# International Trade Explainer

# Trade terms and concepts


A tralac guide

tralac trade law centre

# Key Concepts in International Trade

International trade has its own terminology. The following is a list of general trade terms as used in international trade agreements concluded by states and as applied in the legal instruments of international organisations dealing with trade between nations. This list does not include terms used in private contracts concluded by importers, exporters, service providers and investors.

A thematic approach has been followed in preparing this list, which was updated in December 2022.

# International Trade Agreements

**Accession:** Accession is an act whereby a state, which did not originally sign a treaty/ international agreement, accepts to be bound by the treaty/international agreement after it has entered into force. Accession is not preceded by signature. An acceding state will deposit an instrument of accession and becomes a party on the date stipulated in the instrument of accession or when accession is recorded by the depositary for the particular agreement.

**Amendment:** A formal consensus between state parties to alter the provisions of a treaty. In most cases, amendments do not automatically enter into force, they require approval, adoption, ratification or acceptance by a certain threshold of state parties.

**Annex:** An extra or subordinate part to a treaty/international agreement governing technical issues or details. They may also contain exchanges of supplementary letters, application protocols, lists of all kinds, geographical maps etc. In principle, an annex has to considered as an integral part of the treaty.

Most African regional economic communities follow the WTO approach to trade remedies but their member states lack the technical capacity and national investigating authorities to undertake the required investigations.

**Appellate Body:** An independent and permanent seven-person body that considers appeals in World Trade Organisation (WTO) disputes. It is entrusted with the task of reviewing the legal aspects of the reports issued by panels. When one or more parties to the dispute appeals a panel ruling, the Appellate Body reviews the legal aspects of the panel’s findings. The Appellate Body is the second and final stage in the adjudicatory part of the WTO dispute settlement system.

**Arbitration:** The process of resolving a dispute or a grievance outside of the court system by presenting it to an impartial third party or panel for a decision that may or may not be binding.

**Bilateral:** Only two States are parties to the treaty.

**Bracketed:** In official drafts prepared during negotiations, square brackets indicate text that has not been agreed and is still under discussion.

**BRICS:** This is the acronym for an association (not a formal international organisation) of five major emerging economies: Brazil, Russia, India, China and South Africa. Originally the first four were grouped as “BRIC“ (or “the BRICs”), before the induction of South Africa in 2010. Since 2009, the BRICS nations have met annually at formal summits.

**Bound tariff rates:** Maximum tariff rates (in the Schedules of Tariff Commitments of World Trade Organisation (WTO) Member States) that can be levied on imports from WTO member states.

**Contracting State** means a State which has consented to be bound by the treaty, whether or not the treaty has entered into force.

**Dispute Settlement:** An international dispute arises when a party to an international agreement believes another party is violating a commitment in an agreement binding on them. Disputes can be resolved via consultations, mediation, arbitration or adjudication by a court or judicial body. Resolving trade disputes is one of the core activities of the World Trade Organisation (WTO). It has one of the most active international dispute settlement mechanisms in the world. (The picture in the African regional economic communities is very different.) This is a consequence of the fact that all WTO members are bound by the Dispute Settlement Understanding **(DSU)**, the main WTO agreement on settling disputes in the WTO. Since 1995, over 500 disputes have been brought to the WTO and over 350 rulings have been issued. The WTO dispute settlement process involves panel proceedings as well as the **Appellate Body**. Differences about compliance with rulings can result in new disputes.

A WTO dispute arises when one member country adopts a trade policy *measure* or takes some *action* that another member (or members) considers to be a breach of WTO agreements or to be a failure to live up to obligations. By joining the WTO, member countries have agreed that if they believe fellow members are in violation of trade rules, they will use the multilateral system of settling disputes instead of taking action unilaterally. This entails abiding by agreed procedures (under the DSU) and respecting judgments, primarily of the Dispute Settlement Body (DSB), the WTO organ responsible for adjudication of disputes.

**Dispute Settlement Body (DSB)**: The body of the World Trade Organisation (WTO) responsible for administering the Dispute Settlement Understanding (DSU). It oversees the entire dispute settlement process. he DSB has the authority to establish panels, adopt panel and Appellate Body reports, maintain surveillance of implementation of rulings and recommendations and authorize the suspension of obligations under the covered agreements.

**Dispute Settlement Understanding (DSU)**: The World Trade Organisation Agreement (the Understanding on Rules and Procedures Governing the Settlement of Disputes) that covers dispute settlement among World Trade Organisation (WTO) members. It sets out the procedures and rules that define the WTO dispute settlement system.

**Entry into force:** Usually there is a trigger mechanism (often a date) that has to occur before a treaty goes into effect. Each treaty is different and will have specific language about how and when a treaty will enter into force. For multilateral treaties a certain threshold number of parties must normally sign and ratify the treaty (through the domestic process specific to that country) before it enters into force. Read the treaty language carefully to determine whether the treaty is in force for a particular country. Bilateral agreements often provide for entry into force once both parties have signed.

**Framework Agreement:** In the context of trade negotiations, a framework agreement indicates that the parties recognise that they have not come to a final agreement on all matters being negotiated, but have come to an agreement on enough matters to move forward with the arrangement, while further details will be agreed in the future. Care should be taken not to describe agreements which have entered into force as mere "framework agreements" because that will undermine their implementation and effectiveness. Obligations must be respected as undertaken. The intention of the parties must be reflected in the wording of the text of an agreement. The language of treaties counts.

**Implementation of International Agreements:** Most treaties (such as trade agreements) are non-self-executing and require implementing action by the parties. This can be in the form of legislation, a change in the domestic law of a state party that will direct or enable it to fulfil treaty obligations, or executive action. An example of implementation of a trade obligation occurs when a national tariff book is amended to give effect to new trade liberalisation obligations. Domestic legal and constitutional requirements may determine how treaties are given effect within and between state parties.

**Incorporation/Domestication**: The process by which international agreements become part of the municipal (national) law of a sovereign state. An obvious example is when a state incorporates a treaty by passing domestic legislation that gives effect to the treaty in the national legal system. Whether incorporation is necessary depends on a country's domestic law. Some states follow a monist system where treaties can become law without incorporation, if their provisions are considered sufficiently self-explanatory. In contrast, states which follow a dualist system (usually follow a common law tradition) require all treaties to be incorporated before they can have any domestic legal effects. Enactment of the required legislation is then typically required.

**Instruments of ratification, acceptance, approval, or accession**: Instruments that establish the consent of a State to be bound by a treaty upon their exchange between the contracting States; or their deposit with the depositary; or their notification to the contracting States or to the depositary, if so agreed. (Vienna Convention on the Law of Treaties article 16)

**Interpretation**: The language of treaties must be interpreted when it is not immediately apparent how it should be applied or when unforeseen circumstances arise. The Vienna Convention on the Law of Treaties states that treaties are to be interpreted "in good faith" according to the 'ordinary meaning given to the terms of the treaty in their context and in the light of its object and purpose.' International legal experts also often invoke the 'principle of maximum effectiveness,' which interprets treaty language as having the fullest force and effect possible to establish obligations between the parties.

International tribunals and arbiters are often called upon to resolve disputes over treaty interpretations. To establish the meaning in context, these judicial bodies may review the preparatory work from the negotiation and drafting of the treaty as well as the final, signed treaty itself.

**Legal scrubbing**: A procedure, after negotiations have been completed, where the final text of the agreement is vetted by a group of lawyers of the participating state parties. This procedure can result in minor changes to the treaty text. Lawyers, translators and other staffers have to come up with the final, detailed language that ensures the deal is clear in each country.

**Multilateral**: Multiple States are parties to the treaty/international agreement.

**Multilateral environmental agreements**: Agreements between three or more states relating to the environment, such as the Montreal Protocol on Substances that Deplete the Ozone Layer and the United Nations Framework Convention on Climate Change.

