

WORLD TRADE ORGANIZATION

RESTRICTED

IDB/URM/2

15 February 1996

(96-0586)

INTEGRATED DATA BASE

IDB USER REFERENCE MANUAL

PART II

GLOSSARY OF TERMS

Note by the Secretariat

WTO INTEGRATED DATA BASE

GLOSSARY OF TERMS

ACCESSION

A government joining the WTO. As part of the accession to the WTO pursuant to Article XII, the acceding government negotiates concessions and commitments relating to Market Access for Goods and Services with WTO Members.

ACM See Arab Common Market.

ACPs

Countries in Africa, the Caribbeans and the Pacific which benefit from a preferential tariff treatment in the E.C., under the Lomé Convention.

AD VALOREM DUTY

An ad valorem duty is a customs tariff duty expressed as a percentage of the value of the imported goods (e.g. 10% of value). In the case of specific duties (i.e. \$2.00 per KG) it is necessary to calculate an ad valorem equivalent (AVE) which gives the equivalent level of the duty in percentage terms.

AD VALOREM EQUIVALENT (AVE)

An ad valorem equivalent is the equivalent in percentage of a specific duty, mixed, compound or other duty containing a specific element. An ad valorem equivalent is calculated for each customs duty that is not ad valorem. The AVE is calculated from the actual duty collection or from the unit value of imports. For example, the AVE of a specific duty of \$1.00 per KG levied on a product with a unit value of \$10.00 per KG is equal to 10% (\$1.00/\$10.00).

ADABAS

Adaptable DAta BAse System is a data base management system, produced by Software AG, which is used for the management of the IDB.

AGGREGATE (TRADE)

The IDB import statistics' file contains aggregates of imports from groups of partners, such as WTO Members, MFN+ GSP partners, etc. These aggregates contain accumulations of import values and quantities from countries falling within each relevant group.

AIRCRAFT AGREEMENT (ATCA)

A Tokyo Round agreement formally known as the "Agreement on Trade in Civil Aircraft". This MTN agreement establishes an international framework governing the conduct of trade in civil aircraft. The agreement applies to all civil aircraft, civil aircraft engines and their parts and components and to ground flight simulators and their parts and components. Signatories to the agreement agreed to eliminate customs duties and other charges levied on the importation of products for use in a civil aircraft in the course of its manufacture, repair, maintenance, rebuilding, modification or conversion. Zero duties for all products covered by the agreement are incorporated by signatories in their respective GATT schedules. The signatories established the Committee on Trade in Civil Aircraft composed of representatives of all signatories, for surveillance, review, consultation and dispute settlement.

ALADI See Latin American Integration Association.

ALPHANUMERIC

Data characteristic; a field is alphanumeric when it can contain any character (i.e. letters, numbers, blanks and other characters).

ANDEAN GROUP (GRAN)

A customs union comprising Bolivia, Colombia, Ecuador, Peru and Venezuela.

ANTI-DUMPING DUTIES

Article VI of the GATT 1994 permits the use of anti-dumping measures. Such measures can be imposed on imports of a product with an export price below its "normal value" (usually the comparable price of the domestic market of the exporting country) if such dumped imports cause injury to a domestic industry in the importing country. These anti-dumping measures take the form either of duties or undertakings on pricing by the exporter. The duties levied on any dumped product should not be greater in amount than the margin of dumping (price difference).

APEC see Asian-Pacific Economic Cooperation

APTA see Automobile Products Trade Act

ARAB COMMON MARKET (ACM)

A preferential trading arrangement between Egypt, Iraq, Jordan, Libyan Arab Jamahiriya, Mauritania, Syrian Arab Republic and Yemen.

ARTICLE XXVIII

Article XXVIII refers to the Article of the General Agreement which deals with the procedure to be followed when a contracting party intends to modify its Schedule. In broad terms, Article XXVIII stipulates that a contracting party can withdraw or modify a concession in its GATT Schedule after negotiation and agreement with any contracting party with which the concession was originally negotiated and any contracting party which is recognized to have a principal or a substantial supplying interest with a view to offering compensation. Notifications of changes in GATT Schedules should include a list of items to be modified or withdrawn, accompanied by statistics of imports of the products involved, by country of origin, for the last three years for which statistics are available. If specific, mixed or compound duties are affected, both values and quantities should be provided, if possible.

ASEAN See Association of South East Asian Nations.

ASIAN-PACIFIC ECONOMIC COOPERATION (APEC)

A Forum formed to achieve regional free trade and investment. Member countries are Australia, Brunei Darussalam, Canada, Chile, China, Hong Kong, Indonesia, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, Philippines, Singapore, Republic of Korea, Chinese Taipei, Thailand and the United States.

ASSOCIATION OF SOUTH EAST ASIAN NATIONS (ASEAN)

An Association establishing an interim agreement for the formation of the ASEAN Free Trade Area (AFTA). Member countries are Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.

ATCA See **AIRCRAFT AGREEMENT** (Agreement on Trade in Civil Aircraft)

AUSTRALIA-NEW ZEALAND CLOSER ECONOMIC RELATIONS TRADE AGREEMENT (ANZCERT)

Free Trade Area between Australia and New Zealand.

AUSTRALIA-PAPUA NEW GUINEA TRADE AND COMMERCIAL RELATIONS AGREEMENT (PATCRA)

A preferential non-reciprocal access to the Australian market for Papua New Guinea.

AUTOMOBILE PRODUCTS TRADE ACT (APTA)

United States special tariff treatment for motor vehicles and original motor vehicle equipment originating in Canada.

AUTONOMOUS DUTY See **Statutory Duty**

AVE See Ad Valorem Equivalent

AVERAGE (TARIFF)

A tariff average measures the average level of nominal tariff protection. There are two types of tariff averages: a simple average and a trade-weighted average. The example below illustrates how those two types of tariff averages are calculated.

