar features and composition, which enables it to perform the same functions and to be commercially interchangeable with the good it is compared with.
Like-Minded Group of Developing Countries
A group active in WTO negotiations. Its core members are Cuba, Dominican Republic, Egypt, Honduras, India, Indonesia, Jamaica, Kenya, Malaysia, Mauritius, Pakistan, Sri Lanka, Tanzania, Uganda and Zimbabwe.
Linear country
A term used particularly during the Kennedy Round for countries disposed to make linear tariff cuts.
Linear tariff cuts
Also known as formula approach. These are tariff cuts of equal magnitude, usually expressed in percentage points, across whole classes of products. They were first introduced formally into multilateral trade negotiations during the Kennedy Round (1963-67), but the EEC's initial offer in the Dillon Round (1960) also envisaged them. The main reason this method was not adopted before the Kennedy Round was the lack of United States negotiating authority for doing so. The United States rejected linear tariff cuts for the Uruguay Round. See also Swiss formula which was used in the Tokyo Round tariff negotiations.
Lisbon Agreement
Treaty, administered by WIPO, for the protection of geographical indications and their international registration.
literary and artistic works
The kinds of works covered by copyright include: literary works such as novels, poems, plays, reference works, newspapers and computer programs; databases; films, musical compositions, and choreography; artistic works such as paintings, drawings, photographs and sculpture; architecture; and advertisements, maps and technical drawings.
Living modified organism
Defined in the Cartagena Protocol as any living organism that possesses a novel combination of genetic material obtained through the use of modern biotechnology.
LLDC
See least developed countries.
Loan rate
Part of the agricultural support framework administered by the United States Commodity Credit Corporation. The loan rate is the price at which the Corporation is prepared to purchase crops against which it has issued loans. It therefore acts a floor price.
Local content rules in broadcasting
Such rules generally require radio and television broadcasters to use at least defined minimum amounts of locally produced materials during

<p>certain time slots. The definition of a local product may be based on any combination of the nature of the content of the material, the nationality of the production house, the producer, director and the main actors, funding sources, etc. See also audiovisual services, audiovisual services in the Uruguay Round, broadcasting directive, cultural identity and trade and culture.</p>
<p>Local presence</p> <p>The requirement to maintain a branch office, representative office or to station people in the territory of the importing country for the purpose of selling goods and services. See also commercial presence.</p>
<p>local-content measure</p> <p>Requirement that the investor purchase a certain amount of local materials for incorporation in the investor's product.</p>
<p>Locarno Agreement Establishing an International Classification for Industrial Designs</p> <p>Concluded in Locarno on 8 October 1968 and amended on 28 September 1979. It establishes a single classification for industrial designs which consists of a list of 32 classes and 223 sub-classes. It also contains an alphabetical list of goods in which industrial designs are incorporated, with an indication of the classes and sub-classes into which these goods fall. More than 6,600 indications are so listed. The Agreement is administered by WIPO.</p>
<p>Locomotive effect</p> <p>The impetus given by economic growth in large economies to economic development in smaller economies.</p>
<p>Lomé Convention</p> <p>The umbrella agreement, first signed in 1975 as the successor to the Yaoundé Convention and last renegotiated in 1990 for ten years (Lomé-IV), for a type of association by 71 African, Caribbean and Pacific (ACP) states with the European Economic Community (EEC), now the European Community. Associated countries receive tariff-free access to the EEC for nearly all products, and significant aid flows. They also had access to two export earnings guarantee schemes offering concessional loans if their export earnings suffered a serious and sudden decline. These were STABEX and SYSMIN. The EEC did not have tariff-free access to the ACP states. The Lomé Convention was superseded on 1 March 2000 by the ACP-EC Partnership Agreement.</p>
<p>London Guidelines for the Exchange of Information on Chemicals in International Trade</p> <p>Adopted on 25 May 1989 under UNEP (United Nations Environment Programme) auspices. The guidelines aim to enhance the sound management of chemicals through the exchange of scientific, technical, economic and legal information, including the use of the prior-informed-consent principle. There are special provisions for banned or severely restricted chemicals in international trade. See also trade and environment.</p>
<p>Long-Term Arrangement Regarding International Trade in Cotton Textiles</p> <p>LTA. An arrangement in the GATT for managed trade in cotton textiles and clothing which entered into force in 1962 for five years as the successor the Short-Term Arrangement Regarding International Trade in Textiles. It was extended for another three years as part of the Kennedy Round outcome. After a further extension in 1970, the arrangement was replaced in 1973 by the Multi-Fibre Arrangement. The membership of the LTA comprised the more important importers and exporters of textiles and clothing. It allowed importing members to ask exporting members to restrict their trade. Importing members could also impose quantitative restrictions irrespective of the general elimination of such restrictions required by Article XI of the GATT. See also Agreement on Textiles and Clothing which will bring trade in textiles and clothing again under the normal multilateral trade rules.</p>
<p>Lower-middle-income economies</p> <p>A group of 54 countries classified as such by the IBRD and listed in the World Development Report. In 2000 these economies had a per-capita GNI (gross national income) ranging from \$756 to \$2,995. See also high-income economies, low-income economies and upper-middle-income economies.</p>
<p>Low-income economies Low-income economies</p> <p>A group of 63 economies so classified by the IBRD and listed in the World Development Report. In 2000 these economies had a per-capita GNI (gross national income) of \$755 or less. The group includes many of the least-developed countries, particularly at the lower end of the income scale, but China and India are also part of it. See also high-income economies, lower-middle-income economies and upper-middle-income economies.</p>
<p>Lusophone countries</p> <p>Denotes the countries that have Portuguese as their official language. They are Angola, Brazil, Cape Verde, East Timor, Guinea-Bissau, Mozambique, Portugal, and Sao Tome and Principe.</p>
<p>Luxembourg Compromise</p> <p>The resolution in January 1966 of a crisis within the European Economic Community which had held up negotiations in the Kennedy Round for about six months. It had as its immediate cause the failure of France and Germany to agree on how the Common Agricultural Policy should be financed. The larger issue, however, appears to have been France's intention to seek a change in the envisaged transition from unanimous decisions to majority voting which would have undermined its ability to use its veto power. The compromise consisted of agreement to disagree on the voting question and to agree that agricultural pricing would be looked at again in the context of the Kennedy Round agricultural negotiations.</p>
<p>Glossary</p> <p>A-BC-DE-FG-IJ-L M-O P-S-T-Z</p> <p>Glossary</p> <p>A-B C-D E-F G-I J-L M-O P-S T-Z</p>
<p>Made-to-measure tariffs</p> <p>Describes tariffs that are just high enough to allow domestic producers to cover their costs plus normal profits. Because industries have differing cost structures, this results in a complicated tariff structure as each industry receives tariff support apparently made to measure.</p>

Some call them tailor-made tariffs.
<u>Madrid Agreement</u>
Treaty, administered by WIPO, for the repression of false or deceptive indications of source on goods.
<u>Madrid Agreement Concerning the International Registration of Marks</u>
Concluded on 14 April 1891 and last revised in Stockholm on 14 July 1967. The Agreement was supplemented in 1989 by the Protocol Relating the Madrid Agreement which entered into force on 1 April 1996. Together they constitute the Madrid Union. The Agreement and the Protocol are separate treaties, and membership of one is possible independent of the other. Under the Agreement, nationals of member countries may secure international protection for their marks applicable to goods and services registered in the country of origin by filing them with the International Bureau of Intellectual Property of WIPO. This saves them the expense and the effort of registering in each market separately. The Protocol aims to make this system acceptable to more countries.
<u>Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods</u>
Concluded in Madrid on 14 April 1891 and revised several times, lastly in 1967. It is administered by WIPO. The Agreement provides for the cases and the manner in which seizure may be requested and effected for goods bearing a false or deceptive indication of source. It prohibits the use of all publicity indications capable of deceiving the public as to the source of the goods. Each member state may decide what appellations do not come within the scope of the Agreement because of their generic character. See also appellations of origin, geographical indications and Lisbon Agreement.
<u>Madrid Protocol</u>
See Madrid Agreement Concerning the International Registration of Marks.
<u>Madrid Union</u>
See Madrid Agreement Concerning the International Registration of Marks.
<u>Maghreb states</u>
This often refers to Algeria, Morocco and Tunisia which in 1976 concluded cooperation agreements with the European Economic Community (EEC) under which they enjoy preferential non-reciprocal market access to the EEC. See also Arab Maghreb Union.
<u>Mailbox</u>
Refers to a requirement of the Agreement on Trade-Related Aspects of Intellectual Property Rights applying to WTO members which do not yet provide product patent production for pharmaceuticals and for agricultural chemicals. Since 1 January 1995, when the WTO agreements entered into force, these countries have had to establish a means by which applications of patents for these products can be filed. They must also put in place a system for granting exclusive marketing rights for the products whose patent applications have been filed.
<u>Mala fides</u>
Lat. in bad faith. Taking on an obligation without meaning to keep it. More or less the opposite of good faith.
<u>Malevolent mercantilism</u>
See mercantilism.
<u>Managed liberalism</u>
Used by some to describe the practice by existing members of free-trade agreements of exempting particular sectors from the operations of the agreement, particularly when new members accede to it. See also block exemptions.
<u>Managed mutual recognition</u>
Postulated by Kalypsos Nicolaidis as the process adopted by the European Community to achieve mutual recognition of qualification, licensing and certification requirements. The proposition is that managed mutual recognition does not require extensive prior harmonization of qualifications across borders. Rather, it accepts that there are differences in the way professions are regulated, and it deals with these differences flexibly. See also harmonization of standards and qualifications.
<u>Managed trade</u>
A type of international trade in which some sectors or products are not traded according to the demands of market forces. Means for this include voluntary restraint arrangements, orderly marketing arrangements, quantitative restrictions and other non-tariff measures. The aim of managed trade in these cases always is to protect domestic industry for one reason or another. More modern versions of managed trade seek not to restrict access, but to increase exports through numerical targets, usually at the expense of third-country exporters. Some commentators also consider trade between units of multinational enterprises as managed trade. See also fair trade, grey-area measures, Multi-Fibre Arrangement and voluntary import expansion.
<u>Managed trade liberalization</u>
See managed liberalism.
<u>Mandatory but not compulsory</u>
A description of the status of retaliatory action under Super 301, used during congressional hearings in 1988 on the United States Omnibus Trade and Competitiveness Act. It made sense to those involved. Manila Action Plan for APEC: the work program adopted at the November 1996 APEC leaders meeting in Manila. It integrates the APEC individual action plans, collective action plans and the work programs prepared by the various bodies established within APEC. Mano River Union: a preferential trade area established in 1973. It consists of Guinea, Liberia and Sierra Leone. See also ECOWAS.
<u>Mansholt proposals</u>
Two proposals named after Sicco Mansholt, European Economic Community Commissioner for Agriculture during the Kennedy Round. The first was concerned with establishing a common EEC pricing regime for cereals. Member states whose prices were lowered through the proposed harmonization were to be compensated by direct EEC payments. The second proposal formed the outline of the EEC offer on agriculture for the Round. In essence, it offered to bind the montant de soutien (level of internal support) for three years on the basis of reciprocity. The EEC was able to reach internal agreement on the first proposal, but its negotiating partners in the Round remained unconvinced of the merits of the second. See also agriculture and the multilateral trading system.

<u>Maputo Declaration</u>
See Arusha Declaration.
<u>Maquiladora industries</u>
Mexican production facilities engaged in processing or secondary assembly of imported components for re-export, primarily to the United States. The maquiladora program was created in the late 1960s by Mexico to alleviate economic and social problems. Materials could be imported free of tariffs provided they were re-exported. In the earlier years, assembly work tended to be confined to simpler tasks, but there is now a second generation of more sophisticated and capital-intensive operations. Article 303 of NAFTA has changed the maquiladora program substantially. This article prohibits the refunding, waiving or reducing the amount of customs duties on goods imported into the territory of a party, if a condition is that the product is exported to another party or used in the production of a good to be exported to another party. Of course, all tariffs between the United States and Mexico will be eliminated by 2008 in any case.
<u>Margin of dumping</u>
A key concept in dumping enquiries which determines the extent to which anti-dumping measures may be imposed. The margin of dumping is the difference between the assessment by the relevant authority of what should be considered normal value and the export price of the product exported from one country to another. Procedures to be followed in ascertaining the margin of dumping are set out in the WTO Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994. The authorities may only impose anti-dumping measures to the extent necessary to cover the margin of dumping. See also de minimis dumping margins and lesser-duty principle.
<u>Margin of preference</u>
The difference between a system of preferences in a free-trade arrangement of some sort and the duty payable on a most-favoured nation (MFN) basis. Between the duty that would be paid
<u>Marginalization</u>
Favoured by UNCTAD, among others, to describe what it considers a complex phenomenon existing on two levels. First, it can be seen as a social condition referring to disadvantaged groups within individual societies. Second, it can be an economic phenomenon affecting entire countries and jeopardizing their economic and development prospects. Countries affected in this way may find it difficult to reap the benefits of increasing integration. Marginalization is often regarded as a process occurring alongside globalization. Inappropriate economic policies will almost certainly hasten its advent.
<u>Marine Mammal Protection Act</u>
See Tuna I and Tuna II.
<u>Maritime transport services</u>
In 1995 the Council for Trade in Services established a Negotiating Group on Maritime Transport Services (NGMTS) with the aim of increasing commitments under the GATS in international shipping, auxiliary services and access to, and use of, ports. The NGMTS was intended to conclude its negotiations by 30 June 1996, but it proved not possible to arrive at an agreed result. Negotiations on maritime transport services resumed in 2000 as part of the new round of services negotiations mandated by Article XIX of the GATS. See also cabotage, Jones Act and progressive liberalization.
<u>market access</u>
The set of conditions that allow for foreign exporters of goods or services, or foreign service providers or foreign investors, to access the market of an importing country (member of the trade or investment agreement). In the context of the FTAA, market access covers five main negotiating areas: tariffs for non-agricultural goods, agriculture, services, investment and government procurement. In addition, there is a Negotiating Group on Market Access in the FTAA in which the following six issues are being negotiated: tariffs; non-tariff measures; safeguards; customs procedures; rules of origin; and technical barriers to trade.
<u>Market access for agriculture</u>
An omnibus term covering the tariffs and tariff quotas negotiated during the Uruguay Round negotiations on agriculture. These negotiations comprised the three key elements of market access, domestic support and export subsidies, all of which had to be accepted as a package. The Uruguay Round restricted the expansion of trade-distorting measures and maintained or opened new access to markets for agricultural products.
<u>Market access for services</u>
The GATS promotes the goal of open and non-discriminatory market access for services and their suppliers. It does not define market access, but in Article XVI it lists six types of measures which must not be maintained or adopted. Broadly, they are (i) limitations on the number of service suppliers, (ii) limitations on the total value of service transactions, (iii) limitations on the total number of service operations, (iv) limitations on the number of persons that may be employed, (v) entity restrictions or joint-venture requirements and (vi) limitations on the level of foreign equity. Economics needs tests governing market access are to be eliminated.
<u>Market disruption</u>
One of the justifications for the imposition of safeguards measures generally. Such situations are said to occur when an increasing flow of imports puts serious strain on the ability of domestic producers to stay in business. In the textile trade, market disruption emerged as a key concept in the Long-Term Arrangement Regarding International Trade in Cotton Textiles where it referred to any sudden large flow of very low-priced imports from one or more trading partners. This concept was carried forward into the Multi-Fibre Arrangement. See also Transitional Product-Specific Safeguard Mechanism.
<u>Market dominance</u>
The rationale in many countries for creating the need for competition policy. Market dominance is the ability of a firm to influence the behaviour of other firms, either upstream or downstream. In most cases, competition policy accepts the existence of market dominance, but is concerned with eliminating its abuse. See also antitrust laws and market power.
<u>Market economy</u>
An economy in which the price mechanism determines what is produced and traded, though too often price signals are distorted by subsidies, industry policy and other types of government intervention. See also centrally-planned economies.
<u>Market failure</u>
An economist's term for imperfectly functioning markets. It does not mean that the market has collapsed. Market failure can occur when participants in the market are insufficiently informed, when there are few buyers or few sellers (monopoly or monopsony conditions) or when