**Negotiations**: A process when the participating states will extend offers to each other, make concessions where necessary and refine them to reach agreement on the content or text of the treaty/international agreement. This may require several rounds of negotiations. International negotiations are normally the responsibility of the executive branch of government of a state.

**Negotiating State**: A State taking part in the negotiations, drawing up and adoption of the text of the treaty.

**Observer status**: A privilege given to non-members (with interest in the activities of the organisation) to be able to participate in the activities of an intergovernmental organisation. Observing states often have limited ability to participate in such activities, for example, they are not allowed to vote or propose resolutions.

**Party**: A State which has explicitly given its consent generally is in the form of an instrument of ratification, acceptance, approval, or accession to be bound by the treaty and for which the treaty is in force. A state party is legally bound by the provisions within the treaty and accepts all the treaty's obligations, subject to legitimate reservations.

**Plurilateral**: All WTO members subscribe to all WTO agreements. This is the **single undertaking** concept. After the **Uruguay Round**, however, there remained four agreements, originally negotiated in the Tokyo Round, which had a narrower group of signatories and are known as "plurilateral agreements". All other Tokyo Round agreements became multilateral obligations (i.e. obligations for all WTO members) when the World Trade Organisation was established in 1995. The four plurilateral agreements were: trade in civil aircraft, government procurement, dairy products, bovine meat. The bovine meat and dairy agreements were terminated in 1997.

**Protocols**: They are additional agreements attached to an earlier concluded international agreement. The General Agreement on Trade in Services, for example, has a number of additional Protocols and they bind all the member states. (The Second Protocol deals with the 1995 commitments on financial services. The Third Protocol deals with movement of natural persons. The Fourth Protocol deals with telecommunications, and the Fifth Protocol deals with financial services.) African regional economic communities (RECs) are typically based on a founding agreement and additional Protocols dealing with specific areas such as trade in goods, trade in services, investment etc. REC protocols normally have their own rules for entry into force. REC protocols only bind the parties thereto.

**Provisional application**: Provisional application (of a treaty) happens when a treaty/

international agreement is applied provisionally pending its entry into force – if the treaty/ international agreement itself so provides or the negotiating states have so agreed (Art. 25 of the Vienna Convention on the Law of Treaties).

**Ratification:** It is an international formal act whereby a State confirms on the international plane its consent to be bound by a treaty/international agreement. This is done by depositing an instrument of ratification with the depositary of the treaty/international agreement. This should not be confused with the act of ratification at a national level which a state may be required to undertake, in accordance with its own constitutional provisions.

**Reservation**: A unilateral statement, however phrased or named, made by a State, when signing, ratifying, accepting, approving or acceding to a treaty, whereby it purports to exclude or to modify the legal effect of certain provisions of the treaty in their application to that State. Some international agreements do not allow reservations.

**Signing/Signature**: A formal procedure when state representatives with the necessary powers will sign the text of a new international agreement when the negotiations have been completed. Signature indicates that the country which signed it in principle intends to be bound. A State will assume that obligations follow once an agreement has entered into force. Signature will typically indicate that the text of a treaty is established as authentic and definitive. No alterations should then be entertained. An international agreement may stipulate that signature is a requirement for concluding the agreement.

**Signatory**: A state that has signed a treaty/international agreement. Essentially, the treaty has not yet entered into force for that particular State. A signatory is not legally bound by a treaty's specific provisions and obligations. Obligations only follow once a treaty/ international agreement has entered into force for that state.

**Single undertaking**: A term used in international negotiations, in particular in trade negotiations of the World Trade Organisation. It means all parts or provisions of the negotiated outcome form part of one indivisible package and cannot be agreed separately. "Nothing is agreed until everything is agreed".

**Sovereignty**: The full right and power to govern exclusively, without any interference from outside. In international law sovereignty is a term designating supreme authority/jurisdiction over the state and its territory. It is a basic principle underlying the dominant Westphalian model of state foundation. Another consequence is that international agreements will not bind a state unless it has given its consent. International law defines sovereign states as having a permanent population, defined territory, one government, and the capacity to enter into relations with other sovereign states. It is also normally understood that a sovereign state is neither dependent on nor subjected to any other power or state. However, once bound by an international agreement (which may in practice curtail the exercise of sovereign power), a state cannot invoke its sovereignty as a justification for not respecting the international obligations consented to.

**Supranational**: A supranational union is a type of arrangement where powers normally associated with sovereignty are delegated to an authority established by the member states of an international organisation. The term is often used to describe the European Union. It is the only organisation that provides for international popular elections, going beyond the level of political integration normally afforded by international treaties. The European Commission exercises many trade-related powers (e.g. to negotiate new trade agreements with third parties) which would traditionally belong to the state and its organs. (This is one of the reasons why the United Kingdom has embarked on the Brexit process.) The more traditional method of decision-making in international organisations entails an intergovernmental process. In African regional economic communities such decisions are, as a rule, taken on the basis of consensus.

**Third State**: A State not a party to the treaty/international agreement.

**Treaty/International Agreement**: A treaty can be described as a 'contract' concluded between two or more States in written form and governed by international law, whether embodied in a single instrument or in two or more related instruments and whatever its particular designation. (Vienna Convention on the Law of Treaties, May 23, 1969, art. 2(1)(a), 1155 U.N.T.S. 331.) A treaty may also be known as an **(international) agreement**, **protocol**, **covenant**, **convention**, **pact**, or **exchange of letters**, among other terms. Regardless of terminology, all these forms of agreements are, under international law, equally binding.

**Unilateral action**: An action by a specific state. A state may, for example, unilaterally reduce its tariffs for trading partners. The African Growth and Opportunity Act (AGOA) is an example of a unilateral undertaking. In terms of AGOA, the United States offers duty-free access for certain goods to the US market from sub-Saharan African countries.

**Vienna Convention on the Law of Treaties (VCLT)**: The treaty containing and codifying the international law principles on treaties/international agreements. It was adopted under the auspices of the United Nations on 23 May 1969. The Convention entered into force on 27 January 1980. The VCLT has been ratified by 116 states as of January 2018. Some countries that have not ratified the Convention recognise parts of it as a restatement of customary international law and binding upon them as such.

# Trade in Goods

***Ad valorem* tariff**: A tariff, duty or other charge levied on a product on the basis of the product's value. In principle, it is a tariff rate charged as percentage of the product price.

**Agreement on Textile and Clothing (ATC)**: The World Trade Organisation Agreement on Textiles and Clothing (the Agreement) provided for the phased liberalization and elimination over the transition period of quotas on textiles and apparel imported from WTO member countries. The Agreement was approved as part of the Uruguay Round Agreements Act and went into effect on January 1, 1995. The Agreement terminated in 2005.

**Anti-dumping**: States are generally allowed to take anti-dumping measures, mostly in the form of anti-dumping duties on dumped imports. The World Trade Organisation (WTO) Agreement on Implementation of Article VI of the General Agreement on Tariffs and Trade 1994, commonly known as the Anti-Dumping Agreement governs anti-dumping actions. It also explains the basic principles governing the investigation, determination and application of anti-dumping duties. Dumping is not banned under WTO agreements.

**Anti-dumping Duty**: A special duty imposed by an importing country to offset the price effect of dumping that has been determined to be materially harmful to domestic producers. (See also **Dumping**.) These duties are another exception to the most- favoured nation rule.

**Applied tariff / Applied rates**: Duties that are actually charged on imports. These can be below the bound rates. The **Bound tariff rate** is the most-favoured-nation tariff rate resulting from negotiations under the GATT and incorporated as an integral component of a country's schedule of concessions or commitments to other WTO members. If a member state raises a tariff to a higher level than its bound rate, those adversely affected can seek remedy through the dispute settlement process and may obtain the right to retaliate against an equivalent value of the offending country's exports or the right to receive compensation, usually in the form of reduced tariffs on other products they export to the offending state.