Tariff line number	Duty rate	Import value	Duty collected
0101.11.10	50%	10	5
0101.11.90	10%	100	10
0101.19.10	0%	1000	0
0101.19.90	20%	100	20
Total	80%	1210	35

Tariff Averages:

ARITHMETIC = Sum of duties/Number of duties = $80/4 = 20\%$

TRADE-WEIGHTED = (Sum of duties collected/Total imports) X100 = $(35/1210) \times 100 = 3\%$

It should be noted that the trade-weighted average is often lower than the arithmetic average. This is because theoretically, low duties carry more imports than high duties. Subsequently, in the trade-weighted average, low duties are given more weight than high duties, thus introducing a downward bias. In the arithmetic average, each duty carries the same weight, whatever its level.

BANGKOK AGREEMENT

First Agreement on Trade Negotiations among Developing Nations of the Economic and Social Commission for Asia and the Pacific (Bangkok Agreement) a preferential trading arrangement between Bangladesh, India, Lao People's Democratic Republic, Philippines, Republic of Korea and Sri Lanka.

BARTER TRADE

Contract by which an exporter accepts goods or services from the importer as payment for its exported products.

BATCH PROCESSING

Computer processing which does not make use of on-line facilities.

BILATERAL AVE

An ad valorem equivalent of a specific duty calculated from the unit value of imports from an individual country. An AVE can be global (applying to all countries entitled to the duty) or bilateral.

BILATERAL QUOTA

Limits on the value or quantity of a good which can be imported from or exported to a given partner or group of partners.

BINDING

GATT Article II provides that signatories may "bind" tariff rates by including them in schedules annexed to the General Agreement. Once a duty is bound, it may not be raised above that bound level without compensating affected parties. If the actually applied rate is lower than the bound rate, the bound level of the duty rate is called a "ceiling" binding (see **Ceiling Binding**). If the binding does not cover all products in the tariff item the binding is "partial" and identified by "ex" in the GATT Schedules.

BOUND RATE See **BINDING**

BYTE

Unit of computer storage required to represent a character (also called physical character).

CACM See Central American Common Market.

CARIBBEAN-CANADA PREFERENTIAL TRADING ARRANGEMENT (CARIBCAN)

A preferential trading arrangement by which Canada extends duty-free treatment to eligible imports from the Commonwealth Caribbean developing countries under the CARIBCAN.

CARIBBEAN COMMON MARKET (CARICOM)

A preferential trading arrangement between Antigua and Barbuda, Bahamas, Barbados, Belize, Dominica, Grenada, Guyana, Jamaica, Montserrat, Saint Christopher and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Surinam and Trinidad and Tobago.

CARIBCAN See Caribbean-Canada preferential trading arrangement.

CARICOM See Caribbean Common Market.

CATEGORY (PRODUCT)

Product categories are defined on an ad hoc basis to compile summary reports by sectors, stages of processing, etc. Product categories are generally defined in terms of four-digit headings of the CCCN or in terms of six-digit groups of the HS.

CBERA See United States Caribbean Basin Economic Recovery Act.

CCC See Customs Co-operation Council.

CCCN See Customs Co-operation Council Nomenclature.

CD-ROM (Compact Disc Read Only Memory)

The CD-ROM is a 4.7 inch Compact Disc holding in excess of 600 megabytes of data, which is equivalent to about 250,000 pages of text or 20,000 medium-resolution images.

CEAO See West African Economic Community.

CEFTA See Central European Free Trade Agreement

CEILING BINDING

A binding is "ceiling" if the applied duty is lower than the bound duty. The following example illustrates the difference between "ceiling" bindings and bindings at "prevailing" level.

Tariff line number	Type of duty	Rate	Type of binding
0101.11.10	bound duty	50%	bound at ceiling of 50%
	applied duty	10%	
010.11.90	bound duty	50%	bound at prevailing rate of 50%
	applied duty	50%	

CENTRAL AFRICAN CUSTOMS AND ECONOMIC UNION (UDEAC)

A preferential trading arrangement between Cameroon, Central African Republic, Chad, Congo, Gabon and Equatorial Guinea. A common external tariff was introduced by Cameroon, the Central African Republic, Congo and Gabon.

CENTRAL AMERICAN COMMON MARKET (CACM)

A preferential trading arrangement between Costa Rica, El Salvador, Guatemala, Honduras, and Nicaragua.

CENTRAL EUROPEAN FREE TRADE AGREEMENT (CEFTA)

A preferential trading arrangement between the Czech Republic, Hungary, Poland and the Slovak Republic.

CENTRAL PRODUCT CLASSIFICATION (CPC)

A classification established jointly by the United Nations and the Statistical Office of the European Communities which covers merchandises as well as services. The CPC is linked both to the HS and to the SITC Rev.3.

CHAPTER

The CCCN and the HS are structured nomenclatures. The first two digits of CCCN and HS numbers represent the chapter level. The CCCN comprises 99 chapters and the HS 97 chapters. HS chapter 77 is not used at present.

CHILE-MEXICO FREE TRADE AGREEMENT

A preferential trading arrangement between Chile and Mexico.

COLUMNS OF THE LOOSE-LEAF SCHEDULE

Tariff concessions offered by each WTO Member are reported in the loose-leaf schedule in columns 3 to 8. The level or rate of a concession is reported in column 3. The WTO legal instrument containing the present concession is reported in column 4. INRs on the current bound rate are reported in column 5. The WTO legal instrument containing the first concession offered on the tariff item is reported in column 6 and historical INRs are reported in column 7. Other duties and charges (ODCs), if not notified in a headnote, are indicated in column 8.

COMMITTEE OF PARTICIPATING COUNTRIES (CPC)

The Committee of Participating Countries was established to facilitate the operation and furthering of the objectives of the Protocol Relating to Trade Negotiations Among Developing Countries. The

objective of the Protocol is to expand access on more favourable terms for developing countries in one another's markets through an exchange of tariff and trade concessions directed towards the expansion of their mutual trade. Countries applying the Protocol are Bangladesh, Brazil, Chile, Egypt, Israel, Republic of Korea, Mexico, Pakistan, Peru, Romania, Tunisia, Turkey, Uruguay and Yugoslavia.

