



Basic glossary of terms commonly used in the World Trade Organization (WTO)

This glossary forms part of the series of notes that the Center for Strategic Analysis for Agriculture (CAESPA) of the Inter-American Institute for Cooperation on Agriculture (IICA) publishes regularly on subjects of interest, for Institute staff and the general public.

The objective of this note is to contribute to the general knowledge available and clarify the meaning of some of the trade jargon most commonly used in the WTO.

The main sources of information on which the authors drew were hard copies and electronic versions of documents of the WTO, IICA, the ITC, FAO, WHO, and other organizations.

The Center for Strategic Analysis for Agriculture (CAESPA) and the WTO-IICA Regional Reference Center wish to stress that this glossary contains only a selection of terms; it is not meant to be an exhaustive compilation. It should also be noted that the terms listed often have particular nuances for the abovementioned organizations.

The glossary's authors accept responsibility for any unintentional errors, and wish to express their appreciation to the individuals who helped to improve this document; any further contributions would also be welcome.

A

Ad valorem equivalent (AVE): *WTO Def.* An ad valorem tariff is the price or value expressed as a percentage. A *tariff* that is

not a percentage (expressed, for example, in USD per ton) can be estimated as a

percentage of the price – its ad valorem equivalent. See *Ad valorem tariff*.

Ad valorem tariff: *Int. Trade Def.* Tariff rate charged as a percentage of the total value or price of the quantity *imported*. // **Specific tariff:** Customs tax charged per unit or quantity imported and expressed in monetary terms; for example, USD100 per ton.

Agricultural product: *WTO Def.* Defined for the coverage of the *WTO's Agriculture Agreement*, by the agreement's Annex 1. This excludes, for example, fish and forestry products. It also includes various degrees of processing for different commodities.

Anti-dumping: *WTO Def.* *Corrective measure* to repair trade imbalances caused by *unfair trade practices*. See *Dumping*, *Anti-dumping duties*, *Corrective measures*, *Unfair trade practices*.

Anti-dumping duties: *WTO Def.* Measures taken to compensate for or correct the injury

caused to producers in the *importing* country by *imports* deemed to be *dumped*. If it is demonstrated that the dumping is detrimental, Article VI of the GATT allows anti-dumping duties to be imposed. See *Corrective measures, Anti-dumping*.

Appellation of origin: *WIPO Def.* Special type of geographical indication used on products that have a specific quality or characteristics that are due, exclusively or essentially, to the geographical environment in which they are produced. In the case of agricultural products, it can function as a sort of “trademark” or “patent,” the difference being that it can be used by all producers who manufacture their products in the place designated by national laws. Such products must share the characteristics attributable to their place of origin, and specific quality and safety standards. The WIPO administers the systems for the international registration of appellations of origin. See *Geographical indication, Country of origin, World Intellectual Property Organization (WIPO)*.

Applied tariff (applied rates): *WTO Def.* Duties that are actually charged on imports. They can be below the *bound rates* of the *Schedules of concessions* of the *Members* of the *WTO*.

B

Bilateral trade agreement: *Int. Rel. Def.* Binding legal contract signed by two countries, two states, or two economic and/or political regions in order to regulate and facilitate trade between them. Such agreements may be reciprocal or non-reciprocal.

Binding of commitments: *WTO Def.* Series of commitments that the *Member* countries

assume formally with the *organization* with respect to *tariff caps*, the reduction of *subsidies*, and the acceptance of *multilateral* trade standards. // *Tariff binding:* Commitment not to increase a *rate of duty* beyond an agreed level. Once a rate of duty is bound, it may not be raised without compensating the affected parties. See *Bound tariff (bound rates, tariff binding)*.

Bound tariff (bound rates, bound tariff level, tariff binding): *WTO Def.* Maximum tax that can be levied on *imports* based on a bound tariff level. The bound tariff is the highest *customs duty* that can be charged on products *imported* from the territory of another *Member*. Each *Member* is responsible for negotiating its bound tariff levels. A bound tariff may differ from the *applied tariff*, since *Members* may charge a tariff below the maximum bound rate. But if a rate higher than the bound tariff is charged, the affected parties must be compensated. See also *Binding concessions and Concessions (Schedule of)*.