the costs and benefits of producing a product are of relevance to some market participants only.
<u>Market power</u>
The fundamental assumption underlying antitrust laws. It is based on the view that firms may have the ability to increase their prices without suffering a decrease in their sales. Antitrust laws are aimed at ensuring the existence of price competition in the market. See also competition policy and market dominance.
<u>Market presence</u>
A term thought to reflect better than market access the fact that firms may need to establish some kind of operation in the importing country if they are to succeed. Market presence includes the notion that firms may wish to invest, and that they need adequate opportunities to compete. See also commercial presence and right of establishment.
<u>Market transparency</u>
The extent to which participants in a market are able to assess, on the basis of the information available to them, how the market is likely to behave. The information necessary to enable a good assessment is to a large extent statistical, including data on production, sales and pricing. Advance notice of major investment proposals may also be desirable. Many international commodity agreements have market transparency as their main aim. See also administrative international commodity agreements.
<u>Market-expansion dumping</u>
See dumping.
<u>Marketing boards</u>
Private or public bodies sometimes established by producer countries to promote, market and export agricultural commodities. Their functions may include the funding of research for more efficient production and storage, processing and identifying new uses. Marketing boards sometimes have a statutory monopoly on exports. Their administration is often funded through levies on producers. See also single-desk selling and state trading.
<u>Market-led integration</u>
Regional economic integration occurring through or promoted by business activities. This may happen without an intergovernmental framework for integration. See also policy-led integration.
<u>Market-opening initiatives</u>
A term used especially by the United States to describe its activities aimed at eliminating alleged persistent trade barriers against its exports. Few others have the economic power to make such initiatives a success. Typical examples are the Market-Oriented Sector-Specific talks of 1985 and the Structural Impediments Initiative of 1989, both directed against Japan. Market-opening initiatives are often managed under Section 301.
<u>Market-Oriented Sector-Specific talks</u>
The MOSS talks. A 1985 United States initiative to open up the Japanese market for forest products, pharmaceuticals and medical equipment, electronics, telecommunications equipment, auto parts and transportation machinery. It achieved some success in liberalizing the Japanese regulatory policies on telecommunications, as well as tariff reductions on some 1,800 items, but its results were considered a disappointment on the whole. The Japanese declaration that United States access to Japan should be free, with any restrictions as exceptions, was not sufficient for a more positive assessment. See also Structural Impediments Initiative and United States-Japan Framework for a New Economic Partnership.
<u>Market-seeking investment</u>
A term used for foreign direct investment undertaken with the dominant aim of supplying one or more markets. See also tariff-jumping.
<u>Market-sharing arrangements</u>
Schemes supported or instituted by governments to ensure that the share of local industry in a given activity does not fall below a certain level. They can apply to goods and services. In services, two important examples are the bilateral air services agreements and the UNCTAD Convention on a Code of Conduct for Liner Conferences. There may be strong competition within each of the defined shares. Voluntary restraint arrangements are also a form of market-sharing.
<u>Marks of origin</u>
A mark on a product which signifies the country of its origin, usually beginning with "Made in . . ." or "Product of . . .". See also certificate of origin and rules of origin.
<u>Marshall Plan</u>
A plan for the post-war economic rehabilitation of Europe first proposed by George C. Marshall, then United States Secretary of State, in a speech at Harvard University on 5 June 1947. It was put into effect on 3 April 1948 when President Truman signed the Foreign Assistance Act. The United States made available an estimated \$13,000 million between 1948 and 1952 for this purpose. The Marshall Plan was administered through Organisation for European Economic Cooperation (OEEC), the predecessor of the OECD. Apart from its direct contribution to the reconstruction of the participating economies, the Plan also gave impetus to the later European economic integration through the European Economic Community and EFTA.
<u>Mashreq countries</u>
Egypt, Jordan, Lebanon and Syria.
<u>Massachusetts Burma Law</u>
Adopted by the Massachusetts state legislature in 1996 to promote improvements in human rights policies in Burma. The law gave companies avoiding doing business with Burma a 10% preference margin in purchases by the Massachusetts state government. Following a challenge by the National Foreign Trade Council the Supreme Court held in 1998 that the law was an infringement of the exclusively federal constitutional right to regulate foreign trade.
<u>Material injury</u>
See injury.

<u>Material transfer agreement</u>
The legal instrument used to protect the transfer of genetic material from a provider/user to another user. Such an agreement is normally considered subject to trade secrets law.
<u>Maximum-minimum tariff</u>
A tariff schedule that gives for some tariff items the maximum and the minimum rate the customs authorities may apply to imported products. Such tariffs usually were developed autonomously by national legislatures. The intention was to reward those countries perceived as having relatively open markets with the lower rates and to impose the higher rates on countries considered relatively closed. The emergence of general most-favoured-nation treatment has ruled out its use in this way among WTO members, though it would still be legal in the conduct of their trade relations with non-members. See also conventional tariff and negative reciprocity.
<u>MEA</u>
Multilateral environmental agreement.
<u>Measure</u>
Normally any law, rule, regulation, policy, practice or action carried out by government or on behalf of a government.
<u>Mediation</u>
Now in most cases indistinguishable from good offices. It used to have the meaning of direct negotiations between the parties under the guidance of a mediator. The WTO Understanding on Rules and Procedures Governing the Settlement of Disputes allows the parties to accept mediation, either by a third party or the WTO Director-General.
<u>Mediterranean Agreements</u>
The preferential trade arrangements between the European Community and mediterranean countries other than Turkey, Cyprus and Malta. The Community divides them into old-generation and new-generation agreements. The former, concluded in the 1970s, give the partner country preferential non-reciprocal access to the Community markets. The latter, negotiated in the 1990s, provide for free trade between the partners. See also Association Agreements, Euro-Mediterranean Economic Area and Europe Agreements.
<u>Mega-tariff</u>
A journalistic term for an extremely high tariff. See also prohibitive tariff.
<u>Melanesian Spearhead Group Trade Agreement</u>
A preferential trade arrangement concluded in 1999 between Papua New Guinea, Solomon Islands and Vanuatu. The agreement does not establish a timetable for the elimination of tariffs or the removal of trade restrictions.
<u>Members</u>
WTO governments (first letter capitalized, in WTO style).
<u>Mercado Comum do Sul</u>
See Mercosur.
<u>Mercado Común del Sur</u>
See Mercosur.
<u>Merchandise trade</u>
The import and export of physical goods, i.e. raw materials, semi-manufactures and manufactures. See also trade in services.
<u>Mercosul</u>
Mercado Comum do Sul. Southern Common Market. The name in Portuguese of Mercosur.
<u>Mercosur</u>
Argentina, Brazil, Paraguay and Uruguay. Established as the Common Market of the South (MERCOSUR) through the Treaty of Asuncion on 26 March 1991. Between 1991 and 1995, MERCOSUR members, Argentina, Brazil, Paraguay and Uruguay, engaged in a series of negotiations to establish a common external tariff, which took effect on 1 January 1995. The deadline for full implementation of the customs union by all members in all sectors is 2006. The re-launching of MERCOSUR's integration process in 2000 called for closer macroeconomic coordination and other areas of prioritization such as institutional strengthening, the common external tariff, dispute settlement, trade remedies and competition policy, and investment incentives. Chile and Bolivia became associate members, respectively, in 1996 and 1997. http://www.mercosul.org.uy
<u>Merger Treaty</u>
A treaty concluded in 1965 which which created a single Commission of the European Communities which replace the bodies administering the European Atomic Energy Community, the European Coal and Steel Community and the European Economic Community. See also European Community and European Union treaties.
<u>METI</u>
The Japanese Ministry of Economy, Trade and Industry. Until 6 January 2001 it was known as MITI (Ministry of International Trade and Industry). Many see the dirigiste industrial and trade policies administered by MITI as a major reason for Japan's post-war economic success. Others have tried to emulate MITI, but without much success. METI itself has now become a market-oriented ministry.
<u>MFA</u>
The Multi-Fibre Arrangement under which countries whose markets are disrupted by increased imports of textiles and clothing were able to negotiate quota restrictions.
<u>MFN</u>
Most-favoured-nation treatment (GATT Article I, GATS Article II and TRIPS Article 4), the principle of not discriminating between one's trading partners.

<u>MFN exemptions</u>
Under the GATS, permission granted to a member country not to apply most-favoured-nation treatment in a given sector. In most cases, these are necessary because of earlier treaty obligations, such as membership of a market-sharing agreement, a preferential arrangement or a cooperation agreement. MFN exemptions are for a maximum of 10 years, and they have to be reviewed after 5 years. Many WTO members took out MFN exemptions when the GATS entered into force. Others have since been granted exemptions upon accession. It is possible for existing members to take out new MFN exemptions, but this can only be done with the agreement of 75% of the WTO membership at a WTO Ministerial Conference. See also waiver.
<u>Miami Summit</u>
See FTAA.
<u>Midrand Declaration</u>
A non-binding statement adopted at UNCTAD IX (May 1996) which sets out broadly UNCTAD's task for the next for the next four years. Its main themes are the impact of globalization and liberalization, partnerships for development through cooperation between developed and developing countries, the focal points for UNCTAD's future work, partnerships involving the private sector and institutional reform of UNCTAD.
<u>Millennium Round</u>
A name suggested in 1997 by Sir Leon Brittan, then Vice-President of the European Commission, for the new round of multilateral trade negotiations that he and others expected would get under way in about 2000 or 2001. The name did not take on. See also Seattle Ministerial Conference and Doha Ministerial Conference.
<u>Minilateralism</u>
A preference for conducting trade policy in the company of a few countries. No exact definition exists for "minilateral". It definitely describes a relationship that is more than bilateral, but less than plurilateral which, of course, is equally inexact. The Quadrilaterals, however, would fit the bill well. See also creative minilateralism and plurilateralism.
<u>Mini-ministerial meeting</u>
An informal meeting to which a limited, but representative, number of ministers is invited. These meetings are normally used to seek ways to maintain impetus in negotiations or to discuss key issues in negotiations. Accordingly, the selection of ministers to be invited depends largely on the topics to be discussed.
<u>Minimum access tariff quotas</u>
A mechanism giving a minimum level of access opportunities for agricultural products where non-tariff measures have been converted into tariffs. The Uruguay Round negotiations led to a formula whereby the level of access to be opened for a certain product was based on the import/consumption ratio during the 1986-88 base period. In countries where imports were less than 3% of consumption during the base period, access was to be increased immediately to 3% and expanded to 5% by the end of the Uruguay Round implementation period for agriculture commitments. See also Agreement on Agriculture, current access tariff quotas and tariffication.
<u>Minimum customs values</u>
The arbitrary allocation by customs authorities of a value to an imported good, usually above its market value. See customs valuation.
<u>Minimum labour standards</u>
See core labour standards.
<u>Minimum operations</u>
In the administration of rules of origin this generally refers to work on a product deemed insufficient to make it qualify as a product of the exporting country. Hence the product would not benefit from any preferential tariff. Such operations can include simple assembly, final quality testing or packaging. See also insufficient operations and substantial transformation.
<u>Ministerial Conference</u>
See WTO Ministerial Conference.
<u>Ministerial Declaration on Trade in Information Technology Products</u>
See Information Technology Agreement.
<u>Mini-trading area</u>
Used by some to describe a free-trade area, but for others it is a growth triangle. The context will make clear what is meant.
<u>Mirror-image reciprocity</u>
he expectation that trade benefits offered to another country will be matched exactly. See also reciprocity and reciprocity at the margin.
<u>MITI</u>
Ministry of International Trade and Industry. See METI.
<u>Mixed Commission</u>
Usually a body established under a bilateral trade agreement which consists of representatives of both parties. The task of a mixed commission is to review periodically the operation of the agreement. See also Joint Trade Committee.
<u>Mixed credits</u>
The provision by developed donor countries to developing countries of credits partly on commercial terms and partly at subsidized interest rates. The aim of such credits usually is to fund projects capable of making an important contribution to the economic development of the recipient country. The assumption is that these projects would not proceed if they had to rely entirely on commercial funding. See also official development assistance and trade and aid.
<u>Mixed export cartel</u>
See cartel.

Mixed tariff
See compound tariff.
Mixed trade policies
The concurrent application of the mix deemed most appropriate of trade policies having different immediate aims, though they all are meant to expand a given country's exports. These might be (a) unilateral policies to improve the competitiveness of domestic industries through market-opening measures, (b) stronger emphasis on reciprocity in market access to other countries, accompanied by market-opening initiatives, and (c) the use of contingent protection (anti-dumping, countervailing and safeguard measures) and, sometimes, other, less transparent measures to protect domestic producers.
Mixing requirements
See local content requirements and performance requirements.
Modalities
Ways or forms of organizing work in the WTO, including trade negotiations.
Model Arbitration Clause
Also called Separate Arbitration Agreement. It is contained in the UNCITRAL Arbitration Rules. It reads as follows: "Any dispute, controversy or claim arising out of or relating to this contract, or the breach, termination or invalidity thereof, shall be settled by arbitration in accordance with the UNCITRAL Arbitration Rules as present in force. Parties may wish to consider adding: (a) The appointing authority shall be _____ (name of institution or person); (b) The number of arbitrators shall be _____ (one or three); (c) The place of arbitration shall be _____ (town or country); The language(s) to be used in the arbitral proceedings shall be _____." See also arbitration.
modes of delivery
How international trade in services is supplied and consumed. Mode 1: cross border supply; mode 2: consumption abroad; mode 3: foreign commercial presence; and mode 4: movement of natural persons.
Modes of services delivery
During the Uruguay Round negotiations on the GATS, participants agreed to divide services trade into four modes: 1. cross-border supply, where the producer remains in one territory and the consumer in another; 2. consumption abroad, where the consumer travels from one country to the country of the service producer to obtain the service; 3. commercial presence, where services are provided through establishment of an operation in the other country; and 4. presence of natural persons, where the producer travels from one country to another to produce or deliver a service. This approach is useful for analytical purposes, but it has made the listing of commitments more complex than need be the case. See also cross-border trade in services, services and trade in services
modes of supply in services trade
The means through which services are traded. There are four modes of supply, which include: Cross-border trade (Mode 1), consumption abroad (Mode 2), commercial presence (Mode 3), and temporary movement of natural persons (Mode 4). These modes of supply require the movement of either the service itself (Mode 1), the service consumer (Mode 2) or the service supplier (Modes 3 and 4). For a more detailed explanation, see the definition under each mode of supply.
Monetary assessments
Refers to proposals arising from time to time for the use of fines instead of trade sanctions to secure compliance with dispute settlement panel decisions made under free-trade agreements. Assessing the damage suffered by the winning party because of the losing party's failure to remedy its failings is of course possible. It is less certain that an adequate mechanism could be found to enforce a reasonably prompt payment of these assessments.
Monetary Compensation Amounts
MCAs. A system of border levies and subsidies in force in the European Economic Community until 31 December 1992. MCAs were abolished as part of achieving the European Community Single Market which did away with internal borders for economic activities.
Monitoring and Enforcement Unit
A unit established on 5 January 1996 and located within USTR with the task of monitoring all trade agreements to which the United States is party and of pursuing actions to enforce rights under these agreements. Priorities of the unit include barriers affecting high-volume and high-value exports, barriers affecting job creation, ensuring that United States industries are competitive, ensuring that widespread barriers in the fastest-growing and largest markets are addressed, and that small and medium-sized businesses are competitive and can expand in the global market place. See also Section-306 monitoring.
Monopoly
The existence of conditions under which there is a single provider or seller of goods and services, often maintained through legislation permitting no others to perform the same activities. Monopolies can also occur through natural market development in the private sector, but they tend to be under constant threat from prospective new entrants. See also deregulation, essential facilities doctrine and re-regulation
Monopsony
The existence of a single buyer of certain goods or services, usually maintained through legislation.
Montant de soutien
Fr. margin of support. An element in the proposal by the European Economic Community for negotiations on agriculture during the Kennedy Round. According to the definition offered by the EEC, "the margin of support for a given agricultural product is equal to the difference between the price of the product on the international market and the remuneration actually obtained by the national producer". Critics at the time noted that this definition had the advantage, from the EEC's perspective, of directing attention to the support mechanisms of others, but that it had serious flaws. The most important one was the absence of a competitive world price for major agricultural products since these prices were themselves influenced by domestic price support systems and subsidies
Monterrey Consensus
Adopted on 22 March 2002 in Monterrey, Mexico, as the outcome of the International Conference on Financing and Development, organized under the auspices of the United Nations. It seeks to achieve the goal of eradicating poverty, achieving sustained economic growth and promoting sustainable development through calls for (a) mobilizing domestic financial resources for development, (b) harnessing international trade as an engine for development and reaffirming the commitment of participants to trade liberalization, (c) increasing international

