

## Background Information

country, whereas the addition of 25% in value would not qualify. Such rules are very important for countries which are members of a free-trade area.

### Safeguards

The term safeguards refers to emergency actions in the form of additional duties or import quotas applied to fairly traded imports which nevertheless cause or threaten serious injury to domestic producers.

### Sectoral Trade Agreement

A trade agreement limited in its application to a particular group of related products comprising a sector. The Autopact is an example of a bilateral sectoral agreement and the GATT Aircraft Agreement is an example of a multilateral sectoral agreement.

### Services

Economic activities the result of which is the provision of services rather than goods. This includes such diverse activities as transportation, communications, insurance, banking, advertising, consulting, distribution, engineering, medicine, education, etc. It is the fastest growing area of economic activity in Canada. Two-thirds of working Canadians are now employed in the services sector. Trade in services takes place when a service is exported from a supplier nation to another nation, such as an international airflight, or the extension of credit, or the design of a bridge.

### Subsidy

A bounty, grant or other form of government assistance bestowed directly or indirectly upon the manufacture, production, or export of any merchandise.

### Surcharge or surtax

A tariff or tax on imports in addition to the existing tariff, often used as an emergency safeguard measure.

### Tariff

A tariff is a tax on imports; the tariff rate is the rate at which imported goods are taxed.

### Trade Liberalization

A general term used to denote the gradual process of removing tariff and non-tariff barriers. Seven rounds of negotiations under GATT since 1947 have resulted in a large measure of trade liberalization among