



**Organization of  
American States**



**Inter-American  
Development Bank**



UNITED NATIONS



**Economic Commission for  
Latin America and the  
Caribbean**

# **Dictionary of Trade Terms**





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This publication has been produced through the collaboration of the Trade Unit of the Organization of American States (OAS), the Integration and Regional Programs Department of the Inter-American Development Bank (IDB), and the Washington Office of the United Nations Economic Commission for Latin America and the Caribbean (ECLAC).

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## **Dictionary of Trade Terms**

The intent of this dictionary was to produce a broad listing of terms, which are commonly used in trade negotiations and especially within the context of the Free Trade Area of the Americas (FTAA) with a view to providing an information tool for the public at large. The dictionary is presented in the four official languages of the FTAA: English, Spanish, Portuguese and French.

The compilation does not attempt to present the entire universe of terms used nor does it seek to prejudge or to affect in any way definitions or approaches currently proposed by any country in any trade negotiation. In fact, many of the definitions included in the publicly-available Draft FTAA Agreement which are still the subject of difficult debates have been excluded from this dictionary. The definitions are based on widely available source material including other trade agreements.

An alphabetical listing of the terms is included to facilitate the use of the dictionary. The terms and their definitions are presented by general negotiating theme found in the FTAA and in other trade negotiations.

An electronic version of this document can be found on the following websites:

Organization of American States – <http://www.sice.oas.org>

Inter-American Development Bank – <http://www.iadb.org/trade>

Economic Commission for Latin America and the Caribbean – <http://www.eclac.org/washington>

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## General negotiating themes

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*General Terms*

**GENERAL TERMS**

| <b>Term</b>   | <b>Definition</b>   |
|---|---|
| <b>Americas Business Forum (ABF)</b>                    | Parallel event organized by the business community at the time of the meeting of Ministers Responsible for Trade in the Hemisphere participating in the negotiations of the Free Trade Area of the Americas (FTAA).<br><a href="http://www.abfmiami2003.com">http://www.abfmiami2003.com</a>  |
| <b>Americas Trade and Sustainable Development Forum</b> | Parallel event organized by civil society organizations at the time of the meeting of Ministers Responsible for Trade in the Hemisphere participating in the negotiations of the Free Trade Area of the Americas (FTAA).<br><a href="http://www.miami.edu/nsc/pages/FTAA.html">http://www.miami.edu/nsc/pages/FTAA.html</a>   |
| <b>Andean Community (CAN)</b>                           | 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.<br><a href="http://www.comunidadandina.org">http://www.comunidadandina.org</a>   |
| <b>Asia-Pacific Economic Cooperation (APEC)</b>         | 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.<br><a href="http://www.apecsec.org.sg">http://www.apecsec.org.sg</a>   |
| <b>Business facilitation measures</b>                   | In the context of the FTAA, set of measures approved by Ministers Responsible for Trade at their Toronto Meeting, held on November 4, 1999. These include eight customs-related measures and ten transparency-related measures, which can be found in Annexes II and III of the Toronto Ministerial Declaration.<br><a href="http://www.ftaa-alca.org/ministerials/minis_e.asp">http://www.ftaa-alca.org/ministerials/minis_e.asp</a>   |
| <b>Caribbean Community and Common Market (CARICOM)</b>  | CARICOM is a grouping of 15 member countries that was established by the Treaty of Chaguaramas in 1973 to promote economic integration through the free movement of goods and functional cooperation in areas such as education and health. The Treaty was revised in 2001 to elevate the common market into an economic union, the Caribbean Single Market and Economy (CSME), which envisions the free movement of goods, services, capital and labor, macroeconomic policy coordination and harmonization of laws and institutions. Member (15) countries are: 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.<br><a href="http://www.caricom.org">http://www.caricom.org</a> |

*General Terms*

| <b>Term</b>  | <b>Definition</b>   |
|--|---|
| <b>Central American Common Market (CACM)</b>         | <p>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.</p> <p><a href="http://www.sieca.org.gt">http://www.sieca.org.gt</a></p>  |
| <b>Common Market of the South (MERCOSUR)</b>         | <p>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.</p> <p><a href="http://www.mercosul.org.uy">http://www.mercosul.org.uy</a></p>   |
| <b>European Union (EU)</b>                           | <p>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. It was founded as the European Community after the Second World War to enhance political, economic and social co-operation among its members. The 'single market', adopted in 1992 through the Treaty of Maastricht, is the core of the present European Union. It includes the freedoms of movement for goods, services, people and capital and is underpinned by a range of supporting policies. A common currency, the 'Euro', which replaced the old national currencies in 12 EU countries, along with a European Central Bank, came into existence on 1 January 2002. Member states (15) include: Austria; Belgium; Denmark; Finland; France; Germany; Greece; Ireland; Italy; Luxembourg; Netherlands; Portugal; Spain; Sweden; United Kingdom of Great Britain and Northern Ireland. Ten new member countries have been invited to join the EU on 1 May 2004, namely: Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia.</p> <p><a href="http://europa.eu.int">http://europa.eu.int</a></p> |
| <b>Free Trade Area of the Americas (FTAA)</b>        | <p>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.</p> <p><a href="http://www.ftaa-alca.org">http://www.ftaa-alca.org</a></p>   |
| <b>FTAA website</b>                                  | <p>The official public website for the negotiating process of the Free Trade Area of the Americas.</p> <p><a href="http://www.ftaa-alca.org">http://www.ftaa-alca.org</a></p>   |
| <b>General Agreement on Tariffs and Trade (GATT)</b> | <p>The General Agreement on Tariffs and Trade (GATT), has been superseded as an international organization by the World Trade Organization. An updated General Agreement is now one of the WTO's agreements. See "<i>World Trade Organization</i>", page 18.</p>  |

*General Terms*

| <b>Term</b>   | <b>Definition</b>   |
|---|---|
| <b>General Agreement on Trade in Services (GATS)</b>      | The General Agreement on Trade in Services (GATS) is the first multilateral, legally binding set of rules covering international trade in services. The GATS came into effect in January 1995 as an integral part of the WTO. The workings of the GATS are the responsibility of the Council for Trade in Services, made up of representatives from all WTO members.  |
| <b>Hemispheric Cooperation Program (HCP)</b>              | The Hemispheric Cooperation Program (HCP) aims to strengthen the capacities of those countries seeking assistance to participate in the FTAA negotiations, implement their trade commitments, and address the challenges and maximize the benefits of hemispheric integration, including productive capacity and competitiveness in the region. The Program includes a mechanism to assist these countries to develop national and/or sub-regional trade capacity building strategies that define, prioritize and articulate their needs and programs pursuant to those strategies, and to identify sources of financial and non-financial support for fulfilling these needs. The HCP was endorsed by the FTAA Ministers Responsible for Trade at their meeting in Quito, in November 2002.<br><a href="http://www.ftaa-alca.org/ministerials/quito/minist_e.asp">http://www.ftaa-alca.org/ministerials/quito/minist_e.asp</a> |
| <b>Inter-American Development Bank (IDB or IADB)</b>      | 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.<br><a href="http://www.iadb.org">http://www.iadb.org</a>                             |
| <b>Latin American Association for Integration (ALADI)</b> | 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.<br><a href="http://www.aladi.org">http://www.aladi.org</a>   |
| <b>Ministerial meeting</b>                                | The periodic meeting of the Ministers Responsible for Trade of the 34 participating countries in the Free Trade Area of the Americas negotiations.  |
| <b>National Strategies to Strengthen Trade Capacities</b> | In the context of the FTAA Hemispheric Cooperation Program, countries have developed national or regional strategies that define, prioritize, and articulate their needs related to strengthening their capacity for: preparing for negotiations; implementing trade commitments and adjusting to integration. In order to facilitate coordination and sharing of experiences, the strategies follow a common format that was developed by the Consultative Group on Smaller Economies, with the assistance of the Tripartite Committee.  |

*General Terms*

| <b>Term</b>   | <b>Definition</b>   |
|---|---|
| <b>Organization for Economic Cooperation and Development (OECD)</b> | 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.<br><a href="http://www.oecd.org">http://www.oecd.org</a>  |
| <b>North American Free Trade Agreement (NAFTA)</b>                  | 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 cross-border 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.<br><a href="http://www.nafta-sec-alena.org">http://www.nafta-sec-alena.org</a>   |
| <b>Organization of American States (OAS)</b>                        | On 30 April 1948, the Charter of the Organization of American States (OAS) was adopted by 21 nations of the hemisphere. It affirmed their commitment to common goals and respect for each nation's sovereignty. Since then, the OAS has expanded to include the nations of the Caribbean, as well as Canada. Through the Summit of the Americas process, the Heads of State and Government in the hemisphere have given the OAS important responsibilities and mandates, including: human rights; participation of civil society; improving cooperation to address the problem of illegal drugs; supporting the process to create a Free Trade Area of the Americas; education; justice and security. Members (35) include: Antigua and Barbuda, Argentina, the Bahamas, Barbados, Belize, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Cuba (excluded from formal participation since 1962), Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Suriname, Trinidad and Tobago, the United States, Uruguay and Venezuela.<br><a href="http://www.oas.org">http://www.oas.org</a> |
| <b>Summit Implementation Review Group (SIRG)</b>                    | The Summit Implementation Review Group (SIRG) was created in March 1995 with the purpose of coordinating and implementing the mandates of the Miami Plan of Action. The SIRG is comprised of the 34 democratically elected governments of the hemisphere, which are represented by their appointed National Coordinators. The SIRG is responsible for reporting annually on the progress achieved in the fulfillment of the Plan of Action to the Foreign Ministers. The Ministers review the information on the occasion of the Regular Session of the OAS General Assembly.   |
| <b>Summit of the Americas</b>                                       | The Summit of the Americas process, begun after the first Summit of the Americas in December 1994, brings together the Heads of State and Government of the Western Hemisphere to discuss common concerns, seek solutions and develop a shared vision for their future development of the region, be it economic, social or political in nature.<br><a href="http://www.summit-americas.org">http://www.summit-americas.org</a>   |
| <b>Tariff elimination program</b>                                   | Tariff elimination schedules of the countries participating in a trade agreement.   |
| <b>Trade capacity building</b>                                      | 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, and address the challenges to maximize the benefits of hemispheric integration. <i>See Hemispheric Cooperation Program, page 15.</i>   |