financial and technical cooperation for development, and (d) appropriate strategies for dealing with external debt. Conference participants also committed themselves to keeping fully engaged to ensuring proper follow-up to implementation of conference commitments.
Montreal mid-term review See Uruguay Round.
Montreal Protocol Montreal Protocol on Substances that Deplete the Ozone Layer. Adopted in 1987. The Protocol addresses concerns about the impact that uncontrolled production or consumption by non-parties would have on the effectiveness of controls agreed by the parties. It contains provisions designed to restrict the relocation of industries using or producing CFCs (chlorofluorocarbons) from signatory countries to countries that are not signatories. These provisions may be in conflict with the WTO most-favoured-nation principle. Developing countries may apply for funding from the Multilateral Fund for the Implementation of the Montreal Protocol to support the implementation of their commitments under the Protocol. See also multilateral environment agreements.
moral rights Copyright protection also includes moral rights, which involve the right to claim authorship of a work, and the right to oppose changes to it that could harm the reputation of the creator.
Moratorium In trade policy negotiations this is the same as a standstill. It usually is imposed before the start of negotiations to ensure the participants do not raise their tariffs or change their regulations with the sole aim of using them as negotiating coin. More than an equitable share of the market: see equitable share of the market and wheat flour case.
Most-favoured-nation tariff MFN tariff. The tariff applied by WTO members to goods from other WTO members with which they have not concluded a preferential trade arrangement. In the case of WTO non-members, the application of these rates may be a requirement of a bilateral trade agreement. See also general tariff and most-favoured nation treatment.
Movement of natural persons A term adopted by GATS negotiators to signify the temporary entry by service suppliers, i.e. people, into another jurisdiction for the purpose of selling or supplying a service. See modes of services delivery.
Multi-column tariff A tariff schedule that discriminates between the various trading partners. Tariff rates in the first column might be reserved for countries not receiving most-favoured-nation treatment (MFN) and the second column for countries accorded MFN. The third and additional columns would contain the rates applicable to various preferential trade arrangements, such as free-trade area partners or those given to developing countries under the Generalized System of Preferences. See also single-column tariff.
Multidomestic corporation A form of transnational corporation which adopts a strategy for its units centered in each case on individual countries. Typically, it sets up an operation in another country mainly to supply the market of that country.
Multifunctionality The idea that agriculture has many functions in addition to producing food and fibre. These functions may be environmental protection, landscape preservation, rural employment, etc. The term appears to have originated in a communiqué issued in March 1998 by agricultural ministers from OECD countries. The recognition of the various roles agriculture can play is hardly new, but multifunctionality has quickly become one of the dividing lines of agricultural trade policy. Those who stress its importance are seen as leaning towards protectionism. Those who oppose its use like to think of themselves as promoters of agricultural trade liberalization. Some simply think it is an ugly word that states the obvious. See also co-existence and diversity, Friends of Multifunctionality and non-trade concerns.
Multilateral Agreement Agreement between all WTO Members. Rules included in the agreement bind all government signatories.
Multilateral agreement on competition A proposal for future inter-governmental negotiations, but not yet on any negotiating agenda. Some see its prospective purpose as enabling cooperation between national competition authorities on enforcement matters. Others would prefer an agreement for the international administration of antitrust laws which would entail common rights and obligations. See also Draft International Antitrust Code and trade and competition.
Multilateral Agricultural Framework An idea emerging in the later stages of the Tokyo Round for a mechanism which would oversee the negotiating results in agriculture, and which also would provide a forum for the exchange of information aimed at preventing problems in agricultural trade. In particular, it was thought that the framework would eliminate continuing political and commercial confrontations in this sector. The proposal also aimed to establish an International Agriculture Consultative Council under GATT auspices. When the Tokyo Round ended on 12 April 1979, participants were still far from an agreement on this proposal, and post-Round negotiations did not lead to a result. See also agriculture and the WTO.
Multilateral development banks Institutions established to provide financial support and advice to support the economic and social development of developing countries through long-term loans on commercial terms, credits on concessional terms and grants. Membership of these banks consists of developed and developing countries. The main ones are the African Development Bank (based in Abidjan, Côte d'Ivoire), the Asian Development Bank (Manila), the European Bank for Reconstruction and Development (London), the IBRD (World Bank) and the Inter-American Bank Group (both in Washington DC). See also international financial institutions.
Multilateral environment agreements Agreements, conventions and protocols agreed multilaterally and aimed at eliminating or reducing damage to the environment. Some 200 have reportedly been concluded. At least eighteen of them contain specific trade provisions. Among these are the Basel Convention, Cartagena Protocol on Biosafety, CITES, Convention on Biological Diversity, Convention on Persistent Organic Pollutants, Convention on Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, Montreal Protocol, United Nations Framework Convention on Climate Change and the Kyoto Protocol. Some other agreements contain provisions which could have an effect on

the formulation of trade policy, including Agenda 21 and the Rio Declaration on Environment and Development.
<u>Multilateral Fund for the Implementation of the Montreal Protocol</u>
See Montreal Protocol.
<u>Multilateral Investment Fund</u>
Established in 1993 by the Inter-American Development Bank to encourage growth in the private sector in Latin America and the Caribbean. It is located in Washington, DC.
<u>Multilateral Investment Guarantee Agency</u>
MIGA. Established on 12 April 1988 under the auspices of the IBRD. Its purpose is to encourage increased levels of private direct investment in developing countries. It acts an insurer of investment against certain political risks in the host country. It also offers technical assistance to help developing countries to improve their investment climates and to attract new investment. MIGA is located in Washington, DC. See also foreign direct investment and World Association of Investment Promotion Agencies.
<u>Multilateral procurement</u>
The purchase of goods and services by multilateral bodies (e.g. United Nations, IMF, WTO, etc.) for their own use or for use on projects funded and managed by them.
<u>Multilateral Specialty Steel Agreement</u>
MSSA. A proposal made in early 1996 by industry associations in Europe and the United States for an agreement that would (a) ban subsidies, (b) remove tariff and non-tariff barriers and (c) eliminate trade-distorting anti-competitive practices in global specialty steel trade. It would also address the problem of surplus production capacity. It is not yet on any negotiating agenda. See also Multilateral Steel Agreement.
<u>Multilateral Steel Agreement</u>
MSA. In the second half of the Uruguay Round negotiations the United States proposed the conclusion of an MSA with coverage of subjects such as tariff reductions, the elimination of quantitative restrictions, subsidies, the imposition of anti-dumping measures, countervailing duties, etc., related specifically to trade in steel. Negotiations were conducted on a track separate to the Uruguay Round negotiations, and 36 countries took part in them. However, negotiations broke down in March 1992. There have been periodic suggestions since that the MSA should be revisited. See also Multilateral Specialty Steel Agreement and sectoral trade negotiations.
<u>Multilateral system of notification and registration of geographical indications</u>
The negotiation of such a system for wine was to be undertaken at some stage under the Agreement on Trade-Related Aspects of Intellectual Property Rights. Little progress was made. The Doha ministerial declaration now has initiated negotiations for such a system to cover geographical indications of wines and spirits.
<u>Multilateral Trade Organization</u>
MTO. A body proposed by the European Community in 1990 to put the results of the Uruguay Round negotiations on a stronger legal footing and within a single administrative framework. This proposal received broad support from the GATT membership. However, almost at the end of the formal negotiations in December 1993 the United States suggested that the new body should be known as the World Trade Organization (WTO). This proposal was adopted.
<u>Multilateral trading system</u>
The non-discriminatory arrangement for international trade which came into existence with the GATT in 1947 and which is now represented by the WTO system.
<u>Multilateralism</u>
An approach to the conduct of international trade based on cooperation, equal rights and obligations, non-discrimination and the participation as equals of many countries regardless of their size or share of international trade. This is the basis of the rules and principles embodied in treaties such as the Marrakesh Agreement Establishing the World Trade Organization and its components.
<u>Multi-modal</u>
Transport using more than one mode. In the GATS negotiations, essentially door-to-door services that include international shipping.
<u>Multinational enterprises</u>
See transnational corporations.
<u>Munich Group</u>
See Draft International Antitrust Code.
<u>Mutatis mutandis</u>
Lat. with the appropriate and/or necessary changes.
<u>NAFTA</u>
North American Free Trade Agreement of Canada, Mexico and the US.
<u>Nagging rights</u>
Used by some to describe provisions in trade agreements which allow a party to exhort another party to adopt new measures or commitments. The party so addressed is not legally obliged to respond, but it may decide to take some action anyway if the request is made often enough.
<u>Nairobi Convention</u>
See Convention on the Means of Prohibiting and Preventing the Illicit Import, Export and Transfer of Cultural Property or International Convention on Mutual Administrative Assistance for the Prevention, Investigation and Repression of Customs Offences.
<u>NAM</u>

See Non-Aligned Movement.
<u>Narrow competition policy</u>
This deals with the range of practices usually covered by antitrust laws or by laws aimed at controlling restrictive business practices. The main targets of narrow competition policy are horizontal and vertical arrangements, misuse of market power and the control of anti-competitive conditions resulting from mergers and acquisitions. See also competition policy and wider competition policy.
<u>National champions</u>
Companies designated in some countries to act as promoters of new technologies or new processes from whom other companies will be able to learn. Often, they already enjoy a pre-eminent position in their sector when they are nominated. National champions usually benefit from preferential tax treatment and other support measures. They may also be exempt from some competition laws. The impact of such firms on the domestic markets may be considerable, but their role in international markets may be quite minor. There is no way of telling whether a national champion will fulfil the expectations of its proponents, or whether it will simply turn into a protected and uncompetitive entity. See also infant-industry argument, learning-by-doing argument and picking winners.
<u>National schedules</u>
The equivalent of tariff schedules in GATT, laying down commitments accepted – voluntarily or through negotiation – by WTO members.
<u>National Trade Estimate Report on Foreign Trade Barriers</u>
An annual report to the President and Congress by USTR as required under Section 181 of the Trade and Tariff Act of 1984, as amended by the Omnibus Trade and Competitiveness Act of 1988. The report covers (a) significant barriers to United States exports of goods, services, intellectual property and foreign direct investment, (b) the trade-distorting effects of these barriers and the value of lost trade and investment opportunities, (c) a listing of Section 301 and other actions taken to remove these barriers, or an explanation why no action was taken, and (d) United States priorities to expand exports. See also United States Omnibus Trade and Competitiveness Act and National
<u>national treatment</u>
The principle of giving others the same treatment as one's own nationals. GATT Article III requires that imports be treated no less favourably than the same or similar domestically-produced goods once they have passed customs. GATS Article XVII and TRIPS Article 3 also deal with national treatment for services and intellectual property protection.
<u>National treatment instrument</u>
An OECD instrument. It consists of the national treatment section of the 1976 Declaration on International Investment and Multinational Enterprises and the Third Revised Decision on National Treatment, adopted in 1991. It requires OECD members to notify all their investment measures that are exceptions to national treatment. These notifications are examined at least every three years with a view to eliminating the measures. Members may notify measures of any other member if they consider that it is acting contrary to its undertakings. The national treatment instrument is therefore a strong promoter of non-discriminatory foreign investment in OECD countries.
<u>National Treatment Study</u>
Published every four years under the Omnibus Trade and Competitiveness Act of 1988 by the United States Department of the Treasury. It contains detailed information on regulatory frameworks and market conditions in banking and securities services for a large number of countries. The National Treatment Study has established itself as a basic reference work for the study of global rules applying to trade in financial services. See also United States Omnibus Trade and Competitiveness Act and National Trade Estimate Report on Foreign Trade Barriers.
<u>Natural persons</u>
People, as distinct from juridical persons or legal persons, such as companies. If they are service suppliers to other GATS member countries, they have rights under the GATS.
<u>Natural resource-based products</u>
In the GATT environment these include minerals, ores, fish and fisheries products, forest products, timber and paper. They were the subject of a separate negotiating group in the Uruguay Round.
<u>Natural trading blocs</u>
A term used by Paul Krugman for modelling purposes to describe countries which are close together, have low transport costs and that therefore trade with each other.
<u>Natural-trading-partners hypothesis</u>
The proposition that free-trade areas between countries already conducting the bulk of their trade with each other yield the greatest gain.
<u>Necessity test</u>
Sometimes used to refer to the steps necessary to justify invoking the general exceptions of the GATT. WTO members may adopt or enforce measures necessary to protect public morals (Article XX(a)), necessary to protect human, animal or plant life or health (XX(b)), necessary to secure compliance with laws or regulations not inconsistent with the provisions of the GATT (XX(d)), and restricting exports of domestic materials necessary to ensure the supply of essential quantities to domestic industry (XX(e)), provided that this does not constitute arbitrary or unjustifiable discrimination between countries or a disguised restriction on international trade. The GATT security exceptions (Article XXI) allow WTO members to take any action they consider necessary for the protection of their essential security interests. The GATS contains similar necessity tests in Article XIV (General Exceptions) and Article XIVbis (Security Exceptions)
<u>Negative comity</u>
Also called traditional comity. It is a term used, for example, in the administration of competition policy. It means that, under the terms of relevant bilateral arrangements, a country has to take account of the interests of the other country when it initiates an action under its competition laws. See also positive comity.
<u>Negative integration</u>
The removal of barriers to cross-border trade without the creation of new regulatory frameworks. See also positive integration.
<u>negative list approach</u>
The comprehensive inclusion of all service sectors, unless otherwise specified in the list of reservations, under the specific disciplines of the services chapter and the general disciplines of the trade agreement. A negative list approach requires that discriminatory measures affecting

all included sectors be liberalized unless specific measures are set out in the list of reservations.
Negative listings
Used in some of the schedules of commitments under the GATS. In making a negative listing a country agrees that all service activities are covered by all provisions of the GATS unless it has listed them specifically as subject to some limitations on market access and national treatment. The advantage of this method is that all new services are automatically covered by the rules. Developed countries have used this method for their commitments on financial services. Australia and New Zealand also chose negative listings for the ANZCERTA Protocol on Trade in Services. See also positive listings.
Negative reciprocity
In its original meaning this term is now of historical interest only. It describes the practice followed by the United States and some others in the 19th and early 20th centuries of raising tariffs against those countries that were seen as maintaining unreasonably high tariffs themselves. Negative reciprocity was, however, regarded mainly as a market-opening mechanism. Proponents of this practice took scant regard of the generally high level of their own tariff, and the basis of their thinking was always mercantilism.
Negotiating coin
What one is willing to give away in negotiations in order to secure something one would like. Sometimes one's negotiating coin is imaginary, but it becomes important in questions such as the payment for autonomous liberalization. See also bargaining tariff.
Negotiating credits
The informal practice in WTO negotiations whereby countries take into account unilateral tariff reductions made by other participants before a fixed date, usually a date associated with the start of the negotiations. The practice is meant to ensure that participants do not have to lower their barriers without receiving adequate compensation in the form of lower barriers by others. In this way the practice encourages countries to liberalize their trade whenever the time is appropriate. Granting negotiating credits is, however, based on the erroneous idea that trade liberalization is a cost to the liberalizing country.
Negotiating Group on Basic Telecommunications
(NGBT). Established by the Council for Trade in Services to achieve the progressive liberalization of trade in telecommunication transport networks. The NGBT was due to make its final report by 30 April 1996, but the negotiations were extended until 15 February 1997 to promote the tabling of better offers. This turned out to be a successful stratagem. At the same time, the NGBT was renamed Group on Basic Telecommunications. See also Agreement on Basic Telecommunications Services and Fourth Protocol to the General Agreement on Trade in Services. Negotiating Group on Maritime Transport Services: see maritime transport services.
Negotiating rights
One of the purposes of the WTO is to act as a forum for the reduction and elimination of trade barriers. This is done through negotiations, but the right to engage in them is subject to certain rules. The bulk of barrier reductions is now done through multilateral trade negotiations, the so-called rounds, and sectoral trade negotiations. All WTO members have the right to participate in them. In other circumstances, they may not have automatic negotiating rights. Whether they do may depend on the fulfilment of some conditions, including the principal supplier rule and the substantial supplier rule. The entry on renegotiation of tariffs contains instances where negotiating rights may arise. See also initial negotiating rights.
Neighbouring rights
Exclusive rights of performers, producers of phonograms and broadcasters. Such rights have historically been considered to "neighbour" on the traditional areas of copyright protection. Neighbouring rights are said to relate to derivative subject-matter (e.g. a recording company recording a musical composition) where it may be relatively more difficult to identify the creative person deserving of reward. See also Berne Convention and copyright.
Neo-mercantilism
A trade policy founded on the belief that governments need to control trade and industry to secure national prosperity. Specifically, neo-mercantilism seeks to promote enhanced domestic production accompanied by rising employment, to increase exports and to decrease imports. See also infant-industry argument, mercantilism and pop mercantilism.
NEPAD
See New Partnership for Africa's Development.
New economy
The economic boom caused in the late 1990s by the perception that massive investment in information technology and extensive use of the internet would give firms doing so a decisive commercial advantage. Its premise seems to have been that those engaged in the old economy would not be able to adapt to a rapidly changing environment. The boom's symbol was the dot.com company. Many who invested in this boom now wish they had never heard of it. See also first-mover advantage.
New industrial policies
NIPs. This is a term sometimes used for targeted industrial development policies that differ both from laissez-faire policies which allow the market to determine the broad lines of industrial development and simple protectionism which seeks to give industries a shield against competition from imports. NIPs include governmental measures to increase savings and capital investment, compulsory or guided sharing of technology among enterprises, forced mergers to promote efficiency, shared research and development facilities, possibly subsidized, etc. See also national champions.
New international division of labour
An evolution of the concept of the international division of labour in which price competition is no longer the sole or dominant determinant of how a firm manufactures its products. The system in part reflects a recognition of the power of the consumers, but it also gives them many pseudo-choices. Analysts say that this system requires, among others, product flexibility, rapid innovation, a multiskilled workforce and closer integration of production schedules and product development of related production units. Corporations distribute their production units internationally in the way that best satisfies their competing requirements. See also globalization, product cycle theory and transnational corporations.
New Miyazawa Initiative
The finance package made available by Japan to countries affected by the 1997 Asian economic crisis. Main elements of the initiative were \$30 billion in short-term and long-term funds, purchase of bonds issued by Asian governments and provision of concessional yen loans.