COMMON EFFECTIVE PREFERENTIAL TARIFF SCHEME (CEPT)

A formal tariff-cutting scheme leading to the ASEAN Free Trade Area (AFTA) between Brunei Darussalam, Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam. This tariff scheme replaces the Agreement on ASEAN Preferential Trading Arrangement.

COMMON EXTERNAL TARIFF

A uniform tariff adopted by a customs union (e.g. the European Communities) to be assessed on imports entering a region from countries outside the union.

COMMON SYSTEM OF CODING

Governments do not use standard codes for recording countries, quantity units etc. National codes are converted to a common coding system which has been adopted by WTO. The WTO coding system is based on the International Standard Organisation (ISO) country codes and on the quantity unit codes adopted by the United Nations Economic Commission for Europe.

COMPOUND DUTY

A compound duty is a tariff duty comprising an ad valorem duty to which is added or subtracted a specific duty: 10% plus \$2.00/KG; 20% less \$2.00/KG.

COMPRESSION (DATA)

Data compression is a method of reducing data storage requirements. In general terms, the method used by Adabas is to eliminate leading zeros and trailing blanks for each field in a file. When the data are decompressed, the leading blanks and trailing zeros are restored.

CONCESSION

A tariff reduction, tariff binding or other agreement to reduce import restrictions: usually accorded pursuant to negotiation in return for concessions by other parties.

CONCORDANCE

Table relating two different nomenclatures, item by item.

CONTRACTING PARTIES (CPs)

Those governments which are signatory to the GATT 1947.

COUNTERVAILING DUTIES

Article VI of the GATT 1994 permits the use of countervailing measures which are duties imposed by the importing country to offset the effect of the subsidy on the product in question.

COUNTRY OF ORIGIN

Individual supplying countries from which goods are imported are called "countries of origin".

CPs See Contracting Parties.

CPC See Committee of Participating Countries and Central Product Classification.

C.U. See Customs Union.

CURRENCY

Information submitted is in general recorded using national currency units (import values and specific duties (X unit of currency per unit of quantity)). Import values are recorded in the IDB in national currency units (as submitted) and in US dollars. National currency units used in specific duties are not converted to US dollars.

CUSTOMS CO-OPERATION COUNCIL (CCC)

A multilateral body located in Brussels through which participating countries seek to simplify and rationalize customs procedures. This institution is now called the World Customs Organization.

CUSTOMS CO-OPERATION COUNCIL NOMENCLATURE (CCCN)

A system for classifying goods for customs purposes. The Brussels Tariff Nomenclature (BTN) was established in 1955. This was an internationally agreed nomenclature in which articles were grouped according to the nature of the material of which they are made. The BTN was amended in 1965 and 1972. In 1974, the BTN became the CCCN which was again amended in 1978. In 1988, the CCCN was replaced by the Harmonized Commodity Description and Coding System (see **Harmonized System**).

CUSTOMS UNION (C.U.)

Substitution of a single customs territory for two or more customs territories, so that duties and other restrictive regulations of commerce are eliminated on substantially all the trade between the constituent territories of the union. The same duties and other regulations of commerce are applied by each member of the union to the trade of territories not included in the union.

DATA BASE

A collection of interrelated data stored together to serve one or more applications; the data are independent of computer programs that use the data.

DATA BASE MANAGEMENT SYSTEM (DBMS)

A collection of software required for using a data base. The Secretariat uses the DBMS ADABAS.

DBMS See Data Base Management System.

DISPERSION (TARIFF)

The tariff dispersion is generally analyzed by compiling tariff profiles. Tariff profiles show a distribution of tariff lines according to duty ranges as follows:

TARIFF PROFILES			
MFN RANGE	TARIFF LINES		
	NUMBER	%	CUMULATIVE
Total	8637	100	100
Duty-free	1780	21	21
0.1 - 5.0%	2087	24	45
5.1 - 10.0%	1929	22	67
10.1 - 15.0%	850	10	77
15.1 - 35.0%	1349	16	93
Over 35%	642	7	100

Trade profiles show a distribution of imports according to duty ranges in a similar manner.

DRAWBACK

Repayment of import duties on a product re-exported or used in the manufacture of goods to be exported.

DUTY (CUSTOMS)

Tax levied at the border on imported goods. Customs duties can be ad valorem, specific, mixed, compound, etc.

DUTIES COLLECTED

Amount of duties collected for a particular commodity at a specified duty rate for a stated period. Usually used as a guideline to assess the comparability of concessions between countries.

E.C. See European Communities.

ECONOMIC COMMUNITY OF WEST AFRICAN STATES (ECOWAS)

A preferential trading arrangement between Benin, Burkina Faso, Cape Verde, Côte d'Ivoire, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone and Togo.

ECO See Economic Co-operation Organization.

ECONOMIC CO-OPERATION ORGANIZATION (ECO)

A preferential trading arrangement initially between the Islamic Republic of Iran, Pakistan and Turkey and subsequently including Azerbaijan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

ECOWAS See Economic Community of West African States.

EFFECTIVE PROTECTION

The effective tariff protection relates a tariff duty to the value added in the manufacturing process of a given product. However, there exist inherent difficulties in measuring the value added in a given manufacturing process and it is extremely difficult to calculate effective rates of protection. The data available in the IDB permits the calculation of nominal rates of protection only.

EFFECTIVELY APPLIED DUTY

A customs duty which is lower than the statutory duty. The effectively applied duty can be for an undetermined period of time or for a limited period of time (temporary duty). Effectively applied duties are sometimes passed by Parliament or decided on and put into effect by a government for economic reasons.

EFTA See European Free Trade Association.

ELEMENT NUMBER

The IDB textual tariff information is submitted in separate records identified by an element number (01-11). For elements 03 to 07 the element number corresponds to the column number of the loose-leaf schedule.

