

GLOSSARY OF TRADE AND RELATED TERMS

Reciprocity	The practice by which governments extend similar concessions to each other, as when one government lowers its tariffs or other barriers impeding its imports in exchange for equivalent concessions from a trading partner on barriers affecting its exports (a "balance of concessions"). Reciprocity has traditionally been a principal objective of negotiators in GATT "Rounds." Reciprocity is also defined as "mutuality of benefits," "quid pro quo," and "equivalence" of "advantages." GATT Part IV (especially GATT Article XXXVI) and the "Enabling Clause" of the Tokyo Round "Framework Agreement" exempt developing countries from the rigorous application of reciprocity in their negotiations with developed countries.
Reciprocity Agreement	Historical term referring to trade agreements between Canada and the United States providing for reciprocal trade concessions, including the 1854 Elgin-Marcy Treaty and the aborted 1911 agreement.
Residual Restrictions	Quantitative restrictions that have been maintained by governments before they became contracting parties to GATT and, hence, permissible under the GATT "grand-father clause". Most of the residual restrictions still in effect are maintained by developed countries against the imports of agricultural products. See also Grandfather Clause, and Quantitative Restrictions.
Restrictive Business Practices (RBP's)	Action taken by a country whose exports are adversely affected by the raising of tariffs on other trade restricting measures by another country. The GATT permits an adversely affected country to impose limited restraints on imports from a country that has raised its trade barriers after consultations with countries whose trade might be affected. In theory, the volume of trade affected by such retaliatory measure should approximate the volume of trade affected by the precipitating change in import protection.
Retaliation	Action taken by a country to restrain its imports from a country that has increased a tariff or imposed other measures that adversely affect its exports in a manner inconsistent with GATT. The GATT, in certain circumstances, permits such reprisal, although this has very rarely been practiced. The value of trade affected by such retaliatory measures should, in theory, approximately equal the value affected by the initial import restriction.