See also Chiang Mai Initiative.
<u>New protectionism</u>
A term common in the 1980s. It was used to refer to measures such as quantitative restrictions, voluntary restraint arrangements, orderly marketing arrangements, etc., in contrast to protective action expressed through high tariffs. See grey-area measures.
<u>New trade agenda</u>
A term used by some to describe the market access issues still needing resolution. From this perspective, the traditional trade agenda is represented by efforts to reduce border measures consisting of tariffs and non-tariff measures. The new trade agenda, on the other hand, is aimed more at impediments inside the market, such as standards, excessive reliance on sanitary and phytosanitary measures, and private and public anti-competitive practices. To some extent, the new trade agenda overlaps with the new trade issues, but in other respects it seeks to promote optimal results from existing multilateral trade agreements. See also technical barriers to trade.
<u>New trade issues</u>
Issues arising because of the emergence of new trading patterns, new products, new technologies or the confluence of trade policy and social policies. The term "new trade issues" often simply means that there is not yet a formal multilateral trade framework in existence for dealing with relevant matters or that they have only recently been taken up within the WTO. New trade issues currently under discussion include trade and competition, trade and illicit payments, trade and investment and trade and labour standards. Some add trade and environment to this list, but the decision to establish a Committee on Trade and Environment in the WTO has persuaded many that this is now an established, if unresolved, issue. Intermittently there are suggestions that trade and culture, trade and foreign exchange and trade and taxation should also be looked at. Since the Doha Ministerial Conference, the WTO has a work program on trade and the transfer of technology.
<u>New trade order</u>
In contemporary literature this term refers commonly to the global trading system that began with the establishment of the WTO, but it does not have a precise meaning. Some use it to describe what in their view would be a desirable trading system, if only certain instruments or rules could be negotiated.
<u>New Transatlantic Agenda</u>
Endorsed on 3 December 1995 at a European Union-United States summit in Madrid. It enables the two sides to join forces on a wide range of international economic, social and political issues. Objective III of its four objectives deals with strengthening the world trading system and achieving closer economic cooperation. It aims at (a) moves to ensure that the WTO works as well as intended and cooperation on the new trade issues, (b) efforts to achieve further bilateral reduction, or elimination, of tariffs in industrial products and to accelerate reductions due under the Uruguay Round, and (c) concrete steps to remove regulatory and other obstacles to transatlantic trade through the creation of the New Transatlantic Marketplace. The other three objectives are promoting peace, development and democracy around the world, responding to global challenges, and building bridges across the Atlantic. See also Transatlantic Business Dialogue.
<u>New Transatlantic Marketplace</u>
One of the objectives of the New Transatlantic Agenda with a work program covering joint study to facilitate trade in goods and services and eliminating tariff and non-tariff barriers; confidence building through resolving bilateral trade issues; standards, certification and regulatory issues; veterinary and plant health issues; government procurement; intellectual property rights; expansion of the bilateral dialogue on financial services; conclusion of a customs cooperation and mutual assistance agreement; expanding the bilateral Information Society Dialogue and cooperation on information technology and telecommunications; deepening cooperation in competition matters; discussion of data protection issues; expanded cooperation on air and maritime transport matters; intensified cooperation on energy-related issues; biotechnology; and safety and health. See also Transatlantic Business Dialogue.
<u>New York Convention</u>
The United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards, adopted on 10 June 1958. Article II requires the contracting states to recognize an agreement in writing under which parties undertake to submit to arbitration differences which have arisen between them. Article III requires each contracting state to recognize arbitral awards as binding and enforce them under the conditions set out in subsequent articles of the Convention.
<u>New Zealand Australia Free Trade Agreement</u>
NAFTA. The trade agreement governing trade relations between Australia and New Zealand from 1966 to 1982. It achieved significantly liberalized trade between the two countries, but not completely free trade. It was replaced on 1 January 1983 by ANZCERTA (Australia New Zealand Closer Economic Relations Trade Agreement).
<u>New-age agreement</u>
Sometimes used by Japanese negotiators to refer to free-trade agreements supplemented by extensive provisions for cooperation in related economic fields, such as those contained in the Japan-Singapore Economic Partnership Agreement for a New Age, concluded in 2001.
<u>Newer ASEAN members</u>
Burma, Cambodia, Laos and Vietnam. See ASEAN.
<u>Newly Independent States</u>
This group of countries comprises Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Tajikistan, Turkmenistan, Ukraine and Uzbekistan which were part of the USSR. See also Commonwealth of Independent States which in addition includes Russia.
<u>Newly industrializing economies</u>
Also called newly industrializing countries. A term used particularly in the 1980s for developing economies which were in the process of transforming significant parts of their economies to a stage where they had many of the characteristics of industrialized economies. Examples of such economies include Hong Kong, Mexico, Malaysia, Republic of Korea, Taiwan and Singapore.
<u>Newly liberalizing countries</u>
A term for the countries of Central and Eastern Europe, those making up the Commonwealth of Independent States, and China which are transforming their previously centrally-planned economies into market economies. At the same time, their centralized foreign trade regimes are being liberalized.
<u>NGBT</u>

See Negotiating Group on Basic Telecommunications.
NGMTS
See maritime transport services.
NGO
See non-governmental organization and civil society.
Noerr-Pennington doctrine
The principle in United States law that attempts to lobby a governmental or administrative body with the aim of influencing legislation or law enforcement cannot be prosecuted under the Sherman Act even if the lobbying has anti-competitive aims. See also antitrust laws.
Nominal rate of protection
Indicates the extent by which the domestic price of a product exceeds the price at the border (i.e. before the application of any customs duties). It is usually expressed as a percentage. See also effective rate of protection and price wedges.
Nominal tariff
The tariff rate appearing in a country's tariff schedule for a given product. It may differ from the applied tariff rates (the tariff rate actually levied by the customs administration when the product is imported). See also bindings (goods).
Non-actionable subsidies
A class of subsidies identified in the WTO Agreement on Subsidies and Countervailing Measures. It includes assistance to research and development, assistance to disadvantaged regions and assistance to promote the adaptation of existing facilities to new, more burdensome, environmental requirements. The Agreement describes in some detail how the subsidies are to be interpreted. If another WTO member believes that a subsidy which otherwise would be non-actionable is causing serious adverse effects, it may seek a determination and recommendation on the matter. The Agreement does not apply to agricultural subsidies. These are covered by the Agreement on Agriculture. See also actionable subsidies, prohibited subsidies and subsidies.
Non-agricultural market access
Tariff negotiations on products other than those covered by the Agreement on Agriculture. This term was created in the preparatory phase for the Seattle WTO Ministerial Conference to ensure a mandate for tariff negotiations covering all sectors.
Non-Aligned Movement
NAM. A group of 115 members, mainly developing countries, which has its origin in the 1955 Asia-Africa Conference, held in Bandung, Indonesia. The first NAM summit was convened in Belgrade in 1961. Membership criteria include the requirement that the joining country should have adopted an independent policy based on the coexistence of states with different political and social systems and on non-alignment or should be showing a trend in favour of such a policy. NAM's early years were dominated by political issues, but since the early 1990s it has increasingly paid attention to global economic problems. See also Group of 77
Non-application
Article XIII of the Marrakesh Agreement Establishing the World Trade Organization lays down that this Agreement and the other agreements administered by the WTO do not apply between two members if either of them does not consent to their application at the time either of them becomes a member. Non-application is therefore available only at the time a country accedes to the WTO. See also denial of benefits.
non-automatic import licensing
Licensing not falling within the definition of automatic import licensing. Nonautomatic licensing is used to administer trade restrictions such as quantitative restrictions when justified within the international trade legal framework
non-discrimination
In the multilateral context there are two components to the principle of nondiscrimination: national treatment and most-favored-nation treatment (See general definition).
Non-dutiable goods
Goods that are not subject to customs duties on entering or leaving a customs territory. See also free list.
Non-equity-based investment
Non-equity-based investment
Non-market economies
See centrally-planned economies.
Non-originating goods
In the administration of rules of origin for preferential trade agreements these are goods not receiving preferential treatment because they are deemed not to be the product of the country normally receiving preferential access. See also originating goods.
Non-price predation
The action of seeking to drive efficient competitors out of business through abusive legislation and other means of imposing major costs on them. Abusive litigation would, for example, be aimed at ensuring that competitors could not use some crucial intellectual property rights, rather than ensuring that these rights are protected. See also predatory pricing.
Non-reciprocal free-trade area
See free-trade area.
Non-tariff barriers
See non-tariff measures.

<u>Non-tariff distortions</u>
Adverse influences on trade flows caused by the existence of non-tariff measures.
<u>Non-tariff measures</u>
Government measures other than tariffs that restrict trade flows. Examples include quantitative restrictions, import licensing, voluntary restraint arrangements and variable levies. They generally now contravene the WTO rules. One of the outcomes of the Uruguay Round was an obligation to convert all non-tariff measures affecting agricultural trade into tariffs. See also Agreement on Safeguards and tariffication.
<u>Non-trade concerns</u>
Used by many as a more neutral expression than multifunctionality. The preamble of the Agreement on Agriculture specifies food security and environmental protection as examples. Also cited by WTO members are rural development and employment, and poverty alleviation. See also non-trade objectives in trade policy.
<u>Non-trade objectives in trade policy</u>
This refers to the formulation of trade rules to achieve aims other than the traditional goals of freer, predictable and non-discriminatory trade. Such aims can include the protection of the environment, the promotion of core labour standards or human rights, support for democratic values and social and political ideas more generally. Some also include rules concerning competition and investment in this category, but others dispute this because of the frequently complementary relationship between trade policy and investment or competition. Arguments about the validity of non-trade objectives are often fierce. The basic principle seems to be that my concerns are legitimate, but yours are suspect and probably protectionist. See also animal rights, multifunctionality, trade and competition, trade and environment, trade and human rights, trade and investment and trade and labour standards.
<u>Non-tradeables</u>
Non-tradeables
<u>Non-violation</u>
A situation where a party to a multilateral trade agreements under the WTO acts according to the legal provisions of the agreement, but still manages to nullify or impair the rights of another party through its actions. The offending measures must alter the competitive conditions established by agreed tariff bindings or bound commitments for redress to be available through the non-violation procedure. In other words, the impact of the measure must be unexpected. A recent example of non-violation was the undermining of a tariff binding through domestic subsidies such as happened in the case of European Community assistance to oilseed producers. Non-violation cases can be dealt with under the WTO dispute settlement provisions. See also Australian subsidy on ammonium sulphate, nullification or impairment and oilseeds case.
<u>Nordic countries</u>
Usually Finland, Norway and Sweden, but on occasion also Denmark and Iceland, depending the negotiating forum and the subject being discussed.
<u>Normal trade relations</u>
The term now used by the United States instead of most-favoured nation treatment particularly in the annual congressional debate on the nature of the United States-China trade framework. See also permanent normal trade relations and temporary normal trade relations.
<u>North</u>
See developed country.
<u>North American Agreement on Environmental Cooperation</u>
See NAFTA.
<u>North American Free Trade Agreement</u>
See NAFTA.
<u>North American Free Trade Agreement (NAFTA)</u>
The North American Free Trade Agreement (NAFTA) is a comprehensive free trade agreement involving Canada, Mexico, and the U.S., implemented on 1 January 1994. Its objectives include: to eliminate barriers to trade in, and to facilitate the crossborder movement of goods and services; to promote conditions of fair competition; to increase investment opportunities; to provide adequate and effective protection and enforcement of intellectual property rights; to create effective procedures for the implementation and application of the Agreement, for its joint administration and for the resolution of disputes; and to establish a framework for further trilateral, regional and multilateral cooperation. http://www.nafta-sec-alena.org
<u>North Atlantic Free Trade Area</u>
A proposal for a free-trade area between the United States and the European Economic Community which appeared sporadically in the 1960s. Irreconcilable differences concerning agricultural trade, the friction it was meant to resolve above all else, meant that it did not reach the negotiating table. See also TAFTA.
<u>North East Asia Free-Trade Area</u>
NEAFTA. Proposed in 1999 by Prime Minister Obuchi of Japan as a long-term project for closer regional economic integration. Prospective members could include Japan, Republic of Korea, China, Hong Kong and others. No timetable for negotiations exists. See also East Asia Free-Trade Agreement.
<u>North-South</u>
A Programme for Survival: see Brandt Report.
<u>Not inconsistent with</u>
An expression frequently used by panels in WTO dispute settlement reports. It means that, as far as the panel can establish, the measure being examined does not contravene any WTO rules. Accordingly, the party maintaining the measure is not required to change it. The use of this expression appears to stem partly from the fact that the GATT 1947 was in force provisionally only, and partly from a desire by panels to shield themselves against the possibility of undiscovered facts. See also Protocol of Provisional Application.
<u>Nothing is agreed until everything is agreed</u>

A frequent understanding between participants in trade negotiations at the start of proceedings. This principle preserves each party's bargaining power, and it ensures that the result is considered balanced by all. See also ad referendum agreement, globality and single undertaking.
<u>Not-made-here syndrome</u>
See techno-nationalism.
<u>Not-on-the-whole-higher-or-more-restrictive criterion</u>
A criterion used in the assessment of whether a customs union is in conformity with the rules of the GATT. Article XXIV requires that the common external tariff of a new customs union must not on the whole be higher or more restrictive than the national tariffs of the members were before they joined the union. Much argument has arisen over the method to be used in ascertaining whether the criterion has been met, especially over the question of the use of the average tariff or a trade-weighted average tariff. Outcomes clearly can be quite different depending on which calculation is used. The Understanding on the Interpretation of Article XXIV concluded as part of the Uruguay Round clarified the matter. It says that an evaluation of tariff levels must be based on an overall assessment of weighted average tariff rates and of customs duties collected.
<u>NTBS</u>
Non-tariff barriers, such as quotas, import licensing systems, sanitary regulations, prohibitions, etc. Same as "non-tariff measures".
<u>NTMs</u>
Non-tariff measures, such as quotas, import licensing systems, sanitary regulations, prohibitions, etc.
<u>nuisance tariff</u>
Tariff so low that it costs the government more to collect it than the revenue it generates.
<u>Nullification and impairment</u>
Damage to a country's benefits and expectations from its WTO membership through another country's change in its trade regime or failure to carry out its WTO obligations. If the matter cannot be solved through consultation, it is then open to members to resort to formal dispute settlement procedures. Nullification and impairment can occur through a violation of the rules, but the same is possible through non-violation.
<u>nullification or impairment</u>
Basis of a claim under the GATT/WTO dispute settlement system, namely that a benefit accruing to a WTO member directly or indirectly under the Agreement is being nullified or impaired as a result of the failure of another member to carry out its obligations under the Agreement. Non-violation nullification or impairment is a claim that a benefit is being nullified or impaired as a result of the application of a measure whether or not it conflicts with the provisions of the Agreement.
<u>OAS</u>
Organization of American States.
<u>OAU</u>
Organization of African Unity. Superseded in July 2001 by the African Union.
<u>Observer status</u>
Participation in a meeting to observe the formal proceedings, but without the right to intervene in the debate or take part in making decisions. Observers are not usually admitted to informal sessions or negotiating meetings. They have, however, the right in most cases to address formal meetings, usually after all of the ordinary participants have had their say. They also normally receive all of the formal documents. See also dialogue partner.
<u>OECD</u>
The Organization for Economic Cooperation and Development (OECD) groups 30 member countries in a unique forum to discuss, develop and refine economic and social policies. Established December 1960 and came into being in September 1961. Members (30) include: Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, South Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland, Turkey, United Kingdom and the United States. http://www.oecd.org
<u>OECD Recommendation on Trade and Competition</u>
Formal name Revised Recommendation of the Council for Cooperation Between Member Countries on Anticompetitive Practices Affecting International Trade. It was first adopted in 1986 and revised several times since, the last time in 1995. It is a non-binding instrument. It sets out a range of measures, including procedural arrangements aimed at transparency, consultation and conciliation, members could take to minimize friction between trade and competition policies of different jurisdictions.
<u>OECD shipbuilding agreement</u>
Formal name Agreement Respecting Normal Competitive Conditions in the Commercial Shipbuilding and Repair Industry. It was concluded on 21 December 1994, but it is not yet in force. The Agreement seeks to eliminate the use of subsidies in the construction and repair of self-propelled seagoing vessels of more than 100 gross tons. It does not cover military vessels and fishing boats destined for own use by a party. Annex I contains a list of support measures that are inconsistent with the Agreement, including export credits or subsidies and, domestic support and some support measures for research and development. Parties to the Agreement also have access to a mechanism to deal with injurious pricing which is based on the anti-dumping measures available under the WTO agreements. There is also a dispute settlement mechanism. The Agreement is open for signature to countries outside the OECD.
<u>OECS</u>
Organization of Eastern Caribbean States. It superseded the East Caribbean Common Market. OECS members are Antigua and Barbuda, Dominica, Grenada, Montserrat, St Kitts and Nevis, St Lucia, St Vincent, and the Grenadines. The British Virgin Islands and Anguilla are associate members.
<u>Offer</u>
A country's proposal for further liberalization.