**Compulsory licensing**: When the authorities license companies or individuals other than the patent owner to use the rights of the patent – to make, use, sell or import a product under patent (i.e. a patented product or a product made by a patented process) – without the permission of the patent owner. Allowed under the Agreement on Trade-Related Aspects of Intellectual Property Rights of the World Trade Organisation provided certain procedures and conditions are fulfilled.

**Countervailing measures/duties**: Additional duties imposed by an importing country to offset government subsidies in an exporting country when the subsidised imports cause material injury to domestic industry in the importing country.

**Cumulation**: A provision allowing producers in one country to source parts and inputs from other countries without losing the originating status of that input. Under cumulation, foreign parts and inputs are not considered as imported (non-originating) for purposes of "substantial transformation" requirements.

**Doha Development Agenda (DDA)**: Sometimes called the **Doha Round**, The multilateral trade negotiations among the World Trade Organisation (WTO) members. It was officially launched by the WTO in November 2001; has not been concluded and the prospects that it ever will, do not look promising. Its aim is to achieve major reform of the international trading system through the introduction of lower trade barriers and revised trade rules. DDA's fundamental objective is to improve the trading prospects of developing countries. The work programme covers about 20 areas of trade.

***De minimis***: The Common Law concept known as de minimis is derived from the maxim de minimis *non curat lex*, often translated as the law does not concern itself with trifle matters. Some technical breaches of the law are considered to be so trivial and inconsequential that they are ignored. The concept finds application in international trade in a number of areas, such as the calculation of dumping margins, and when minimal amounts of domestic support are allowed even though they distort trade; up to 5% of the value of production for developed countries, 10% for developing countries.

**Dumping**: The practice of international price discrimination. This means that the price of the product when sold in the importing country is lower than the price of the product when sold in the domestic market (of the exporting country).

**Duty**: A tax imposed on imports by the customs authority of a country. Duties are generally based on the value of the goods (*ad valorem* duties), some other factor such as weight or quantity (specific duties), or a combination of value and other factors (compound duties).

**Enabling Clause**: This refers to the Decision on Differential and More Favourable Treatment, Reciprocity and Fuller Participation of Developing Countries which was adopted in 1979, under 1947 General Agreement on Tariffs and Trade. It enables developed members to give differential and more favourable treatment to developing countries. Paragraph 2c allows developing country members of the World Trade Organisation exemption from the most-favoured nation principle when entering into regional or global arrangements to reduce or eliminate tariffs in trade in goods among themselves.

**Equivalence**: In sanitary-phytosanitary measures (SPS): governments recognising other countries' measures as acceptable even if they are different from their own, so long as an equivalent level of protection is provided.

**Export Quotas**: Specific restrictions or ceilings imposed by an exporting country on the value or volume of certain exports designed, for example, to protect domestic producers and consumers from temporary shortages of the goods affected or to bolster their prices in world markets.

**Export Subsidies**: Government payments or other financially quantifiable benefits provided to domestic producers (producing for export) or exporters.

**Foreign Direct Investment (FDI)**: When an individual or company owns 10 percent or more of a foreign company.

**G7**: Group of seven leading industrial countries: Canada, France, Germany, Italy, Japan, United Kingdom, United States.

**G8**: G7 plus Russia.

**General Agreement on Tariffs and Trade (GATT)**: The multilateral agreement that governs international trade in goods, and in particular the reduction of tariffs on goods. It was originally signed by 23 nations in Geneva on October 30, 1947 and took effect on January 1, 1948. It remained in effect until the signature by 123 nations in Marrakesh on April 14, 1994, of the Uruguay Round Agreements, which established the WTO on January 1, 1995. The World Trade Organisation (WTO) is the expanded institutional successor to GATT and an international organization with its own legal status. The original GATT text (GATT 1947) is still in effect under the WTO framework, subject to the modifications of GATT 1994. **GATT** is also the official legal term for the old (pre-1994) version of the GATT. The official legal term for the new version of the present GATT, incorporated into the WTO, is **GATT 1994**. It includes the GATT 1947.

**Generalised System of Preferences (GSP)**: Programmes by developed (nad some large developing) countries granting preferences to imports from developing and least developed countries. Such systems require a prior World Trade Organisation waiver.

**Geographical Indications**: Place names (or words associated with a place) used to identify products (for example, “Champagne”, “Tequila” or “Roquefort”) which have a particular quality, reputation or other characteristic because they come from that place.

**Gross Domestic Product (GDP)**: The total monetary value of goods and services produced in a country.

**Gross National Product (GNP)**: GNP = GDP + (Net income earned by domestic residents/businesses from overseas investments) – (Net income earned by foreign residents/businesses from domestic investments.

**Harmonised System**: The international nomenclature developed by the World Customs Organisation (WCO), for the classification of traded goods on a common basis. It is arranged in six-digit codes (HS-6). Beyond the six-digit level, countries are free to introduce national distinctions for tariffs and other purposes. Additional digits indicate sub-divisions into more detailed definitions.

**Import licensing**: The need to obtain a permit for importing a product; administrative procedures for obtaining an import licence.

**Information Technology Agreement (ITA)**: Formally the Ministerial-Declaration on Trade in Information Technology Products.

**Intellectual property rights**: The rights given to persons over their creations or ideas, including literary and artistic works (protected by copyright), inventions (protected by patents), signs for distinguishing goods of an enterprise (protected by trademarks) and other elements of industrial property. The Agreement on Trade-Related Aspects of Intellectual Property Rights of the WTO (TRIPS) regulates the trade-related aspects of intellectual property rights.

**Kennedy Round**: Multilateral trade negotiations, held in Geneva, Switzerland, from May 1964 through June 1967, continued the process of tariff reductions that began in 1947 after World War II. Issues discussed during these talks included eliminating nontariff barriers, reducing all rates by 50 percent across the board instead of negotiating individual items, and including additional agricultural and industrial product.

**Least-Developed Countries (LDCs)**: They are low-income countries with severe structural impediments to sustainable development. They are highly vulnerable to economic and environmental shocks and have low levels of human assets. Most of them are in Africa. There are currently 46 countries on the list of LDCs which is reviewed every three years by the World Trade Organisation's Committee for Development. LDCs have exclusive access to certain international support measures in particular in the areas of development assistance and trade.

**Ministerial Conference (MC)**: The top decision-making body of the World Trade Organisation (WTO). It meets every two years to take decisions on all matters under any of the multilateral trade agreements. The MC brings together all members of the WTO, all of which are countries or customs unions.

**Most-favoured-nation tariff (MFN tariff)**: Normal non-discriminatory tariff charged on imports traded under the General Agreement on Tariffs and Trade. (Note that preferential tariffs under free trade agreements and other schemes or tariffs charged inside quotas are excluded from this rule.)

**Most-favoured-nation treatment (MFN)**: The non-discrimination rule underpinning international trade. It entails that all members must treat all trading partners as well as they treat the 'most favoured' – that is, they must not discriminate between trading partners. This is one of the main **General Agreement on Tariffs and Trade (GATT)** obligations. The main agreements of the World Trade Organisations embody the MFN principle. The **MFN rate** is used to describe the tariff that will be applied to goods coming into a country; unless there is a special or preference arrangement such as a **free trade agreement** or a **unilateral** preference.

**National Treatment** (NT): Internal taxes and charges must be applied to imported goods in the same way as to local goods. NT can also be extended to cover treatment not related to taxes or charges, such as regulatory requirements. This is another manifestation of the non-discrimination rule.