Box: *WTO Def.* In agriculture, a category of *domestic support*. // *Green box: domestic support* not linked to production or price levels. They are permitted because they do not *distort* trade. // *Blue box: domestic support* permitted subject to production and price levels, but which lead producers to limit production in order to reduce the distortions that such measures can cause. They are allowed provided that production is limited or other conditions are established that reduce the effects of trade *distortion*. // *Amber box: Domestic support* associated directly with production levels, to maintain international prices. They are subject to reduction commitments as they are considered to *distort* trade. There are exemptions for developing countries

(sometimes called “special and differential treatment”). See *Domestic support*.

Branch of national production: *WTO Def.* Group of producers of the goods in direct competition with or similar to the goods within the territory of a *Member*; may also refer to producers whose joint production accounts for a significant proportion of total domestic production of the products in question.

C

Certificate of origin: *Int. Trade Def.* Document prepared by the producer or exporter attesting that the *goods originated* in the country concerned. See *Rules of origin, Country of origin*.

Circumvention: *WTO Def.* Getting around commitments in the **WTO**, such as commitments to limit *agricultural export subsidies*. Includes avoiding *quotas* and other *restrictions* by altering the *country of origin* of a product; and measures taken by *exporters* to evade *anti-dumping* or *countervailing duties*.

Codex Alimentarius: **FAO/WHO** commission that deals with international food *safety* standards. See *Sanitary and Phytosanitary Measures, FAO, and WHO*.

Committee on Agriculture: *WTO Def.* Body of the **WTO’s** Council for Trade in

Goods that provides follow-up to the Agreement on Agriculture of the **GATT/94**, studies the progress made with commitments, closely monitors ministerial decisions related to net food importing least developed and developing countries, and handles *agricultural trade disputes*.

Committee on Sanitary and Phytosanitary Measures: *WTO Def.* Body

of the **WTO’s** Council for Trade in Goods that provides follow-up to the Agreement on **Sanitary and Phytosanitary Measures (SPS)** of the **GATT/94**, fields inquiries and deals with disputes in this area, and spearheads the process of international harmonization of *sanitary and phytosanitary* standards.

Common Agricultural Policy (CAP): *Int. Rel. Def.* System of the European Union (EU) that covers production objectives and marketing mechanisms. It is intended to provide a framework for trade in agricultural products within the European Union and between the European Union and the rest of the world.

Common market: *Int. Rel. Def.* Calls for the existence of a *customs’ union*, the liberalization of the factors of production and the liberalization of *goods*, people, services and capital. Refers to the absence of *obstacles* to entry and exit and within each Member State of the Common Market.

Competent health authority: *Int. Trade Def.* Government agency in charge of monitoring and guaranteeing the quality of *health* in all health-related issues of the inhabitants of a country or region.

Concessions (Schedule of): List of *bound tariff rates*.

Corrective measure (trade defense measure): *WTO Def.* Measure that **WTO Members** can take to prevent or offset the injury caused to the *branches of domestic production* of another *Member* by a country’s *unfair trade practices (dumping and prohibited subsidies)* or other trade measures. Corrective measures are *antidumping, countervailing, and safeguard measures, and subsidies*.

Countervailing measure: *WTO Def.* A type of **corrective measure**. Action taken by an importing country on a specific product to offset the effects of **subsidies** given to producers or exporters in the exporting country that injure a **branch of production** of the importing country. Normally, this takes the form of increased **duties (tariffs or taxes)**. See *Corrective measures, Trade policy*.

Country of origin: *Int. Trade Def.* The country of origin of a **product** (service or investment) is the place from which it was obtained in its totality, **or where** its last substantial transformation took place (if several countries have been involved in the production or transformation process). See *Rules of origin, Geographical indication, Appellation of origin*.

Customs: *Int. Trade Def.* Public service that regulates and controls the entry and exit of **goods**, the means used to transport them, and the formalities involved. Its role is to enforce the laws and collect the taxes and duties that apply in international trade. // *Gen. Def.* Place where **goods** are kept temporarily when in transit from one country to another. The value of **goods** is calculated, and the duties and taxes payable on them are applied and collected.

Customs duty (or duty rates): *Int. Trade Def.* Amount established in the customs tariffs that **goods** must pay upon entering or exiting the customs territory. Governments usually apply this measure to protect their national producers against foreign competitors (imports). They might also apply a tariff to exports in order to protect national consumers from scarcity. See *Tariff, Customs tariff, Applied Tariff, Bound Tariff, Customs, Duty*.