ESCALATION (TARIFF)

Tariff escalation refers to the fact that, as a rule, tariffs on raw materials are lower than tariffs on semi-manufactures, which in turn are lower than tariffs on finished products. Tariffs escalate with the stage of processing. In theory, a reduction of the tariff escalation entails a reduction of the effective protection.

EUROPEAN COMMUNITIES (E.C.)

A customs union between Belgium, Denmark, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain and United Kingdom and, as from 1 January 1995, Austria, Finland and Sweden.

EUROPEAN COMMUNITIES PREFERENTIAL TRADING ARRANGEMENTS

The European Communities signed bilateral preferential trading arrangements with individual members of EFTA, countries in the Mediterranean basin (Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Malta, Morocco, Syrian Arab Republic, Tunisia, Turkey and Yugoslavia) and the Czech Republic, Hungary, Poland, the Slovak Republic, Bulgaria and Romania and accords trade preferences to the ACPs under the Lomé Convention.

EUROPEAN FREE-TRADE ASSOCIATION (EFTA)

As from 1 January 1995 the free-trade area comprises Iceland, Norway and Switzerland. Prior to that, Austria, Finland and Sweden had been members. The EFTA has concluded free trade agreements with Turkey, the former Czech and Slovak Federal Republic, Poland, Romania, Bulgaria, Hungary and Slovenia.

EUROPEAN UNION

The Treaty on Closer European Union (the "Maastricht" Treaty) embraces the objectives of economic and monetary union, a common foreign and security policy, common citizenship, and the development of cooperation on justice and social affairs. EU member States are Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden and the United Kingdom.

EXCHANGE RATE

The number of units of currency equivalent to one unit of another currency.

EXCISE DUTY (also known as fiscal tax or revenue duty) See **Fiscal Tax**.

EXPORT QUOTA

Restraint imposed by an exporting country on the value or quantity of a product which can be exported.

EXPORT RESTRAINT

A restriction by an exporting country of the quantity of exports to a specific importing country, established usually at the request of the importing country.

FIELD

An item of information which can be considered as an entity; also called data element or data item.

FILE

A file is a collection of related records. Also called a data set.

FILLER

Unit of storage which is not used but is required to bring the representation of a field or of a record up to its specific size.

FINISHED PRODUCTS

The third stage of processing in the measurement of tariff escalation. Finished products are processed products which can be sold to consumers without further processing.

FISCAL TAX

A tax which is levied on imported products as well as on domestically produced goods to generate revenue. A fiscal tax is therefore not equivalent to a customs tariff duty since it has no protective effects. Fiscal taxes are sometimes included in the customs tariff duties. In such cases, the fiscal element of the duty is deducted from the tariff duty. Only the protective part of the duty is recorded in the IDB tariff files.

FIXED-LENGTH RECORD

A record has a "fixed length" when all records in the file have the same length.

FLOATING INRs

Fixed INRs are determined when a concession is negotiated bilaterally between two GATT contracting parties. When concessions are offered using a tariff cutting formula (e.g. Kennedy or Tokyo rounds) there is no bilateral negotiation and therefore no exchange of INRs. In such cases, INRs are held by the principal supplier for a given item and market. When the issue arises, the principal supplier is determined from the last three years for which import statistics are available. Such INRs are called "floating" INRs.

FORMULA APPROACH

A tariff reduction negotiating method by which tariffs are reduced across-the-board using a mathematical formula agreed upon by participants.

FREE TRADE AREA OF THE AMERICAS (FTAA)

The Summit of the Americas Trade Ministerial drew up the Denver Joint Declaration to prepare for the initiation of negotiations of the Free Trade Area of the Americas.

FREE-TRADE AREA (FTA)

A group of two or more customs territories in which the duties and other restrictive regulations of commerce are eliminated on substantially all the trade between the constituent territories in products originating in such territories.

FTA See Free-trade area.

FTAA See Free Trade Agreement for the Americas

GATT ROUNDS

Multilateral Trade Negotiations conducted under the GATT. Eight rounds have taken place since the establishment of GATT in 1947:

- | | |
|------------------|---|
| 1947 | Geneva, creation of the GATT |
| 1949 | Annecy, negotiations with countries wishing to accede to GATT. During this round the focus was on tariff reductions. |
| 1951 | Torquay, new accessions and tariff reductions. |
| 1956 | Geneva, similar to previous rounds. |
| 1960-1962 | Geneva, the "Dillon Round". Revision of the GATT and new accessions. |
| 1964-1967 | Geneva, the "Kennedy Round". First time the formula approach was adopted (50% reduction, with exceptions) in addition to the traditional product-by-product approach. |

1973-1979 Geneva, the "Tokyo Round". Formula tariff reductions with a view to "harmonize" the levels of tariffs. Agreements on the use of selected non-tariff measures.

1986-1994 Geneva, the "Uruguay Round". Product-by-product approach by all participants, especially reciprocal offers and sectorial negotiations by a number of participants, to eliminate or harmonize duties in certain sectors ("zero-for-zero" approach). Strengthening of the GATT and its expansion to new areas (services, counterfeit goods, etc.). Active participation of developing countries offering extensively new bindings at "ceiling rates". Use of the new concept of "credit for bindings" and "recognition of autonomous liberalization measures" for developing country participants. New accessions to WTO. Creation of the World Trade Organization (WTO).

GATT SCHEDULES OF CONCESSIONS

All concessions negotiated in GATT negotiations are reported in the GATT legal instruments containing Schedules of concessions. Each WTO Member incorporates its concessions in its own schedule. (See also **Loose-leaf Schedule**)

GCC See Gulf Co-operation Council.

GENERAL TARIFF

General tariffs are the customs duties which apply in some countries to partners which are not members of the WTO. The general duties are generally higher than the MFN duties.

GENERALIZED SYSTEM OF PREFERENCES (GSP)

Generalized system of preferences offered unilaterally by developed/transition economies to developing countries. The GSP is not part of the General Agreement. GSP is accorded to developing countries by the following countries: Australia, Bulgaria, Canada, Czech Republic, the European Union, Hungary, Japan, New Zealand, Norway, Poland, Slovak Republic, Switzerland and the United States.

