

## Chapter 6: Trade

### Glossary

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**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