**Natural persons**: People, as distinct from juridical persons such as companies and organisations.

**Non-Tariff Barriers (NTBs)**: Restrictions that result from prohibitions, conditions, or specific market requirements that make importation or exportation of products difficult and/or costly. NTBs arise from measures taken by governments in the form of laws, regulations, policies, conditions, restrictions or specific requirements, and private sector business practices, or prohibitions that protect the domestic industries from foreign competition. NTBs also include unjustified and/or improper application of Non-Tariff Measures (NTMs) such as sanitary and phytosanitary (SPS) measures and other technical barriers to Trade (TBTs).

**Notification**: A transparency obligation requiring member governments to report trade measures to the relevant World Trade Organisation body if the measures might have an effect on other members.

**Nullification and impairment**: Damage to a country's benefits and expectations from its World Trade Organisation (WTO) membership through another country's change in its trade regime or failure to carry out its WTO obligations.

**Panel**: In the World Trade Organisation (WTO) dispute settlement procedure a Panel is an independent body established by the Dispute Settlement Body, consisting of three experts, to examine and issue recommendations on a particular dispute in the light of WTO provisions.

**Paragraph 6 system**: A "waiver" and pending amendment allowing generic medicines to be made under "compulsory licences" exclusively for export to countries that cannot produce the medicines themselves. The system deals with a problem identified in Paragraph 6 of the 2001 Doha Declaration on the Agreement on Trade-Related Aspects of Intellectual Property Rights and Public Health by removing a limit in the TRIPS Agreement's Article 31(f) on the amount nations can export under a compulsory licence to countries needing the medicines.

**Precautionary principle**: Member countries are encouraged to use international standards, guidelines and recommendations where they exist. When they do, they are unlikely to be challenged legally in a WTO dispute. However, members may use measures which result in higher standards if there is scientific justification. They can also set higher standards based on appropriate assessment of risks so long as the approach is consistent, not arbitrary. And they can to some extent apply the "precautionary principle", a kind of "safety first" approach to deal with scientific uncertainty. (Article 5.7 of the SPS Agreement allows temporary "precautionary" measures.)

**Preferential trade arrangements (PTAs)**: This is the term used in the WTO for trade preferences, such as lower or zero tariffs, which a member may offer to a trade partner unilaterally. These include the Generalised System of Preferences schemes, under which developed countries grant preferential tariffs to imports from developing countries. They also include non-reciprocal preferential schemes granted through a waiver by the General Council, meaning the member has been exempted from applying the most favoured nation principle.

**Quad (or quadrilateral) Group**: An informal group consisting of Canada, the European Union, Japan and the United States.

**Quantitative restrictions** (QRs): Specific limits on the quantity or value of goods that can be imported (or exported) during a specific time period.

**Rules of origin (RoO)**: Laws, regulations and administrative procedures which determine a product's country of origin. A decision by a customs authority on origin can determine whether a shipment falls within a quota limitation, qualifies for a tariff preference or is affected by an anti-dumping duty. These rules can vary from country to country. (Preferential Rules of Origin are defined in the section on regional integration).

**Safeguards**: While countervailing measures and anti-dumping measures are focused on unfair trade practices, safeguards are about the consequences of unexpected surges in imports resulting from trade liberalisation agreements. They involve action taken to protect a specific industry (for a certain period of time) from an unexpected increase in imports. Safeguard measures are governed by Article 19 of GATT and the Agreement on Safeguards. The Agriculture Agreement and Textiles and Clothing Agreement have different specific types of safeguards: "*special safeguards*" in agriculture, and "*transitional safeguards*" in textiles and clothing.

**Sanitary and Phytosanitary Measures (SPS)**: These are measures dealing with food safety and animal and plant health. Sanitary: for human and animal health. Phytosanitary: for plants and plant products. SPS measures are sanitary and phytosanitary measures which are designed to protect human health, animal or plant life or health. This could mean measures that prevent contaminated food or diseased animals from entering a country. The World Trade Organisation (WTO) Agreement on Sanitary and Phytosanitary Measures (SPS Agreement) restricts the use of unjustified sanitary and phytosanitary measures imposed for the purpose of trade protection. The basic aim of the SPS Agreement is to maintain the sovereign right of any government to provide the level of health protection it deems appropriate, while ensuring that these sovereign rights are not misused for protectionist purposes and do not result in unnecessary barriers to international trade.

**Schedule**: In general, a World Trade Organisation member's list of commitments on market access (bound tariff rates, access to services markets). Goods schedules can include commitments on agricultural subsidies and domestic support.

**Schedule of Concessions**: Documents which reflect specific tariff concessions and other commitments that member states have given in the context of trade negotiations.

**Sensitive products**: These are domestic products identified by governments negotiating trade agreements as justifying special protection.

**Singapore issues**: Four issues introduced to the World Trade Organisation agenda at the December 1996 Ministerial Conference in Singapore: trade and investment, trade and competition policy, transparency in government procurement, and trade facilitation.

**Special and Differential Treatment (S&D/SDT)**: Special treatment given to developing countries in World Trade Organisation agreements. Can include longer periods to phase in obligations, more lenient obligations, etc.

**Specific tariff**: A tariff rate charged as fixed amount per quantity such as US$100 per ton. See "***ad valorem* tariff**".

**Subsidies and Countervailing measures**: A subsidy is an economic benefit granted by a government to producers of goods, often to strengthen their competitive position. The subsidy may be direct (e.g. cash grant) or indirect (e.g. low-interest export credits guaranteed by a government agency). The WTO Agreement on Subsidies and Countervailing Measures disciplines the use of subsidies, and it regulates the actions countries can take to counter the effects of subsidies. Under this agreement, a country can use the WTO's dispute-settlement procedure to seek the withdrawal of the subsidy or the removal of its adverse effects. Or the country can launch its own investigation and ultimately charge extra duty ("countervailing duty") on subsidised imports that are found to be hurting domestic producers.

**Surcharge or Surtax**: A tariff or tax on imports in addition to the existing tariff, often used as a safeguard measure.

**Tariffs**: Customs duties levied on merchandise imports. Levied either on an *ad valorem* basis (percentage of value) or on a specific basis (e.g. $7 per 100 kgs.). Tariffs give price advantage to similar locally-produced goods and raise revenues for the government **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.

**Tariff escalation**: Higher import duties on semi-processed products than on raw materials, and higher still on finished products. This practice protects domestic processing industries and discourages the development of processing activity in the countries where raw materials originate.

**Tariffication**: Procedures relating to the agricultural market-access provision in which all non-tariff measures are converted into tariffs.

**Tariff line (TL in the tables)**: A product as defined in lists of tariff rates. Products can be sub-divided, the level of detail reflected in the number of digits in the Harmonised System (HS) code use to identify the product.

**Tariff peaks**: Relatively high tariffs, usually on "sensitive" products, amidst generally low tariff levels. For industrialised countries, tariffs of 15% and above are generally recognised as "tariff peaks".

**Tariff Rate Quota (TRQ)**: When quantities inside a quota are charged lower import duty rates, than those outside (which can be high).

**Technical Barriers to Trade (TBTs)**: Regulations, standards, testing, certification procedures and conformity assessments, which could obstruct trade. The Technical Barriers to Trade (TBT) Agreement of the World Trade Organisation (WTO) aims to ensure that technical regulations, standards, and conformity assessment procedures are non-discriminatory and do not create unnecessary obstacles to trade. At the same time, it recognises WTO members' right to implement measures to achieve legitimate policy objectives, such as the protection of human health and safety, or protection of the environment. The TBT Agreement strongly encourages members to base their measures on international standards as a means to facilitate trade. Through its transparency provisions, it also aims to create a predictable trading environment. The TBT Agreement includes provisions to reduce these barriers, including by harmonising standards.