Customs tariff (Customs duty): *Int. Trade Def.* Structured list containing descriptions of products and their corresponding **customs duties**. Governments establish this list by law according to their national needs and international commitments. See *Customs, Tariff, Applied tariff, Bound tariff, WCO, Tariff heading, Harmonized system*.

Customs taxes: *Int. Trade Def.* Fees that a country charges for customs operations. Also known as “other customs charges.” See *Customs and Customs duty*.

Customs territory: *Int. Rel. Def.* Territory in which the **customs** law of a state applies. // *WTO Def.* Any territory where the **WTO Agreement** applies. *For the WTO, all Members or countries are customs territories.* // *Int. Trade Def.* Any territory that applies different tariffs or other trade regulations to a substantial part of its trade with other territories. // *WTO Def.* *Separate customs territory:* Any state or customs territory possessing full autonomy in the conduct of its exterior commercial relations, e.g., Chinese Taipei, which comprises the Separate Customs Territories of Taiwan, Penghu, Kinmen and Matsu, is a full **Member** of the **WTO**.

Customs union: *Int. Rel. Def.* Merger of two or more **customs territories**. The members agree to apply the same **customs duties** (common external tariff) and trade regulations to territories outside of the Union. At the same time, they agree to eliminate such measures for trade between members of the Union.

Customs valuation: *WTO Def.* A customs procedure applied to determine the **customs value** of **imported goods**. If the **rate of duty is ad valorem**, the **customs value** is essential

to determine the duty to be paid on an *imported good*.

Customs value: *WTO Def.* The customs value of *imported goods* shall be, mainly, the transaction value, that is, the price actually paid for the *goods* when sold for export to the country of *importation*. It is based on the price agreed upon price for the *goods* when they are sold.

D

De minimis: *WTO Def.* Minimal amounts of *domestic support* that are allowed even though they *distort* trade. See *Boxes*.

Demand: *Int. Trade Def.* Amount of *goods* or services that buyers or consumers attempt to purchase in the market.

Distortion: *Int. Trade Def.* Situation in which price and production levels are higher or lower than those that would normally exist in a competitive market.

Domestic Support: *WTO Def.* In agriculture, any domestic *subsidy* or other measure which acts to maintain producer prices at levels above those prevailing in international trade. For example, the direct payments that a Government makes to producers, including deficiency payments, as well as input and marketing cost reduction measures available only for agricultural production. The *Agreement on*

Agriculture establishes two categories of domestic support: i) support that causes little or no trade *distortion*, and ii) support that distorts trade. See *Boxes, Subsidy*.

Dumping: *WTO Def.* Dumping is a discriminatory practice that occurs when

goods are *exported* at a price lower than the normal price or even less than the cost of production in the country of origin). See *Antidumping and Corrective measures*.

Duty, duties: *Int. Trade Def.* *Custom duties (tariffs)* and any other type of fiscal, monetary, or exchange costs that affect *goods*. A charge that a government imposes on the profits or income that a good or service can generate for the person who provides it. A(n import) tariff is a duty imposed on foreign products for sale in the domestic market (imports) that will generate profits for foreign suppliers. Custom duties are the revenue that governments collect from tariffs in order to invest in developmental works.

E

Economic integration: *Int. Rel. Def.* Harmonization and unification of the economic policies of a group, usually of States, that share a supranational institutional structure whose directives are binding. Before that stage is reached, normally there have been several degrees of economic integration. See *Free Trade Area, Customs Union, Common Market*.

Equivalence: *WTO Def.* In *sanitary and phytosanitary measures (SPS)*. Governments must recognize other countries' *sanitary or phytosanitary measures* as equivalent, even if they are different from their own, so long as an equivalent level of protection is provided.

Exemption: *WTO Def.* Authorization granted by the *Members* of the **WTO** releasing another member country from its normal commitments. Exemptions are for specific time frames and any extension must be justified.

Export: *Int. Trade Def.* Good or service sold to a country other than the one in which it was produced.

Export quota: *Int. Trade Def.* Restriction or maximum limit that a country sets on the value or volume of sales of given export products (*exports*). Usually done to protect local producers and consumers from temporary shortages of certain materials, or to influence the world prices of specific materials or products. The **WTO** prohibits this mechanism. See *Trade barriers, Quota*.

F

FAO. *FAO Def.* Food and Agriculture Organization of the United Nations (UN). Agency, whose objective is to “achieve *food security* for everyone and ensure that people have access to good-quality food at all times that enables them to live an active and healthy life.” Its mandate is to raise levels of nutrition, improve agricultural productivity, better the lives of rural populations, and contribute to the growth of the world economy.