Office International de la vigne et du vin
OIV. Established in 1924 with the objective of collecting and disseminating scientific, technical, economic and legal information on matters related to wine. Its work is of relevance to international trade in wine because many important wine-growing countries adopt its standards for their wine industries. Its secretariat is located in Paris. See also appellation contrôlée and geographical indications.
Office International des Epizooties
See International Office of Epizootics.
Official development assistance
Defined by the Development Assistance Committee of the OECD as grants or loans by its members to a defined list of developing countries. To qualify as official development assistance, activities must be (a) undertaken by the official sector of the donor country, (b) aimed mainly at the promotion of economic development and welfare, and (c) at concessional financial terms. Technical cooperation activities are included, but grants, loans and credits for military purposes do not qualify.
Offsets
Measures used to encourage the development of local industry or to improve the balance of trade by means of local content requirements, licensing of technology, investment requirements, countertrade or similar requirements. Some of these measures are illegal under the Agreement on Trade-Related Investment Measures. The Agreement on Government Procurement prohibits all such offset requirements for its members. As with all forms of protection, offsets may raise domestic costs and therefore harm a country's export efforts. Governments are normally attracted to offsets as a form of infant industry development. See also infant-industry argument.
Old economy
The economy as we knew it until talk in the late 1990s about the superiority of the new economy and the accompanying investment boom made it briefly unfashionable. It turned out that managers of the old economy were much more adaptable than the proponents of the new economy thought possible.
OMA
See Orderly Marketing Arrangement.
OMC
Organisation Mondiale du Commerce. See WTO.
Omnibus Trade and Competitiveness Act
See United States Omnibus Trade and Competitiveness Act.
OMPI
Organisation Mondiale de la Propriété Intellectuelle. The World Intellectual Property Organization. See WIPO.
One-way free-trade area
See asymmetrical trade agreement.
OPEC
Organization of Petroleum Exporting Countries. Established in 1960. Its current members are Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Saudi Arabia, United Arab Emirates and Venezuela. It aims to coordinate and unify production and export policies. Membership is open to countries with a substantial net export of crude petroleum. Its secretariat is located in Vienna.
Open regionalism
A term which implies that any regional arrangement should be outward-looking and lowering barriers to economies outside the arrangement as well as those within it. For some, open regionalism means that full most-favoured-nation treatment will apply to tariff reductions by members of an arrangement. For others it allows the possibility of a preferential trade arrangement, coupled with easy access to membership.
Open-season negotiations
An opportunity available every three years to GATT members under Article XXVIII to conduct technical tariff negotiations when bindings expire. Bindings originally were made for three years. Such negotiations may lead to modifications or withdrawals of concessions. Resort to such negotiations is less common now that bindings are deemed to be permanent. See also renegotiation of tariffs.
Open-skies agreements
These are agreements between governments to give each other unrestricted access to their airports for scheduled passenger and cargo flights. Most international air routes and service frequencies are still allocated on the basis of bilateral air services agreements. These agreements usually specify the maximum number of passenger seats that may be offered and the airports that may be used. See also freedoms of the air.
Opinion:
One of the ways in which the European Community institutions are able to influence the actions of member states. An opinion is not binding, but it expresses a preference for a certain type of action. See also European Community legislation.
OPTAD
Organization of Pacific Trade and Development. It was proposed in 1979 as an organization linking the countries of the Pacific Rim, but it never reached the negotiating stage. Its proponents thought that it would act as forum for the resolution of economic problems, to provide a stimulus for investment and trade flows into the region, to provide a forum for the longer-term economic transformation of the region and to form the foundation for a more constructive approach to the expansion of relations with the Soviet Union, China and Vietnam. Its prospective membership would have included most of the economies that are now the APEC members.
Optimal-intervention principle
The use of the instrument that attains the policy goal with the least amount of undesired side-effect, usually the one that attacks the identified policy problem directly at its source.

<u>Optimal-tariff argument</u>
Also called optimum-tariff argument. An aspect of economic theory which postulates that a country large enough to affect import or export prices may maximize its gains by restricting trade to a carefully judged extent. It can do this through imposing protection through import or export tariffs. Tariffs reduce welfare by distorting production and consumption, but they can sometimes increase welfare by improving the terms of trade. The risk in proceeding in this way is that it will afford unneeded protection to some sectors of the economy. Harry G Johnson noted that only the optimum-tariff argument provides an economic justification for tariffs, and that all other arguments for protection are arguments for subsidies. There is another view of the optimal tariff, not generally thought to be supported by evidence, which assumes that in some cases importing countries have such dominant buying power that the cost of a tariff imposed by them has to be absorbed by the exporting country.
<u>Orderly Marketing Arrangement</u>
A bilateral arrangement whereby an exporting country (government or industry) agrees to reduce or restrict exports without the importing country having to make use of quotas, tariffs or other import controls. OMA's fall in the same category of trade distortions as voluntary restraint arrangements and voluntary import expansion schemes. See also Agreement on Safeguards.
<u>Organic integration</u>
Private cross-border flows of capital, goods and services, technology and information, driven in large part by multinational enterprises. See also economic integration.
<u>Organisation for European Economic Cooperation</u>
OEEC. Established in 1948 as the body administering the Marshall Plan and superseded in 1961 by the OECD.
<u>Organisation Internationale de la Francophonie</u>
See francophone countries.
<u>Organization for Economic Cooperation and Development (OECD)</u>
The Organization for Economic Cooperation and Development (OECD) groups 30 member countries in a unique forum to discuss, develop and refine economic and social policies. Established December 1960 and came into being in September 1961. Members (30) include: Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, South Korea, Luxembourg, Mexico, Netherlands, New Zealand, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland, Turkey, United Kingdom and the United States. http://www.oecd.org
<u>Organization of African Unity</u>
OAU. Established on 25 May 1963. Many of its aims are political, but one of them is economic cooperation, including transport and communications. All independent sovereign nations of Africa may become members, and 53 have taken that step. Its secretariat is located in Addis Ababa. Superseded in July 2001 by the African Union. See also African Economic Community.
<u>Organization of American States</u>
OAS. Established through the Bogotá Charter of 1948 which entered into force in 1951. 35 sovereign states of the Americas participate in it. Cuba was excluded from membership in 1962. OAS seeks, among mainly political objectives, to solve economic problems that may arise among member states and to promote, by cooperative action, their economic, social and cultural development. As part of this, the Miami Economic Summit in December 1994 agreed to establish the FTAA (Free Trade Area of the Americas). The OAS secretariat is located in Washington.
<u>Organization of Eastern Caribbean States</u>
OECS. Established in 1981 to promote, among other objectives, economic cooperation among its members. At the same time, it superseded the East Caribbean Common Market. OECS members are Antigua and Barbuda, Dominica, Grenada, Montserrat, St Kitts and Nevis, St Lucia, St Vincent, and the Grenadines. The British Virgin Islands and Anguilla are associate members. Its economic affairs secretariat is located at St John's, Antigua and Barbuda, but the OECS central secretariat is at Castries, St Lucia.
<u>Origin</u>
See rules of origin.
<u>Original membership of the WTO</u>
Deemed to have been attained by the members of the GATT 1947 who had on 1 January 1995 (a) accepted the Marrakesh Agreement Establishing the World Trade Organization, (b) the multilateral trade agreements annexed to it, and (c) annexed schedules of concessions to the GATT 1994 and schedules of specific commitments to the GATS. Countries meeting these requirements did not have to undergo the accession formalities, but original membership did not confer any other rights. Originating goods: in the administration of rules of origin for preferential trade agreements these are goods deemed to be a "product of the party enjoying preferential access. See also non-originating goods.
<u>Ottawa Imperial Conference</u>
The conference held in 1932 which established the imperial preferences arrangement for the countries then making up the British Commonwealth. The arrangement entered into force in October 1932.
<u>Our Common Future</u>
See World Commission on Environment and Development.
<u>Out-of-cycle reviews</u>
This is a mechanism created by USTR to administer Special 301. Under the provisions of the United States Omnibus Trade and Competitiveness Act, USTR must make an annual report on its monitoring and enforcement activities and the compliance of other countries with trade agreements of which the United States is a member. Where the matter is considered serious enough, USTR will start a review without waiting for the cycle of annual reports. That then is an "out-of-cycle review". See also Monitoring and Enforcement Unit.
<u>Out-of-quota rate</u>
The tariff rate applicable to products imported in excess of a tariff quota. This rate is meant to discourage imports above the quota limit. It is usually much higher than the one applied to imports within the quota. See also in-quota tariff.

<u>Over-quota tariff rate</u>
See out-of-quota rate.
<u>Glossary</u>
A-B C-D E-F G-I J-L M-O P-S T-Z

<u>P-5</u>
Short for Pacific-5. It includes Australia, Chile, New Zealand, Singapore and the United States. At the time of the Auckland APEC meetings (1999) Fred Bergsten suggested that the P-5 should consider forming a free-trade agreement among themselves.
<u>PACER</u>
Pacific Agreement on Closer Economic Relations. An agreement adopted in August 2001 by the Pacific Islands Forum which sets out the framework for the development of trade relations between the Forum members. It is not a free-trade agreement, but it allows for the establishment of free-trade areas. One of these is the Pacific Island Countries Trade Agreement. PACER entered into force on 3 October 2002.
<u>Pacific Agreement on Closer Economic Relations</u>
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<u>Pacific Free Trade Area</u>
PAFTA. An idea for a regional preferential trade arrangement that has been around since the 1960s. Most of the various proposals brought forward over the years have included either the United States or Japan, often both, as the centre of any prospective arrangement. None of them have reached the negotiating stage. Some say that the formation of APEC has made PAFTA redundant. See also OPTAD, PBEC and PECC.
<u>Pacific Island Countries Free Trade Agreement</u>
PICTA. A free-trade agreement adopted in August 2001 by the Pacific Islands Forum. It calls for the establishment of a free-trade area over the next ten years. Australia and New Zealand are eligible to join if they wish. PICTA will enter into force after six countries have ratified it. See also SPARTECA.
<u>Pacific Islands Forum</u>
PIF. Founded in 1971 as the South Pacific Forum. Renamed in 2000. This is an annual meeting of the heads of government of South Pacific states. Its membership is Australia, Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Republic of the Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu. The PFI also has about ten dialogue members. It concerns itself with regional political and economic questions, including the aim of closer regional economic cooperation. It has no written charter. Its secretariat is located in Suva.
<u>Pacific Rim</u>
An imprecise term for the countries bordering the Pacific Ocean. Also known as Pacific Basin. See APEC, PBEC and PECC.
<u>Pacta sunt servanda</u>
The principle in international treaties law, as expressed in Article 26 of the Vienna Convention on the Law of Treaties, that "every treaty is binding upon the parties to it and must be performed by them in good faith".
<u>PAFTA</u>
Pacific Free Trade Area. An idea for a regional preferential trade arrangement that has been around since the 1960s. Some say that the formation of APEC has made PAFTA redundant.
<u>Panel</u>
An independent group of three experts established by the Dispute Settlement Body to examine and issue recommendations on particular dispute in the light of WTO provisions. Sometimes used figuratively for the actual finding or decision made by a panel. Panels are not guided by extraneous factors or rules established outside the WTO framework. See also dispute settlement and Understanding on Rules and Procedures Governing the Settlement of Disputes.
<u>Pan-European Cumulation Area</u>
A scheme established on 1 January 1997 under which goods consisting of components made in more than one participating country are treated in the same way as domestically produced goods. The Area consists of the European Community, EFTA, the Central European Free Trade Area, the Baltic states and Bulgaria. Manufactures qualify for the scheme if 60% or more of their value originates within the Area, but this rises to 100% for agricultural products. See also preferential rules of origin.
<u>Paperless trading</u>
Eliminating the requirement for paper documents, such as customs declarations and freight manifests, to be used in the conduct of international trade and using electronic documents instead. The successful introduction of paperless trading requires overcoming legal and authentication barriers (ensuring that the document transmitted electronically is genuine and has not been tampered with), harmonization of documentation requirements between participants and agreement on the technical standards to be used. See also APEC paperless trading initiative.
<u>Para-tariffs</u>
A name sometimes used for charges levied on imports instead of, or in addition to, tariffs. These can consist of service fees, additional import surcharges or other fees levied on imported products inside the market. Para-tariffs are illegal if they are levied on imports inside the market, but not at the same time on domestic products. Their imposition in such cases would be a denial of national treatment.
<u>Pareto optimum (or efficiency)</u>
The principle defined by Vilfredo Pareto that resources are allocated efficiently when no person can be made better off without some other

person being made worse off. Intermediate situations between the current stage and the optimum are called Pareto-superior.
Paris Club
A forum consisting mainly of OECD member countries which was established to bring together creditor and debtor countries in cases where there are difficulties in meeting loan repayments. It seeks to avoid defaults on loans through debt rescheduling and other mechanisms. The French Treasury provides a secretariat for the Paris Club.
Paris Convention
Full name Paris Convention for the Protection of Industrial Property which established the Paris Union. It came into force in 1884, and it has been revised several times. The latest version is the 1967 Stockholm Revision. The Convention is administered by WIPO. It provides protection for patents, trademarks, industrial designs and applies broadly to industrial property, including geographical indications and appellations of origin. The main features of the Convention are national treatment, right of priority (a person filing for a patent in one member country has a right of priority to file in another country within one year), and independence of protection (patents applied for in member countries by nationals of member countries are independent of patents obtained for the same invention in other countries). See also Agreement on Trade-Related Aspects of Intellectual Property Rights.
Paris Union
See Paris Convention
Part IV of the GATT
A protocol to the GATT which had its origin in the Kennedy Round and entered into force on 27 June 1966. It added Articles XXXVI to XXXVIII to the GATT. In these three articles developed countries agreed broadly that they would not expect reciprocity for tariff reductions and removal of trade barriers where the trade of developing countries is affected. Developed countries would also take measures to ensure that the trade of developing countries would not be disadvantaged by actions taken by developed countries and to work together with them to promote and expand their trade. Although these three articles impose few legal conditions on developed countries, they have shaped to a considerable extent the form of the trading system since 1965 through lessening expectations of what developing countries could or should be required to do. See also Enabling Clause and developing countries and the multilateral trading system.
Partial preferential trade agreement
A term used to describe either preferential trade agreements confined to trade in some sectors or an asymmetrical trade agreement under which only some of the participants grant free access to products from the other members. See also full preferential trade agreement.
Partial-scope trade agreements
Another name for sectoral free-trade areas sometimes negotiated by developing countries under the Enabling Clause.
Partners for Progress
An APEC mechanism based on mutual assistance and voluntarism to promote economic and technical cooperation more efficiently within APEC. It was established by the November 1995 APEC Ministerial Meeting. The mechanism is aimed at activities that support directly the liberalization and facilitation of trade and investment. See also Bogor Declaration and Osaka Action Agenda.
Partnership and Cooperation Agreements
PCAs. The name for the agreements between the European Community and the Newly Independent States. The parties offer each other most-favoured-nation treatment (MFN) for trade in goods. There are provisions also on trade in services, right of establishment, intellectual property protection and other areas. PCAs are seen by the Community in terms of rights and obligations as half-way between its standard framework agreements which do not offer preferences and the Europe Agreements, though there is no presumption of an automatic progression to a preferential trade arrangement.
party to the dispute
Complaining Party or the Party complained against.
Passive reciprocity
A concept introduced by William R Cline which means that two countries may agree cooperatively that reciprocal trade liberalization offers benefits to both of them. Under WTO rules, such liberalization would have to be extended to all WTO members on a most-favoured-nation treatment basis. See also aggressive reciprocity and reciprocity.
Pass-through operations
The process of first shipping goods into a free-trade area through the member country that has the lowest general tariff or which is known for a relatively lax administration of customs rules and then forwarding the goods to their intended market, another member of the free-trade area, in the expectation that no further duties will be payable. This practice is also known as transshipment. Strictly enforced rules of origin are aimed at preventing this practice. See also preferential rules of origin, preferential trade arrangements and substantial transformation.
Patent
The right given to inventors to have exclusive use for a specified period for making, using or selling a new, useful, non-obvious invention. Patents are available for products and processes. See also intellectual property, Agreement on Trade-Related Aspects of Intellectual Property Rights and Strasbourg Agreement Concerning the International Patent Classification.
Patent Cooperation Treaty
Provides for the filing of an international patent application in member states. Filing has to be done through the patent office of which the applicant is a national or resident, and it has the same effect in member states as filing an application with a national patent office of that state. The Treaty has more than 100 members. It is administered by WIPO. See also intellectual property and intellectual property right infringements.
Pathfinder approach
Agreement at the 2001 APEC Economic Leaders' Meeting that groups of member economies able to proceed more quickly towards the realization of the aims of the Bogor Declaration may do so through developing "pathfinder initiatives".
Pauper-labour argument
The argument that industry in countries paying high wages cannot withstand the competition from low-wage countries, and that some form of protection is therefore needed. See also core labour standards, race-to-the-bottom argument, social clause, trade and labour standards and