**Tokyo Round**: Multilateral trade negotiations, held in Tokyo, between 1973 and 1979. The negotiations reduced tariffs and established new regulations aimed at controlling the proliferation of non-tariff barriers and voluntary export restrictions. 102 countries took part in the round. The Kennedy Round aimed at 50% linear cuts in duties facing industrial items, with as few exceptions to this rule as possible, and in the event, it succeeded in cutting industrial tariffs by an average of 35%. But in the gradual change of heart that overcame the conference, from sweeping reductions in tariffs to item-by- item bargaining, several sensitive trade issues were less favourably dealt with.

**Trade facilitation**: Removing obstacles to the movement of goods across borders (e.g. simplification of customs procedures).

**Trade Facilitation Agreement**: World Trade Organisation (WTO) members concluded negotiations at the 2013 Bali Ministerial Conference on the landmark Trade Facilitation Agreement (TFA), which entered into force on 22 February 2017 following its ratification by two-thirds of the WTO membership. The TFA contains provisions for expediting the movement, release and clearance of goods, including goods in transit. It also sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues. It further contains provisions for technical assistance and capacity building in this area.

**Trade Policy Review Body (TPRB)**: A subsidiary body of the General Council created by the World Trade Organisation (WTO) to administer and review trade policies and practices of individual under the Trade Policy Review Mechanism (TPRM).

**Trade-Related Aspects of Intellectual Property Rights (TRIPS)**: Refers to trade related aspects of intellectual property rights. The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement): which came into effect on 1 January 1995, is to date the most comprehensive multilateral agreement on intellectual property.

It covers intellectual property: copyright and related rights (i.e. the rights of performers, producers of sound recordings and broadcasting organisations); trademarks including service marks; geographical indications including appellations of origin; industrial designs; patents including the protection of new varieties of plants; the layout-designs of integrated circuits; and undisclosed information including trade secrets and test data.

The three main features of the TRIPS Agreement are:

- **Standards**. In respect of each of the main areas of intellectual property covered by the TRIPS Agreement, the Agreement sets out the minimum standards of protection to be provided by each Member.

- **Enforcement**. The second main set of provisions deals with domestic procedures and remedies for the enforcement of intellectual property rights.

- **Dispute settlement**. The Agreement makes disputes between WTO Members about the respect of the TRIPS obligations subject to the WTO's dispute settlement procedures.

In addition, the Agreement provides for certain basic principles, such as national and most-favoured-nation treatment, and some general rules to ensure that procedural difficulties in acquiring or maintaining IPRs do not nullify the substantive benefits that should flow from the Agreement. Developing countries will have a longer period to phase them in. Special transition arrangements operate in the situation where a developing country does not presently provide product patent protection in the area of pharmaceuticals.

The TRIPS Agreement is a minimum standards agreement, which allows Members to provide more extensive protection of intellectual property if they so wish. Members are left free to determine the appropriate method of implementing the provisions of the Agreement within their own legal system and practice. (See also **WIPO**).

**Trade-Related Investment Measures (TRIMs)**: Investment measures can have restrictive and distorting effects on trade. The Agreement on Trade-Related Investment Measures ("TRIMs Agreement"), one of the Multilateral Agreements on Trade in Goods, prohibits trade-related investment measures, such as local content requirements, that are inconsistent with basic provisions of General Agreement on Tariffs and Trade 1994.

**Trade Remedies**: Trade remedies are rules-based responses by states to deal with the effects of trade actions by other countries. These trade remedies are permitted under the General Agreement on Tariffs and Trade (GATT), and are also used in many bilateral and regional agreements. The provisions of the relevant agreements constituted under the auspices of the World Trade Organisation (WTO) are enforced by the WTO dispute settlement process. The typical trade remedies allowed under the GATT are anti-dumping and countervailing duties; directed at certain unfair trade practices. Safeguards are also sometimes referred to as "trade remedies" but are not directed at unfair trade practices of other nations. Dumping is the sale of an imported commodity at a price lower than that at which it is sold within the exporting country. Dumping is considered an actionable trade practice when it disrupts markets and injures producers of competitive products in the importing country. Article VI of the GATT permits the imposition of special anti-dumping duties against dumped goods equal to the difference between their export price and their normal value.

**Transitional safeguard mechanism**: In textiles and clothing, allows members to impose restrictions against individual exporting countries if the importing country can show that both overall imports of a product and imports from the individual countries are entering the country in such increased quantities as to cause – or threaten – serious damage to the relevant domestic industry.

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

**Transparency Mechanism for Regional Trade Agreements (RTAs)**: This is a decision taken by the General Council in December 2006 which further clarifies rules for World Trade Organisation (WTO) members to notify the WTO of new RTAs and for procedures to be followed by the Committee entrusted with considering the RTA. The mechanism sets out the timing of the notification and the type of information that members must provide to enable the WTO Secretariat to prepare a factual presentation of the RTA. Members consider the notified RTAs on the basis of the factual presentation. The mechanism also requires members to notify changes to existing RTAs and to submit a report at the end of implementation of the RTA. It also encourages members to provide information on RTA negotiations. The transparency mechanism is implemented on a provisional basis. Members are to review and, if necessary, modify the decision and replace it by a permanent mechanism adopted as part of the overall results of the Doha Round.

**Transparent**: Sharing information, in this case so all members know what is happening in smaller group meetings. In WTO negotiations and other decision- making, ideas are tested and issues are discussed in a variety of meetings, many of them with only some members present. Members approve of this process so long as information is shared. They also want the process to ensure they can have input into it (“inclusive”).

**Uruguay Round**: Multilateral trade negotiations launched at Punta del Este, Uruguay in September 1986 and concluded in Geneva in December 1993. Signed by Ministers in Marrakesh, Morocco, in April 1994. The Uruguay Round was the 8th round of multilateral trade negotiations conducted within the framework of the General Agreement on Tariffs and Trade (GATT). The Round led to the creation of the World Trade Organisation, with GATT remaining as an integral part of the World Trade Organisation agreements. The broad mandate of the Round had been to extend GATT trade rules to areas previously exempted as too difficult to liberalize (agriculture, textiles) and increasingly important new areas previously not included (trade in services, intellectual property, some investment measures, and dispute settlement). The Round came into effect in 1995 with deadlines ending in 2000 (2004 in the case of developing country contracting parties) under the administrative direction of the newly created WTO.

**Waiver**: Permission granted by WTO members allowing a WTO member not to comply with normal commitments. Waivers have time limits and extensions have to be justified.

**World Trade Organisation (WTO)**: The World Trade Organisation (WTO) is in existence since 1 January 1995 and was agreed to as part of the **Uruguay Round**. It administers the global rules of trade as agreed by the members of the organisation. Its main function is to ensure that trade flows as smoothly, predictably and freely as possible. The WTO also serves as a forum for further trade negotiations, for the notification of national trade measures and of **trade remedies** imposed by a member state. The four main agreements of the WTO are the **General Agreement on Tariffs and Trade (GATT)**, **General Agreement on Trade in Services**, **Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)** and **Dispute Settlement Understanding (DSU)**. The WTO Secretariat is based in Geneva. WTO membership counted 164 states, in January 2019.

**Zeroing**: An investigating authority usually calculates the dumping margin by getting the average of the differences between the export prices and the home market prices of the product in question. When it chooses to disregard or put a value of zero on instances when the export price is higher than the home market price, the practice is called “zeroing”. Critics claim this practice artificially inflates dumping margins.

# Trade in Services

**Domestic regulation**: All services sectors are governed by domestic regulations; in addition to sector specific regulations there may be regulations that apply more broadly. When considering trade in services, domestic regulations governing their supply and consumption may well be more important than border measures. Domestic regulations are adopted for public policy reasons (e.g. to protect consumers' interests) and may also be adopted to protect domestic industries.

**General Agreement on Trade in Services (GATS)**: The multilateral trade agreement covering trade in services. It came into effect in 1995 and was negotiated as part of the Uruguay Round of multilateral trade negotiations. GATS has three main parts: the main text with general principles and obligations; annexes with rules for specific sectors; and members' specific commitments to provide access to their services markets.

