

Chapter 6: Trade

Glossary

Antidumping duty: a duty that protects a domestic industry from harm from dumped imports

Chapeau: French for “hat”; introductory text for a treaty provision

Collaboration problem: a situation in which states jointly benefit from choosing the same action, but each state is tempted to unilaterally deviate to a different action

Countervailing duty: a duty that protects a domestic industry from harm from subsidized imports

Customs union: a trade agreement that requires free trade within members states and common trade policy with outside states

Dumping: selling a good “at less than its normal value”

Escape clause: a treaty provision that allows a state to break a trade rule without violating the treaty as a whole

General Agreement on Tariffs and Trade: 1947 treaty that included broad legal principles to govern international trade and contained detailed lists of each state's tariff concessions

Nontariff barrier: a policy that restricts trade, but is not a tariff

Quantitative restriction: a ban or a quota on a particular good

Quota: a limit on the amount of a particular good that can be imported into a state

Most-favored nation (MFN) treatment: legal standard that requires that anytime a GATT member makes a trade concession on a product to a particular state, all other GATT members must receive the same concession

National treatment: legal standard that requires that imported goods “be accorded treatment no less favourable than that accorded to like products of national origin”

Nontariff barrier: a policy that is not a tariff, but that restricts trade

Preferential trade agreement: international trade agreement with limited membership

Safeguard: a trade restriction that protects a domestic industry from an unexpected import surge

Subsidy: “any form of income or price support” provided by a government

Tariff: a tax on a foreign good that is imported into a state

Trade liberalization: a set of policies designed to promote the trade of goods and services between states

Voluntary export restraint: an agreement under which an exporter voluntarily limits the amount of a good that it sells in a foreign market

World Trade Organization: international organization created in 1995 to promote international trade