wage-differential argument.
PBEC
Pacific Basin Economic Council. A non-governmental organization established in 1967 and consisting of more than 1,100 companies located in 19 economies around the Pacific Rim, including Australia, New Zealand, Canada, Japan and the United States. It seeks to promote a business environment conducive to open trade and investment and encouraging competitiveness. It also contributes to the development of policies in APEC. PBEC has a secretariat based in Honolulu.
Peace clause
A provision in Article 13 of the WTO Agreement on Agriculture which says that agricultural subsidies committed under the agreement cannot be challenged under other WTO agreements, especially the Agreement on Subsidies and Countervailing Measures and the GATT. The peace clause will expire on 31 December 2003.
PECC
Pacific Economic Cooperation Conference. Established in 1980. It consists of business, academic and governmental representatives. PECC has 23 members (Australia, Brunei Darussalam, Canada, Chile, China, Colombia, Ecuador, Hong Kong, Indonesia, Japan, Korea, Malaysia, Mexico, New Zealand, Peru, the Philippines, Russia, Singapore, Pacific Islands Forum, Chinese Taipei, Thailand, United States and Vietnam) and two associate members (France and Mongolia) who share their perspectives and expertise on of economic cooperation issues in the Asia-Pacific region. PECC is one of the major contributors of policy ideas to the APEC process. Its secretariat is based in Singapore.
Per se conduct
Used in the administration of antitrust laws for behaviour by a firm that is always against the rules. Per se rules have the advantage of setting a definite legal standard, and they are relatively cheap to enforce since it is only necessary to show that the conduct has occurred. See also competition policy and rule of reason
Performance requirements
See export performance requirements.
performer
Actors, singers, musicians, dancers, and other persons who act, sing, deliver, declaim, play in, interpret, or otherwise perform literary or artistic works or expressions of folklore.
Peril points
A provision first included in the United States Trade Agreements Extension Act of 1948, but deleted in 1949. It was reintroduced in the Trade Agreements Extension Act of 1955. The provision required the United States Tariff Commission to set, through a process involving public hearings, a floor tariff rate for each product which indicated that a reduction below that rate would cause or threaten to cause injury to domestic industry. The President could go below the peril point, but he had to explain his decision to Congress. This provision was not incorporated in the Trade Expansion Act of 1962. See also United States trade agreements legislation.
Permanent Group of Experts
A body established under the WTO Agreement on Subsidies and Countervailing Measures. It consists of five independent persons who are qualified in the fields of subsidies and trade relations. The functions of the Group are to assist panels that may have been convened to adjudicate on the alleged existence of prohibited subsidies and to give advisory opinions on proposed or existing subsidies.
Permanent normal trade relations
An American expression for accordng permanent most-favoured nation treatment to countries that have been subject to annual renewals. See also normal trade relations and temporary normal trade relations. Permanent Secretariat of the General Treaty on Central
Persistent Dumping Clause
A provision in United States Tariff Act of 1930 which allows the Department of Commerce to initiate an anti-dumping investigation in the absence of a petition. This can be done if (a) more than one anti-dumping order is in effect with respect to imports of a class or kind of merchandise, (b) there is reason to believe that there is an extraordinary pattern of persistent dumping from one or more additional supplier countries, and (c) this extraordinary pattern is causing a serious commercial problem for the domestic industry. This clause therefore deals with an aspect of circumvention of anti-dumping measures. See also recidivist dumping.
Persistent Organic Pollutants
See Convention on Persistent Organic Pollutants.
Pflimlin plan
This was a proposal by France in 1951 for a 30% average tariff reduction by all GATT members. The plan would have allowed for extensive waivers for developing countries which would have exempted them from similarly large cuts. It was discussed extensively, but in the end the limited United States negotiating authority, which did not permit anything but item-by-item tariff reductions, put paid to this plan. M Pierre Pflimlin was the French Minister for Foreign Economic Relations at the time. See also waiver.
Phase-in periods
The staged introduction of a new agreement or new commitments, sometimes according to a fixed timetable. The end-point is fixed. For example, the tariff reductions agreed during the Uruguay Round could be phased in through five annual equal reductions, though faster action was of course possible. Other examples of phase-in periods are those applicable under the Agreement on Textiles and Clothing or the Information Technology Agreement. See also implementation and staging.
Phonogram
A recording of the sound of a performance on, for example, a tape or a compact disk. See Geneva Convention, Rome Convention and WIPO Performances and Phonograms Treaty.
PICTA
Pacific Island Countries Free Trade Agreement. Australia and New Zealand are eligible to join if they wish. PICTA will enter into force after six countries have ratified it.

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<u>PIF</u>
Pacific Islands Forum. Its members are Australia, Cook Islands, Federated States of Micronesia, Fiji, Kiribati, Nauru, New Zealand, Niue, Palau, Papua New Guinea, Republic of the Marshall Islands, Samoa, Solomon Islands, Tonga, Tuvalu and Vanuatu.
<u>Pipeline protection</u>
The practice of according protection of intellectual property rights for existing inventions before a patent has been granted formally. Products benefiting from this practice include particularly agricultural chemicals and pharmaceuticals.
<u>Pipeline sanctions</u>
A international problem in 1982 involving the application of United States extraterritoriality. It was aimed at ensuring that American suppliers, their affiliates and foreign firms using American technology would be prevented from participating in the construction of Russian pipelines. European firms were affected heavily, and the United States action led to considerable tension in its relations with the European Community. The matter was in due course settled amicably. See also Westinghouse case.
<u>Piracy</u>
Unauthorized copying of materials protected by intellectual property rights (such as copyright, trademarks, patents, geographical indications, neighbouring rights, etc.) for commercial purposes and unauthorized commercial dealing in copied materials. See also bootlegging and fair-use doctrine.
<u>Plant breeders' rights</u>
A sui generis right of intellectual property protection available under the International Convention for the Protection of New Varieties of Plants. To be eligible for protection, a plant variety must be (a) distinct (i.e. distinguishable from other commonly known varieties), (b) stable (i.e. repeated reproduction must not change its characteristics), (c) homogeneous as far as reproduction or propagation is concerned, and (d) novel in that it has not previously been offered for sale or marketed in the source country with the agreement of the holder of the right. Protection is normally accorded for fifteen to twenty years. See also International Plant Protection Convention.
<u>Ploughshares War</u>
An expression used by Nicholas Butler to describe the trade friction in the agricultural area between the United States and the European Community since the establishment of the Common Agricultural Policy. See also Chicken War.
<u>Plurilateral Agreement</u>
Plurilateral WTO agreements contrast with multilateral agreements in that plurilateral agreements are signed only by member countries that choose to do so, while all members are party to multilateral agreements
<u>Plurilateral trade agreements</u>
Refers to the agreements under the WTO which are not a pre-condition for WTO membership. See WTO plurilateral trade agreements.
<u>Plurilateralism</u>
Doing things in small groups involving more than bilateralism (two participants), but less than multilateralism (many participants). See also minilateralism and WTO plurilateral agreements.
<u>Plus-three countries</u>
Also plus-3 and +3. Usually China, Japan and the Republic of Korea in the context of ASEAN+3.
<u>PNTR</u>
See permanent normal trade relations.
<u>Policy competitiveness</u>
The aim of governments to ensure that major firms establish new production facilities within their jurisdictions through offering better terms and conditions than other prospective sites. It is a consequence of the view that it is possible to benefit at the expense of others. Often the taxpayer is the unwitting underwriter of attempts to achieve policy competitiveness.
<u>Policy-led integration</u>
Regional economic integration promoted through a formal arrangement, usually through a preferential regional trade arrangement. See also market-led integration.
<u>Political will</u>
From the point of view of a trade negotiator, the trait missing among opponents who are unwilling to change their positions. Calls for a demonstration of political will usually are tantamount to a request for more flexibility by the other side. Thus it is by no means uncommon that all negotiators join in a call for a show of political will, no matter how stubbornly they defend their own positions.
<u>Polluter-Pays Principle</u>
A principle embodied in the OECD Guiding Principles Concerning Environmental Policies. It states that the polluter should bear the expenses of carrying out measures decided by public authorities to reduce pollution and to reach a better allocation of resources. The cost of these measures should be reflected in the cost of goods and services which cause pollution in production and/or consumption. Such measures should not be accompanied by subsidies that would create significant distortions in international trade and investment. See also trade and environment.
<u>Pop mercantilism</u>
Not a serious trade policy term, but of interest all the same. According to Mark Harrison of the University of Warwick, it describes the popular view that (a) industries or activities can be classed as essential or inessential, or ranked in order of national priority, and (b) when competition occurs in international markets, some countries gain and others lose. See also mercantilism and neo-mercantilism.

<u>Portfolio investment</u>
Minority holdings of shares, bonds and other securities as part of a diversified portfolio. The main difference between portfolio investment and foreign direct investment is generally seen in the amount of investment involved. Equity holdings of less than 10% would normally be considered portfolio investment. See also investment and non-equity-based investment.
<u>Positive adjustment programs</u>
See structural adjustment. Positive comity: a term used in the administration of competition policy. It means that a country may, under the rules of a relevant bilateral arrangement, request the other country to initiate an action under the competition laws of that country. This can result in action that may otherwise not have been taken by the authorities of the other country. GATS Article IX (Business Practices) incorporates the principle of positive comity. See also negative comity.
<u>Positive integration</u>
Economic integration achieved through the creation of new institutions and regulatory frameworks established for the purpose. See also negative integration.
<u>Positive listings</u>
Countries may inscribe their commitments under the GATS in the form of positive listings. In this way, only the listed activities are covered by all GATS articles, importantly the market access and national treatment obligations. The disadvantage is that all services have to be listed even if there are no market access or national treatment limitations in the sense of the Agreement. Most countries have made all of their listings in this form. See also negative listings and market access for services.
<u>Post-establishment</u>
After an investment has been made. See also pre-establishment and right of establishment.
<u>Poverty Reduction and Growth Facility</u>
PRGF. A program established by the IMF in 1999 to integrate better into its operations in low-income countries the Fund's objectives of poverty reduction. Strategies to reduce poverty are formed by the countries themselves, with the assistance of the IMF. Individual programs are aimed mainly at prudent macro-economic policies, structural reforms and better fiscal management. Eligible countries can borrow at concessional interest rates from a trust fund established for this purpose.
<u>PPM</u>
Process and production method.
<u>PPM labelling</u>
See processes and production method.
<u>Precaution</u>
See precautionary principle.
<u>Precautionary approach</u>
See precautionary principle.
<u>Precautionary principle</u>
This refers to Principle 15 of the Rio Declaration on Environment and Development. In the Cartagena Protocol on Biosafety it is called the precautionary approach. Trade negotiators sometimes simply refer to "precaution". The principle states that where there are threats of serious or irreparable damage [to the environment], lack of full scientific certainty shall not be used as a reason for postponing cost-effective measures to prevent environmental degradation. The precautionary principle has been incorporated in, inter alia, Article 5.7 of the Agreement on Sanitary and Phytosanitary Measures. See also rebuttable presumption and trade and environment.
<u>Pre-competitive development activity</u>
A concept used in the WTO Agreement on Subsidies and Countervailing Measures. Assistance, i.e. subsidies, for research activities conducted by firms or on their behalf is permitted if it does not cover more than 50% of pre-competitive development activities. These are defined as the translation of industrial research findings into a plan, blueprint, or design for new, modified or improved products, processes or services whether intended for sale or use, including the creation of a first prototype which would not be capable of commercial use. It may also include the conceptual formulation and design of products, processes or services.
<u>Predatory pricing</u>
The setting of prices at aggressively low levels, also known as ruinous competition, below-cost pricing, etc. This is the concept thought to underlie the treatment in the GATT of dumping, but it is not actually mentioned in its provisions. No single definition of predatory behaviour enjoys unanimous support, but there is agreement that to qualify as predatory pricing, an action should be aimed at driving efficient competitors out of the market. It has always been difficult to determine what the dividing line between competitive pricing and predatory pricing might be. Predation is a costly activity, and it would only be worth it to the predator if in the end all the costs incurred and the revenues foregone could be recovered. This is a doubtful proposition. See also Areeda-Turner test and non-price predation.
<u>Predatory-pricing dumping</u>
See dumping.
<u>Pre-establishment</u>
The phase in a foreign direct investment proposal between a decision by a company to invest and the receipt of approval from relevant authorities to proceed. In many cases, pre-establishment is simply a necessary planning stage, but it can be contentious if foreign investment screening is involved.
<u>Preference erosion</u>
The gradual disappearance of or reductions in margins of preference as countries proceed with non-discriminatory trade liberalization. See also historical preferences.
<u>Preferences</u>
Favours extended to some trading partners, usually in the form of lower tariffs or non-application of some non-tariff measures. See also

historical preferences, GSP, GSTP, most-favoured-nation treatment and preferential trade arrangements.
Preferential investment arrangements
Formal or informal arrangements which give better access terms to investment capital from selected countries or groups of countries. This may include expedited consideration of investment proposals, permission to invest in activities closed to others, higher ceilings for foreign equity, etc.
Preferential market access
Any market access conditions afforded to a trading partner that are more favourable than the non-discriminatory most-favoured-nation treatment. Preferential access may be reciprocal or symmetrical as in customs unions, free-trade areas, or through the now residual imperial preferences. It can also be non-reciprocal or asymmetrical, as is the case with the ACP-EC Partnership Agreement, the Caribbean Basin Initiative, SPARTECA and other such agreements.
Preparatory work
See travaux préparatoires.
Presence of Natural Persons
One of the modes of services delivery. The producer travels to another country to deliver the service.
Preshipment inspection
PSI. Inspection of goods by specially appointed firms before they are shipped to other countries. PSI is defined in the WTO Agreement on Preshipment Inspection as all activities imposed by a WTO member relating to the verification of the quality, quantity, price, including currency, exchange rates and financial terms, and/or the customs classification of goods to be exported to its territory.
Price bands systems
Mechanisms for the management of commodity prices. Two main varieties occur. The first is a mechanism maintained by some countries to ensure that the price on internal markets of mainly agricultural commodities is kept in a certain relationship to the international market price to afford domestic producers a measure of protection. The way this is done is that when the price of the imported product is high compared to the domestic price, the tariff is lowered. If the imported price is low compared to the domestic price, the tariff is raised. Some have therefore described this kind of price band system as a variable tariff. The second variety of price band systems underpins the operations of buffer stocks. The simplest system consists of three bands, related to the market price of the commodity. When the price is low, the manager may buy. When it is at a medium level, the manager may buy or sell. When the price is high, the manager usually sells.
Price dumping
A category of dumping identified at the time of the Havana Charter negotiations which is now subject to Article VI of the GATT. It is based on the concept that the exporter sells goods abroad at a lower price than in the domestic market, and that this may have an injurious effect on industry in the importing country producing similar goods. See also anti-dumping measures.
Price equalization mechanism
A mechanism designed to ensure that market prices for commercially produced and traded commodities, and therefore returns to their producers, do not fluctuate excessively. This aim is seen as promoting the orderly development of the industry by assuring producers of more predictable remunerative returns. At the same time, it is thought to benefit consumers who can look forward to modest price changes at any one time. Such mechanisms operate in many different ways. The main challenge for all of them is to ensure that it does not turn into a subsidy. This can be done if the producers are responsible for the funding of the mechanism. In this way, price signals will not be ignored. See also buffer stocks, common agricultural policy, floor price, international commodity agreements and price band system.
Price undertaking
An undertaking by an exporter to raise the export price of the product to avoid the possibility of an anti-dumping duty. A price undertaking is not supposed to exceed the alleged margin of dumping, and preferably it should be at the lowest possible level that would be adequate to remove the threat of injury from domestic industry. See also anti-dumping measures, lesser-duty principle and trade harassment.
Price wedge
The difference between the price of a product in a protected market and its price under fully competitive conditions.
Prima facie
Lat., variously rendered as on the face of it, at first sight, on first impression, etc.
Primage
A term denoting the temporary imposition of an import surcharge or a similar measure having the effect of increasing the normal customs duties.
Primary dealers
In the United States banking system, these are firms that have established a trading relationship with the Federal Reserve Bank of New York. To qualify as a primary dealer, a firm must be willing to make markets in the full range of Treasury issues for a reasonably diverse group of customers, and it must satisfy minimum capital requirements. Some United States acts, such as the Iran and Libya Sanctions Act, may lead to the cancellation of a primary dealer licence if the firm engages in activities declared illegal under the acts.
Primary nation embargo
See tuna II.
Principal supplier right
The right, obtained by virtue of one's status as the largest supplier of a particular tariff line to another trading partner, to ask for tariff negotiations under the principal supplier rule.
Principal supplying interest
A right to participate in WTO tariff negotiations for specified product items based on a ranking of export interest in a given product. It is held by the WTO member having the highest ratio of exports affected by the item. It is therefore a right based on the relative magnitude of trade flows. A principal supplying interest differs from principal supplier rights which are based on absolute magnitude of trade flows. It also is