**Modalities**: A way to proceed. In trade negotiations, modalities set broad outlines – such as formulas or approaches for tariff reductions – for final commitments.

Unlike a good, when a service is traded, there is not a physical crossing of that service at the border. Trade in services is therefore conceptualised as occurring in four different modes.

**Modes of delivery**: How international trade in services is supplied and consumed.

> **Mode 1**: Cross-border supply — for example, I offer accounting services over the internet from my office in Botswana to a client in South Africa.
>
> **Mode 2**: Consumption abroad — for example, tourists from the United States staying in a safari lodge in Kenya are consuming travel services — Kenya is exporting those services to the United States.
>
> **Mode 3**: Commercial presence — having an office, branch, or subsidiary in a foreign country. For example, a bank from Togo opens a branch in Zimbabwe and delivers financial services from that branch.
>
> **Mode 4**: Presence of natural persons — the presence of persons of one WTO member in the territory of another for the purpose of providing a service; for example, a hairdresser travels across the border to provide haircuts in the neighbouring town.

In the digital economy, however, these categories are no longer distinct. The sharp difference between goods and services is also eroding. For example, is an e-book a good or a service?

**National schedules of commitments**: In services, the equivalent of tariff schedules in General Agreement on Tariffs and Trade, laying down the commitments accepted – voluntarily or through negotiation – by World Trade Organisation members. In national schedules, members set out any limitations to their commitments on the specific services in the categories of 'market access' (are services providers from another member country given access to the market) and 'national treatment' (are services providers from another member country treated in the same way as equivalent local services providers?). The country sets this out for each of the four modes of services. Limitations can include

- 'None' (meaning there are no limitations on the market access, or no ways in which the foreign provider is treated differently).
- 'Unbound' (meaning the scheduling country makes no market access or national treatment commitments).
- Details of specific limitations – for example, as part of its SADC services schedule, South Africa's listing for telecommunications, sub-category 'Facilities based and public-switched telecommunications services' for market access via commercial presence (mode 3) is '2 licences available'.
- Horizontal limitations are limitations that apply to all listed sectors. These limitations often relate to the presence of natural persons.

**Negative list**: A way of scheduling services commitments in trade agreements. Parties to the agreement list any sectors or subsectors for which they are not making commitments. Everything not listed is considered to be unrestricted and with no discrimination between foreign and national suppliers.

**Positive list**: A way of scheduling services commitments in trade agreements. Parties to the agreement list sectors and subsectors for which they are making commitments.

Any limitations to commitments are also listed. Any sector not listed is not committed under the agreement. The GATS uses the positive list approach.

**Prudential carve-out**: An exemption in the GATS Annex on Financial Services that provides that member states may take measures for prudential reasons that would otherwise be inconsistent with their GATS commitments.

**Services trade restrictiveness**: a measure used to quantify barriers to services trade arising from laws and regulations.

# Regional Integration and Preferential Trade Arrangements

**ACP countries:** The group of countries in Africa, the Caribbean and the Pacific that was created by the Georgetown Agreement in 1975. The group's main objectives aresustainable development and poverty reduction within its member states, as well as their greater integration into the world's economy. All of the member states, except Cuba, are signatories to the Cotonou Agreement with the European Union.

**Cotonou Agreement:** (signed in Cotonou, Benin in June 2000) is the successor to the Lomé Conventions. One of the major differences from the Lomé Convention is thatthe partnership is extended to new actors such as civil society, private sector, trade unions and local authorities. These will be involved in consultations and planning of national development strategies, provided with access to financial resources and involved in the implementation of programmes.

Many small island developing states are ACP states; the fourth Lomé Convention wasrevised in 1995 in Mauritius and gives special attention to island countries in this agreement.

**African Growth and Opportunity Act (AGOA):** The United States Trade Act,enacted on 18 May 2000 as Public Law 106 of the 200th Congress. AGOA has sincebeen renewed to 2025. The legislation significantly enhances market access to the USfor qualifying Sub-Saharan African (SSA) countries. Qualification for AGOA preferences is based on a set of conditions contained in the AGOA legislation. In orderto qualify and remain eligible for AGOA, each country must be working to improve its rule of law, human rights, and respect for core labour standards. It is a non-reciprocalarrangement but not unconditional. AGOA is not an international agreement.

**Association of Southeast Asian Nations Free Trade Area (ASEAN FTA/AFTA)**: A comprehensive free trade agreement between the Association of Southeast Asian Nations (ASEAN) countries.

**CARICOM**: The Caribbean Community and Common Market, comprising 15 countries.

**Common market (CM)**: An enhanced free trade area in which services, investment and people also move freely. Harmonisation of regulations (e.g. regulations on servicestandards and quality) across the common is necessary to achieve the goals of the common market.

NOTE 1: The European Union is an example of a common market;and it is also a customs union. References to the EU common market and in recent years, the EU single market (instead of the 'common market'), actually refer to the customs union AND the common market (as defined here).

NOTE 2: it is possible to be a member of the EU common market (also referred to as the single market), but not the EU customs union (as is the case for the member states of the European FreeTrade Area, such as Norway, which are parties to the European Economic Area (EEA)Agreement with the EU – see further clarification below.

**Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP)**: A comprehensive trade agreement between 11 countrieswithin the Transatlantic and Pacific regions. It was formerly known as the Trans-Pacific Partnership (TPP) Agreement and is also known as the TPP-11 after the United Stateswithdrew from the Agreement.

**Cotonou Agreement**: The Cotonou Agreement is a treaty between the European Union and the African, Caribbean and Pacific Group of States ("ACP countries"). It was signed in June 2000 in Cotonou, Benin, by 78 ACP countries (Cuba did not sign)and the then fifteen Member States of the European Union. It entered into force in 2003 and was subsequently revised in 2005 and 2010.

**Customs Union (CU)**: A trade agreement in terms of which the members eliminate all tariffs between them. A CU has a single customs territory (goods are traded duty free, among the CU member states). A customs union also has a common external tariff (CET); the same tariffs apply to goods imported from third parties, into any of themember states of the CU. Article XXIV General Agreement on Tariffs and Trade applies. CUs must be notified to the World Trade Organisation.

**Economic Union**: This is a trade bloc which composed of a common market with acustoms union. The member states have both common policies on product regulation, freedom of movement of goods, services and the factors of production (capital and labour) and a common external trade policy. An economic union can also require the coordination of various social, fiscal and monetary policies among participating member states.

**Economic Partnership Agreement (EPA)**: A new generation of free trade agreements, favoured by the European Union (EU) as the comprehensive rules-basedtrade arrangements with African Caribbean and Pacific (ACP) countries after the waiver for the trade chapter of the Cotonou Agreement expired in 2007. Five SouthernAfrican Development Community

(SADC) member states (the **Southern African Customs Union** members and Mozambique) have concluded an EPA (the SADC EPA, provisionally in force since October 2016) with the **EU** but it is limited to trade ingoods, and cooperation in other areas such as development assistance. The bilateralTrade, Development and Cooperation Agreement between the EU and South Africa entered into force in 2000 but has now been replaced by the SADC EPA. EPAs are also negotiated with various regions: Central Africa; Eastern and Southern Africa; EastAfrican Community; West Africa; Caribbean and Pacific.

Many African countries have not been keen to conclude EPAs with the EU. The Eastern and Southern Africa (ESA) EPA (involving Comoros, Madagascar, Mauritius,the Seychelles, Zambia and Zimbabwe) is of more limited scope. It was concluded asan *interim* EPA with the EU at the end of 2007. In August 2009, four countries signed the agreement (Madagascar, Mauritius, Seychelles and Zimbabwe) and it has been provisionally applied since 14 May 2012. In January 2013, the European Parliament gave its consent to the agreement. Comoros signed the agreement in July 2017. Thisdeal remains open to other countries who want to join later.

