

DUMPING

The sale of an imported good at a price lower than that at which it is sold within the exporting country and which causes injury in the importing country. Article VI of GATT and the Antidumping Code permit the imposition of antidumping duties against "dumped" goods equal to the difference between their export price and their normal value in the exporting country if the dumped goods are causing material injury in the importing country.

ESTABLISHMENT, Right of

Foreign investors having the right to establish new businesses or to acquire existing ones on the same basis as nationals.

EXPORT RESTRAINTS (VER's)

Quantitative restrictions imposed by exporting countries, usually outside of the GATT rules, to limit exports to specified foreign markets, usually pursuant to a formal or informal agreement concluded at the request of importing countries. They often take the form of an Orderly Marketing Arrangement (OMA) or of a Voluntary Restraint Arrangement (VRA).

EXPORT SUBSIDIES

Payments or other financial benefits provided by government to domestic producers or exporters contingent on a commitment to export. GATT Article XVI recognizes that subsidies in general, and especially export subsidies, may have trade-distorting effects. Article XVI and the Agreement on Subsidies and Countervailing Duties (the "Subsidies Code") negotiated during the Tokyo Round include an outright prohibition of export subsidies by developed countries for manufactured and semi-manufactured products.

FORMULA APPROACH

Method of negotiating tariffs across the board usually summarized as a percentage tariff reduction.

FREE TRADE

Trade unfettered by government-imposed trade restrictions or distortions.

FREE TRADE AREA (FTA)

An arrangement authorized under Article XXIV of the GATT among two or more countries that agree to remove