<p>unlike initial negotiating rights which are accorded by one member to another through negotiations. In determining whether a country has a principal supplying interest, the WTO secretariat may only take into account products traded on a most-favoured-nation basis. One of the purposes of the concept of principal supplying interest is to allow smaller and medium-sized traders an opportunity to initiate tariff negotiations in products of major importance to them. See also substantial supplying interest.</p>
<p>Prior informed consent</p> <p>A voluntary procedure governing trade in chemicals or pesticides banned or severely restricted by national governments because of the health and environmental risks they pose. It is being implemented jointly by the Food and Agricultural Organization and the United Nations Environment Programme (UNEP). The procedure entails notifying a central agency of the ban or restriction. The notification is then circulated, and other governments advise the agency whether they consent to the import of chemicals or pesticides listed in this way. Exporting countries in turn undertake only to export these substances to countries that permit their import. The procedure in itself is not a recommendation to ban or restrict the use of chemicals. See also Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, multilateral environment agreements and trade and environment.</p>
<p>Priority foreign country practices</p> <p>See Super 301.</p>
<p>Priority watch list</p> <p>See priority foreign country and Special 301.</p>
<p>Prison labour</p> <p>GATT Article XX(e) allows WTO members to adopt restrictions on the import of goods made by prison labour. Many countries have adopted laws enabling them to ban the import of such products, but the extent to which they enforce them varies. See also core labour standards and social dumping.</p>
<p>Prisoner's Dilemma</p> <p>A device used to demonstrate that apparently rational micro-level decisions do not necessarily lead to rational macro-level outcomes. It is often used in game theory to explain the virtue of collective action as practiced under the multilateral trading system. The dilemma, which occurs in many variations, has in outline the following features. Several prisoners face separate interrogation. Each knows that if none of the others confess, it will result in freedom for all. Each also knows that if one of them confesses, but none of the others do, the one making the confession will get freedom. All of the others will receive severe sentences. If all confess, they will all be punished, but less severely than if only one confessed. The apparently rational decision by each individual prisoner therefore is to confess without bothering too much about the others. The moral is that they all are worse off by confessing than if they had been able to agree among themselves not to confess at all.</p>
<p>Private cartel</p> <p>See cartel.</p>
<p>Private international law</p> <p>The field of law dealing with relations between individuals domiciled in different jurisdictions. As no two countries have the same legal system, the question arises as to which law should prevail. This area of the law is therefore also known as conflict of laws. See also public international law.</p>
<p>Privatization</p> <p>The process by which public assets, previously owned and managed by the state, are restructured as public entities with share capital being offered to the public. Governments sometimes retain a substantial share of the privatized enterprise. The expression is also sometimes used to describe the conversion of a publicly listed company into a private one. See also deregulation.</p>
<p>Procedural protectionism</p> <p>The abuse especially of anti-dumping measures, countervailing duties or safeguards in a way that turns them into protectionist mechanisms.</p>
<p>Process protectionism</p> <p>A term used by I. M. Destler to describe a domestic system under which trade remedies can be invoked more easily than under the standard WTO rules</p>
<p>Processes and production method</p> <p>A term used in discussions concerning trade and environment. It deals with the environmental effects of processes by which goods and services are produced. A negative effect may occur in two main ways: (a) through the transformation of the product itself and (b) through a production process that does not affect the characteristics of the finished good. Some have argued that a labelling system should be established to let the consumer know what processes have been used in the production of a good. This is the so-called PPM-labelling.</p>
<p>Procès-verbal</p> <p>The preparation of minutes, recording of agreed conclusions and other written descriptions of transactions occurring in a meeting.</p>
<p>producer of phonograms</p> <p>Means the person, or the legal entity, who or which takes the initiative and has the responsibility for the first fixation of the sounds of a performance or other sounds, or the representations of sounds; "phonogram" means the fixation of the sounds of a performance or of other sounds, or of a representation of sounds, other than in the form of a fixation incorporated in a cinematographic or other audiovisual work.</p>
<p>Producer subsidy equivalent</p> <p>PSE. A term used in agricultural negotiations. PSE is defined as the subsidy that would be necessary to compensate agricultural producers for removing government support. Expressed as a percentage, it is the ratio of the total value of transfers to producers as a result of government policies to total producer income. When this ratio is positive, the PSE indicates that the producer is receiving assistance. When it is negative, the producer is taxed. See also consumer subsidy equivalent.</p>
<p>Producers of Phonograms and Broadcasting Organizations</p> <p>see Rome Convention.</p>
<p>Product cycle theory</p>

	Proposed by Raymond Vernon in 1966. It states that highly industrialized countries enjoy a comparative advantage in the research and development of new products because they have better access to capital and specialized human resources. The product cycle is assumed to consist of several stages, beginning with production in a small custom-oriented market, later becoming the domain of the multi-national firm and reaching its apex with the manufacture of the product in lower-cost countries from where the product is re-exported to the market in which it had been developed originally. See also Heckscher-Ohlin theorem.
	Product-by-product negotiations
	See item-by-item tariff negotiations.
	Product-mandating
	A governmental requirement that a new investor export to certain countries or regions. See also export performance requirements.
	Produit similaire
	See like product.
	Professional services
	A class of services usually provided by persons having specialist educational qualifications or training. Sometimes permission to offer such services also depends on membership of a professional body. Examples of professional services are those offered by accountants, architects, auditors, chemists, engineers, doctors, lawyers, librarians, pharmacists, physiotherapists, psychologists, surveyors and veterinarians. In NAFTA professional services are defined as services where the delivery requires specialized post-secondary education or equivalent training or experience, subject to a right to practice being granted by a party to the Agreement. Services provided by tradespersons or ship and aircrew members do not qualify as professional services.
	Profit-shifting tariff
	A concept in economic theory founded in mercantilism which proposes that it is possible to shift monopoly rents from a foreign country to one's own territory through the imposition of a tariff. The tariff would cream off the excess profit the foreign firm would otherwise be making. Economists have noted that the profit-shifting tariff is yet another mercantilist argument for restricting imports and promoting exports.
	Progressive liberalization
	An important principle enshrined in the GATS. It had its origin in the Punta del Este Declaration which launched the Uruguay Round. There it was identified with transparency and economic growth as one of the aims for the forthcoming services negotiations. This principle was carried forward into Article XIX of the GATS which requires members to enter into successive rounds of negotiations at least every five years and no later than 1 January 2000. See also WTO built-in agenda.
	Prohibited subsidies
	A concept used in the WTO Agreement on Subsidies and Countervailing Measures to denote subsidies contingent on export performance or subsidies contingent on the use of domestic rather than imported goods. WTO members are not allowed to maintain this type of subsidies. See also actionable subsidies, local-content rules, non-actionable subsidies, subsidies and Agreement on Trade-Related Investment Measures.
	Prohibitive tariff
	A tariff rate set so high that it acts as an insurmountable barrier to imports. See also protective tariff.
	Proportionality
	A concept used to compare the trade costs of a measure with the benefits that the measure might have for other areas of governmental policy. The idea is that there should be some rational relationship between the cost impact of a measure and the benefits it is likely to produce. It is one measure that can be used for determining the necessity of a trade measure.
	Proprietary information
	See trade secrets.
	Proprio motu
	Lat. on one's own initiative. For example, Article 144.4 of the Japan-Singapore free-trade agreement states that the "arbitral tribunal may, at the request of a Party or proprio motu, select, in consultation with the parties, no fewer than two scientific or technical experts who shall assist the arbitral tribunal . . ."
	Protection
	The extent to which domestic producers and their products are shielded from the competition of the international market. The incidence or cost of protection can be measured or estimated with a high degree of accuracy. Tariffs are the starting point in the case of goods, but the matter becomes more complicated where tariffs are accompanied by non-tariff measures, or if protection consists entirely of non-tariff measures, or government regulation in the case of services. Methods are available also for estimating the cost of protection of service industries, but these are rather less accurate than the ones for goods. Protection differs considerably from protectionism. See also assistance, bounty, effective rate of protection, international contestability of markets, optimal tariff and subsidy.
	Protection of fisheries resources
	See herring and salmon, tuna (Canada-United States, 1982), tuna I and tuna II.
	Protectionism
	A climate of economic policy formulation which sees merit in preventing the exposure of domestic producers to the rigours of the international market. The basic means for achieving this are tariffs, subsidies, voluntary restraint arrangements and other non-tariff measures, with an emphasis on the less transparent measures. More complex cases can involve alleged cultural, environmental and other considerations. Protectionism can also be promoted through the vigorous use of contingent protection. In most cases, protectionism merely delays the inevitable adjustment of inefficient industries to the market. See also cultural identity, structural adjustment and trade and environment.
	Protective tariff
	A tariff designed to shelter part of the national productive capacity from the full impact of foreign competition. See also protection and revenue tariff.
	proteins

See oilseeds panel.
Protocol
A protocol is a treaty drafted to supplement another treaty or convention. It contains all the elements found in other types of treaties (preamble, definitions, signature, ratification, entry into force, etc.), and it shares the same legally binding quality. A protocol must be consistent with its parent treaty. If a conflict arises, the parent treaty prevails over the protocol. A protocol is needed each time the results of multilateral negotiations have to be added to the WTO instruments.
Protocol of accession
The instrument which sets out the terms and conditions under which a country becomes a member of the WTO, or for that matter, some other international organizations. In the WTO, these protocols are largely standardized, but they sometimes reflect particular circumstances of the acceding country. See also accession.
Protocol of Ouro Preto
See Mercosur.
Protocol of Provisional Application
PPA. This was adopted by the original members of the GATT in 1947 to apply the Agreement provisionally pending a decision to do so permanently. That decision never was taken. The PPA is not part of the GATT 1994.
Protocol of Tegucigalpa
See SICA.
protocols
Additional agreements attached to the GATS. The Second Protocol deals with the 1995 commitments on financial services. The Third Protocol deals with movement of natural persons.
Provisional anti-dumping duties
Duties or charges imposed once it becomes evident that there is a prima facie case of dumping. The WTO rules on anti-dumping measures permit governments to impose provisional anti-dumping duties under three conditions. These are (a) a proper investigation has been initiated, (b) a preliminary affirmative determination has been made of dumping and consequent injury to domestic industry, and (c) the authorities deem them necessary to prevent injury being caused during the investigation period. Provisional anti-dumping duties may not exceed the provisionally estimated margin of dumping. The WTO rules stress, however, that asking for a cash or bond security would be preferable. In principle, provisional anti-dumping duties should be imposed for no longer than four months, though this may be extended to up to nine months in some circumstances.
provisional duty
Provisionally applied as opposed to definitive duty.
Provisional safeguard measures
May be applied under the WTO Agreement on Safeguards if a preliminary determination shows that increased imports have caused or are threatening to cause serious injury. Provisional safeguard measures may be applied for no longer than 200 days. WTO members have to go through the full safeguards procedures if they want to continue the measures beyond that limit.
prudence, prudential
In financial services, terms used to describe an objective of market regulation by authorities to protect investors and depositors, to avoid instability or crises.
Prudential regulation
In financial services, terms used to describe an objective of market regulation by authorities to protect investors and depositors or to avoid instability or crises. Prudential measures require banks and insurance companies to maintain certain capital reserves and mandatory asset ratios. They have to meet strict reporting requirements. There is no agreement on what an optimal level of prudential control might be. Opinion is in favour of clear and enforceable prudential measures, but they have not prevented some spectacular exploits by financial services firms or company crashes. Prudential measures are not normally considered impediments to trade in financial services, and they do not have to be listed under the GATS as measures capable of affecting market access and national treatment.
PSI
Preshipment inspection — the practice of employing specialized private companies to check shipment details of goods ordered overseas — i.e. price, quantity, quality, etc.
Public cartel
See cartel.
Public international law
The law concerning relations between states or between states and international organizations. See also International Court of Justice and private international law.
Public procurement
See government procurement.
Punta del Este Declaration
The Ministerial Declaration formally launching the Uruguay Round.
Pure export cartel
See cartel.
QRs

Quantitative restrictions — specific limits on the quantity or value of goods that can be imported (or exported) during a specific time period.
Quad Canada, EC, Japan and the United States.
Quadrilaterals Originally periodic trade policy talks between the United States, the European Community, Japan and Canada. Now also applied to the four acting together. Often shortened to Quad. See also minilateralism.
Qualifying value content Used in some free-trade agreements to denote the point at which a product is considered to be the product of another party, and therefore eligible for preferential customs treatment. See also rules of origin.
Quantitative export restrictions See export quotas and voluntary restraint arrangement.
Quantitative restrictions Specific limits on the quantity or value of goods that can be imported (or exported) during a given period. Article XI of the GATT proscribes the use of quantitative restrictions, subject to specified exceptions, including those listed in Article XX which covers general exceptions. See also export quotas, import quotas and tariff quotas.
Quarantine measures See sanitary and phytosanitary measures.
Quint Consists of the agriculture ministers of Australia, Canada and Japan, the United States Secretary of Agriculture and the European Commissioner for Agriculture. The group was established during the Uruguay Round. It now meets at irregular and infrequent intervals.
Quota-hopping The transfer of production of products subject to an export quota from a country with a limited quota availability to one where a quota may be obtained more easily. See also rules of origin.
Race-to-the-bottom argument Expresses the fear that the need to compete with imports from countries with low labour costs and lower labour standards will reduce wages and labour conditions in the developed countries. This argument forms part of the rationale for discussions on a social clause and trade and labour standards. A similar argument has been made in relation to environmental standards where it is thought that lower environmental requirements in some countries could give them a competitive advantage. See also core labour standards, social dumping, trade and environment, wage-differential argument and workers rights.
RBPS Restrictive Business Practices. Anti-competitive behaviour by private firms of the type dealt with by national competition laws and policies. These can include collusion, abuse of dominant position, refusals to deal, price discrimination, resale price maintenance, exclusive dealing, vertical and horizontal arrangements, etc.
Rebuttable presumption A legal term in common use in the United States meaning that an action is deemed to conform with the law until shown otherwise. Some say that the word "rebuttable" is redundant since any presumption can be challenged. The term is sometimes used in discussions of the precautionary principle.
Recidivist dumping Sometimes used, especially by American negotiators, for companies that persist in dumping their products, and that allegedly see dumping as a way of doing business. See also anti-dumping measures and Persistent Dumping Clause.
Reciprocal free trade The proposition that one should liberalize market access only to those who are prepared to open their markets in turn. There is no implication that this would necessarily lead to the condition usually defined as free trade. See also reciprocity.
Reciprocal free-trade area See free-trade-areas.
Reciprocal Trade Agreements Program See United States Reciprocal Trade Agreements Program.
Reciprocity The practice in the WTO, but not a contractual requirement, by which governments extend similar concessions to each other, as when one government lowers tariffs or other barriers impeding imports in exchange for equivalent concessions from a trading partner. This is also known as achieving a balance of concessions. Concessions made as a result of reciprocal bargaining must be extended through the most-favoured-nation rule to all WTO members. See also mirror-image reciprocity and reciprocity at the margin.
Reciprocity at the margin An American term meaning that the overall value of concessions offered to trading partners should roughly match the value of concessions received in turn. See also mirror-image reciprocity.
Recognition The act of recognizing by one country of the qualifications, standards, licence requirements or testing methods of another country. Such recognition can have a considerable impact on the conduct of trade. Under the GATS, recognition may be done unilaterally, mutually or through harmonization. If a country accords recognition to another country, it does not have to extend it to others, as most-favoured-nation

treatment would require. It must, however, give others an opportunity to demonstrate that they, too, can meet the required standards. See also Agreement on Technical Barriers to Trade, harmonization of standards and qualifications and mutual recognition arrangements.
Recommendation
One of the means available to the European Community to influence the actions of member states, even though recommendations are not binding. Recommendations are also commonly used in the OECD. See also European Community legislation.
Rectifications
Adjustments to a country's tariff schedule, usually to remove errors made in its preparation. See also renegotiation of tariffs.
Re-exports
Goods brought into a country on a temporary basis and destined ultimately for other markets, sometimes after some value has been added. See also entrepôt trade and free-trade zones.
Reference paper on telecommunications services
A set of definitions and principles concerning the regulatory framework for basic telecommunications services, adopted by the WTO on 24 April 1996. The reference paper seeks to prevent anti-competitive practices, ensure interconnection under non-discriminatory terms, and to promote a transparent, non-discriminatory and competitively neutral universal service obligation. It makes the public availability of licensing criteria mandatory. It also postulates the existence of independent regulatory authorities. Allocation of scarce resources, including frequencies, numbers and rights of way, is to be done in an objective, timely, transparent and non-discriminatory manner. See also Agreement on Basic Telecommunications Services and competitive neutrality.
Reform process/program
The Uruguay Round Agreement on Agriculture starts a reform process. It sets out a first step in the process, i.e. a program for reducing subsidies and production and other reforms. Current negotiations launched under Article 20 are aimed at continuing the reform process. See also continuation clause.
reform programme
Programme for reducing subsidies and protection and other reforms under the Agriculture Agreement.
Refusal to deal
See boycott.
Regatta approach
A term sometimes used in the context of enlargement of the European Community. Under this approach, some applicant countries would start accession negotiations more or less at the same time, and those with the fewest adjustment difficulties to overcome would reach the finishing line first. They would then be admitted without awaiting equal progress by the others. See also Agenda 2000 and Treaty of Nice.
Regional integration arrangement
RIA. A bilateral or regional economic agreement that goes beyond the reach of a regional trade arrangement. An RIA typically seeks to achieve a degree of economic integration based on, for example, harmonization of various national policies or the adoption of policies aimed at similar outcomes.
Regional Trade and Investment Framework Agreement
A type of agreement negotiated by the United States with groups of countries, aimed at addressing trade and investment issues and eliminating or reducing barriers to trade. See also Trade and Investment Framework Agreement.
Regional value content
A concept used in the administration of rules of origin under NAFTA. The main method used in NAFTA for assessing whether a good qualifies for preferential admission is the change in tariff classification based on the Harmonized System. In some cases, especially chemical and automotive products, NAFTA requires a specified minimum North American content expressed as a percentage. This is the regional value content. Two calculation methods are used. The first is the transaction value formula based on the price actually paid for a good. The second is the net cost formula (total cost minus the cost of sales promotion, packaging and shipping, after-sales service, etc.). The minimum level for the former is usually 60% and for the latter 50%. The higher value for the transaction value formula is due to the broader nature of this cost.
Regionalism
Actions by governments to liberalize or facilitate trade on a regional basis, sometimes through free-trade areas or customs unions. Many see regionalism as complementary to multilateralism because it appears to offer a quicker way to achieve results for the participating economies than the full multilateral process. This is not necessarily the case. Often, the perceived faster pace of regional liberalization, where this actually occurs, is due only to the fact that multilateral outcomes may take a long time to negotiate. Moreover, the apparently faster pace of regional negotiations is often balanced by extended phase-in arrangements or carve-outs for sensitive products. The time difference in reaching the end-points may therefore be less than seems to be the case. See also APEC, hubs and spokes and open regionalism.
related rights
The field of rights related to copyright has rapidly developed over the last 50 years. These related rights grew up around copyrighted works, and provide similar, although often more limited and of shorter duration, rights to: (i) performing artists (such as actors and musicians) in their performances; (ii) producers of sound recordings (for example, cassette recordings and compact discs) in their recordings; (iii) broadcasting organizations in their radio and television programs.
Relative reciprocity
The expectation in a reciprocal arrangement that the partners would not have the same level of obligations towards each other. See also reciprocity at the margin.
Remissions
See border tax adjustments.
Repeat dumping