*General Terms*

| <b>Term</b>   | <b>Definition</b>   |
|---|---|
| <b>Trade Negotiations Committee (TNC)</b>   | As part of the Free Trade Area of the Americas process, the Trade Negotiations Committee (TNC), made up of Vice Ministers of Trade, oversees and manages the FTAA negotiating process. The TNC has the responsibility of guiding the work of the FTAA negotiating groups and special committees, and of deciding on the overall architecture of the agreement and institutional issues.   |
| <b>Treatment of the differences in the level of development and size of the economies</b> | Principle that grants countries of differing levels of size and development the possibility to obtain different treatment in the context of the FTAA negotiations. The guidelines for this treatment are set out in the FTAA Trade Negotiations Committee document entitled “Guidelines or Directives for the Treatment of the Differences in the Levels of Development and Size of Economies”.<br><a href="http://www.ftaa-alca.org/TNC/tn18e.asp">http://www.ftaa-alca.org/TNC/tn18e.asp</a>  |
| <b>Tripartite Committee (TPC)</b>   | The Tripartite Committee (TPC) consists of the Inter-American Development Bank (IDB), the Organization of American States (OAS) and the United Nations Economic Commission for Latin America and the Caribbean (ECLAC). It provides analytical, technical and financial support to the FTAA process and maintains the official FTAA Website. The Tripartite institutions also provide technical assistance related to FTAA issues, particularly for the smaller economies of the Hemisphere.  |
| <b>U.N. Economic Commission for Latin America and the Caribbean (ECLAC)</b>               | The Economic Commission for Latin America and the Caribbean (ECLAC) is one of the five regional commissions of the United Nations. It was founded for the purposes of contributing to the economic development of Latin America, coordinating actions directed towards this end, and reinforcing economic relationships among the countries and with the other nations of the world. The promotion of the region's social development was later included among its primary objectives. Members (41) include: Antigua and Barbuda, Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Cuba, Dominica, Dominican Republic, Ecuador, El Salvador, France, Grenada, Guatemala, Guyana, Haiti, Honduras, Italy, Jamaica, Mexico, Netherlands, Nicaragua, Panama, Paraguay, Peru, Portugal, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Spain, Suriname, Trinidad and Tobago, United Kingdom, United States, Uruguay and Venezuela. Associate members (7) include: Anguilla, Aruba, British Virgin Islands, Montserrat, Netherlands Antilles, Puerto Rico and United States Virgin Islands.<br><a href="http://www.eclac.org">http://www.eclac.org</a> |
| <b>United Nations Commission on International Trade Law (UNCITRAL)</b>                    | Established in December 1966, the United Nations Commission on International Trade Law (UNCITRAL) aims to further the progressive harmonization and unification of international trade law. Members (36) include: Argentina (alternating annually with Uruguay), Austria, Benin, Brazil, Burkina Faso, Cameroon, Canada, China, Colombia, Fiji, France, Germany, Honduras, Hungary, India, Iran, Italy, Japan, Kenya, Lithuania, Mexico, Morocco, Paraguay, Romania, Russian Federation, Rwanda, Sierra Leone, Singapore, Spain, Sudan, Sweden, Thailand, The former Yugoslav Republic of Macedonia, Uganda, United Kingdom and the United States.<br><a href="http://www.uncitral.org">http://www.uncitral.org</a>   |
| <b>United Nations Conference on Trade and Development (UNCTAD)</b>                        | Established in 1964, the United Nations Conference on Trade and Development (UNCTAD) aims to enhance the integration of developing countries into the world economy. UNCTAD is the focal point within the United Nations for the integrated treatment of trade and development and interrelated issues in the areas of finance, technology, investment and sustainable development. Members (192) include all members of the United Nations plus the Holy See.<br><a href="http://www.unctad.org">http://www.unctad.org</a>   |

*General Terms*

| <b>Term</b>   | <b>Definition</b>  |
|---|--|
| <b>Uruguay Round of Multilateral Trade Negotiations</b> | <p>Launched in September 1986, in Punta del Este, Uruguay, the eighth round of multilateral trade negotiations encompassed a wide-ranging negotiating agenda that covered many new trade policy issues. The resulting agreement, concluded in December 1993 and signed in April 1994, extended the multilateral trading system into several new areas, notably trade in services and intellectual property rights, and brought the important sectors of agriculture and textiles under multilateral trading rules. The Uruguay Round resulted in the establishment of the World Trade Organization in January 1995.</p> <p><a href="http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact5_e.htm">http://www.wto.org/english/thewto_e/whatis_e/tif_e/fact5_e.htm</a></p> |
| <b>World Customs Organization (WCO)</b>                 | <p>Established in 1952 as the Customs Co-operation Council, the Council adopted the working name World Customs Organization (WCO) in 1994, to more clearly reflect its transition to a truly global intergovernmental institution. The WCO is an independent intergovernmental body whose mission is to enhance the effectiveness and efficiency of customs administrations worldwide. With 159 member governments, it is the main intergovernmental organization with competence over customs matters.</p> <p><a href="http://www.wcoomd.org">http://www.wcoomd.org</a></p>   |
| <b>World Intellectual Property Organization (WIPO)</b>  | <p>Established in 1967, the World Intellectual Property Organization (WIPO) is an international organization dedicated to promoting the use and protection of literary, artistic and scientific works. WIPO is one of the 16 specialized agencies in the United Nations system. It administers 23 international treaties dealing with different aspects of intellectual property protection. The Organization counts 179 nations as members.</p> <p><a href="http://www.wipo.org">http://www.wipo.org</a></p>  |
| <b>World Trade Organization (WTO)</b>                   | <p>The World Trade Organization (WTO) succeeded the General Agreement on Tariff and Trade (GATT) on 1 January 1995. It is the only multilateral organization that serves as a negotiating forum for the liberalization of trade, a body to oversee the implementation of multilaterally agreed and binding trade rules and a forum for the resolution of trade disputes. The objective of the WTO is to promote the liberalization and expansion of international trade in goods and services under conditions of legal certainty and predictability. The WTO has 146 members.</p> <p><a href="http://www.wto.org">http://www.wto.org</a></p>  |

## Agriculture

### AGRICULTURE

| Term   | Definition  |
|--|---|
| <b>Aggregate measure of support for agricultural production (AMS)</b>        | 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.  |
| <b>Amber box of domestic support measures (WTO Agreement on Agriculture)</b> | For agriculture, the domestic support measures considered to distort production and trade (with some exceptions) are classified under a category called amber box. Under the WTO Agreement on Agriculture, countries adopted commitments to reduce the total value of these measures.   |
| <b>Blue box of domestic support measures (WTO Agreement on Agriculture)</b>  | These measures refer to government support payments directly linked to the use of acreage or number of animals in agricultural production. It includes schemes which limit production by imposing production quotas or requiring farmers to set aside part of their land. The few countries using these subsidies argue these subsidies distort trade less than alternative amber box subsidies. These types of measures are exemptions from the general rule that all subsidies linked to production must be reduced or kept within defined minimal (“ <i>de minimis</i> ”) levels.  |
| <b>Cairns Group of Agriculture Exporting Countries</b>                       | 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. |
| <b>Codex Alimentarius Commission</b>   | The Codex Alimentarius Commission was created in 1963 by FAO and The World Health Organization (WHO) to develop food standards, guidelines and related texts such as codes of practice under the Joint FAO/WHO Food Standards Programme. The main purposes of this Programme are protecting health of the consumers and ensuring fair trade practices in the food trade, and promoting coordination of all food standards work undertaken by international governmental and non-governmental organizations.   |
| <b>Common Agriculture Policy of the European Union (CAP)</b>                 | The CAP defines the European Union’s agriculture policy and is comprised of a set of rules and mechanisms, which regulate the production, trade and processing of agricultural products in the EU, with attention being focused increasingly on rural development. Among the European Union’s policies, the CAP is regarded as one of the most important policy areas.  |
| <b>Decoupled income support</b>  | Decoupled income support programs refer to payments to farmers which are not linked to current production decisions. In this manner, when payments are decoupled, they are directed to support farmers’ income so farmers make production decisions based on expected market returns.   |
| <b>Deficiency payments to support agricultural production</b>                | Policies to complement a price support system where the government guarantees that producers would receive a fixed target price each year. In such a system, market prices are allowed to be determined by supply and demand. The difference between market prices and target prices is made up by a government payment directly to producers.  |
| <b>Domestic support measures for agricultural production</b>                 | Subsidies granted for the domestic production of agricultural goods. These subsidies are granted for the benefit of products regardless of whether those products are exported or not.  |

## *Agriculture*

| <b>Term</b>  | <b>Definition</b>  |
|--|--|
| <b>Export credits on agricultural products</b>                               | Governments provide official export credits through Export Credit Agencies (ECAs) in support of national exporters competing for overseas sales. ECAs provide credits to foreign buyers either directly or via private financial institutions benefiting from their insurance or guarantee cover. ECAs can be government institutions or private companies operating on behalf of the government. This system refers, therefore, to selling exports on credit rather than for cash payment. Many countries promote exports by providing either subsidized export credit or guarantees on more favorable terms than can be obtained commercially. |
| <b>Export taxes</b>  | This refers to taxes that are imposed on export products. They can be collected directly from exporters or indirectly through a government marketing board that pays producers a price lower than the world price. In this manner, the export tax forces the price in the exporting country below the world price by the amount of the tax.  |
| <b>Export subsidies on agricultural products</b>                             | Export subsidies are special incentives provided by governments on products destined for foreign markets to encourage increased foreign sales. Accordingly, export subsidies refer to subsidies which are contingent on export performance. They may take the form of, for example, cash payments, disposal of government stocks at below-market prices, subsidies financed by producers or processors as a result of government actions such as assessments, marketing subsidies, transportation and freight subsidies, and subsidies for commodities contingent on their incorporation in exported products.                                   |
| <b>Food aid</b>  | Food aid refers to shipments of food commodities from donor to recipient countries on a total-grant basis or on highly concessional terms.   |
| <b>Genetically modified agricultural products</b>                            | 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.   |
| <b>Green box of domestic support measures (WTO Agreement on Agriculture)</b> | Green box domestic support measures refer to measures that are considered to have minimum or no effect on trade. They include support measures such as research, extension, food security stocks, disaster payments, and structural adjustment programs. Green box measures are not subject to reduction commitments under the WTO Agreement on Agriculture.   |
| <b>Price bands</b>   | This is a policy instrument that introduces a duty to protect or buffer the domestic market from lower international prices. It consists of setting upper and lower levels of prices of imported commodities (the band) to decide on the application of a compensatory mechanism (e.g. tariff duties) in cases when the international price of a given agriculture product falls below the lower price band level.   |
| <b>Risk assessment</b>   | Risk assessment refers to procedures to evaluate the likelihood of entry, establishment or spread of a pest or disease within the territory of an importing country according to the sanitary or phytosanitary measures which might be applied, and of the associated potential biological and economic consequences; or the evaluation of the potential for adverse effects on human or animal health arising from the presence of additives, contaminants, toxins or disease-causing organisms in food, beverages or feedstuffs.   |

## Agriculture

| Term   | Definition  |
|--|---|
| <b>Sanitary and Phytosanitary Measures (SPS)</b>   | Any measure applied: (i) to protect animal or plant life or health within the territory of a country from risks arising from the entry, establishment or spread of pests, diseases, disease-carrying organisms or disease-causing organisms; (ii) to protect human or animal life or health within the territory of a country from risks arising from additives, contaminants, toxins or disease-causing organisms in foods, beverages or feedstuffs; (iii) to protect human life or health within the territory of a country from risks arising from diseases carried by animals, plants or products thereof, or from the entry, establishment or spread of pests; or (iv) to prevent or limit other damage within the territory of a country from the entry, establishment or spread of pests. Sanitary or phytosanitary measures include all relevant laws, decrees, regulations, requirements and procedures including, <i>inter alia</i> , end product criteria; processes and production methods; testing, inspection, certification and approval procedures; quarantine treatments including relevant requirements associated with the transport of animals or plants, or with the materials necessary for their survival during transport; provisions on relevant statistical methods, sampling procedures and methods of risk assessment; and packaging and labeling requirements directly related to food safety. |
| <b>Special agricultural safeguard regime</b>   | 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.   |
| <b>State trading enterprises on agricultural products</b>  | Governmental and non-governmental enterprises officially granted the function of importing and/or exporting agricultural products.  |
| <b>WTO Agreement on Agriculture</b>  | The Agreement on Agriculture is one of the 29 individual legal texts included in the Final Act under an umbrella agreement establishing the WTO. It was negotiated in the 1986–94 Uruguay Round and is a significant first step towards fairer competition and a less distorted sector. It includes specific commitments by WTO member governments to improve market access and reduce trade-distorting subsidies in agriculture. These commitments have an implementation period over a six year period (10 years for developing countries) that began in 1995.  |
| <b>WTO Agreement on the Application of Sanitary and Phytosanitary Measures (WTO/SPS Agreement)</b> | The Agreement on the Application of Sanitary and Phytosanitary Measures (the “SPS Agreement”) entered into force with the establishment of the World Trade Organization on 1 January 1995. It concerns the application of food safety and animal and plant health regulations.  |

