

Words/Terms you must know

(this list is NOT exhaustive)

NTB Non-Tariff Barrier. Any policy that interferes with exports or imports other than a simple tariff, prominently including quotas and VERs. (Be able to give **three** examples in addition to Import Quota)

TTB (Temporary Trade Barrier, e.g. ADD or CVD)

Import Quota

1. A government-imposed restriction on quantity, or sometimes on total value.
2. An import quota specifies the maximum amount of an import per year, typically administered with import licenses that may be sold or directly allocated, to individuals or firms, domestic or foreign. May be global, bilateral, or by country. Holders of licenses may or may not be allowed to sell them.

ADD Anti-dumping duty

CVD Countervailing duty. A tariff levied against imports because they are subsidized by the exporting country's government, designed to offset (countervail) the effect of the subsidy.

Specific Tariff A tariff specified as an amount of currency per unit of the good.

Ad Valorem Tariff Tariff defined as a percentage of the value of an imported good.

GATT General Agreement on Tariffs and Trade

A multilateral treaty signed in 1948 by the intended members of the International Trade Organization, to implement many of the rules and negotiated tariff reductions that would be overseen by the ITO. When the ITO was not approved, the GATT became the means of regulating trade policy until it was incorporated into the WTO in 1995.

WTO World Trade Organization

A global international organization that specifies and enforces rules for the conduct of international trade policies and serves as a forum for negotiations to reduce barriers to trade. Formed in 1995 as the successor to the GATT, it had 164 member countries as of August 2018

IMF International Monetary Fund

An organization formed originally to help countries to stabilize exchange rates, but today pursuing a broader agenda of financial stability and assistance. As of August 2018, it had 189 member countries

TPP Trans-Pacific Partnership

A preferential trading arrangement that was negotiated by the United States with 11 other countries of the Asia-Pacific region. Negotiations were completed October 5, 2015, but without it being ratified, US President Trump pulled out of it. In 2018, the eleven other parties to the agreement negotiated the CPTPP.

EPA (Japan Trade Agreement) Economic Partnership Agreement.**NAFTA** North American Free Trade Agreement

The agreement to form a free trade area among the United States, Canada, and Mexico that went into effect January 1, 1994.

AFTA ASEAN Free Trade Area

A free trade area announced in 1992 among the ASEAN countries that is in the process of being implemented. It does not quite meet the normal definition of an FTA, however, in that tariffs on imports from members are not necessarily zero, but rather given by the common effective preferential tariff.

Optimal (Optimum) Tariff Argument

An argument in favor of levying a tariff in order to improve the terms of trade. The argument is valid only in a large country, and then only if other countries do not retaliate by raising tariffs themselves. Even then, this is a beggar thy neighbor policy, since it lowers welfare abroad. See Johnson (1953/54).

Terms of Trade

1. Most commonly in economics, the relative price, on world markets, of a country's exports compared to its imports. Also called the net barter terms of trade and commodity terms of trade. See improve the terms of trade.* Introduced by Marshall (1923).

VER Voluntary Export Restraint

A restriction on a country's imports that is achieved by negotiating with the foreign exporting country for it to restrict its exports.

Smoot-Hawley Tariffs

The Tariff Act of 1930, which raised average U.S. tariffs on dutiable imports to 53% and provoked retaliation by other countries

Safeguards (example, Section 201)

The U.S. statute (section 201, 1974 trade act) that permits imports to be restricted, for a limited time and on a nondiscriminatory basis, if they have caused injury to U.S. firms or workers. The escape clause accords with the Safeguards Clause (Article XIX) of the GATT.

Safeguards (Section 232)

What is the difference between 201 and 232?

Mercosur

A common market in South America, known as the "Common Market of the South" ("Mercado Común del Sur"), created in 1991. Its full and associate members together include all the countries of South America.

USMCA United States–Mexico–Canada Agreement

A pending free trade agreement between Canada, Mexico, and the United States of which negotiations have been concluded, but which has not been signed or ratified.

CPTPP Comprehensive and Progressive Agreement for Trans-Pacific Partnership

The trade agreement, including an FTA, agreed by the eleven non-US members of the Trans-Pacific Partnership in 2018 after President Trump pulled the US out of the TPP.

RCEP Regional Comprehensive Economic Partnership

A proposed free trade agreement between the 10 countries of ASEAN and the 6 countries with which ASEAN had bilateral FTAs, as of 2013 when negotiations began.

For more definitions in English, see Deardorff's page here:

<http://www-personal.umich.edu/~alandear/glossary/intro.html>