Common Agricultural Policy (CAP)	A set of policies and devices by which member-states of the European Community (EC) seek to merge their individual agricultural programs into a unified effort to promote regional agricultural development, fair and rising standards of living for the farm population, stable agricultural markets, increased agricultural productivity, and methods of dealing with security of food supply. Two of the principal elements of the CAP are the variable levy (an import duty amounting to the difference between EC target farm prices and the lowest available market prices of imported agricultural commodities) and export subsidies to promote exports of farm goods that cannot be sold within the EC at the target prices.
Common External Tariff (CXT)	A tariff rate uniformly applied by a common market or customs union, such as the European Community, to imports from countries outside the union. For example, the European Common Market is based on the principle of a free internal trade area with a common external tariff. "Free-trade areas" do not necessarily have common external tariffs.
Common Market	See Customs Union.
Comparative Advantage	A central concept in international trade theory which holds that a country or a region should specialize in the production and export of those goods and services that it can produce relatively more efficiently than other goods and services, and import those goods and services in which it has a comparative disadvantage. This theory was first propounded by David Ricardo in 1817 as a basis for increasing the economic welfare of a population through international trade. The comparative advantage theory normally favours specialized production in a country based on intensive utilization of those factors of production in which the country is relatively well-endowed (such as raw materials, fertile land or skilled labor); and perhaps also the accumulation of physical capital and the pace of research.
Compensation	Concept that withdrawal or amendment of a previously negotiated or bound concession, such as a tariff increase, change in quota level, temporary surtax etc. requires a new and equivalent concession.