*Competition Policy*

**COMPETITION POLICY**

| <b>TERMS</b>                             | <b>DEFINITION</b>  |
|--|--|
| <b>Abuse of dominant position</b>        | Anticompetitive business practices in which a dominant firm may engage in order to maintain or increase its position in the market. These business practices by the firm, not without controversy, may be considered as “abusive or improper exploitation” of monopolistic control of a market aimed at restricting competition. Although they may include practices such as charging excess prices, price discrimination, predatory pricing, refusal to deal/sell, tied selling, etc., which of the different types of business practices are considered as being abusive will vary on a case by case basis and across countries.   |
| <b>Anticompetitive practices</b>         | 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.   |
| <b>Barriers to entry</b>                 | Factors which prevent or deter the entry of new firms into an industry even when the incumbent firms are earning excess profits. There are two broad classes of barriers: structural (economic or innocent) and strategic (behavioral). Structural barriers arise from basic industry characteristics such as technology, costs and demand. Strategic barriers arise from the behavior of incumbents.  |
| <b>Bid rigging (Collusive tendering)</b> | A particular form of collusive price-fixing behavior by which firms coordinate their bids on procurement or project contracts. There are two common forms of bid rigging. In the first, firms agree to submit common bids, thus eliminating price competition. In the second, firms agree on which firm will be the lowest bidder and rotate in such a way that each firm wins an agreed upon number or value of contracts.  |
| <b>Cartel</b>                            | A cartel is a formal agreement among firms in an oligopolistic industry. Cartel members may agree on such matters as prices, total industry output, market shares, allocation of customers, allocation of territories, bid-rigging, establishment of common sales agencies, and the division of profits or combination of these. Cartel in this broad sense is synonymous with “explicit” forms of collusion, which does not necessarily require a formal agreement, whether public or private, between members. Often the terms collusion and cartel are used somewhat interchangeably. Cartels are formed for the mutual benefit of member firms.                            |
| <b>Competition laws</b>                  | 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. |
| <b>Competition policy</b>                | 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.   |
| <b>Consumer welfare</b>                  | The individual benefits derived from the consumption of goods and services. In theory, individual welfare is defined by an individual’s own assessment of his/her satisfaction, given prices and income. Exact measurement of consumer welfare therefore requires information about individual preferences. In practice, applied welfare economics uses the notion of consumer surplus to measure consumer welfare.  |

## Competition Policy

| TERMS  | DEFINITION  |
|--|---|
| <b>Cooperation</b>                             | Cooperation on competition has two main elements: (i) provisions to facilitate “case-specific” cooperation on anti-competitive practices having an impact on international trade; and (ii) provisions relating to general exchanges of information and experiences and joint analysis of global trade-related competition issues (“institutional co-operation” in OECD terms).  |
| <b>Discriminatory provision</b>                | Includes treating: (i) a parent, a subsidiary or other enterprise with common ownership more favorably than an unaffiliated enterprise, or (ii) one class of enterprises more favorably than another, in like circumstances.  |
| <b>Efficiency</b>                              | It relates to the most effective manner of utilizing scarce resources. Two types of efficiency are generally distinguished: technological (or technical) and economic (or allocative). A firm may be more technologically efficient than another if it produces the same level of output with one or fewer physical number of inputs. Economic efficiency occurs when inputs are utilized in a manner such that a given scale of output is produced at the lowest possible cost.  |
| <b>Flexibility and progressivity</b>           | In the multilateral context flexibility and progressivity are qualities for an international agreement. To get flexibility implies that the framework agreement recognizes that competition laws cannot and probably should not be the same in all countries; they are differences in substance as well as in procedure. Progressivity refers to the commitment to competition –for example through transition periods– probably depends on the level of the economic development and size of the economies.  |
| <b>Market power</b>                            | The ability of a firm (or group of firms) to raise and maintain prices above the level that would prevail under competition is referred to as market or monopoly power. The exercise of market power leads to reduced output and loss of economic welfare.  |
| <b>Market regulatory policies and measures</b> | Any rule that affects the price or quantities traded in a relevant market, or investments in the sector of activity affected by such rules. Market Regulation: Broadly defined as the imposition of rules by government, backed by the use of penalties that are intended specifically to modify the economic behavior of individuals and firms in the private sector.  |
| <b>Mergers and acquisitions</b>                | Merger is an amalgamation or joining of two or more firms into an existing firm or to form a new firm. A variety of motives may exist for mergers: to increase economic efficiency, to acquire market power, to diversify, to expand into different geographic markets, to pursue financial and R&D synergies, etc. Mergers are classified into three types: Horizontal Merger, Vertical Merger, and Conglomerate Merger. Acquisitions: Refers to obtaining ownership and control by one firm, in whole or in part, of another firm or business entity. As distinct from a merger, an acquisition does not necessarily entail amalgamation or consolidation of the firms. |
| <b>Monopoly</b>                                | A situation where there is a single seller in the market. In conventional economic analysis, the monopoly case is taken as the polar opposite of perfect competition. By definition, the demand curve facing the monopolist is the industry demand curve which is downward sloping. Thus, the monopolist has significant power over the price it charges, i.e. is a price setter rather than a price taker.   |
| <b>Natural (or legal) persons</b>              | Person, may be a natural person (individual) or juridical person (legal entity, for example a corporation) under the law.   |
| <b>Non-discrimination</b>                      | In the multilateral context there are two components to the principle of non-discrimination: national treatment and most-favored-nation treatment ( <i>See general definition</i> ). In the context of FTAA Chapter on Competition Policy that refers to each Party undertakes to ensure that the provisions of its competition statutes and regulations do not discriminate on the basis of the nationality of the natural or legal persons of the Parties. ( <i>See also “procedural fairness”, page 24</i> ).  |
| <b>Output restrictions</b>                     | Are anticompetitive agreement –including by quotas/ hard core cartels- by competitors to emulate monopoly in order to earn higher profits. It is for market sharing arrangements often applied in sectors where there is surplus capacity or where the objective is to raise prices.  |

## Competition Policy

| TERMS                                   | DEFINITION  |
|---|---|
| <b>Positive and negative comity</b>     | Under the concept of positive comity, cases involving anti-competitive practices originating in one country but affecting another can be referred to the competition agency of the country where such practices have originated for appropriate action. Principles of negative comity mean that countries (Parties) would take into account the important and clearly stated trade interests of other countries before action is taken in particular cases.   |
| <b>Procedural fairness/ Due process</b> | In the multilateral context broad provisions on procedural fairness at the domestic level are based on three central concepts: (i) that governmental measures of general application be published and that this be done, as a general rule, before they are applied; (ii) that such measures be administered in a uniform, impartial and reasonable manner or in a fair and equitable way; and (iii) possibilities for appeal or review of decisions on the application of such measures. The different constituencies of competition law enforcement have somewhat different interests in procedural fairness.   |
| <b>Protection of confidentiality</b>    | Protection of confidential information from unwarranted disclosure is a fundamental part of procedural fairness. The most common way of protecting confidential information is by establishing direct obligation for countries (Parties) and authorities to protect confidential information, and prohibitions to disclose confidential information.  |
| <b>Relevant market</b>                  | Means the geographic and product market for a good or service as used in antitrust analysis. It refers to the line of commerce in which competition has been restrained and to the geographic area involved, defined to include all reasonably substitutable products or services, and all nearby competitors, to which consumers could turn in the near term if the restraint or abuse raised prices by a not insignificant amount. <i>See Subsidies, Antidumping and Countervailing Duties, page 44, where this text may have a slightly different meaning.</i>   |
| <b>Transparency</b>                     | In a broad sense are degrees to which trade policies and practices, and the process by which they are established, are open and predictable. Transparency is a basic requirement for enforcement of competition law; as such laws are often written in general framework form and are applied in a technical manner on a case-by-case basis. In the context of FTAA Chapter on Competition Policy refers to each Party undertakes to publish or otherwise make available any laws, regulations, procedural rules, implementing guidelines, final judicial or quasi judicial decisions or administrative rulings of general application respecting competition matters. <i>See Services, page 41, where this text may have a slightly different meaning.</i> |



*Customs Procedures*

**CUSTOMS PROCEDURES**

| <b>Term</b>                                      | <b>Definition</b>   |
|--|---|
| <b>Code of conduct</b>                           | The collection of rules applicable to customs officers regarding conduct, conflict of interest and possible sanctions and applicable disciplinary action. <i>See Dispute Settlement, page 25, where this text may have a slightly different meaning.</i>  |
| <b>Customs Administration</b>                    | The Government Service responsible for the application and control of compliance with the set of measures in force to assure the fulfillment of the laws and regulations that Customs is obligated to apply.  |
| <b>Customs broker</b>                            | Any third party whose business concerns arranging for the clearance of goods.   |
| <b>Customs clearance of goods</b>                | The accomplishment of the Customs formalities necessary to allow goods under a Customs procedure.   |
| <b>Customs duty</b>                              | The duties laid down in the Customs tariff to which goods are liable on entering or leaving the Customs territory.  |
| <b>Customs infraction</b>                        | Any breach, or attempted breach, of Customs law.  |
| <b>Customs legislation</b>                       | The statutory and regulatory provisions relating to the importation, exportation, movement or storage of goods, the administration and enforcement of which are specifically charged to the Customs, and any regulations made by the Customs under their statutory powers.  |
| <b>Customs operations</b>                        | All the operations which must be carried out by the persons concerned and by the Customs in order to comply with the Customs law.   |
| <b>Customs transit</b>                           | The Customs procedure under which goods are transported under Customs control from one Customs office to another.   |
| <b>Customs valuation</b>                         | The customs value constitutes the basis for applying customs duties.  |
| <b>Electronic Data Interchange (EDI)</b>         | Consists of an exchange of electronic data between computer systems in a standard format.   |
| <b>Exportation of goods</b>                      | The Customs procedure applicable to goods which, being in free circulation, leave the Customs territory and are intended to remain permanently outside the territory.   |
| <b>Importation of goods</b>                      | The Customs procedure which provides that imported goods enter into free circulation in the Customs territory upon the payment of any import duties and taxes chargeable and the accomplishment of all the necessary Customs formalities.   |
| <b>Manifest of load (Cargo declaration)</b>      | Information submitted prior to or on arrival or departure of a means of transport for commercial use providing the particulars required by the Customs relating to cargo brought to or removed from the Customs territory thereon.  |
| <b>Personal effects</b>                          | All articles (new or used) which a traveler may reasonably require for his or her personal use during the journey, taking into account all the circumstances of the journey, but excluding any goods imported or exported for commercial purposes.  |
| <b>Re-importation of goods</b>                   | The Customs procedure under which goods which were exported may be taken into home use free of import duties and taxes under some conditions.   |
| <b>Security</b>                                  | Which ensures to the satisfaction of the Customs that an obligation to the Customs will be fulfilled. Security is described as “general” when it ensures that the obligations arising from several operations will be fulfilled.  |
| <b>Temporary admission/ importation of goods</b> | The Customs procedure under which certain goods can be brought into a Customs territory conditionally relieved totally or partially from payment of import duties and taxes; such goods must be imported for a specific purpose and must be intended for re-exportation within a specified period and without having undergone any change except normal depreciation due to the use made of them. |

