Dictionary of Trade Policy Terms
Fifth Edition

This is an accessible guide to the vocabulary used in trade negotiations. It explains about 2,500 terms and concepts in simple language. Its main emphasis is on the multilateral trading system represented by the agreements under the World Trade Organization (WTO). In addition it covers many of the trade-related activities, outcomes and terms used in other international organizations, such as the United Nations Conference on Trade and Development (UNCTAD), the World Intellectual Property Organization (WIPO), the Food and Agriculture Organization (FAO) and the OECD. The last five years have seen a rapid spread in the formation of free-trade areas in all parts of the world. This dictionary allocates generous space to the vocabulary associated with such agreements. It offers clear explanations, for example, of the concepts used in the administration of preferential rules of origin. Additional areas covered include emerging trade issues and issues based particularly on developing-country concerns.

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World Trade Organization

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Fifth Edition

Walter Goode
Dedicated to

Elizabeth and Siegfried
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DISCLAIMER

Dr Walter Goode is an officer of the Australian Department of Foreign Affairs and Trade (DFAT). The explanations, definitions and comments expressed in this volume do not reflect the views of DFAT or those of the Australian Government. These may be found in departmental and Australian Government statements and publications.

Any views given in this dictionary on WTO agreements, provisions, panel and Appellate Body reports, or any other information provided by the WTO, are the sole responsibility of the author, and do not necessarily represent the views of WTO Members, the WTO Secretariat, or the Appellate Body Secretariat. As such, the definitions in this dictionary do not constitute authoritative interpretations of the legal texts of the WTO and are presented for illustrative purposes only.
PREFACE

This *Dictionary of Trade Policy Terms* is now in its fifth edition. It contains about 600 new entries, and it is substantially different from the previous edition. I also have rewritten, either completely or substantively, about 120 entries. For various reasons many other entries have had to be updated. New expressions are being formed all the time, and at times it has been difficult to decide whether a term should have its own entry. On these occasions I have sought to form a judgement whether the term is likely to endure, at least for some years. No doubt I have committed errors both in including and omitting entries.

The WTO Doha Development Agenda (DDA) negotiations have produced new words and concepts. Progress in these negotiations has been accompanied by a rapid spread of free-trade agreement negotiations. This edition reflects this development. One example is that the dictionary now offers a fairly complete coverage of terms arising from the use of preferential rules of origin. As in past editions, I have sought to explain these terms in a form accessible to people who are not in the thick of negotiations. This means that I sometimes have had to neglect some details and nuances the negotiator cannot live without, but I hope that the result is still satisfactory for the reader.

I should stress that this dictionary concerns itself with words and topics routinely used with by trade officials in trade negotiations. It is not a dictionary of international economic relations. The areas of the two disciplines overlap in some cases, but the distinction between them is clear. Trade policy consists of a mixture of economics, law and politics, with the latter two often the dominating influence. International economics in comparison is much more rigorous. Even a brief look at textbooks of international economics suggests that economists are not always convinced of the validity of concepts used by trade negotiators or, indeed, their achievements. Obviously I have benefited from the work being done by the WTO, but the contents of this dictionary are naturally independent of it.

This dictionary has now been translated into the Chinese, Korean, Romanian, Vietnamese and Serbian languages. This is a pleasing development which, I hope, underlines its usefulness. I therefore take satisfaction from having been able to contribute to making the world of trade policy more accessible to a broad public.

Entries are in alphabetical order, usually in their most common form. Examples are *Kyoto Convention* for the *International Convention on the Simplification and Harmonization of Customs Procedures*, *UNCTAD* for the *United Nations Conference on Trade and Development* and *CITES* for the *Convention on International*
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Trade in Endangered Species of Wild Fauna and Flora. In each case I have also included the formal version of the entry, with a referral to the main entry.

Entries are mostly self-contained, but in a few cases I thought it useful to duplicate partly an explanation under a different entry. Many entries contain referrals in italic bold to other entries. Readers should use these referrals as they like. Occasionally they may find something in this way that they had forgotten or didn’t know. References to the WTO are so frequent that there seemed little need to provide a cross-reference when they occur.

Some entries are longer than is customary in dictionaries. Some are unquestionably longer than they should be. Still, I think that the reader should be offered, for example, a small historical survey of important concepts like the most-favoured-nation principle, the place of developing countries in the multilateral trading system or major events like the Kennedy or the Tokyo Rounds. Some entries are idiosyncratic, or at least the reader will think, with a deal of justification no doubt, that they are. That, I am afraid, is in the nature of books.

Other entries are of historical significance only. Among these are the Atlantic Charter, the Havana Charter, the Global Negotiations, the Marshall Plan, the Haberler Report and the United Nations Conference on Trade and Employment. One thing these entries do, however, is to show how persistent some of the problems of international trade policy are, and how hard it can be to find solutions for them.

This dictionary contains a few greatly abbreviated accounts of disputes brought before the GATT. No dictionary of trade policy could be complete without a mention of hatters’ fur or Belgian family allowances. Those seeking further details on these and other disputes should consult the GATT and WTO Basic Instruments and Selected Documents (the BISD). I have not included any abstracts of disputes brought before the WTO. These are available in full in the Dispute Settlement Reports published by Cambridge University Press or the relevant WTO documents on www.wto.org. The reader seeking brief summaries of WTO disputes may also wish to turn to the one-page summaries now available from the WTO Secretariat.

One change from the last edition is that I have cited references for some of the entries. Some of them guide the reader to the source material I have used. In other cases they point to interesting material that could not possibly have been reflected here. I have also given a few Internet addresses, but some of these are likely to change over the years. The bibliography gives more information on the books and articles I have consulted.

I am again indebted to many people, and I cannot mention them all here. Among them are the participants in the trade policy workshops I have conducted in the past three years in Bandar Seri Begawan, Beijing, Jakarta, Kuala Lumpur and Manila. I relied heavily on Peter Gallagher of Inquit Communications in Melbourne and Andy Stoler of the Institute of International Trade at Adelaide University as presenters in these workshops.

I would like to thank Dr Felix Addor from the Swiss Intellectual Property Office for his kind help particularly in matters concerning of geographical indications. His
assistance has allowed me to produce what I believe is a balanced treatment of this still controversial area.

My thanks are also due to Dr Geoffrey Bannister of the World Bank who generously gave me his advice on the item covering trade and poverty, a subject drawing increasing attention. I was able to benefit both from his published material and his personal advice on my proposed entry.

I am especially obliged to Finola O’Sullivan of Cambridge University Press who has once more given me much good advice and who has managed this project with great efficiency. Wendy Gater and Richard Woodham have also made sure that this dictionary would be published on time and to their standards.

Jean-Guy Carrier of the World Trade Organization has once more done everything to ensure speedy publication. I would like to thank him for that.

Professor Kym Anderson of the Centre for International Economics at the University of Adelaide has continued to support my work on this dictionary.

I again would like to acknowledge the support I have had from my colleagues. Justin Brown, Chris DeCure, Michael Mugliston, Milton Churche, Ric Wells and John Larkin, all from the Department of Foreign Affairs and Trade, in particular have helped me, sometimes inadvertently, to clarify my thinking on certain issues through debate and discussion. Roy Nixon from the Australian Treasury has clarified my thinking on several aspects of investment. I am grateful for their interest in this book.

It is obvious that I have benefited from the efforts of many, but the responsibility for any errors of fact, inadequate interpretation or infelicitous expressions is, as authors are wont to say, entirely mine.

WG
April 2007