GLOBAL AVE

An ad valorem equivalent of a specific duty calculated from the unit value of imports from a group of countries. The group can be all partners, WTO Members, MFN origins, etc.

GLOBAL QUOTA

Limits on the value or quantity of a good which can be imported or exported during a period, on a global basis.

GSTP See Global System of Trade Preferences among Developing Countries.

GLOBAL SYSTEM OF TRADE PREFERENCES AMONG DEVELOPING COUNTRIES (GSTP)

A preferential trading arrangement between developing country members of UNCTAD.

GRAN See Andean Group

GSP See Generalized System of Preferences.

GULF CO-OPERATION COUNCIL (GCC)

A preferential trading arrangement between Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

HARMONIZED SYSTEM (HS)

The Harmonized Commodity Description and Coding System (known as the Harmonized System), instituted by the World Customs Organization in 1988, is an international product classification for customs tariffs and trade statistics. This represented an expansion of the former 4-digit CCCN heading to the 6-digit HS heading, as follows:

Nomenclature	CCCN	HS
Section	21	21
2-digit items	99	97 ¹
4-digit items	1011	2241
5-digit items	-	3558
6-digit items	-	5019

HEADING DESCRIPTION

Customs tariffs contain tariff items to which duty rates are attached. To avoid the repetition of very long product descriptions, customs tariffs also contain heading descriptions covering several tariff items. Those headings are only textual and no duty rate is attached to them.

HIGH DUTIES

Within a customs tariff, high tariff rates can be defined as the top 10% or the top 20% of the rates.

HISTORICAL INRs

INRs on concessions negotiated at a level higher than that currently in force for a given tariff item. Historical INRs are shown in column 7 of the GATT loose-leaf schedules.

HS See Harmonized System.

IAG See Informal Advisory Group on the IDB.

ICC

International Computing Centre. The WTO Secretariat is currently using the computer facilities offered by the ICC.

IDB CD-ROM

The IDB CD-ROM, developed jointly by the WTO Secretariat and the World Bank, contains the PC Integrated Data Base and an application system to retrieve and compute tariff and import data.

IMPORT LICENSING

A procedure which must be followed by importers before they can import goods.

IMPORT SURCHARGE

A charge on imports, in addition to the customs duty.

INFORMAL ADVISORY GROUP ON THE IDB (IAG)

The Informal Advisory Group on the IDB was created by the GATT Council to advise the Secretariat in the development of the IDB. All contracting parties were invited to attend meetings of the Group, whether or not they participated in the IDB.

INFORMED VALUE

This term has been used in the IDB documentation to indicate a value that is not blank.

¹Chapter 77 is not used but reserved for future use.

INITIAL NEGOTIATING RIGHT (INR)

When a concession is first negotiated bilaterally between two countries, the negotiation takes place between the importing country and the country having an interest in the products to be negotiated. If the interested or negotiating country obtains a concession, this concession applies to all WTO Members under the principle of the most-favoured-nation (MFN) treatment. The negotiating country is recorded in the GATT schedule as holding an initial negotiating right (INR) on the tariff item. A country holding an INR on an item does not have to be among the principal suppliers to enter into negotiations with the importing country under Article XXVIII of the GATT or in subsequent round of tariff negotiations. For the same product there could be several countries holding INRs. (See also **Floating INRs** and **Historical INRs**)

INR See Initial Negotiating Right.

INSTRUMENTS (WTO LEGAL)

The results of tariff negotiations are published in the "WTO Legal Instruments" which contain all the Uruguay Round schedules.

ISO

International Organization for Standardization.

ISRAEL-UNITED STATES FREE TRADE AGREEMENT

Free-Trade Area agreement between Israel and the United States.

JUSTIFICATION See **PADDING CHARACTER**.

KEY

A data item or set of data items used to identify or locate a record or set of records.

LATIN AMERICAN INTEGRATION ASSOCIATION (ALADI or LAIA)

A preferential trading arrangement between Argentina, Brazil, Chile, Colombia, Ecuador, Mexico, Paraguay, Peru, Uruguay and Venezuela.

LDC See Least Developed Countries.

LEAST DEVELOPED COUNTRIES (LDCs)

Least developed countries are accorded on some countries' markets a preferential treatment more favourable than GSP (in general duty-free treatment with no limitations). The following import markets accord LDCs more favourable GSP treatment: Austria, Canada, Czech Republic, the European Communities, Finland, Hungary, Japan, New Zealand, Norway, Poland, Slovak Republic, Sweden, Switzerland and the United States of America.

LEGAL DUTY See **Statutory Duty**

LEVEL CODE

Product descriptions recorded in the IDB textual tariff file refer to tariff items (level= 99) or to heading descriptions (level= 01-98). The level of headings up to the 6-digit level equals the number of digits of the heading number: level= 02 for HS chapters, "04" for 4-digit headings, etc. (see also **HEADING DESCRIPTION**).

LAIA See Latin American Integration Association

LOADING

Initial storing of a file in the IDB data base.

LOME CONVENTION

The Fourth Lomé Convention provides for a preferential arrangement between the E.C. and 70 selected countries in Africa, the Caribbeans and the Pacific (ACPs).

LOOSE-LEAF SCHEDULE

After the Tokyo Round, GATT Contracting Parties decided that consolidated schedules containing all concessions granted by a particular country (or group of countries) since GATT was created should be established. The schedules are issued in a loose-leaf format to simplify the replacement of pages where the tariff numbering or a concession is amended. National consolidated schedules of concessions are referred to as "loose-leaf schedules". (See also **Columns of the Loose-leaf Schedule**).

LOW DUTIES

Low tariff rates can be defined as rates below 5% or as the bottom 10% of the rates.

MAASTRICHT TREATY see European Union

MANO RIVER UNION (MRU)

Preferential trading arrangement between Guinea, Liberia and Sierra Leone, joined with other West African States to establish the ECOWAS.

MARGIN OF PREFERENCE

The difference between the duty paid on an MFN basis and the duty paid under a preferential system.