See recidivist dumping.
Requests and offers
Market access negotiations in the WTO for goods and services usually proceed on the basis of bilateral requests and offers, except in the case of accession negotiations which are confined to requests by existing members. Requests are normally made by countries which have a significant interest in the traded product. Offers can be made in response to requests or concurrently. When two parties have reached agreement on the extent of new market access they are willing to give and accept, the result must be extended to all other WTO members on a most-favoured-nation basis. See also first-difference negotiations, initial negotiating rights, most-favoured-nation treatment, principal supplier rights and principal supplying interests.
Re-regulation
The institution of a new regulatory framework as part of the deregulation of an industry. This may seem contradictory at first glance, but it aims to ensure that competition feature in the deregulated market is genuine. Deregulation often takes away the monopoly function of service providers, but it tends to leave them as important players in the market which is now open to others. Because the former monopoly provider is well ensconced, it may have sufficient dominance to retain a de facto monopoly. It may therefore be necessary to enact new competition laws to ensure that the former monopoly does not abuse its market power, and that new entrants get a proper chance to establish their viability in the market.
Resentment, inefficiency, bureaucracy, and stupid signals
Identified by Michael Aho as ingredients for the emergence of a series of regional trade blocs.
Reserved negotiations
See renegotiations of tariffs.
Residual quantitative restrictions
This normally refers to quantitative restrictions imposed to safeguard foreign exchange reserves, but which are still maintained after these difficulties have disappeared.
Residual tariffs
Used by some to describe the low tariffs on industrial products that are now the rule in developed economies. Some see them as "left-overs" from the Uruguay Round that now should be eliminated completely.
Resources diplomacy
National and intergovernmental actions and policies aimed at ensuring non-discriminatory and reliable access to supplies and remunerative markets for raw materials. For examples of issues and mechanisms see agriculture and the multilateral trading system, Charter of Economic Rights and Duties of States, commodity, commodity cartels, commodity policy, commodity terms of trade, Common Fund for Commodities, Global Negotiations, Integrated Programme for Commodities, international commodity agreements, international commodity bodies, New International Economic Order and UNCTAD.
Resources for Food and Agriculture, Global quota
A limit set by a country on the total quantity of a product that may be imported or exported within a specified period, usually one year. See also tariff quota.
Restrictive business practices
RBPs. Anti-competitive behaviour by private firms of the type dealt with by national competition laws and policies. These can include collusion, abuse of dominant position, refusals to deal, price discrimination, resale price maintenance, exclusive dealing, vertical and horizontal arrangements, etc. There is no accepted international standard on what constitutes RBPs or how they are to be dealt with. The Havana Charter included a chapter on them, but the Charter did not enter into force. In 1980, UNCTAD adopted the Set of Multilaterally Agreed Equitable Principles and Rules for the Control of Restrictive Business Practices, but it does not contain binding obligations. Much work has also been in the OECD on this subject. See also antitrust laws, Arrangements for Consultations on Restrictive Business Practices, competition policy and trade and competition.
Retaliation
Action taken by a country to restrain imports from a country that has increased a tariff or imposed other measures adversely affecting its exports. There are strict rules and procedures requiring exhaustion of dispute settlement under the WTO for retaliatory action, but countries sometimes are tempted to act outside these. Retaliation is also available to the United States under Section 301. See also cross-retaliation and suspension of concessions or other obligations.
Retaliatory tariff
A tariff aimed mainly at countering tariff increases by others, usually at a punitive level. Governments may feel satisfied that by imposing a retaliatory tariff they have defended the national interest, but in reality they have also managed to raise costs for domestic producers and consumers alike. See also beggar-thy-neighbour policies.
Revealed comparative advantage
See comparative advantage.
Revenue tariff
A tariff with a minimal protective function aimed mainly at producing a steady revenue stream for government. For some developing countries the tariff is one of the principal sources of income, and they may therefore be reluctant to cut tariffs, unless another revenue source can be identified. See also nuisance tariff.
Reverse consensus
The principle that a report or decision is deemed adopted unless there is a consensus not to do so.
Reverse engineering
The controversial concept of acquiring a technological capacity through imitation of a product, generally by taking it apart to work out how it operates. The resulting product must not result in intellectual property right infringements. See also decompilation.

<u>Reverse fast-track</u>
A proposal by Senator Max Baucus in July 2000 that the United States Congress should be able to legislate not only for fast-track, but that it also should be able to withdraw fast-track entirely or in respect to a particular negotiation. See also Trade Promotion Authority.
<u>Reverse notification</u>
The normal way to achieve transparency in the GATT, and now the WTO, is for governments to notify other members of trade measures they have taken or are about to take. A different approach was adopted at the end of the Tokyo Round when a database was established within the GATT Secretariat based on notifications made by governments of measures contained by others, i.e. through reverse notification. See also notification.
<u>Reverse preferences</u>
Preferences accorded by developing countries to developed countries. Some claim that such preferences used to be part of the Association Agreements between the European Economic Community and developing countries. There is some doubt that contractual reverse preferences exist now. See also GSP and GSTP.
<u>Reverse special and differential treatment</u>
A term devised by Jagdish Bhagwati to describe the proposition that developing countries should introduce measures to ensure minimum labour and environmental standards. The idea is that this would bring their costs into a more realistic relationship to those borne by developed countries already adhering to these standards. See also core labour standards and trade and environment.
<u>Reverse transfer of technology</u>
A term used particularly in the United Nations system to describe the flow of scientists and highly trained specialists from developing countries to developed countries. This is the so-called brain drain. Numerous meetings on this subject have led neither to agreement on its causes nor on possible remedies. Suggestions by developing countries that recipient developed countries should pay some form of compensation have fallen on barren ground.
<u>Right of establishment</u>
The right to establish a commercial entity in another country for the purpose of producing for the local market or importing products from another economy and distributing them. Establishment normally entails some form of investment, including acquisitions, mergers and takeovers. See also commercial presence, foreign direct investment, joint venture, post-establishment and pre-establishment.
<u>Rome Convention</u>
Treaty, administered by WIPO, UNESCO and ILO, for the protection of the works of performers, broadcasting organizations and producers of phonograms.
<u>rules of origin</u>
Laws, regulations and administrative procedures which determine a product's country of origin. A decision by a customs authority on origin can determine whether a shipment falls within a quota limitation, qualifies for a tariff preference or is affected by an anti-dumping duty. These rules can vary from country to country.
<u>S&D</u>
"Special and differential treatment" provisions for developing countries. Contained in several WTO agreements.
<u>SACU</u>
Southern African Customs Union comprising Botswana, Lesotho, Namibia, South Africa and Swaziland.
<u>safeguard measures</u>
Action taken to protect a specific industry from an unexpected buildup of imports — governed by Article XIX of the GATT 1994.
<u>schedule</u>
"Schedule of Specific Commitments" — A WTO member's list of commitments regarding market access and bindings regarding national treatment.
<u>schedule of concessions</u>
List of bound tariff rates.
<u>SELA</u>
Latin American Economic System.
<u>serious injury</u>
Is a significant overall impairment in the position of a domestic industry. Normally, the following factors are examined in order to determine whether the domestic industry has been seriously injured by imports: share of domestic market taken by increased imports, changes in the levels of sales, production, productivity, capacity utilization, profits and losses, and employment.
<u>service sectors</u>
Several broad service categories have been defined for the purpose of services trade negotiations at the WTO and used by many countries pursuing services negotiations in other fora. They include the following: business and professional services; communications; construction/engineering services; transport services; distribution services; educational services; health services; financial services; environmental services; cultural and recreational services.
<u>Single undertaking</u>
Virtually every item of the negotiation is part of a whole and indivisible package and cannot be agreed separately. "Nothing is agreed until everything is agreed". http://www.wto.org/english/tratop_e/dda_e/work_organ_e.htm
<u>special agricultural safeguard regime</u>
Provisions within the Uruguay Round (WTO) Agreement on Agriculture designed to protect products which were subject to tariffication from

	surges in imports or large price declines.
<u>specific commitments</u>	See "schedule".
<u>specific tariff</u>	A tariff which is imposed in terms of specific monetary charges per unit or quantity of the imported good. For instance, \$100 per metric ton of a given good.
<u>SPS</u>	Sanitary and Phytosanitary measures or regulations — implemented by governments to protect human, animal and plant life and health, and to help ensure that food is safe for consumption.
<u>SPS regulations</u>	Sanitary and Phytosanitary regulations — government standards to protect human, animal and plant life and health, to help ensure that food is safe for consumption.
<u>subsidy</u>	There are two general types of subsidies: export and domestic. An export subsidy is a benefit conferred on a firm by the government that is contingent on exports. A domestic subsidy is a benefit not directly linked to exports.
<u>substantial supplier</u>	Supplier of a good that exports important quantities of a good on a regular basis. In trade agreements a country may be considered as a substantial supplier if for a specific period of time it has been the territory of origin of a given percentage (for instance 10%) of the total imports of the good subject to a safeguard measure in the importing country.
<u>Sui generis</u>	Specific
<u>suspension of benefits</u>	Suspension by a Party of benefits or obligations enjoyed by another Party under an Agreement, such as in response to, or retaliation for, non-compliance with a ruling or recommendation by the latter Party. Under the WTO DSU, such suspension or withdrawal of concessions is subject to prior multilateral authorization.
<u>swing</u>	When an exporting country transfers part of a quota from one product to another restrained product.
<u>TARIC</u>	Integrated Tariff of the European Community.
<u>tariff binding</u>	Commitment not to increase a rate of duty beyond an agreed level. Once a rate of duty is bound, it may not be raised without compensating the affected parties.
<u>tariff escalation</u>	Higher import duties on semi-processed products than on raw materials, and higher still on finished products. This practice protects domestic processing industries and discourages the development of processing activity in the countries where raw materials originate.
<u>tariff peaks</u>	Relatively high tariffs, usually on "sensitive" products, amidst generally low tariff levels. For industrialized countries, tariffs of 15 per cent and above are generally recognized as "tariff peaks".
<u>tariffication</u>	Procedures relating to the agricultural market-access provision in which all non-tariff measures are converted into tariffs.
<u>tariff-rate quota/ tariff quota</u>	A trade protection system by which a lower tariff rate is imposed on imports of specified quantities of a given product, and higher rates are imposed on imports that exceed those quantities. The size of the quota is normally defined by the government on a periodical basis, for instance, annually.
<u>tariffs</u>	Customs duties on merchandise imports. Levied either on an ad valorem basis (percentage of value) or on a specific basis (e.g. \$7 per 100 kgs.). Tariffs give price advantage to similar locally-produced goods and raise revenues for the government.
<u>TBT</u>	The WTO Agreement on Technical Barriers to Trade.
<u>temporary movement of natural persons</u>	(Mode 4) - A mode of service supply or trade where services are supplied by nationals of one member of a trade agreement in the territory of another, requiring the physical presence of the service provider in the host country. This mode includes both independent service providers as well as employees of the services providers of another member. Examples include consultants, teachers and actors of one country supplying services through their physical presence in a member country, or the managers of a multinational enterprise.
<u>Test data</u>	Data are generated through extensive pre-clinical trials on animals and clinical trials on humans and submitted to governmental agencies in

	order to provide evidence with respect to the safety, quality and efficacy of these products.
<u>third party</u>	
	A Party that has notified an interest in a dispute proceeding and is not a Party to the dispute.
<u>TMB</u>	
	The Textiles Monitoring Body, consisting of a chairman plus ten members acting in a personal capacity, oversees the implementation of ATC commitments.
<u>TPRB, TPRM</u>	
	The Trade Policy Review Body is General Council operating under special procedures for meetings to review trade policies and practices of individual WTO members under the Trade Policy Review Mechanism.
<u>traceability</u>	
	Traceability, referring to metrological standards, is a property of the result of a measurement or value of a standard whereby it can be related to stated references, usually national or international standards, through an unbroken chain of comparisons all having stated uncertainties. Traceability is the property by which comparability and confidence of results are assured.
<u>trade capacity building</u>	
	Development and enhancement of trade-related capacities and core skills of countries through technical cooperation and other forms of assistance to optimize their participation in negotiations, implement their trade commitments.
<u>trade facilitation</u>	
	Removing obstacles to the movement of goods across borders (e.g. simplification of customs procedures).
<u>trade facilitation measures</u>	
	Trade facilitation measures are actions undertaken with the objective of facilitating market access of traded goods and services in areas within the scope of a trade agreement. These actions can include inter alia: provisions for expediting and simplifying conformity assessment procedures, certification or accreditation of laboratories.
<u>trade-balancing measure</u>	
	Requirement that the investor use earnings from exports to pay for imports.
<u>trademark</u>	
	A trademark is a distinctive sign which identifies certain goods or services as those produced or provided by a specific person or enterprise.
<u>traditional Knowledge</u>	
	Refers to tradition-based literary, artistic or scientific works; performances; inventions; scientific discoveries; designs; marks, names and symbols; undisclosed information; and all other tradition-based innovations and creations resulting from intellectual activity in the industrial, scientific, literary or artistic fields. "Traditionbased" refers to knowledge systems, creations, innovations and cultural expressions which: have generally been transmitted from generation to generation; are generally regarded as pertaining to a particular people or its territory; and, are constantly evolving in response to a changing environment. Categories of traditional knowledge could include: agricultural knowledge; scientific knowledge; technical knowledge; ecological knowledge; medicinal knowledge, including related medicines and remedies; biodiversity-related knowledge.
<u>transitional safeguard mechanism</u>	
	Allows members to impose restrictions against individual exporting countries if the importing country can show that both overall imports of a product and imports from the individual countries are entering the country in such increased quantities as to cause — or threaten — serious damage to the relevant domestic industry.
<u>transparency</u>	
	Degree to which trade policies and practices, and the process by which they are established, are open and predictable.
<u>transparency provisions</u>	
	announcement and dissemination of information about a tender; the definition and dissemination of criteria for prospective bidders; the establishment of timelines and guidelines for preparation and submission of bids; information about the type of award procedure being used; the definition and dissemination of criteria used to evaluate the quality and competitiveness of a given bid; and the availability of avenues for challenging given awards.
<u>TRIMS</u>	
	Trade-related investment measures.
<u>TRIPS</u>	
	Trade-Related Aspects of Intellectual Property Rights.
<u>UNCITRAL</u>	
	United Nations Centre for International Trade Law, drafts model laws such as the one on government procurement.
<u>UNCTAD</u>	
	The UN Conference on Trade and Development.
<u>UPOV</u>	
	International Union for the Protection of New Varieties of Plants (Union internationale pour la protection des obtentions végétales)
<u>Uruguay Round</u>	
	Multilateral trade negotiations launched at Punta del Este, Uruguay in September 1986 and concluded in Geneva in December 1993. Signed

	by Ministers in Marrakesh, Morocco, in April 1994.
<u>variable levy</u>	Customs duty rate which varies in response to domestic price criterion.
<u>VRA, VER, OMA</u>	Voluntary restraint arrangement, voluntary export restraint, orderly marketing arrangement. Bilateral arrangements whereby an exporting country (government or industry) agrees to reduce or restrict exports without the importing country having to make use of quotas, tariffs or other import controls.
<u>waiver</u>	Permission granted by WTO members allowing a WTO member not to comply with normal commitments. Waivers have time limits and extensions have to be justified.
<u>Washington Treaty</u>	Treaty for the protection of intellectual property in respect of lay-out designs of integrated circuits.
<u>WCO</u>	World Customs Organization, a multilateral body located in Brussels through which participating countries seek to simplify and rationalize customs procedures.
<u>weighted average</u>	The percentage determined by dividing the aggregate dumping margins determined for a specific exporter or producer by the aggregate export prices and constructed export prices of such exporter or producer.
<u>WIPO</u>	World Intellectual Property Organization.

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