Food safety: Assurance that foodstuffs will not cause harm to the consumer when prepared and/or eaten according to their intended use. It encompasses actions designed to guarantee maximum possible food safety. Policies and activities for that purpose must encompass the entire food chain, from production to consumption. See *Codex Alimentarius, Sanitary and Phytosanitary Measures-SPS*.

Food security: *1996 World Food Summit Def.* When the nutritional needs of a country or a population are met in a systematic manner, or “when all people at all times have access to sufficient, safe, nutritious

food to maintain a healthy and active life.” Commonly, the concept of food security is defined as including both physical and economic access to food that meets people’s dietary needs as well as their food preferences. See *FAO*.

Free trade area: *Int. Rel. Def.* When two or more *customs territories* eliminate the *tariff and non-tariff barriers* to the commercial *exports* and *imports* of goods originating in the members (countries) of the area. Members set their own tariffs on imports from territories that do not belong to the area.

G

GATT (General Agreement on Tariffs and Trade): Superseded by the WTO as the international organization governing international trade. The *updated* General Agreement is now the *WTO Agreement* governing trade in goods. // *GATT*

1947: the official legal term for the old (pre-1994) version of the General Agreement. // *GATT 1994:* the official legal term for the new version of the General Agreement, incorporated into the *WTO Agreement* and including GATT 1947.

Geographical indication: *WTO Def.* Place name (or word associated with a place) used to identify products (e.g., “champagne,” “tequila” or “Roquefort”) that have acquired a reputation or characteristics because they come from that place. // *WIPO Def.* Sign used on goods or services that have a specific geographical origin, whose qualities or reputation are attributable to that origin. Usually consists of the name of the place of origin. See *Geographical denomination, Country of origin*.

Goods: *Int. Trade Def.* Products or **merchandise** consumed directly, or used in the production of other goods. See *Merchandise*

H

Harmonized Commodity Description and Coding System (HS): *Int. Trade Def.* An international nomenclature for the description, classification, and coding of commodities, established and developed/administered by the WCO. The system covers all the **goods** that are traded and is arranged in six-digit codes. Beyond the six-digit level, **Members** are free to introduce national distinctions for tariffs and many other purposes. The **Members of the WTO** use it to identify the products in their **concessions**, and also for tariff negotiations. See *Customs tariff, World Customs Organization (WCO), Tariff heading.*

I

Import license: *Int. Trade Def.* Official document that authorizes an economic agent to **import goods**. It may establish the quantity authorized and the country of origin of the goods to be imported. It is used as an instrument for regulating and supervising the flow of **imports**. See *Non-tariff barriers, Quotas, Import quotas, Trade policy.*

Import quota: *Int. Trade Def.* Restriction, limit, or cap (in value or quantity) that a country sets on **goods** that it purchases abroad. If the volume or price exceeds the limit, the **goods** cannot be **imported**. The **WTO** prohibits this mechanism. See *Trade barriers, Quotas.*

Import restrictions: *Int. Trade Def.* **Tariff and non-tariff measures** that a country imposes to limit the entry (**importation**) of foreign **goods**. See *Trade barriers, Import*

quota, Trade policy, Quantitative restrictions, Import restrictions.

Importation: *Int. Trade Def.* When a country purchases **goods** or services produced abroad for its domestic consumption.

(Serious) Injury: *WTO Def.* Significant overall impairment in the position of a **branch of domestic production**. // *Threat of (serious) injury:* imminent deterioration in the position of a **branch of production**; a determination of the existence of a threat must be based on facts and not on short-term arguments or remote possibility.

Intellectual property rights: *Int. Trade Def.* Ownership of literary and artistic works, inventions, signs for distributing goods of an enterprise (brand names or trademarks) and other elements of industrial property, such as **appellations of origin**. See *World Intellectual Property Organization (WIPO).*

M

Market access: *Int. Trade Def.* Condition that determines whether the suppliers of **goods** and services of a country have a real possibility of competing with **imported goods**, or of penetrating a foreign **market**. //

WTO Def. Conditions, **tariff** and **non-tariff measures**, agreed by **Members** of the **WTO**

for the entry (**importation**) of specific **goods** into their markets under non-discriminatory conditions. See *Most-favored nation, National treatment.*

Market: *Econ.* Refers to the set of transactions involved in the purchase and sale of goods and services, and to the environment in which buyers and sellers of

goods and services conduct such transactions; the transactions are defined based on the relationship between the *supply* and the *demand*. Geographically speaking, it may be local, national, regional, etc.