In October 2008, Antigua and Barbuda, The Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Saint Lucia, Saint Vincent and the Grenadines, Saint Kittsand Nevis, Suriname, Trinidad and Tobago, and the Dominican Republic signed the CARIFORUM-EU Economic Partnership Agreement with the EU.

**European Free Trade Association (EFTA)**: A regional trade organisation and free trade area consisting of four European states: Iceland, Liechtenstein, Norway, and Switzerland. EFTA operates in parallel with the European Union (EU), and all four member states participate in the EU single market, European Single Market. They arenot, however, part of the EU Customs Union.

**European Union (EU)**: A political and economic union of 27 European countries which are parties to the founding treaties of the union and thereby subject to the privileges and obligations of membership. Following a referendum in 2016, the UnitedKingdom (UK) to leave the EU (Brexit). A Withdrawal Agreement was concluded, thenfinally a free trade agreement on 24 December 2020. This FTA is in force since 1 January 2021.

**Everything but Arms (EBA)**: The European Union (EU) launched the Everything ButArms arrangement in 2001 to give all Least-Developed Countries (LDCs) duty and quota-free access to the EU for all their exports with the exception of arms and armaments. There are currently 49 beneficiaries under this arrangement. Entry into the EBA is automatic and, unlike other Generalised Systems of Preferences (GSP) arrangements, the EBA has no time-limit.

**Free Trade Area (FTA)**: A free-trade area is the region encompassing a trade bloc whose member countries have signed a **free-trade agreement**. Substantially alltrade in goods should be liberalised within a reasonable period of time. Article XXIV General Agreement on Tariffs and Trade defines a traditional FTA for trade in goods as an exception to the most-favoured nation rule. FTAs must be notified to the World Trade Organisation. Modern FTAs often include provisions on other areas such as services, investment, intellectual property, competition policy, procurement etc.

**Preferential Rules of Origin**: When preferential market access (i.e. a reduction or elimination of tariffs) differs between trading partners, it is important that the goods come from the partner that is entitled to that rate. Similarly, a service provider may only be entitled to provide services if they are from a partner country. Rules of origin govern how the country of origin is determined. For example, it might be the case thata shirt may have been made from cotton grown in Uganda and woven in China, stitched in Lesotho and had its buttons attached in South Africa. Rules of origin determine the origin of the shirt.

**Regional Trade Agreements (RTAs)**: In the World Trade Organisation, these refer to reciprocal trade agreements between two or more members to liberalise tariffs (and, increasingly trade in services). They include free trade areas and customs unions and economic integration agreements.

**Regional Comprehensive Economic Partnership (RCEP)**: A free trade agreementamong 16 nations in the Asia-Pacific region. The RCEP covers trade in goods and services, economic cooperation, intellectual property (IP), investment, competition, dispute settlement, e-commerce, and small and medium enterprises (SME) among the member countries.

**Trade and Investment Framework Agreement (TIFA)**: An agreement expands tradeand investment opportunities between the US and another country or region. In Africa,the US has concluded TIFAs with EAC, COMESA, SACU and ECOWAS.

# African Trade Arrangements

**African Continental Free Trade Area (AfCFTA) Agreement**: A free trade agreement establishing the African Continental Free Trade Area that will cover trade in goods, trade in services, investment, competition and intellectual property between the 55 members of the African Union; provided they all ratify the agreement and its Protocols.

44 countries signed the first AfCFTA legal instruments (a founding agreement, Protocols on trade in goods and services, and dispute settlement) on 21 March 2018 in Kigali, Rwanda. Negotiations on tariff concessions and rules of origin are still ongoing. Phase 2 negotiations have begun for the conclusion of Protocols on investment, competition and intellectual property. It will enter into force after 22 ratifications.

**African Economic Community (AEC) Treaty**: Also known as the **Abuja Treaty** was adopted by the African Union in 1991 and came into force on 12 May 1994. It aims atregional integration and mutual economic development among African states througha gradual process by coordination, harmonization and progressive integration of the activities of existing and future regional economic communities **(RECs)** in Africa. The RECs are regarded as the building blocks of the AEC. The stated goals of the organisation include the creation of free trade areas, customs unions, a single market,a central bank, and a common currency thus establishing an economic and monetaryunion by 2028.

**African Union (AU)**: An organisation/union consisting of all 55 countries on the African continent. It was established on 26 May 2001 in Addis Ababa, Ethiopia, and launched on 9 July 2002 in South Africa, with the aim of replacingthe Organisation of African Unity (OAU) established on 25 May 1963 in Addis Ababa,with 32 signatory governments. The most important decisions of the AU are made bythe Assembly of the AU, a semi-annual meeting of the Heads of State and Government of its member states. The AU's Secretariat, the AU Commission, is basedin Addis Ababa.

**Regional Economic Communities (RECs)**: African regional economic integration arrange-ments. Eight (8) of them are recognised by the African Union (AU) as building blocks of the Abuja Treaty and of the African Continental Free Trade Area. They are:

- **AMU/UMA**: Arab Maghreb Union
- **CEN-SAD:** Community of Sahel-Saharan States

- **COMESA**: Common Market for Eastern and Southern Africa
- **EAC**: East African Community
- **ECCAS**: Economic Community of Central African States
- **ECOWAS**: Economic Community of West African States
- **IGAD**: Intergovernmental Authority on Development
- **SADC**: Southern African Development Community

**Southern African Customs Union (SACU)**: A customs union comprising Botswana, Lesotho, Namibia, South Africa and Swaziland.

**Tripartite Free Trade Area (TFTA) Agreement:** A free trade agreement among themember states of Southern African Development Community, the Common Market for Eastern and Southern Africa and the East African Community. The agreement was launched in June 2015. Negotiations on goods and rules of origin are ongoing. It is unclear whether the agreement will cover services or other trade-related issues.

## African economic integration and development initiatives

**Accelerated Industrial Development for Africa (AIDA)**: African Union's plan for industrial development. AIDA has seven programme clusters; sixteen (16) programmes and forty-nine (49) projects. It is complemented with regional industrialisation strategies of regional economic communities.

**Action Plan for Boosting Intra-African Trade (BIAT)**: An action plan endorsed bythe African Union which is aimed at deepening Africa's market integration and significantly increasing the volume of trade that African countries undertake among themselves. BIAT contains seven major clusters, (trade policy; trade facilitation; productive capacity; trade-related infrastructure; trade finance; trade information; andfactor market integration). The implementation of these programmes and activities is aimed at addressing the key constraints and challenges of intra-African trade and atsignificantly enhancing the size and benefits of the trade for the attainment of sustainable economic growth and development.

**Agenda 2063**: A strategic framework for Africa's socio-economic transformation over 50 years adopted by the African Union in 2015. It emphasises the continent's ambition to attain inclusive growth, sustainable development and structural transformation.

**Comprehensive Africa Agriculture Development Programme (CAADP)**: The African Union policy framework for Africa's agriculture and agriculture-led development. It is about boosting investment to stimulate growth in the agricultural sector. This means bringing together the public and private sectors and civil society – at the continental, regional and national levels – to increase investment, improve coordination, share knowledge, successes and failures, encourage one another andto promote joint and separate efforts.

**Lagos Plan of Action for the Economic Development of Africa (Lagos Plan of Action)**: An action plan adopted by the Organisation of African Unity in 1980 for achieving the continent's social and economic development based on the principle of collective self-reliance.

**Minimum Integration Programme**: A programme by the African Union setting out priority areas of concern where African regional economic communities (RECs) couldstrengthen cooperation and benefit from comparative advantage of integration. Notable priority sectors identified by RECs include free movement of persons, goods,services and capital; peace and security; energy and infrastructure; agriculture; trade; industry; investment and statistics.