MARKET ACCESS

The extent to which a market is accessible to foreign exporters depends on the existence and extent of trade barriers (tariff and non-tariff). In the Uruguay Round, a Group of Negotiations on Market Access was established to deal with: tariffs, non-tariff measures, tropical products and natural resource-based products. Under the WTO, a Committee on Market Access has been established to deal with these issues.

MERCOSUR See Southern Cone Common Market.

MFA See Multi-Fibre Arrangement.

MFN See Most-Favoured-Nation.

MFN+ GSP TRADE AGGREGATE

The trade aggregate MFN+ GSP is used in the calculation of trade-weighted tariff averages (see also **AVERAGE TARIFF**). "MFN+ GSP" imports include exclusively imports from countries entitled to the MFN tariff and imports from countries entitled to GSP. "MFN+ GSP" trade excludes therefore imports from countries signatory to free-trade agreements (e.g. EFTA, Canada/United States, etc.) and imports from countries signatory to other preferential trading arrangements (e.g. E.C./Mediterranean countries, U.S./Caribbean countries, E.C./Lomé Convention, etc.)

MINIMUM PRICE TRIGGERING A QR

Quantitative restriction which applies if the price of a product is below a given threshold.

MIXED DUTY

A mixed duty is a duty where a minimum or a maximum tariff protection is ensured by the choice between, in general, an ad valorem duty and a specific duty as in the following examples: 10% minimum \$2.00/KG; 10% or \$2.00/KG whichever is less; 10% maximum \$2.00/KG, etc.

MOST-FAVOURED-NATION (MFN)

With respect to customs duties, any advantage, favour, privilege or immunity granted by any contracting party to any product originating in or destined for any other country are accorded immediately and unconditionally to the like product originating from or destined for the territories of all other contracting parties, under the principle of MFN treatment. GSP, FTA and other preferential trading arrangements are exceptions to the MFN treatment.

MRU See Mano River Union.

MTN See Multilateral Trade Negotiations.

MULTI-FIBRE ARRANGEMENT (MFA)

The Arrangement Regarding International Trade in Textiles (known as the Multi-Fibre Arrangement), which allowed countries to maintain discriminatory quantitative restrictions on imports of textiles and clothing, was terminated in 1994 with the entry into force of the World Trade Organization. The WTO Agreement on Textiles and Clothing provides for a transitional period for integrating the textiles and clothing sector into the GATT 1994. The Textile Monitoring Body (TMB) is to supervise the implementation of this Agreement.

MULTILATERAL TRADE NEGOTIATIONS (MTN)

Trade negotiations between GATT Members aiming at eliminating or reducing tariff and non-tariff barriers. The Uruguay Round is the eighth round of MTN.

NAFTA See North America Free Trade Agreement

NATIONAL CODES

Codes used in national submissions for recording countries of origin, quantity units etc. National codes are converted to the WTO common system of coding which is used in the IDB data base files.

NATURE OF DUTIES

Nature of duties or the duty nature refer to the different kinds of customs duty. The duty nature can be an ad valorem, specific, compound, mixed, variable, "tariffied" or unclassified duty.

NATURAL RESOURCE-BASED PRODUCTS (NRBP)

Traditionally defined as fishery products, forestry products and non-ferrous metals and minerals. These products were negotiated in the Uruguay Round in the Group on Market Access with a view to improve market access for these products.

NOMENCLATURE

A nomenclature is an agreed system for classifying goods according to defined criteria, and in given detail and order, by associating to product groups a number which is used by all parties which adopt the nomenclature.

NOMINAL PROTECTION

The measurement of the nominal tariff protection relates the duty to the value of the imported product as opposed to the effective protection which relates the duty to the value added in manufacturing the product. Tariff averages calculated from IDB data measure the nominal protection.

NON-TARIFF MEASURES (NTM)

Measures other than tariffs which restrict imports or exports.

NORMALIZED CODING

The normalized coding is used in the IDB coded tariff file for recording specific, mixed or compound duties in a predetermined standard format. The normalized coding allows computer calculations based on those duties and simplifies the design of printed reports. (See also **Part (Normalized Code)**)

NORTH AMERICA FREE TRADE AGREEMENT (NAFTA)

Free-trade area agreement between Canada, Mexico and the United States.

NRBP

Natural Resource-Based Products.

NTB

Non-Tariff Barrier.

NTM

Non-Tariff Measure.

NUMERIC

Data characteristic, a field which can contain only decimal numbers.

OCCURRENCE

Some records can contain the same data element repeated several times. In such a case the record contains a field identifying the number of data elements recorded (number of occurrences).

ON-LINE ACCESS

Access to a computer via a terminal or personal computer.

OPERATOR

Arithmetic and logical operators are used in the normalized code to record mixed duties or compound duties. A compound duty is recorded as 10% + (operator +) \$2.00/KG. The various operators are (P)= (+), (M)= (-), (R)= (or), (H)= (whichever is Higher) and (L)= (whichever is Lower).

PADDING CHARACTER

Padding characters are the characters to be filled in a fixed-length data field when the data to be recorded are shorter than the fixed field length. This "filling in" can be done at the left (right justified) or the right side (left justified) of the field.

PART (NORMALIZED CODE)

The normalized code for specific or mixed duties comprises three identical parts. Each part comprises fields for recording: (1) an ad valorem duty followed by an operator (P, M, R, H or L); and (2) a specific duty, also followed by an operator. (See also **Operator**)

PARTIAL BINDING See **BINDING**.

PARTNER

Country of origin of imports or of destination of exports.

PHYSICAL CHARACTER See **BYTE**.

PEAKS (TARIFF)

A customs tariff contains tariff peaks if it is relatively homogeneous but contains in selected sectors high tariffs compared to the overall average tariff. During the Uruguay Round, tariff peaks were defined as duties over 15%.

PLURILATERAL (CONSULTATIONS OR NEGOTIATIONS)

Several participants involved in consultations or negotiations among themselves.