Member (of the WTO): *WTO Def.* Governments that sign the *WTO Agreement* voluntarily (see *GATT*). Members are countries or *customs areas* with full rights to vote, formulate proposals, and make decisions. // **Observer member:** There are two types: governments and international organizations. Governments are observers after they express an interest or desire to participate, and until they become full Members. During that period, they may speak during meetings but are not permitted to vote or submit proposals. International organizations (like IICA) may be Observer Members when they are interested directly in *trade policy* matters or responsibilities related to the **WTO**. They are granted membership of specific WTO bodies, as occurred with IICA in the case of the **Committee on Agriculture** and the **SPS Committee**, where they may be invited to observe the deliberations on specific issues or take the floor in meetings. This does not include the right to distribute documents or formulate proposals, unless invited to do so; or to take part in decision-making.

Merchandise: *Int. Trade Def.* Any tangible item of monetary value that can be bought or sold.

MFN (most-favored-nation treatment): *WTO Def.* Principle of not discriminating between one's trading partners. See also *MFN tariff*, *Trade policy*.

Most-favored-nation (MFN) tariff: *WTO Def.* Normal non-discriminatory tariff that a *Member* charges on the *imports* of Member

Countries with which it has no preferential treatment arrangement. Excludes *preferential tariffs* under *free trade agreements* and other schemes or *tariffs* charged inside *quotas*.

Multifunctionality: *WTO Def.* Idea that agriculture has many functions in addition to producing food and fiber, e.g. environmental protection, landscape preservation, rural employment, *food security*, etc. See *Non-trade concerns*.

Multilateral agreement: *Int. Rel. Def.* Binding agreement or contract involving several countries. // *WTO Def.* At the **WTO**, this term designates agreements or contracts that apply to all *Members*. **Not the same as a "plurilateral agreement."** See *Plurilateral agreement*.

Multilateral trading system (MTS): *Int. Rel. Def.* Non-discriminatory agreement for international trade that began to operate with the **GATT** in 1947. Currently represented by the WTO, it is the set of agreements, standards, principles, rules, parameters, and institutions that the Member Governments have agreed to establish to regulate and facilitate trade. The international trade regime applies to all Members. See *WTO Agreement*, *GATT*, *Multilateral Agreement*, *WTO*.

N

National treatment: Principle that is binding upon all *Members*. Imports of foreign *goods* and services must be treated no less favorably than the same domestically produced goods. That is, no Member may create conditions that discriminate against foreign production or that favor domestic over foreign production. See *WTO Agreement*, *Multilateral agreement*, *Trade policy*.

Non-tariff barriers: See *Trade barriers, Quota, Non-tariff measures (Technical barriers to trade), Trade policy.*

Non-tariff measures (technical barriers to the trade-TBTs, non-tariff barriers-NTBs): *WTO Def.* Technical regulations, standards, testing and certification procedures that call for requirements that could **obstruct** trade, for example, requirements with regard to the labeling or packaging of products. / **Non-tax restrictions** that limit **imports**. The requirements may be of an administrative or technical nature, e.g., **quotas, import licensing systems, sanitary regulations, and import prohibitions, among others.** The TBT Agreement is intended to ensure transparency in the application of standards, to avoid unnecessary measures and ensure that international trade flows more smoothly. See *Trade barriers, Non-tariff barriers, Sanitary and Phytosanitary Measures, Trade policy.*

Non-trade concerns: *WTO Def.* Similar to multifunctionality. The preamble of the Agriculture Agreement specifies **food security** and environmental protection as examples. Also cited by **Members** are rural development and employment, and poverty alleviation.

Notification: *WTO Def.* A **transparency** obligation requiring **Member** governments to report **trade measures** to the relevant **WTO** body if the measures might have an effect on other **Members**.

O

Offer: *WTO Def.* In a negotiation, a country's proposal for its own further liberalization, usually an offer to improve **access to its markets**. // *Econ.* Economic term that refers to the quantity of

products or services that are offered in the **market**.