## *Dispute Settlement*

### DISPUTE SETTLEMENT

| <b>Term</b>                                 | <b>Definition</b>   |
|---|---|
| <b>Advisory Opinion</b>                     | A nonbinding statement by a tribunal of its interpretation of the law or a matter submitted for that purpose.   |
| <b>Alternative dispute resolution (ADR)</b> | A procedure for settling a dispute by means other than litigation, such as arbitration, mediation, or mini-trial.   |
| <i>Amicus curiae</i>                        | (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.  |
| <b>Appellate Body</b>                       | An independent body, such as the WTO Appellate Body, that hears appeals by a party to the dispute on issues of law covered in a ruling by a tribunal of first instance, such as a panel.  |
| <b>Applicable law</b>                       | Body of law that the tribunal must consider in rendering a decision on a dispute or claim.  |
| <b>Arbitration</b>                          | A method of dispute resolution involving one or more neutral third parties who are usually agreed to by the disputing parties and whose decision (“award”) is binding.  |
| <b>Cause of action</b>                      | A group of operative facts giving rise to one or more bases for bringing a claim.   |
| <b>Choice of forum</b>                      | Choice of the jurisdiction or tribunal in which a claim might be heard.   |
| <b>Claim</b>                                | The aggregate of operative facts giving rise to a right enforceable by a court/tribunal.  |
| <b>Code of conduct</b>                      | A written set of rules governing the behavior of specified groups. <i>See Customs Procedures, page 25, where this text may have a slightly different meaning.</i>   |
| <b>Complaint</b>                            | The initial pleading that starts a civil action and states the basis for the court’s/tribunal’s jurisdiction, the basis for the plaintiff’s claim, and the demand for relief.   |
| <b>Conciliation</b>                         | An alternative dispute resolution mechanism in which a neutral person meets with the parties to a dispute and explores how the dispute might be resolved.   |
| <b>Consultations</b>                        | Mechanism by which parties consult or confer on a matter, which may be a prerequisite before seeking the establishment of a panel or tribunal to rule on the matter.  |
| <b>Cross-sector retaliation</b>             | Retaliation (suspension of benefits) exercised in a sector other than the sector specifically affected by the measure in dispute; e.g., retaliation in the services sector for a measure affecting goods.   |
| <b>Mediation</b>                            | A method of non-binding dispute resolution involving a neutral third party who tries to help the disputing parties reach a mutually agreeable solution.   |
| <b>New York Convention</b>                  | United Nations Convention on the Recognition and Enforcement of Foreign Arbitral Awards, done at New York on June 10, 1958.   |
| <b>Nullification or impairment</b>          | 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. |
| <b>Panel</b>                                | Body of independent experts established to examine and issue recommendations on a dispute.  |
| <b>Party to the dispute</b>                 | Complaining Party or the Party complained against.  |
| <b>Panama Convention</b>                    | Inter-American Convention on International Commercial Arbitration, done in Panama on 30 January, 1975.  |
| <b>Roster</b>                               | List of individuals from which the members of panels may or shall be drawn.   |
| <b>Rules of procedure</b>                   | Rules that prescribe the procedures to be followed by the Panel.  |
| <b>Suspension of benefits</b>               | 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.   |

*Dispute Settlement*

| <b>Term</b>   | <b>Definition</b>   |
|---|---|
| <b>Third party</b>  | A Party that has notified an interest in a dispute proceeding and is not a Party to the dispute.  |
| <b>WTO Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU)</b> | WTO agreement resulting from the Uruguay Round that applies to consultations and the settlement of disputes between WTO member countries concerning their rights and obligations under the WTO Agreement. |

*Government Procurement*

**GOVERNMENT PROCUREMENT**

| <b>Term</b>                                   | <b>Definition</b>   |
|---|---|
| <b>Award</b>                                  | The formal acceptance of a supplier's bid or proposal by a government agency. Following such acceptance, the agency usually issues a purchase order to the vendor reflecting the award.   |
| <b>Bid</b>                                    | An offer or proposal for goods and/or services submitted in response to a government agency's invitation.   |
| <b>Bidding documents</b>                      | The set of documents issued by a government agency that establish the object of the bidding (the technical specifications), specify proposed contract conditions and establish the bidding procedure to be followed. In a broader sense, this is the group of documents that determines the contractual conditions to be established between the supplier or contractor and the agency.   |
| <b>Contractual/ Procurement methods</b>       | Government procurement takes place through different types of methods or tendering. There are three main types of tendering: open (or unlimited) procurement, selective procurement (restricted to pre-selected categories of suppliers, invited to bid) and limited (or negotiated) procurement, including individual, sole-source, single-source or direct tendering. In addition to formal tendering procedures, countries also use "informal" methods, such as requests for proposals and requests for quotations (where procuring entities seek detailed technical and cost proposals, on the basis of which they hold negotiations with prospective providers) or novel methods of procurement, such as purchase cards or electronic catalogues, brought forward by the increasing use by national administrations of information and communication technologies. |
| <b>Government Procurement</b>                 | The formal process through which official government agencies obtain goods and services, including construction services or public works. It also includes all functions that pertain to the obtaining of any goods, service, or construction, including description of requirements, selection and solicitation of sources, evaluation of offers, preparation and award of contract, dispute and claim resolution and all phases of contract administration. In GATT language, government procurement means the process by which a government obtains the use of or acquires goods or services, or any combination thereof, for governmental purposes and not with a view to commercial sale or resale, or use in the production or supply of goods or services for commercial sale or resale.   |
| <b>Government Procurement Agreement (GPA)</b> | A plurilateral agreement negotiated during the Tokyo Round to ensure that government purchases of goods and services entering into international trade are based on specific, published regulations that prescribe open procedures for submitting bids; to improve transparency in national procurement practices; and to ensure effective recourse to dispute settlement procedures. The agreement was renegotiated during the Uruguay Round, becoming effective 1 January 1996.   |
| <b>Limited tendering/ Direct contracting</b>  | Contracting with a firm that is selected without competition.   |
| <b>Notice of invitation (Solicitation)</b>    | The process used to communicate procurement requirements and to request responses from interested suppliers.  |
| <b>Open tendering</b>                         | Also referred to as "public bidding," the formal, public, and competitive procedure during which offers are requested, received and evaluated for goods or services and after which the related contract is awarded to the bidder that complies with the conditions specified in the notice of invitation. It involves a series of stages, acts or steps that must follow rules prescribed in the bidding documents. The procedure consists of: (i) a public invitation directed to all those with a possible interest in presenting offers; followed by (ii) an evaluation stage to select the offer most advantageous to the owner and finally (iii) the award of the corresponding contract.   |

**Government Procurement**

| <b>Term</b>                     | <b>Definition</b>   |
|---------------------------------|---|
| <b>Selective tendering</b>      | A method similar to open/public tendering, except that the invitations to bid are not issued to the public in general but only to firms selected by the procuring agency. In general, the same procedures are used as for competitive bidding. It may include a prequalification, this is a step in the bidding process in which the agency first selects the firms to whom invitations to bid will later be issued.  |
| <b>Procuring entities</b>       | Government agencies that obtain goods and services by methods subject to the procurement provisions of the Agreement. Countries may not subject all entities to the rules of the agreement, but usually maintain exclusions with respect to entities within sensitive sectors and those carrying out special programs.  |
| <b>Performance requirements</b> | Special conditions imposed on tenders by government agencies, sometimes requiring commitments to purchase given supplies locally, or to ensure the employment of a specified percentage of local labor and management. <i>See Investment, page 36 and Tariff and Non-tariff Measures, page 46, where this text may have a slightly different meaning.</i>   |
| <b>Public bid opening</b>       | A formal date, time, and location where and when sealed bids requested by a agency will be opened, announced, and available for review by the public.   |
| <b>Technical specification</b>  | A specification that lays down the characteristics of goods to be procured or their related processes and production methods, or the characteristics of services to be procured or their related operating methods, including the applicable administrative provisions, and a requirement relating to conformity assessment procedures that an entity prescribes. A technical specification may also include or deal exclusively with terminology, symbols, packaging, marking or labeling requirements, as they apply to a good, process, service or production or operating method. |
| <b>Transparency provisions</b>  | Provisions related to procedural steps, such as, but not exclusively, the initial 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.                                     |
| <b>Thresholds</b>               | In most national legislations, the determination of the type of tendering applicable to a specific procurement is based on the value of the procurement. Thresholds often differ for goods, services and public works. Some international agreements use thresholds to determine procurement subject to the provisions of the Agreement.  |

## *Intellectual Property Rights*

### INTELLECTUAL PROPERTY RIGHTS

| <b>Term</b>                        | <b>Definition</b>  |
|------------------------------------|--|
| <b>Author</b>                      | Natural person who creates a literary or artistic work.  |
| <b>Breeder's rights</b>            | The essence of plant breeding is the discovery or creation of genetic variation in a plant species and the selection from within that variation of plants with desirable traits that can be inherited in a stable fashion. The plant breeders' final selections of superior plants will form the basis of one or more plant varieties. Plant breeders use all available technology both to create genetic variation and to select from within that variation.  |
| <b>Biological diversity</b>        | 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.  |
| <b>Biological resources</b>        | Include genetic resources, organisms or parts thereof, populations, or any other biotic component of ecosystems with actual or potential use or value for humanity.  |
| <b>Compulsory license</b>          | The TRIPS Agreement allows Members to authorize use by third parties (compulsory licenses) or for public non-commercial purposes (government use) without the authorization of the patent owner. The TRIPS Agreement contains a number of conditions that have to be met in order to safeguard the legitimate interests of the patent owner. The main conditions are that, as a general rule, an effort must first have been made to obtain a voluntary license on reasonable commercial terms and conditions and that the remuneration paid to the right holder shall be adequate in the circumstances of each case, taking into account the economic value of the license.   |
| <b>Contractual license</b>         | A permission to use an intellectual property rights under defined conditions.  |
| <b>Copyright</b>                   | Copyright is a legal term describing rights given to creators for their literary and artistic works. The original creators of works protected by copyright, and their heirs, have certain basic rights. They hold the exclusive right to use or authorize others to use the work on agreed terms. Copyright and its related rights are essential to human creativity, by giving creators incentives in the form of recognition and fair economic rewards. Under this system of rights, creators are assured that their works can be disseminated without fear of unauthorized copying or piracy. This in turn helps increase access to and enhances the enjoyment of culture, knowledge, and entertainment all over the world.     |
| <b>Counterfeit trademark goods</b> | Means any goods, including packaging, bearing without authorization a trademark which is identical to the trademark validly registered in respect of such goods, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the rights of the owner of the trademark in question under the law of the country of importation.  |
| <b>Domain name</b>                 | Domain name is the address of a web site that is intended to be easily identifiable and easy to remember, such as <i>yahoo.com</i> . These user-friendly addresses for websites help connect computers - and people - on the Internet. Because they are easy to remember and use, domain names have become business identifiers and, increasingly, even trademarks themselves, such as <i>amazon.com</i> . By using existing trademarks for domain names - <i>sony.com</i> , for example - businesses attract potential customers to their websites.   |
| <b>Economic rights</b>             | Many creative works protected by copyright require mass distribution, communication and financial investment for their dissemination (for example, publications, sound recordings and films); hence, creators often sell the rights to their works to individuals or companies best able to market the works in return for payment. These payments are often made dependent on the actual use of the work, and are then referred to as royalties. These economic rights have a time limit, according to the relevant WIPO treaties, of 50 years after the creator's death. National law may establish longer time-limits. This limit enables both creators and their heirs to benefit financially for a reasonable period of time. |

