
Formula Approach

Method of negotiating tariffs across the board usually summarized as a percentage tariff reduction.

Free Trade

Trade unfettered by government-imposed trade restrictions or distortions.

Free Trade Area (FTA)

An arrangement authorized under Article XXIV of the GATT among two or more countries that agree to remove substantially all tariff and non-tariff barriers to trade with each other, each maintaining its own schedule of tariffs and customs measures vis-à-vis all other nations.

General Agreement on Tariffs and Trade (GATT)

A multilateral trade treaty, subscribed to by almost 100 countries, to liberalize world trade and to place it on a more secure basis through agreed international rules.

GATT Binding

Countries agree as part of their GATT commitments not to increase the level of their tariffs on imports of a product without going through negotiation to compensate for any increase.

GATT Bound Rate

Rate of custom duty/tariff bound in the GATT against increase.

GATT Schedules

Detailed listing of concessions negotiated over the years since 1947 under the GATT such as lower tariffs or less restrictive non-tariff measures.