**New Partnership for Africa's Development (NEPAD)**: The African Union's economic development programme. NEPAD aims to provide an overarching vision and policy framework for accelerating economic co-operation and integration amongAfrican countries.

**Programme for the Infrastructural Development of Africa (PIDA)**: An initiative ofthe African Union aimed at promoting socio-economic development and poverty reduction in Africa through improved access to integrated regional and continental infrastructure networks and services. PIDA focuses on the promotion of transboundary and transnational infrastructure (energy, transport, information and communication technologies and trans-boundary water resources).

## Terminology from other International Arrangements

**Bilateral investment treaty (BIT)**: An international agreement/treaty between two States establishing the terms and conditions for nationals and companies of one stateinvesting in another state.

**Brexit**: A term used for the departure of the United Kingdom (UK) from the European Union. This process has been triggered in March 2017 (under Article 50 of the Lisbon Treaty). The UK left the EU on 31 January 2020. The transition period that was in place – during which nothing changed – ended on 31 December 2020. The rules governing the new relationship between the EU and UK came into effect on 1 January 2021.

**Common Agricultural Policy (CAP)**: The European Union's (EU) comprehensive system of production targets and marketing mechanisms designed to manage agricultural trade within the EU and with the rest of the world.

**Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES)**: A is a multilateral agreement on environment. Its principal aim is to ensure that international trade in specimens of wild animals and plants does not threaten their survival.

**Exclusive Economic Zone (EEZ)**: The United Nations Convention on the Law of theSea (UNCLOS) defines EEZ as generally extending 200 nautical miles (370.4 kilometres) from shore, within which the coastal state has the right to explore and exploit, and the responsibility to conserve and manage, both living and non-living resources. Some proposals would calibrate certain disciplines depending on whetherthe subsidised fishing activity takes place within or beyond a member's EEZ.

**Food and Agricultural Organisation (FAO)**: A specialised agency of the United Nations that leads international efforts to defeat hunger.

**International Trade Administration Commission of South Africa (ITAC)**: A PublicEntity established in terms of the South African International Trade Administration Act,No. 71 of 2002 to provide an efficient and effective system for the administration of international trade, subject to is enabling law and the Southern African Customs Union(SACU) Agreement. ITAC's core functions are: customs tariff investigations; trade remedies; and import and export control. It functions in terms of South Africanlegislation, the International Trade Administration Act, and has been given the additional task (via SACU Council decisions) to manage the SACU Common Tariff while the SACU Tariff Board is not yet in existence.

**Lisbon Agreement**: This international agreement is administered by the WorldIntellectual Property Organisation (WIPO), for the protection of geographical indications and their international registration.

**Lisbon Treaty**: The Treaty of Lisbon is an international agreement that amends the two treaties which form the constitutional basis of the European Union (EU). It was signed by the EU member states on 13 December 2007, and entered into force on 1 December 2009.

**MERCOSUR**: A South American trade bloc. Its full members are Argentina, Brazil, Paraguay, and Uruguay. Venezuela is a full member but has been suspended since December 1, 2016.

**North American Free Trade Agreement (NAFTA)**: A free trade agreement between Canada, Mexico and the United States. NAFTA has been renegotiated (negotiations concluded on 1 October 2018), and is now known as United States-Mexico-Canada Agreement (USMCA).

**Trans-Pacific Partnership (TPP)**: A trade agreement between Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, Vietnam, and the United States signed on 4 February 2016, which was not ratified as required and did not take effect. Under President Trump, the United States withdrew its signature. Following the US withdrawal from the negotiations, the other 11 member states concluded the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), which entered into force in December 2018.

**United States Trade Representative (USTR)**: Part of the executive branch of UnitedState government responsible for international trade policy. The USTR works closely with the President, recommending trade policies and conducting trade negotiations. Italso meets with governments, with business groups, with legislators and with public interest groups to gather input on trade issues and to discuss the President’s trade policy positions.

**World Customs Organisation (WCO)**: A multilateral body located in Brussels through which participating countries seek to simplify and rationalize customs procedures.

**World Health Organisation (WHO)**: A specialised agency of the United Nations which promotes international public health.

**World Intellectual Property Organisation (WIPO)**: One of the 15 specialised agencies of the United Nations. WIPO was created in 1967 to promote the protectionof intellectual property throughout the world. WIPO currently has 193 member states, administers 26 international treaties, and is headquartered in Geneva, Switzerland.

# International commercial and related terms

The following are some of the more common legal terms encountered in international transactions.

**Certificate of Origin**: A document that certifies the country where the product was made (i.e. its origin). A common export document, a certificate of origin is needed when exporting to many foreign markets. For example, it must be used for Canadian-made goods to qualify for preferential tariff treatment under the North American FreeTrade Agreement.

**Contract**: A written or oral agreement which the law will enforce.

**Copyright**: Protection granted to the authors and creators of literary, artistic, dramatic and musical works, and sound recordings.

**Cost and Freight (C&F)**: The exporter pays the costs and freight necessary to get the goods to the named destination. The risk of loss or damage is assumed by the buyer once the goods are loaded at the port of embarkation.

**Cost, Insurance and Freight (CIF)**: The exporter pays the cost of goods, cargo and insurance plus all transportation charges to the named port of destination.

**Customs Declaration**: A document that traditionally accompanies exported goods bearing such information as the nature of the goods, their value, the consignee and their ultimate destination. Required for statistical purposes, it accompanies all controlled goods being exported under the appropriate permit.

**Electronic commerce (e-commerce)**: The process of buying and selling of produceand products by electronic means such as by mobile applications and the Internet. E-commerce refers to both online retail as well as electronic transactions.

- **B2B**: Business to business e-commerce, such as a small business selling partsin a supply chain, or an engineering firm consulting to a property developer, transacting over the internet. B2B e-commerce is by far the most significant e- commerce category.
- **B2C** Businesses selling to consumers, for example goods through online market-places like Takealot, or services such as online courses and airtime.

- **C2B**: Consumers selling to businesses, for example, selling ad space on a blogor selling skills such as graphic design or web development either directly or onplatforms such as Upwork.

- **C2C**: Consumers selling to consumers, for example through sites such as Gumtree.

**Export Permit**: A legal document that is necessary for the export of goods controlledby the government, specifically goods included on the Export Control List (see glossary entry) or goods destined for countries on the Area Control List (see glossary entry).

**Freight Forwarder**: A service company that handles all aspects of export shipping for a fee.

**Intellectual Property**: A collective term used to refer to new ideas, inventions, designs, writings, films, and so on, protected by copyright, patents and trademarks.

**Letter of Credit**: An instrument issued by a bank on behalf of an importer that guarantees an exporter payment for goods or services, provided the terms of the credit are met.

**Patent**: A right that entitles the patent holder, within the country which granted or recognizes the patent, to prevent all others for a set period of time, from using, making or selling the subject matter of the patent.

**Trademark**: A word, logo, shape or design, or type of lettering which reflects the goodwill or customer recognition that companies have in a particular product.

## FURTHER SOURCES

https://www.wto.org/english/thewto_e/glossary_e/glossary_e.htm

http://tradecommissioner.gc.ca/world-monde/141463.aspx?lang=eng

https://law-richmond.libguides.com/treaties

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## About tralac

(Trade Law Centre) tralac is a public benefit organisation based in the Western Caperegion of South Africa. We develop technical expertise and capacity in trade governance across Africa.

We are committed to the principles of rules-based governance at the national, regional and international levels. We believe that better governance and stronginstitutions are essential elements for inclusive and sustainable growth.

tralac's activities are anchored on three pillars:

i) inform stakeholders through quality, accessible analysis and informationprovision;

ii) capacitate individuals and institutions through partnerships that focus oncapacity in institutions; and

iii) empower, especially marginalised stakeholders to participate more effectively in trade policy and governance debates and processes

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