### *Intellectual Property Rights*

| <b>Term</b>  | <b>Definition</b>   |
|--|---|
| <b>Expressions of Folklore</b>                         | 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. |
| <b>Geographical indication</b>                         | A geographical indication is a sign used on goods that have a specific geographical origin and possess qualities or a reputation that are due to that place of origin. Most commonly, a geographical indication consists of the name of the place of origin of the goods. Agricultural products typically have qualities that derive from their place of production and are influenced by specific local factors, such as climate and soil. Whether a sign functions as a geographical indication is a matter of national law and consumer perception (for example, “Champagne”, “Tequila” or “Roquefort”).   |
| <b>Genetic resources</b>                               | Means genetic material of actual or potential value.  |
| <b>Genetic material</b>                                | Means any material of plant, animal, microbial or other origin containing functional units of heredity.   |
| <b>Industrial designs</b>                              | An industrial design is the ornamental or aesthetic aspect of an article. The design may consist of three-dimensional features, such as the shape or surface of an article, or of two-dimensional features, such as patterns, lines or color. Industrial designs are applied to a wide variety of products of industry and handicraft: from technical and medical instruments to watches, jewelry, and other luxury items; from housewares and electrical appliances to vehicles and architectural structures; from textile designs to leisure goods. To be protected under most national laws, an industrial design must appeal to the eye. This means that an industrial design is primarily of an aesthetic nature, and does not protect any technical features of the article to which it is applied.                     |
| <b>Intellectual property rights</b>                    | Intellectual property rights are the rights given to persons over the creations of their minds. They usually give the creator an exclusive right over the use of his/her creation for a certain period of time.   |
| <b>Layout-design/topography of integrated circuits</b> | The three-dimensional disposition of the elements and of some or all of the interconnections of an integrated circuit.  |
| <b>Literary and artistic works</b>                     | 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.  |
| <b>Moral rights</b>                                    | 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 creator's reputation.   |
| <b>Related Rights</b>                                  | 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.   |

### *Intellectual Property Rights*

| <b>Term</b>                    | <b>Definition</b>  |
|--------------------------------|--|
| <b>Patent</b>                  | A patent is an exclusive right granted for an invention, which is a product or a process that provides a new way of doing something, or offers a new technical solution to a problem. Patent protection means that the invention cannot be commercially made, used, distributed or sold without the patent owner's consent. Patents provide incentives to individuals by offering them recognition for their creativity and material reward for their marketable inventions. All patent owners are obliged, in return for patent protection, to publicly disclose information on their invention in order to enrich the total body of technical knowledge in the world.  |
| <b>Performer</b>               | 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.  |
| <b>Pirated copyright goods</b> | Means any goods which are copies made without the consent of the right holder or person duly authorized by the right holder in the country of production and which are made directly or indirectly from an article where the making of that copy would have constituted an infringement of a copyright or a related right under the law of the country of importation.   |
| <b>Priority</b>                | Any person who has duly filed an application for a patent, or for the registration of a utility model, or of an industrial design, or of a trademark, in one of the countries of the Paris Union has the right of priority to file in any of the other countries of the Union before the expiration of a period of twelve months for patents and utility models, and six months for industrial designs and trademarks. These periods start from the date of filing of the first application. Consequently, any subsequent filing in any of the other countries of the Union before the expiration of the periods referred to above shall not be invalidated by reason of any acts accomplished in the interval, in particular, another filing, the publication or exploitation of the invention, the putting on sale of copies of the design, or the use of the mark, and such acts cannot give rise to any third-party right or any right of personal possession. |
| <b>Producer of phonograms</b>  | 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.   |
| <b>Trademark</b>               | A trademark is a distinctive sign which identifies certain goods or services as those produced or provided by a specific person or enterprise. Its origin dates back to ancient times, when craftsmen reproduced their signatures, or "marks" on their artistic or utilitarian products. Over the years these marks evolved into today's system of trademark registration and protection. The system helps consumers identify and purchase a product or service because its nature and quality, indicated by its unique trademark, meets their needs.  |
| <b>Traditional Knowledge</b>   | 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. "Tradition-based" 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.   |



### *Intellectual Property Rights*

| <b>Term</b>               | <b>Definition</b>   |
|---------------------------|---|
| <b>Unfair competition</b> | Any act contrary to honest commercial practices. Acts contrary to honest commercial practices mean at least practices such as breach of contract, breach of confidence and inducement to breach, and includes 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. |
| <b>Utility model</b>      | Patents or certificate granted in the mechanical field in many developing countries that differ from inventions because they require a lower threshold of technological progress (inventive step) and are granted for a shorter term of protection.   |
| <b>Well-known mark</b>    | Highly reputed mark that receives special protection due to its reputation that extends beyond a specific market, sector or country.  |

## *Investment*

### INVESTMENT

| <b>Term</b>   | <b>Definition</b>   |
|---|---|
| <b>Bilateral investment treaty (BIT)</b>                                  | The first modern bilateral investment treaty was entered into in 1959 between Germany and Pakistan. Over the decades that followed an increasing number of European countries concluded such treaties with developing countries. Since the 1980s, several countries in the Americas have signed a BIT with another country of the region. Traditionally, BITs set standards for the promotion and legal protection of foreign investments and investors. Some recent agreements also include the free entry of investments and investors as a feature of the treaty.  |
| <b>Compensation for losses</b>  | Investment agreements do not, in principle, require a state to pay compensation in a situation where an investor of another member country suffers losses in the host country due to war or other armed conflict, civil disturbances, state of emergency or similar events. Most agreements, however, provide for national treatment and most-favored-nation treatment in respect to any measure a member country adopts or maintains related to those losses.  |
| <b>Denial of benefits</b>   | A Party to a trade or investment agreement may deny the benefits of the Agreement to an investor of another Party that is an enterprise of such other Party and to investments of that investor if investors of a non-Party own or control the enterprise and the denying Party does not maintain diplomatic relations with the non-Party; or adopts or maintains measures with respect to the non-Party or an investor of the non-Party that prohibit transactions with the enterprise or that would be violated or circumvented if the benefits of the Agreement were accorded to the enterprise or to its investments. <i>See Services, page 40, where this text may have a slightly different meaning.</i>  |
| <b>Expropriation</b>  | Investment agreements include a provision that prohibits a member country from directly or indirectly nationalizing or expropriating an investment of an investor of another member country except when done for a public purpose, on a non-discriminatory basis, in accordance with due process of law, and on payment of compensation. In an international context, a direct expropriation occurs when the host state takes property owned by a foreign investor located in the host state, when there is deprivation of wealth attributable to the state. There are very few cases of indirect expropriation at the international level because under customary international law, a state is not responsible for loss of property or other economic disadvantage resulting from bona fide general taxation, regulation, forfeiture from crime, or other action of the kind. The state has the power to take actions, in the public interest, without having to pay compensation, even if the interests of individual property owners may be adversely affected. |
| <b>Foreign direct investment (FDI)</b>                                    | FDI is defined as a cross-border investment in which a resident in one economy (the direct investor) acquires a lasting interest in an enterprise in another economy. The lasting interest implies a long-term relationship between the direct investor and the enterprise and usually gives the direct investor an effective voice in the management of the enterprise. By convention, a direct investment is established when the direct investor has acquired 10 percent or more of the ordinary shares or voting power of an enterprise abroad.   |
| <b>General exceptions</b>   | Investment agreements usually include general exceptions, which apply to all Parties to the Agreement and exempt these Parties from the provisions of the Agreement. These exceptions usually refer to measures taken for national security, public order, and international peace and security.  |
| <b>International Centre for Settlement of Investment Disputes (ICSID)</b> | The International Centre for Settlement of Investment Disputes was established in 1966 under the Convention on the Settlement of Investment Disputes between States and Nationals of Other States (ICSID Convention). ICSID provides facilities for the conciliation and arbitration of disputes between member countries and investors who qualify as nationals of other member countries. All Contracting States of ICSID are required to recognize and enforce ICSID arbitral awards.  |

## *Investment*

| <b>Term</b>  | <b>Definition</b>   |
|--|---|
| <b>ICSID Additional Facility Rules</b>             | Since 1978 the ICSID Secretariat has been administering certain types of proceedings between States and foreign nationals which fall outside the scope of the ICSID Convention. These include conciliation and arbitration proceedings where either the State party or the home State of the foreign national is not a member of ICSID.   |
| <b>Investor-State dispute settlement mechanism</b> | Investment agreements generally include provisions for an investor-state dispute settlement mechanism whereby an investor of a Party is able to seek redress against another Party. In most investment agreements, the investor may choose between the local courts and international arbitration. In some agreements, this choice is final, in order to avoid simultaneous procedures and contradictory decisions. A disputing investor may submit a claim to arbitration under some specific rules of arbitration, for example the ICSID Convention, the Additional Facility Rules of ICSID, or the UNCITRAL Arbitration Rules. It is worth noting that the objective of an investor-state dispute settlement mechanism is to depoliticize investment disputes and put them into the sphere of international arbitration. |
| <b>Key personnel</b>                               | This term has generated many interpretations because it comprises two dimensions: freedom to hire and temporary entry. The freedom to hire refers to the right granted to the investor to employ, in senior management positions, personnel within the host country without regard to the nationality or citizenship of the person concerned. The temporary entry of key personnel refers to the right granted to the investor to enter the host country or to bring key personnel, essential to a specific operation of an investment. Personnel is subject to immigration laws and laws and regulations relating to the entry, stay, and work of natural persons.   |
| <b>Minimum standard of treatment</b>               | This concept is found in several investment agreements. It means that the host country will accord treatment to investments of foreign investors in accordance with the international norms encompassed by the customary international law minimum standard. In general, States would fail to meet the minimum standard of treatment if their acts amounted to an outrage, bad faith, or an insufficiency of governmental action so far short of international standards that every reasonable and impartial person would readily recognize its insufficiency.  |
| <b>Most favored nation treatment (MFN)</b>         | This principle contained in trade and investment agreements ensures that there is no discrimination among foreigners. It guarantees that foreign investors and their investments (those of another member country of the trade or investment agreement) are treated no worse than any other foreign investors and their investments. <i>See Services, page 41, where this text may have a slightly different meaning.</i>   |
| <b>National treatment</b>                          | This principle contained in trade and investment agreements ensures that there is no discrimination between foreigners and nationals. It guarantees that foreign investors and their investments (those of another member country of the trade or investment agreement) are treated no worse than domestic investors and their investments. <i>See Services, page 41 and Tariffs and Non-tariff Measures, page 45, where this text may have a slightly different meaning.</i>   |
| <b>Negative List</b>                               | Under a negative list approach, all sectors and measures covering investment must be liberalized unless otherwise specified in annexes containing reservations or a list of non-conforming measures.  |
| <b>Non-conforming measures</b>                     | A non-conforming measure is any law, regulation, procedure, requirement or practice, which violates certain articles of the investment agreement. For example, a law prohibiting an investor of another member country to own a factory does not conform with the article on national treatment.  |

