

## GLOSSARY OF TRADE AND RELATED TERMS

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Free Trade	An economic concept, used for analytical purposes, to denote trade unfettered by government-imposed trade restrictions; also used as a general term to denote the end result of a process of trade liberalization. Free trade is the comparative term used to denote circumstances between current practice and the achievement of free trade.
Free Trade Area	A cooperative arrangement among two or more nations which agree to remove substantially all tariff and non-tariff barriers to trade with each other, while each maintains its differing schedule of tariffs applying to all other nations.
Free Trade Zone	An area within a country (a seaport, airport, warehouse or any designated area) regarded as being outside its customs territory. Importers may therefore bring goods of foreign origin into such an area without paying customs duties and taxes, pending their eventual processing, transshipment or re-exportation. Free zones were numerous and prosperous during an earlier period when tariffs were high. Some still exist in capital cities, transport junctions and major seaports, but their number and prominence have declined as tariffs have fallen in recent years. Free zones may also be known as "free ports", "free warehouses", and "foreign trade zones".
Functional Trade Agreement	A trade agreement limited to a particular type of measure used to restrict or manage trade, such as government procurement, emergency safeguards or countervailing duties.
GATT	The General Agreement on Tariffs and Trade (GATT) is a multilateral treaty, subscribed to by 93 countries which together account for more than four-fifths of world trade, which delineates rules for international trade. The primary objective of the GATT is to liberalize world trade and place it on a secure basis, thereby contributing to global economic growth and development.
Generalized System of Preferences (GSP)	A concept developed within UNCTAD to encourage the expansion of manufactured and semi-manufactured exports from developing countries by making goods more competitive in developed country markets through tariff preferences. The GSP reflects international agreement, negotiated at UNCTAD II in New Delhi in 1968, that a temporary and non-reciprocal grant of preferences by developed countries to developing countries would be equitable and, in the long term, mutually beneficial.
GNP	Gross National Product
Government Procurement	The term refers to purchases of goods and services by official government agencies. As a non-tariff barrier to trade it refers to discriminatory purchases from domestic suppliers, even when imported goods are more competitive. See also Buy-National.