POST-URUGUAY DUTY See Pre-Uruguay and Post-Uruguay Duty

PREFERENCES

Special trade advantages (e.g. tariff preferences) granted by a government to some of its trading partners to promote trade with them.

PREFERENTIAL TRADE AREA FOR EASTERN AND SOUTHERN AFRICAN STATES (PTA)

A preferential trade arrangement between Angola, Burundi, Comoros, Djibouti, Ethiopia, Kenya, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Rwanda, Somalia, Swaziland, United Republic of Tanzania, Uganda, Zambia, and Zimbabwe.

PRE-URUGUAY and POST-URUGUAY DUTY

Pre-Uruguay Round duty refers to the base rate of duty (bound or unbound), and Post-Uruguay Round duty or concession to the bound rate of duty (or final rate) notified in the schedules annexed to the Marrakesh Protocol to the General Tariffs and Trade 1994.

PRINCIPAL SUPPLIER

The country that has the largest share of imports into a given market. A country can be the principal WTO supplier, MFN supplier, GSP supplier, etc.

PROFILES (TARIFF AND TRADE) See DISPERSION (TARIFF)

PTA See Preferential Trade Area for Eastern and Southern African States.

QR See Quantitative Restriction.

QUANTITATIVE RESTRICTIONS (QRs)

Restrictions which limit the value or quantity of goods which can be imported or exported during a given period.

QUANTITY UNIT

The volume of imports is recorded in the statistical file. The unit used to express import volumes varies according to the product and according to the reporter. The quantity unit used is therefore attached to quantity data in the import statistics. The quantity unit is also used in the normalized code for specific duties.

RAW MATERIAL

A product unprocessed or in its natural state. Raw materials form the first stage of processing in the analysis of the tariff escalation.

RECORD

A record is a collection of related data.

RECORD KEY See **KEY**.

RECORD LENGTH

The length of a record is the number of characters contained in the record. The record length can be "fixed" or "variable".

REFERENCE FILES

Reference files are IDB data files created by the Secretariat to allow necessary verifications of national submissions, update transactions, etc. Tables used for converting national codes to WTO codes are also included in the reference files.

REFERENCE YEAR

The tariff item numbers used in the IDB tariff files are those reported in national tariffs for a given year which is taken as the "reference year". Participants to the IDB data base should provide all files in their submission according to the tariff nomenclature of the reference year.

RELATION (TARIFF)

The tariff relation is a code attached to each country of origin in the IDB import file, to identify the tariff relationship between a supplier and an importing country. The tariff relation code is unique for a given supplier on a given market.

Relation code	Tariff relationship
0	most-favoured-nation (MFN)
1	free-trade area (FTA)
2	zone-zone (agreement between FTAs and/or Customs Unions)
3	other preferential agreement
4	GSP or MFN
5	GSP or other preference
6	GSP or general
8	general
9	unspecified

REPORTER

A country supplying data for the IDB.

REPORTING COUNTRY Equivalent to "**REPORTER**".

ROUNDS of Multilateral Trade Negotiations see GATT ROUNDS

RULES OF ORIGIN

Regulations to define a country of origin of goods in international trade. A country must satisfy the rules of origin to be considered as the country of origin of goods for the purpose of obtaining MFN treatment or preferential treatment.

SAFEGUARD

Agricultural products, which were "tariffied", having recourse to Article 5 of the Agreement on Agriculture, Special Safeguard Provisions. A special safeguard may be invoked in specific cases to partly offset a significant decline in import prices or a surge in the volume of imports.

SITC See Standard International Trade Classification.

SCHEDULE OF CONCESSIONS See **GATT Schedule of concessions**

SECTIONS

CCCN and HS chapters are logically grouped in sections representing groups of products. There are 21 CCCN or HS sections.

SECTOR See Category (product)

SEMI-MANUFACTURES

Products which might undergo further processing before they are sold to consumers. Semi-manufactures form the second stage of processing in the analysis of the tariff escalation.

SEQUENCE (OF A FILE)

The sequence of a file is the order in which the records are stored in the file (e.g. in ascending order of the tariff item number).

SOUTHERN CONE COMMON MARKET (MERCOSUR)

An interim agreement for the formation of a customs union between Argentina, Brazil, Paraguay and Uruguay.

SOUTH PACIFIC REGIONAL TRADE AND ECONOMIC AGREEMENT (SPARTECA)

Preferential non-reciprocal access to the markets of Australia and New Zealand for the following South Pacific Nations: Cook Islands, Fiji, Kiribati, Nauru, Niue, Papua New Guinea, Solomon Islands, Tonga, Tuvalu, Vanuatu and Western Samoa.

SPARTECA See South Pacific Regional Trade and Economic Agreement

SPECIFIC DUTY

A specific duty is a customs duty which is not related to the value of the imported goods but to the weight, volume, surface, etc. of the goods. The specific duty stipulates how many units of currency are to be levied per unit of quantity (e.g. 2.00 Swiss Francs per KG).

STAGES OF PROCESSING

For the analysis of the tariff escalation, products are classified according to their stage of processing. Products can be classified, in general, according to three stages of processing, namely, raw materials, semi-manufactures and finished products.

STAGES OF REDUCTION

Concessions offered in GATT negotiations are sometimes staged over a period of several years before the concession is fully implemented. For example, a duty reduction of 10 percentage points can be offered over 5 years with 5 equal stages of 2 points every year.

STANDARD DEVIATION

The standard deviation of duty rates within a customs tariff is the average deviation of all duty rates from the overall arithmetic tariff average. The standard deviation is a measure of the dispersion of duties around the average. The example below illustrates how the standard deviation is calculated for a group of tariff lines.