## *Investment*

| <b>Term</b>  | <b>Definition</b>   |
|--|---|
| <b>Performance requirements</b>  | Are used by countries to influence the behavior of investors. Traditionally, two types of performance requirements have been identified: mandatory performance requirements and incentive-based performance requirements. Mandatory performance requirements are conditions or requirements that are imposed at the pre- and/or post-establishment phases, i.e. for the establishment and/or operation of an investment. Incentive-based performance requirements are conditions that an investor must meet to secure a government subsidy or incentive. <i>See Government Procurement, page 29 and Tariffs and Non-tariff Measures, page 46, where this text may have a slightly different meaning.</i>  |
| <b>Portfolio investment</b>  | It refers to shares, stocks or other forms of equity participation in an enterprise.  |
| <b>Post-establishment</b>  | It refers to the operation of an investment. It guarantees that foreign investors and their investments (those of another member country of the trade or investment agreement), once established or admitted, are treated no worse than domestic investors and their investments (national treatment) or any other foreign investors and their investments (most-favored-nation treatment).   |
| <b>Pre-establishment</b>   | It refers to the entry of investments and investors of a Party (member country of a trade or investment agreement) into the territory of another Party. Each Party allows investors of other Parties to establish an investment in their territory on terms no less favorable than those that apply to domestic investors (national treatment) or investors from third countries (most-favored-nation treatment). In the case of the provision on performance requirements, pre-establishment refers to the prohibition of imposing certain performance requirements as a condition for the establishment of an investment. Pre-establishment is rarely granted without exceptions since every country has sensitive sectors where foreign investment is not permitted. In fact, members of a trade or investment agreement usually list a number of measures (for example, laws and regulations) or entire sectors where pre-establishment (free entry of investments and investors) does not apply. |
| <b>Ratchet mechanism</b>   | Some trade and investment agreements include this mechanism under which any liberalization measures adopted by a member country cannot be replaced by new measures that are more restrictive.   |
| <b>Reservations</b>  | They define any limitations to the commitments of the member countries to the investment agreement. They are specific to each country to a trade or investment agreement, and are taken against a limited number of provisions.   |
| <b>Standstill</b>  | Under this principle, member countries in a trade or investment agreement commit themselves to the imposition of the status quo on existing measures and practices which do not conform to a number of obligations such as national treatment and most-favored-nation treatment. Member countries commit themselves not to introduce new legislation that would violate these obligations. Standstill do not apply, however, to any general exceptions (e.g. national security) or to any temporary derogations (e.g. balance-of-payments), or to any exceptions (reservations) for future measures taken by these countries.   |
| <b>Transfers</b>   | The provision on transfers set out in several investment agreements guarantees that all payments relating to an investment of an investor of another member country can be transferred in a freely convertible or usable currency at the market rate of exchange prevailing on the date of transfer. In some cases, these agreements allow for limitations or exceptions, such as for balance-of payments problems.   |
| <b>Ad-hoc Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL)</b> | Under the investor-state dispute settlement mechanism, an investor may submit a claim to arbitration under some specific rules of arbitration such as the ad-hoc arbitration rules of the United Nations Commission for International Trade and Law.  |

## *Origin Regime*

### ORIGIN REGIME

| <b>Term</b>   | <b>Definition</b>  |
|---|--|
| <b>Accumulation</b>                                     | Provision that allows, when determining the origin of a good, for the consideration of imported inputs as originating provided that they come from another country that participates in the free trade zone. <i>See Subsidies, Anti-Dumping and Countervailing Duties, page 42, where this text may have a slightly different meaning.</i>   |
| <b>Change of Tariff Classification</b>                  | Criteria used in the determination of origin that stipulates the change in the tariff nomenclature that an imported input must undergo when incorporated into a final good so that the final good may acquire originating status. The change in tariff classification can be at Chapter level (first two digits of the tariff nomenclature), Heading level (first four digits of the tariff nomenclature), or Sub-heading level (first six digits of the tariff nomenclature). |
| <b>Containers and packing materials for shipment</b>    | Goods that are used to protect other goods during transport, different from packaging materials for retail sale.   |
| <b>Fungible goods</b>                                   | Goods that are interchangeable for trading purposes, whose properties are essentially identical and for which it is not practical to differentiate one from another by simple visual examination.  |
| <b>Indirect material</b>                                | A good used in the production, verification or inspection of a good, but not physically incorporated in the good; or a good that is used in the maintenance of buildings or in the operation of equipment related to the production of a good.   |
| <b>Non-originating good or non-originating material</b> | A good or material that does not qualify as originating according to the established Origin Regime.  |
| <b>Origin certificate</b>                               | A document issued especially to certify that a good is originating in a country participating in a free trade area.  |
| <b>Origin regime</b>                                    | The full set of criteria that defines the requirements that goods must fulfill in order to be considered originating, also including the processes agreed among the participating countries of a free trade area for the administration and verification of origin.  |
| <b>Originating good</b>                                 | A good that, by virtue of fulfilling the requirements of the Origin Regime is considered originating in the country in which its production process has been carried out, regardless of whether imported inputs were used in its production.   |
| <b>Regional value content</b>                           | A specific type of value test. It is a share of the value of a good accounted for by national inputs and any other cost component that is derived from the country in which production of the good takes place.  |
| <b>Rule of origin</b>                                   | Specific requirements that must be fulfilled by a good produced in a free trade zone for it to be considered as originating and thereby benefit from the preferential tariff treatment.  |
| <b>Shipping and repacking costs</b>                     | Costs incurred in the transport and repacking of a good outside the territory in which the producer or exporter of the good is located.  |
| <b>Tariff item</b>                                      | Maximum level of opening in the national tariff nomenclature; generally eight or ten digits.   |
| <b>Value test</b>                                       | Criteria used in the determination of origin of a good. It establishes the requirements to measure the national or imported contributions that a good contains for the purpose of determining whether the good, despite having imported inputs, complies with the requirements established in order to be considered originating.  |
| <b>Wholly obtained</b>                                  | A good that contains no imported inputs and that has been wholly produced or obtained within a country participating in a free trade area.   |

## Safeguards

### SAFEGUARDS

| Term                                 | Definition  |
|--------------------------------------|---|
| <b>Adjustment plan</b>               | Measures adopted to generate conditions to overcome the lack of competitiveness of a particular industry before the presence of imports. These measures can include, for example, re-structuring of a plant, training of employees, acquisition of new technologies, introduction of more efficient production processes, among others.   |
| <b>Article XIX</b>                   | Article XIX means the article of the GATT Agreement that allows a GATT member to take “safeguard” action to protect a specific domestic industry from an unforeseen increase of imports of any product which is causing, or which is likely to cause, serious injury to the industry.   |
| <b>Causal link</b>                   | Relationship that is established when a cause generates a given effect. <i>See Subsidies, Antidumping and Countervailing Duties, page 42, where this text may have a slightly different meaning.</i>  |
| <b>Compensation</b>                  | Set of trade benefits (normally market access concessions) granted by the importing country imposing a safeguard measure to an affected exporting country. These benefits are given with a view to offsetting the commercial losses incurred by the exporting country. Normally the benefits granted should have a commercial value equivalent to the commercial losses.  |
| <b>Customs Union</b>                 | An international association organized to eliminate customs restrictions on goods exchanged between member nations and to establish a uniform tariff policy toward nonmember nations.   |
| <b>Directly competitive good</b>     | Directly competitive good means the good which, while not necessarily similar to the one that it is compared with, is essentially equivalent for purposes of trade being put to the same use and being interchangeable with the latter.   |
| <b>Findings of the investigation</b> | In the investigation to determine whether increased imports have caused or are threatening to cause serious injury to a domestic industry, the competent authorities shall evaluate all relevant factors of an objective and quantifiable nature having a bearing on the situation of that industry, in particular, the rate and amount of the increase in imports of the product concerned in absolute and relative terms, the share of the domestic market taken by increased imports, changes in the level of sales, production, productivity, capacity utilization, profits and losses, and employment. |
| <b>Global safeguard measure</b>      | A safeguard measure imposed under Article XIX of GATT 1994 and the WTO Agreement on Safeguard Measures.   |
| <b>Interested parties</b>            | Individuals or organizations that may have an interest in the safeguard measure. These may include; for example: the petitioner; other domestic producers; commercial, trade or business associations in which the majority of the members are producers of the good under investigation; foreign producers; exporters; importers; governments of the exporting or producing parties; and consumers or associations representing them.  |
| <b>Like good</b>                     | 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.   |
| <b>Provisional safeguard measure</b> | Is a provisional measure, normally a tariff, which is imposed on imports to prevent injury to the domestic industry while the issue is under investigation and before a final decision is reached.  |
| <b>Safeguard measure</b>             | Border measure, usually of a tariff nature, imposed on a temporary basis on imports of goods that cause or threaten to cause serious injury to a domestic industry that produces like or similar goods. Its objective is to provide time for the affected industry to undergo an adjustment process. It is normally imposed after an investigation in the importing country that seeks to determine whether the serious injury or threat thereof is caused to the industry as a result of sudden imports.   |

## *Safeguards*

| <b>Term</b>                         | <b>Definition</b>  |
|-------------------------------------|--|
| <b>Serious injury</b>               | 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. |
| <b>Specific safeguard mechanism</b> | A specific safeguard mechanism is a safeguard mechanism which objective is to offer temporary protection to a specific sector of the domestic production; for example: textiles, agriculture, etc.   |
| <b>Substantial supplier</b>         | 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.                         |

## Services

### SERVICES

| Term   | Definition   |
|--|--|
| <b>Classification of service sectors</b>       | There are several classification lists that may be used for the purpose of negotiating trade in services. The most common, however, is the one developed by the WTO in GATS w/120 which sets out 155 service sub-sectors in 12 broad sectoral categories. The categories in this list are based on an aggregated version of the United Nations Commodity Product Classification List (CPC). The list can be found at the WTO website under the references “Trade Topics – Services” <a href="http://www.wto.org">http://www.wto.org</a>  |
| <b>Commercial presence (Mode 3)</b>            | A mode of service supply or trade where services are supplied through any type of business or professional establishment, i.e. foreign direct investment, of one member of the agreement in the territory of another. An example is the establishment of a branch of a foreign bank or of a franchising outlet in a foreign location.  |
| <b>Consumption abroad (Mode 2)</b>             | A mode of service supply or trade where services are supplied in the territory of one member of a trade agreement to the consumers of another. This mode of supply requires that the consumer of services move abroad. An example is the traveling abroad to receive: medical treatment or to enroll in an education program.  |
| <b>Cross-border trade in services (Mode 1)</b> | A mode of service supply or trade where services are supplied from the territory of one member of a trade agreement into the territory of another. An example is architectural design services, supplied, by an architect in one country by post or electronic mail to consumers in another country.   |
| <b>Denial of benefits</b>                      | The right of members to a trade agreement to deny the preferential treatment provided for by the agreement to any non-member. In the case of services, benefits may be denied if it is determined that the service is supplied from the territory of a non-member country; or by an enterprise that is not duly constituted or domiciled in a member country; or by an enterprise of a non-member country that does not have substantial business activities or operations in the territory of any member; or by an enterprise that is owned or controlled by persons of a non-member; or by a combination of these conditions. <i>See Investment, page 34, where this text may have a slightly different meaning.</i> |
| <b>Domestic regulation</b>                     | The set of non-discriminatory and non-quantitative regulations that are applied by governments and that may affect foreign and national service suppliers alike once in the market, as well as the ability of foreign service suppliers to enter the market. These consist of measures relating to qualification requirements and procedures, technical standards and licensing requirements, among others.  |
| <b>List of commitments</b>                     | Under a positive list approach, the list of commitments comprises a national schedule and contains all of the commitments, set out by sector, which a party to a trade agreement has chosen to include.  |
| <b>List of reservations</b>                    | Under a negative list approach, the list that is found in annexes to a trade agreement and that contains all of the measures that do not conform to the core disciplines of the relevant chapters and that governments choose to maintain.   |
| <b>Market access</b>                           | 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.   |
| <b>Modes of supply in services trade</b>       | 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 in this section.  |



