

GLOSSARY OF TRADE AND RELATED TERMS

Bilateral Trade	A formal or informal agreement involving Agreement commerce between two countries. Such agreements sometimes list the quantities of specific goods that may be exchanged between participating countries within a given period.
Binding	Concept of agreeing to maintain a particular tariff level or other trade restriction, i.e., binding it against increase or change. In trade negotiations, binding a tariff is considered equivalent to a significant reduction in the level. The industrialized countries have virtually bound all their tariffs on industrial products in seven rounds of GATT negotiations.
Binding Arbitration	Concept in dispute settlement where the parties to the dispute agree at the outset to abide by the results of dispute settlement procedures.
Border Tax Adjustments	The remission of taxes on exported goods, including sales taxes and value added taxes, designed to ensure that national tax systems do not impede exports. The GATT permits such frontier adjustments on exports for indirect taxes on the condition that these are passed on to consumers, but not for direct taxes (e.g., income taxes assessed on producing firms).
Bounties or Grants	Payments by governments to producers of goods, often to strengthen their competitive position. See also subsidies.
Boycott	A refusal to deal commercially or otherwise with a person, firm or country.
Buy-National	Discriminatory government procurement policies, such as Buy-America or Buy-Canadian, which provide a margin of preference for local suppliers over foreign suppliers. The GATT does not require non-discrimination by governments in their purchasing policies. A modest code, agreed to during the Tokyo Round, provides for non-discriminatory purchasing practices by specified government entities.
CAP	See Common Agricultural Policy of the EC.
Capital Account	In the calculation of the balance of payments, the Capital Account includes financial flows related to international direct investment, investment in government and private securities, international bank transactions, and changes in official gold holdings and foreign exchange reserves.