P

Phytosanitary [plant health] certificate: *Int. Trade Def.* Document issued by the **sanitary** (or corresponding) authorities of the country from which the product originates, certifying that the plant material inspected is considered to be pest-free. It is based on the model recommended by the International Plant Protection Convention. See *Sanitary and Phytosanitary Measures, Codex Alimentarius*

Pillars (three): *WTO Def.* The main areas covered by the agriculture negotiations: export competition (export **subsidies** and related issues), **domestic support**, and **market access**.

Plurilateral agreement: *WTO Def.* Agreement involving a very small number of **WTO Members**. There were four plurilateral agreements—trade in civil aircraft, government procurement, dairy products, and bovine meat—but the last two expired in 1997.

Preference: *Int. Trade Def.* Advantage that benefits the products of a country negotiated in a specific agreement. // *Int. Rel. Def.* Advantages in the exchange of goods or services that a country grants to its trading partners to promote the growth of its **exports** and the development of mutual trade relations. Many countries confer **non-reciprocal preferences** on developing countries in order to promote **imports** and promote economic development projects. See *Preferential tariff, Reciprocity*.

Preferential agreement: *WTO Def.* Agreement or contract between two or more parties, under which special privileges are granted in relation to trade or customs, or

matters of some other kind. Usually represents exceptions to a general rule. See *Preference*.

Preferential tariff (Tariff preference): Tariffs lower than those that a country usually applies for the *importation* of a *good*, granted to one or more countries when they belong to a certain geographical area, a *free trade area*, a *customs union* or a group with specific characteristics, such as “developing countries” and “least developed countries.” See *Preference*.

Q

Quantitative restrictions (QRs): *WTO Def.* Limit on the quantity or value of goods that can be *imported* (or *exported*) during a specific time period. See *Quota*, *Non-tariff barriers*, *Trade barriers*, *Trade policy*.

Quota: *Int. Trade Def.* *Trade control* instrument that consists of limiting the amount of *imports* or *exports* of a specific product. *Import* or *export licenses* are the instruments that governments normally use to administer quotas. The **WTO** permits some quotas (e.g., *tariff quotas*) but not others. No **Member** may prohibit or restrict

the amount or value of *imports* or *exports*. See *Tariff quota*, *Export quota*, *Import quota*, *Trade policy*.

R

Reciprocity: *Int. Rel. Def.* In international trade, the granting of mutual concessions.

Regional integration: *Int. Trade Def.* Voluntary harmonization and standardization of all the policies of the parties or countries. The parties share a supranational government, as well as common institutions for aspects such as the

system of government, economy, currency, culture, education, and health, among others (e.g., the European Union).

Regional trade agreement (RTA): *Int. Rel. Def.* Contracts between two or more partner countries (usually in the same geographical area) designed to improve trade in *goods* and services. // *WTO Def.* These free trade agreements are *bilateral*, either between countries or between blocs of countries (geographical, political, and/or economic groups).

Regionalization: *WTO Def.* Recognition that an *exporting* region (part of a country or a border-straddling zone) is disease-free or pest-free (or has a lower incidence).

Rules of origin: *WTO Def.* Laws, regulations and administrative procedures that Members apply to determine the *country of origin* of a product, service, or investment. Rules of origin vary from country to country and the customs authorities use them to determine whether a good (*or tariff heading*) qualifies for a *tariff preference*, is affected by an *antidumping*

duty, or falls within a *tariff quota*, etc. See *Countries of origin*, *Geographical indication*, *Appellation of origin*, *World Intellectual Property Organization (WIPO)*.

S

Safeguard: *WTO Def.* Emergency corrective mechanism used temporarily to impede *imports* of a product that may cause *injury or constitute a threat of severe injury* to domestic production. It affords producers an opportunity to adjust the competitive level of the product or focus their efforts on another sector of production. See *Corrective measure*. // **Special safeguard:** *WTO Def.*

Used for the agricultural sector. A temporary increase in import duty to deal with **import** surges or price falls, under provisions that are special to the Agriculture Agreement.

Sanitary and Phytosanitary Measures (SPS): *WTO-FAO Def.* Measures related to *food safety* and *animal and plant health*. // *Sanitary measures:* related to human and animal health. // *Phytosanitary measures:* related to the health of plants and their products. See *Phytosanitary certificate, Sanitary [animal health] certificate, Codex Alimentarius, FAO, WHO*.

Sanitary [animal health] certificate: *Int. Trade Def.* Document issued by the corresponding agencies (*sanitary* or corresponding *authorities*) of the country from which the product comes certifying that it is free from contagious diseases.