## Services

| Term  | Definition   |
|---|--|
| <b>Most favored nation treatment (MFN)</b>            | This principle contained in trade and investment agreements obliges members of a trade agreement to give the most favorable treatment accorded to any of their trading partners, to all the other members immediately and unconditionally. It guarantees that foreign services and service providers (from another member country of the trade agreement) are treated no worse than any other foreign service or foreign service provider. (or/ are extended the best treatment that is provided to any other). <i>See Investment, page 35, where this text may have a slightly different meaning.</i>                             |
| <b>National treatment</b>                             | This principle contained in trade agreements and in services chapters ensures that there is no discrimination between foreigners and nationals. It guarantees that foreign services and service providers (those of another member country of the trade agreement) are treated no less favorably than local services and service providers. <i>See Investment, page 35 and Tariffs and Non-tariff Measures, page 45, where this text may have a slightly different meaning.</i>  |
| <b>Negative list approach</b>                         | 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.  |
| <b>Positive list approach</b>                         | The voluntary inclusion of a designated number of sectors in a national schedule indicating what type of access and what type of treatment for each sector and for each mode of supply a country is prepared to contractually offer service suppliers from other countries.  |
| <b>Right to regulate</b>                              | The sovereign right of all governments, members to a trade agreement, to introduce regulations for the pursuit of legitimate objectives in order to meet national policy objectives, including those related to the protection and safety of human, animal or plant life or health, or to prevent deceptive and fraudulent practices or to protect privacy of individuals.   |
| <b>Service sectors</b>                                | 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.  |
| <b>Temporary movement of natural persons (Mode 4)</b> | 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.  |
| <b>Trade in services</b>                              | Trade in services involves the exchange or sale of a service within the eleven broad categories subsequently indicated between residents of one country and residents of another country, according to one of the four modes of supply defined below.  |
| <b>Transparency</b>                                   | This principle requires that members of a trade agreement publish or make available national laws, regulations or decrees or any type of administrative act that may affect trade in services and foreign service suppliers with respect to the disciplines within the agreement. Transparency obligations in trade agreements may include publication, notification, right to prior comment, explanation upon request of the adoption of laws or regulations, and the provision of information to interested parties upon request. <i>See Competition Policy, page 24, where this text may have a slightly different meaning.</i> |

**SUBSIDIES, ANTI-DUMPING AND COUNTERVAILING DUTIES**

| <b>Term</b>                             | <b>Definition</b>   |
|---|---|
| <b>Accumulation</b>                     | The cumulative assessment of the volume and price effects of imports of the subject merchandise from all countries with respect to which antidumping or countervailing duty petitions were filed if such imports compete with each other and with domestic like products in the export market. <i>See Origin Regime, page 37, where this text may have a slightly different meaning.</i>  |
| <b>Administrative file</b>              | Complete record of administrative procedures.   |
| <b>Amount of subsidy</b>                | Amount of financial contribution; transfer of funds; or other from of income or price support paid for the manufacture, production, or export of an article.  |
| <b>Antidumping Agreement</b>            | Agreement Relating to the Implementation of Article VI of the General Agreement on Tariffs and Trade 1994, in Annex 1 A to the WTO Agreement – WTO agreement resulting from the Uruguay Round that implements Article VI of GATT 1994.  |
| <b>Antidumping duty</b>                 | Duty applied to imports of a particular good from a specified country in order to eliminate the harm being caused by the dumping to the domestic industry of the importing country. Article VI of the GATT 1994 permits the imposition of antidumping 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.   |
| <b>Business Proprietary Information</b> | Information of commercial value, the disclosure of which is likely to have the effect of either impairing the investigator’s ability to obtain such information as is necessary to perform its functions, or causing substantial harm to the competitive position of the firm or other organization from which the information was obtained.  |
| <b>Causal link</b>                      | Relationship or connection between a cause and an effect. A domestic industry petitioning for an antidumping investigation must provide evidence of a causal link between the dumped imports and the alleged injury. <i>See Safeguards, page 38, where this text may have a slightly different meaning.</i>   |
| <b>Circumvention</b>                    | Measures taken by exporters to evade antidumping or countervailing duties.  |
| <b>Countervailing duty</b>              | A special duty levied for the purpose of offsetting any bounty or subsidy bestowed, directly, or indirectly, upon the manufacture, production or export of any merchandise. No WTO member may levy any countervailing duty on the importation of any product of the territory of another unless it determines that the effect of the subsidization is such as to cause or threaten material injury to an established domestic industry, or is such as to retard materially the establishment of a domestic industry.  |
| <b>Countervailing measures</b>          | Action taken by the importing country, usually in the form of increased duties to offset subsidies given to producers or exporters in the exporting country. Additional duties imposed by the importing country to offset government subsidies in the exporting country when the subsidized imports cause material injury to domestic industry in the importing country.  |
| <b>De minimis</b>                       | (Latin meaning “of the least”). The margin of dumping is considered <i>de minimis</i> , or the volume of dumped imports, actual or potential, or the injury, is considered negligible, if this margin is less than 2 per cent, expressed as a percentage of the export price. The investigation is then terminated. Moreover, the volume of dumped imports shall normally be regarded as negligible if the volume of dumped imports from a particular country is found to account for less than 3 per cent of imports of the like product in the importing Member, unless countries which individually account for less than 3 percent of the imports of the like product in the importing Member collectively account for more than 7 per cent of imports of the like product in the importing Member. |
| <b>Definitive duty</b>                  | The final legal assessment or collection of a duty or tax where the facts as finally established show that there is dumping and injury caused thereby.  |
| <b>Domestic industry</b>                | Domestic producers as a whole of the like products or to those of them whose collective output of the products constitutes a major proportion of the total domestic production of those products.   |

*Subsidies, Anti-Dumping and Countervailing Duties*

| <b>Term</b>                                 | <b>Definition</b>   |
|---|---|
| <b>Domestic subsidy</b>                     | Any act, practice, or measure other than an export subsidy by which a government confers a benefit upon a product and/or enterprise. <i>See “subsidy”, page 44.</i>   |
| <b>Dumping</b>                              | Introduction of a product into the commerce of another country at less than its normal value, if the export price of the product exported from one country to another is less than the comparable price, in the ordinary course of trade, for the like product when destined for consumption in the exporting country. Selling merchandise in another country at a price below the price at which the same merchandise is sold in the home market or selling such merchandise below the costs incurred in production and shipment Dumping occurs when goods are exported at a price less than their normal value, generally meaning they are exported for less than they are sold in the domestic market or third-country markets, or at less than production cost. |
| <b>Duty deposit</b>                         | This refers to antidumping duties which must be deposited upon entry of merchandise which is the subject of an antidumping duty order for each manufacturer, producer or exporter equal to the amount by which the foreign market value exceeds the price of the merchandise in the domestic market.  |
| <b>Essential facts</b>                      | Crucial facts considered and used for the decision to apply, or not, an antidumping measure.  |
| <b>Export subsidy</b>                       | A subsidy such as those described in the Illustrative List of Export Subsidies of the WTO Agreement on Subsidies and Countervailing Measures. <i>See “subsidy”, page 44.</i>  |
| <b>Final determination</b>                  | Final decision on an antidumping or subsidy investigation.  |
| <b>In situ investigation</b>                | On-site investigation.  |
| <b>Initiation of an investigation</b>       | Procedural action by which a WTO member formally commences an antidumping investigation to determine the existence, degree and effect of any alleged dumping.   |
| <b>Injury</b>                               | Occurs when the effect of the dumping or subsidization, as the case may be, is such as to cause or threaten material injury to an established domestic industry, or is such as to retard materially the establishment of a domestic industry.   |
| <b>Investigating authority</b>              | Body in charge of carrying out an antidumping or subsidy investigation.   |
| <b>Investigation</b>                        | Procedure to determine the existence, degree, and effects of dumping or subsidies.  |
| <b>Lesser duty</b>                          | A duty which is less than the margin of dumping but adequate to remove the injury to the domestic industry.   |
| <b>Like product</b>                         | A product which is identical, i.e. alike in all respects to the product under consideration, or in the absence of such a product, another product which, although not alike in all respects, has characteristics closely resembling those of the product under consideration.   |
| <b>Margin of dumping</b>                    | The difference between the comparable price of the like product when exported to an appropriate third country and the cost of production in the country of origin plus a reasonable amount for administrative, selling and general costs and for profits.   |
| <b>Normal course of trade</b>               | Sales made in the course of normal operations.  |
| <b>Normal value</b>                         | The price at which merchandise is sold or offered for sale in the principal markets of the country from which it is exported.   |
| <b>Preliminary investigation</b>            | Initial procedure to determine the existence, degree, and effects of dumping or subsidization.  |
| <b>Price undertaking</b>                    | Undertaking by an exporter to raise the export price of the product to avoid the possibility of an antidumping duty.  |
| <b>Prospective</b>                          | Effective or operative in the future.   |
| <b>Provisional duty</b>                     | Provisionally applied as opposed to definitive duty.  |
| <b>Public interest</b>                      | The general welfare of the public that warrants recognition and protection.   |
| <b>Constructed/<br/>Reconstructed value</b> | A means of determining fair or foreign market value when sales of such or similar merchandise do not exist or, for various reasons, cannot be used for comparison purposes. The “constructed value” consists of the cost of materials and fabrication or other processing employed in producing the merchandise, general expenses of not less than 10 percent of material and fabrication costs, and profit of not less than 8 percent of the sum of the production costs and general expenses. To this amount is added the cost of packing for exportation to the export market.   |