Tariff line number	Duty rate	Deviation from the average (20%)	Square deviation
0101.11.10	50%	+ 30	(30*30) = 900
0101.11.90	10%	-10	(-10*-10) = 100
0101.19.10	0%	-20	(-20*-20) = 400
0101.19.90	20%	0	(0*0) = 0
TOTAL	80%		1400

ARITHMETIC AVERAGE = Sum of duties/Number of duties = $80/4 = 20\%$

VARIANCE = Sum of square deviations/Number of duties = $1400/4 = 350$

STANDARD DEVIATION = Square root of the variance = 18.7%

STANDARD INTERNATIONAL TRADE CLASSIFICATION (SITC)

The SITC is a classification developed by the United Nations for statistical analysis of trade data. In the SITC, articles are grouped by classes of goods such as food, raw materials, chemicals, machinery and transport equipment and also by stage of fabrication and by industrial origin. The SITC was first revised in 1960 (Revision 1) to match the Customs Co-operation Council nomenclature (CCCN). A second revision was established to match the revised version of the CCCN, in 1972. The third revision was established in 1985 to match the HS.

STANDARD WTO CODES

Standard WTO codes are the codes used in the IDB data base for recording countries, quantity units, INRs, etc. All national codes are converted to "standard WTO codes" before submissions are loaded into the data base (see **COMMON SYSTEM OF CODING**).

STATUTORY DUTY

A customs duty which is generally a Customs Tariff Law voted by Parliament. The statutory duty is also referred to as the autonomous or legal duty. The published customs tariff generally report the statutory duty. For WTO Members, the statutory duty cannot be higher than the GATT bound duty.

SUB-ELEMENT

The sub-element number is part of the key identifying records in the textual tariff file.

SUBMISSION (NATIONAL)

The information to be included in the IDB is communicated by participants on computer readable media. All data submitted on computer readable media by a participant are referred to as a "national submission".

SUBSIDIES

Any form of income or price support granted by a country, which serves to increase exports of any product from or reduce imports of any product into its territory.

SUBSTANTIAL SUPPLIER

A country which has a share of at least 10 per cent in total imports of an item on a given market.

TAPE SPECIFICATIONS

"Tape specifications" refers to the technical information which should accompany a computer tape to identify, for instance, the computer used to create the tape, the reporting country, the volume number, etc. (Refer to User Reference Manual, Part III or Part III Addendum).

TARIFF ESCALATION See "ESCALATION".

TARIFFICATION

Conversion of border measures, other than ordinary customs duties, to tariff equivalents of non-tariff measures. As part of the Uruguay Round Market Access for agricultural products, all non-tariff border measures were "tariffied" by participants before a tariff reduction was made.

TARIFFIED See **Tariffication**

TARIFF LINE

National customs tariffs contain a list of all products which can be imported. Within the tariff, products are grouped according to the material they are made of, or according to the industrial sector to which they pertain either as input or as output materials (HS six-digit headings). Within those product groups customs tariffs contain as many tariff lines as there are different levels of customs duties. In other words, each duty rate is attached to a tariff line.

TARIFF QUOTA

A tariff applying to goods imported within a limit in value or quantity. A higher tariff applies to goods imported above the quota.

TRANSACTION (UPDATE)

Corrections to the data contained in the IDB data base files are processed via the update system. The revised data are coded in a format compatible with the IDB database file formats and preceded by a code, the "transaction" code, showing which file is to be updated and what kind of update is to be done: creation, deletion, amendment, etc.

TREATMENT (TARIFF)

The treatment code is product specific and is attached to each country of origin in the IDB import file. This code identifies for each tariff item, whether imports are entitled to the MFN tariff, to a preference or to another tariff treatment. The treatment code can take the same values as the relation code except the value "5" and "6" (see RELATION).

TRADE EXPANSION AND COOPERATION AGREEMENT

A preferential trading arrangement between Egypt, India and Yugoslavia.

TROPICAL PRODUCTS

This trade area refers to agricultural and other products exported by developing countries in tropical climates. In the Uruguay Round, tropical products included the following product sectors: tropical beverages; spices, flowers and plants, planting products, etc.; certain oilseeds, vegetable oils and products thereof; tropical roots, rice and tobacco; tropical nuts and fruits; rubber and tropical wood; and jute and hard fibres.

UDEAC

Central African Customs and Economic Union.

UNBOUND DUTIES

A customs duty rate is unbound if it was never subject to a tariff concession during any GATT round of tariff negotiations (see BINDING).

UNITED STATES CARIBBEAN BASIN ECONOMIC RECOVERY ACT (CBERA)

A preferential trading arrangement by which the United States provides duty-free treatment to eligible imports from Caribbean Basin countries benefitting from provisions of the CBERA.

VALID VALUES

National submissions to the IDB are verified to ensure that all information recorded has a correct format and that each code has a corresponding entry in the reference files which contain all correct (valid) values for codes expected to be submitted.

VARIABLE DUTY

A variable duty is a duty relating the customs duty collection to the price of the imported products. For example, a variable duty could be the price difference between the unit value of the imported product and the unit value of the equivalent product produced domestically in the import market. If the price of the imported goods is lower than the internal price, a variable duty is levied.

VARIABLE LENGTH

A record has a variable length when records in a file may be of different lengths. The length is recorded in a record length field preceding the data portion. The record length is equal to the length of the record length field plus the length of the data portion (data portion + record length field itself).

VARIABLE LEVY See **VARIABLE DUTY**.

VIRTUAL DECIMAL POINT

A decimal point is "virtual" if it is implied but not physically recorded.

WEST AFRICAN ECONOMIC COMMUNITY (CEAO)

A preferential trading arrangement between Benin, Burkina Faso, Côte d'Ivoire, Mali, Mauritania, Niger and Senegal, joined with other West African States to establish the ECOWAS.

WORLD CUSTOMS ORGANIZATION (WCO)

An international body located in Brussels through which participating countries seek to simplify and rationalize customs procedures. WCO is responsible for all issues related to the nomenclature and classification of products. This institution was formerly called the Customs Co-operation Council.

WTO TRADE AGGREGATE

The trade aggregate "WTO" is used in the calculation of trade-weighted tariff averages (see also **AVERAGE TARIFF**). "WTO" imports include imports from all WTO Members whether they are entitled to MFN tariffs, to GSP preferences or to preferential treatment under FTA or other preferential trading arrangements.