Sensitive products: *Intl. Trade Def.* Products that are vulnerable or particularly susceptible to competition from imports. Such products usually get longer terms for tariff reduction or elimination in trade agreements. *WTO Def. Agricultural products* imported through *tariff quotas* and with smaller tariff cuts to provide some *access to the market*. Flexibility available for the agriculture of all the countries.

Special and differential treatment (S&D, SDT): *WTO Def.* Special treatment given to developing countries in the *WTO Agreements*. Can include longer periods to phase in obligations, more lenient obligations, etc.

Special products (SP): *WTO Def.* Products for which developing countries are to be given extra flexibility in *market access* for

food and livelihood *security* and rural development.

Subsidy: *WTO Def.* An economic benefit granted by a government, directly or indirectly, to producers of certain *goods* or services to strengthen their competitive position. Some economic support measures (export subsidies and local content subsidies) are prohibited because they distort trade, while others must include a commitment to reduce them. A subsidy may cause *injury* even though it is permitted. See *Domestic support, Boxes, Corrective measures, Countervailing measures*.

T

Tariff: *Int. Trade Def.* Tax or duty levied on *goods* transported from one *customs territory* to another (often, from one country to another). Tariffs are applied to *imports* of goods and may also be applied to *exports*. The tariff is designed to provide a level of protection to domestic producers and generate revenue for the government. The price of the goods being traded always increases when tariffs are imposed on products. The list of goods and their duties are established in the customs tariff. See *Customs duty, Customs tariff, Duty*.

Tariff barriers: See *Trade barriers, Tariff measures, Trade policy*.

Tariff code: *Int. Trade Def.* Numerical code used to classify *goods*, to facilitate their identification in international trade. Commonly referred to as *Customs tariff*. See *Customs tariff and Harmonized system*.

Tariff heading: *Int. Trade Def.* Four-digit code into which the nomenclature of the *Harmonized System* is divided. It is used to classify *merchandise* and identify *products* at the international level. The first digits

indicate the broader classifications of products (i.e., edible milk). / **Tariff sub-heading:** Digits that follow the four main digits; used to identify sub-classifications of products. See *Customs tariff, Harmonized system, Rules of origin, World Customs Organization (WCO)*.

Tariff measure (tariff barrier): *Int. Trade Def.* **Trade barrier** that consists of imposing taxes on *imports (tariffs)*. A government or country applies a *tariff* or a **tariff barrier** to protect the domestic production of *imported* products, restrict *exports*, or increase fiscal revenues. See *Trade barrier, Tariff, Trade policy, Tariff protection*.

Tariff preference: *Int. Trade Def.* Tariff preferences are a reduction in the *duties* applied to *imports* from a specific country or region. See *Preferential agreement, Preferential tariff*.

Tariff protection: *Int. Trade Def.* Protection governments grant to their domestic industries by charging a *tariff* on *imported products*. See *Tariff measures*.

Tariff quota: *WTO Def.* Refers to the application of a lower tariff for a specific quantity of an imported good. When a country wishes to import more than that amount, it may do so but must pay a higher rate. The **WTO** allows this kind type of *quota*.

Tariff reduction: *Int. Trade def.* Elimination or reduction of *import* or *export tariffs*.

Trade agreement: *Int. Rel. Def.* Legal contract (agreement, treaty, or any other binding or obligatory act) by means of which several States or countries voluntarily agree to meet specific conditions and regulations governing the exchange of goods

and services, and thereby facilitate trade among them.

Trade balance: *Int. Trade Def.* Record of a country's imports and exports during a given period. It is the difference between the *goods* and services bought from and sold to other countries (*exports - imports*).

Trade barriers: *Int. Rel. Def.* **Trade policy** measures that hinder *free trade* among countries. They may be *tariff measures (tariffs)* or *non-tariff measures*.

Trade dispute: *WTO Def.* Disagreement between *Members* with respect to broken promises; that is, a quarrel that arises when a country adopts a *trade policy* or takes some action that one or more fellow **WTO Members** believe violates the *organization's* rules or a commitment the country has made. **WTO Members** have agreed that, if they believe fellow-*Members* are violating trade rules, they will use the *multilateral system* of settling disputes instead of taking action unilaterally.

Trade facilitation: *WTO Def.* Removal or reduction of *obstacles* to the movement of *goods* across borders (e.g., simplification of customs procedures).