*Subsidies, Anti-Dumping and Countervailing Duties*

| <b>Term</b>                  | <b>Definition</b>  |
|------------------------------|--|
| <b>Relevant market</b>       | The relevant market is determined on the basis of first establishing the relevant product market and geographic market. The relevant product market comprises all the products and/or services that the consumer and/or user consider to be interchangeable or substitutable by reason of their characteristics, price or intended use. The relevant geographic market comprises all areas in which competitors in the relevant product market compete with each other in the sale or purchase of products under equal competition conditions. Geographic areas in which the competition conditions are significantly different are not taken into account in determining the relevant geographic market. <i>See Competition Policy, page 24, where this text may have a slightly different meaning.</i> |
| <b>Retrospective</b>         | Taking effect from a date in the past.   |
| <b>Review determination</b>  | Review of rights and obligations that might be initiated by the investigating authority.   |
| <b>Subsidy</b>               | 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.  |
| <b>Subsidies Agreement</b>   | Agreement on Subsidies and Countervailing Measures in Annex 1 a to the WTO Agreement (also known as SCM Agreement) - The Agreement on Subsidies and Countervailing Measures is intended to build on the Agreement on Interpretation and Application of Articles VI, XVI and XXIII which was negotiated in the Tokyo Round.   |
| <b>Sunset review</b>         | Procedure under which an antidumping or countervailing duty automatically terminates at the end of a fixed period unless it is formally renewed.   |
| <b>Verification schedule</b> | A timetable for the verification of documents by the investigative authority.  |
| <b>Weighted average</b>      | 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.  |
| <b>Zeroing</b>               | In a comparison of the weighted average normal value with the weighted average of prices of comparable export transactions for the product under an antidumping investigation, the practice of assigning a zero margin to a negative dumping margin (when the export price is above the normal price) found for any export transaction.  |

*Tariffs and Non Tariff Measures*

**TARIFFS AND NON TARIFF MEASURES**

| <b>Term</b>   | <b>Definition</b>  |
|---|--|
| <b>Ad valorem tariff</b>                                  | 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.   |
| <b>Ad valorem equivalent</b>                              | 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.  |
| <b>Automatic import licensing</b>                         | 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.   |
| <b>Drawback procedure</b>                                 | Customs procedure which, when goods are exported, provides for a repayment (total or partial) to be made in respect of the import duties and taxes charged on the goods, or on materials contained in them or consumed in their production.  |
| <b>Duty-free shop</b>                                     | Duty-free shop is a licensed warehouse that has obtained permission from the government to make sales free of customs duty, domestic taxes and excises, to persons traveling out of the country. Most of these shops are located in ports, airports, and international borders. There are normally two categories of duty-free shops, ‘outwards’ duty-free shops and ‘inwards’ duty-free shops. ‘Outwards’ duty-free shops are allowed to sell tax-free items to individuals departing a country. ‘Inwards’ duty-free shops are located within international airport terminals between the disembarkation gates and the customs processing areas. These shops can only sell duty and tax-free goods to arriving passengers. They are limited in the range of items that they can sell. Similarly, passengers are constrained in the amount of certain goods they can purchase. |
| <b>Duty deferral program</b>                              | Any import scheme which includes provisions for the deferral in the payment of import duties such as those governing free zones, temporary importations under bond, bonded warehouses, “maquiladoras”, and inward processing programs.   |
| <b>Export processing zone</b>                             | A clearly delineated industrial estate which constitutes a free trade enclave in the customs and trade regime of a country, and where foreign and local manufacturing firms producing mainly for export benefit from a certain number of fiscal and financial incentives.  |
| <b>Harmonized Commodity Description and Coding System</b> | Harmonized Commodity Description and Coding System, generally referred to as “Harmonized System” or simply “HS”, is a multipurpose international product nomenclature developed by the World Customs Organization (WCO). It comprises about 5,000 commodity groups, each identified by a six digit code, arranged in a legal and logical structure and is supported by well-defined rules to achieve uniform classification. The system is used by more than 177 countries and economies as a basis for their Customs tariffs and for the collection of international trade statistics. The Harmonized System is governed by “The International Convention on the Harmonized Commodity Description and Coding System”.   |
| <b>Harmonized System</b>                                  | <i>See “Harmonized Commodity Description and Coding System”, see above.</i>  |
| <b>Import licensing</b>                                   | 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.  |
| <b>Mixed tariff</b>                                       | A tariff which combines ad valorem and specific tariffs.   |
| <b>National treatment</b>                                 | Legal provision that seeks to avoid discrimination and protectionism in the application of internal tax and regulatory measures. It normally states that, once imports have entered the territory of an importing country, 1) internal taxes must be applied equally to imports and the like domestic production, and 2) national regulations must not treat imports “less favorably” than similar domestic production. <i>See Investment, page 35 and Services, page 41, where this text may have a slightly different meaning.</i>   |

### *Tariffs and Non Tariff Measures*

| <b>Term</b>                            | <b>Definition</b>  |
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| <b>Non-automatic import licensing</b>  | Licensing not falling within the definition of automatic import licensing. Non-automatic licensing is used to administer trade restrictions such as quantitative restrictions when justified within the international trade legal framework.   |
| <b>Non-tariff barriers</b>             | Non-tariff measures that have a protectionist impact. Examples: quotas, tariff-rate quotas, licensing regimes, price bands.  |
| <b>Non-tariff measures</b>             | All measures imposed on trade flows that are not tariff measures. Some of these measures may constitute non-tariff barriers.   |
| <b>Performance requirements</b>        | A legal requirement imposed on producers of goods and/or services, which impose on them certain obligations. For instance, some trade agreements include the following performance requirements, among others: (i) that a given level or percentage of goods or services be exported; (ii) that domestic goods or services of the producing country granting a waiver of customs duties be substituted for imported goods or services; (iii) that a person benefiting from a waiver of customs duties purchase other goods or services in the territory of the producing country granting the waiver or accord a preference to domestically produced goods or services; (iv) that a person benefiting from a waiver of customs duties produce goods or provide services, in the territory of the producing country granting the waiver, with a given level or percentage of domestic content; or (v) a requirement that relates in any way the volume or value of imports to the volume or value of exports or to the amount of foreign exchange inflows. <i>See Government Procurement, page 29 and Investment, page 36, where this text may have a slightly different meaning.</i> |
| <b>Specific tariff</b>                 | 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.   |
| <b>Tariff-rate quota/ Tariff-quota</b> | 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.  |
| <b>Voluntary export restraint</b>      | A measure adopted by an exporting country by which it voluntarily agrees to limit the volume or value of exports of a given product to a particular importing country.   |

*Technical Barriers to Trade*

**TECHNICAL BARRIERS TO TRADE**

| <b>Term</b>                            | <b>Definition</b>  |
|--|--|
| <b>Accreditation</b>                   | Accreditation, as defined in ISO/IEC Guide 2:1996, is the “procedure by which an authoritative body gives formal recognition that a body or person is competent to carry out specific tasks.” This is a means of determining the competence of bodies or persons to perform specific types of testing, measurement and calibration, providing formal recognition to competent bodies or persons, thus providing confidence that the customer will have access to reliable testing and calibration services.  |
| <b>Calibration</b>                     | Calibration is the determination, by measurement or comparison with a standard, of the correct value of a reading on a measuring instrument.   |
| <b>Certificate of conformity</b>       | A certificate of conformity is a document, tag, label, or nameplate, provided on delivery to the buyer that attests a product, process, or service’s compliance with standards or technical regulations.   |
| <b>Certification</b>                   | Certification, as defined by ISO/IEC Guide 2:1996, is “a procedure by which a third party gives written assurance that a product, process or service conforms to specified requirements.”  |
| <b>Code of Good Practice</b>           | The Code of Good Practice, Annex 3 of the WTO TBT Agreement, provides disciplines, including those related to transparency, for the preparation, adoption and application of standards by standardizing bodies. The Code’s acceptance is voluntary and open to any standardizing body, whether central government, local government or non-governmental and regional standardizing bodies.   |
| <b>Conformity assessment procedure</b> | Conformity assessment procedures are technical procedures - such as, testing, verification, and certification – used to determine that goods or services fulfill the requirements laid down in technical regulations and standards.  |
| <b>Enquiry point</b>                   | An Enquiry Point is a focal point, established under the WTO Agreement on Technical Barriers to Trade, where other WTO Members can request and obtain information and documentation on a Member's technical regulations, standards and conformity assessment procedures, whether impending or adopted, as well as on participation in bilateral or plurilateral standards-related agreements, international or regional standardizing bodies and conformity assessment systems.  |
| <b>Equivalence</b>                     | Equivalence means the acceptance of the technical regulation or conformity assessment procedure of another party as fulfilling the same legitimate objectives as do one’s own technical regulation or conformity assessment procedures, even if this fulfillment is reached through different means.   |
| <b>Industrial metrology</b>            | Industrial metrology is the area of metrology that concerns assuring the accuracy of the instruments used and measurements made.   |
| <b>Legal metrology</b>                 | Legal metrology is that area of metrology that concerns the regulation of weighing and measuring instruments used in commercial transactions.  |
| <b>Legitimate objectives</b>           | The WTO TBT agreement specifies that technical regulations shall not be more trade-restrictive than necessary to fulfill a legitimate objective. Legitimate objectives specified under the TBT Agreement are, inter alia: national security requirements; the prevention of deceptive practices; protection of human health or safety, animal or plant life or health, or the environment. In assessing such risks, relevant elements of consideration are, inter alia: available scientific and technical information related processing technology or intended end-uses of products. |
| <b>Metrology</b>                       | Metrology is the science of weights and measures. In the area of trade, metrology includes all technical procedures concerned with the maintenance of the accuracy and international reproducibility of measuring instruments and with all procedures implemented in order to specify and to ensure the quality and credibility of measurements related to official controls, trade, health, safety and the environment.   |
| <b>Mutual recognition agreement</b>    | A mutual recognition agreement is a formal agreement between two countries that provides for a reciprocal reliance upon facets of each other's regulatory systems, to the degree specified in the agreement.   |

*Technical Barriers to Trade*

| <b>Term</b>   | <b>Definition</b>   |
|---|---|
| <b>Scientific metrology</b>   | Scientific metrology is the area of metrology that deals with the organization and development of measurement standards and with their maintenance.   |
| <b>Standard</b>   | A standard is a document approved by a recognized body that provides, for common and repeated use, rules, guidelines or characteristics for goods or services, or related processes and production methods. Standards are generally established by consensus in technical committees of experts; compliance is not mandatory.   |
| <b>Supplier's declaration of conformity/<br/>Manufacturer's declaration of conformity</b> | Also referred to as "self-certification", supplier's or manufacturer's declaration of conformity is a process by which a supplier/manufacturer declares that his goods or services meet a specified requirement. Suppliers/manufacturers base this declaration on their confidence in their production quality control system, or on the results of testing or inspection.  |
| <b>Technical barrier to trade (TBT)</b>   | A standard or technical regulation, or a procedure to assess conformity with standards or technical regulations, becomes a technical barrier to trade if used in a way to impede international trade rather than for the purposes of achieving a legitimate objective.  |
| <b>Technical regulation</b>   | A technical regulation, (sometimes also referred to as a "mandatory standard" or a "compulsory standard"), is a document which lays down product characteristics or their related processes and production methods, including the applicable administrative provisions with which compliance is mandated by law. Unlike voluntary standards, technical regulations are set out by governments and are obligatory. |
| <b>Traceability</b>   | 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.                          |
| <b>Trade facilitation measures</b>  | 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.  |
| <b>WTO Agreement on Technical Barriers to Trade (TBT Agreement)</b>                       | The WTO Agreement on Technical Barriers to Trade, as part of the Agreement Establishing the World Trade Organization, aims to ensure that technical regulations, standards, testing and certification procedures do not create unnecessary obstacles to trade, while recognizing the right of countries to adopt necessary standards to achieve some level of protection of their legitimate objectives.          |
| <b>WTO Committee on Technical Barriers to Trade</b>                                       | The WTO Committee on Technical Barriers to Trade, created in the WTO TBT Agreement, has as its objective to allow member countries to periodically consult on any matters relating to the operation of the WTO TBT Agreement or the furtherance of its objectives.  |