Trade flow: *Int. Trade Def.* Purchase and sale of goods and services between countries or regions (*exports* and *imports*). Used to measure the *balance of trade*.

Trade liberalization (free trade): *Int. Trade Def.* Gradual elimination of *trade barriers*, such as *tariffs* and other *import* restrictions.

Trade policy: *Int. Rel. def.* National framework of laws, regulations, decisions, practices, and negotiating positions that governments adopt to ensure that national companies have to regulate the exchange of

goods and services with a specific country or bloc of countries. The instruments that trade policies use to control the flow of *imports and exports* and the flow of capital include *tariff measures, non-tariff measures, corrective measures*, the exchange rate differential, barriers to the movement of capital, etc. Trade policy is used to establish guidelines that afford producers and businesses predictability and security. // International trade policy: Framework of laws, regulations, and agreements constructed by several countries. Governments give up part of their sovereignty in order to have a shared support that regulates and facilitates the interactions related to the exchange of goods, services, and investments among them. Its core components are *most-favored nation treatment, national treatment, transparency, and reciprocity*. *Governments regulate the exchange of goods and services, and provide a legal-productive framework for companies to develop and adapt their activities within the country to such conditions.*

Transparency: *WTO Def.* Degree to which *trade policies* and practices, and the process by which they are established, are open and predictable. See *Trade policy*.

U

Unfair trade practices (unfair trade): *Int.*

Trade Def. Measures that companies or governments adopt to give artificial advantages to their *exports* and thus improve their conditions in the international *market*. The principal unfair trade practices are *dumping* and export and production *subsidies*.

Uruguay Round: *WTO, Int. Rel. Def.* Last round of **GATT** negotiations (1986-1995), which led to the adoption of the *Marrakech Agreement* and its annexes. For the first time, it established negotiations on agriculture, intellectual property, and services. It paved the way for an equitable, market-oriented system for trade in agricultural products; and established specific, binding, commitments in relation to *market access, domestic support, and export subsidies*.

V

Voluntary export restraint - VER (also referred to as voluntary restraint arrangement (VRA) and orderly marketing arrangement (OMA)): *WTO Def.* Bilateral agreements whereby an exporting country (**government** or industry) agrees to reduce or restrict *exports* without the *importing* country having to make use of *quotas, tariffs*, or other *import controls*. See *Trade policy*.

W

World Customs Organization (WCO): Previously known as the Customs Cooperation Council (CCC). It is the independent, intergovernmental agency, based in Brussels, responsible for simplifying and rationalizing customs procedures. The WCO developed the *Harmonized System* and is the international

entity in charge of administering it. See *Customs, Customs duty, Tariff heading*.

World Health Organization (WHO): The international organization of the United Nations system responsible for health. It

establishes directives and sets *health* standards, and helps countries to address public health issues. It supports and promotes research on *health*. Working via the WHO, governments can tackle global *health* problems and improve the well-being of their peoples. See *Codex Alimentarius, Sanitary and Phytosanitary Measures*.

World Intellectual Property Organization (WIPO): Agency of the United Nations system that promotes the development and use of the international intellectual property system (patents, copyright, trademarks, designs (drawings and models), etc.) as a means of stimulating innovation and creativity. The WIPO is a forum that permits Member States to prepare and harmonize standards and practices designed to protect intellectual property rights; it also administers the systems for the international registration of marks, industrial designs and geographical indications, and an international system for the submission of patent applications.

World Trade Organization (WTO): Replaced the *GATT*. It is the only intergovernmental organization dealing with the rules governing trade between countries.

Its *Members* create the principal legal (contractual) obligations that determine the way in which governments configure and apply international trade rules. It serves as a platform or forum for debate, negotiation, and consensus building (See *Trade dispute*). See *WTO Agreement, GATT*.

WTO Agreement: *WTO Def. Multilateral agreement* signed in Morocco in 1994, under which the *World Trade Organization* was created. It is a sort of framework agreement and includes (in the form of annexes) agreements related to *goods*, services, *intellectual property*, *dispute settlement*, the *trade policy* review mechanism and the *plurilateral agreements*. The *Schedules of commitments* also form part of the *Uruguay Round* agreements.

Z

Zoosanitary [animal health] certificate: *Int. Trade Def.* Document issued by a competent entity (*health authority*) of the country of *origin*, attesting to the good *health* status of animal *goods* submitted to biological tests. See *Sanitary and Phytosanitary Measures, Codex Alimentarius*.

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