

## GLOSSARY OF KEY TERMS

**APEC:** The Asia-Pacific Economic Cooperation group was established in 1989 in response to the growing interdependence among Asia-Pacific economies. Begun as an informal dialogue group, APEC has become the primary regional vehicle for promoting open trade and economic cooperation within the region. As of November 1998, its members are (in order of joining) Australia, Brunei Darussalam, Canada, Indonesia, Japan, South Korea, Malaysia, New Zealand, Philippines, Singapore, Thailand, the United States, China, Hong Kong, Taiwan, Mexico, Papua New Guinea, Chile, Peru, Russia, and Vietnam.

**Antidumping duty:** A duty imposed by the United States to offset any profits that a foreign firm attempts to make by dumping merchandise on the U.S. market. (See Dumping.)

**ASEAN:** Association of Southeast Asian Nations, consisting of Brunei Darussalam, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand, and Vietnam.

**CAGR:** Compound annual growth rate.

**Caribbean Basin Initiative (CBI):** An inter-American program, led by the United States, of increased economic assistance and trade preferences to Caribbean and Central American countries. CBI provides duty-free access to the U.S. market for most products from the region and promotes private sector development in the region.

**c.i.f.:** Cost, insurance and freight. A pricing term indicating that the cost of the goods, insurance, and freight are included in the quoted price.

**Constant dollars (or “real” dollars):** Output values converted to a base price level, calculated by dividing current (or actual) dollars by a deflator. Use of constant dollars eliminates the effects of price changes between the year of measurement and the base year and allows calculation of real changes in output.

**Consumer Price Index (CPI):** Measures a weighted average price level of a representative basket of goods and services purchased by consumers.

**Countervailing duty:** A retaliatory charge that a country places on imported goods to counter direct or indirect subsidies or bounties granted to the exporters of the goods by their home governments.

**Current dollars:** The actual dollar amount paid in sales transactions.

**Dumping:** A term used in international trade that refers to the sale of a product in export markets below the selling price for the same product in the exporter’s domestic market, or lower than the cost of manufacturing and marketing such goods in the domestic market.

**Durable goods (durables):** Items with a normal life expectancy of 3 years or more, such as automobiles, furniture, and major household appliances. Sales of durable goods are generally postponable and, therefore, are the most volatile component of consumer expenditures.

**Euro:** The basic unit of the new common European currency, which will begin to be used on January 1, 1999. Initially, only 11 of the 15 European Union member countries will participate. Denmark, Greece, Sweden, and the United Kingdom will continue to maintain their national currencies.

**Eurodollars:** Deposits held in denominations of U.S. dollars in commercial banks outside the United States.

**European Currency Unit (ECU):** An international unit of account created for the European Monetary System (EMS), to be used as the denominator of EMS debts and credits and as a reserve credit in the European Monetary Cooperation Fund (EMCF). The ECU is an index composed of a weighted basket of currencies of EU members. The ECU will go out of existence upon the introduction of the euro on January 1, 1999.

**European Union (EU):** A regional economic/political organization forming the largest trading bloc in the world.

**Export-Import Bank (Eximbank):** An autonomous agency of the U.S. Government created in 1934 to facilitate the export trade of the United States.

**f.a.s. (free alongside ship):** The transaction price of an export product, including freight, insurance, and other charges incurred in placing the merchandise alongside the carrier in the U.S. port.

**f.o.b. (free on board):** Without charge for delivery of export merchandise to, and placing on board, a carrier at a specified point.

**Foreign trade zones (FTZs):** Designated areas in the United States, usually near ports of entry, considered to be outside the customs territory of the United States. Also known as free trade zones.

**G-7 (Group of Seven):** Seven industrial countries: the United States, Japan, Germany, France, the United Kingdom, Italy, and Canada. G-7 heads of state and/or government have met at annual economic summits since 1975. G-7 finance ministers meet periodically to discuss economic issues of common concern.

**General Agreement on Tariffs and Trade (GATT):** An international organization and code of tariffs and trade rules that has evolved out of the multilateral trade treaty signed in 1947. It was replaced by the World Trade Organization (WTO) on January 1, 1995.

**Generalized Agreement on Trade in Services (GATS):** Expands the rules on trade in goods that were negotiated under GATT auspices to include trade in services.

**Generalized System of Preference (GSP):** A system approved by GATT in 1971 that authorizes developed countries to give preferential tariff treatment to developing countries.

**Gross domestic product (GDP):** The value of all goods and services produced in a country during a specified time period. (See Value added)

**Harmonized System (HS):** An international convention, implemented by the United States in 1989, for classifying imports and exports so that data from different countries are comparable.

**Industry shipments:** The total value of products shipped by establishments classified as being in the industry, plus miscellaneous receipts.

**Intellectual property:** Includes trademarks, copyrights, patents, and trade secrets.

**International Monetary Fund (IMF):** Established in 1945, the IMF serves as a permanent forum for its member countries to discuss and to coordinate economic and financial policies. Its capital is derived from subscriptions from member countries and is used to provide assistance to members facing relatively short-term economic difficulties.

**IPR:** Intellectual property rights; in general, the right to possess or control the use of intellectual property.

**ISO 9000:** A series of five standards (9000–9004) of the International Standards Organization (ISO), an international agency that promotes quality standards in products and systems.

**Maquila (maquiladora):** Mexican assembly plant generally, but not necessarily, near the U.S.-Mexican border; most of its production is exported to the United States.

**Most-favored-nation (MFN) trade status:** An arrangement in which GATT (now WTO) countries must extend to all other members the most favorable treatment granted to any trading partner, thus assuring that any tariff reductions or other trade concessions are automatically extended to all GATT parties.

**n.e.c.:** Not elsewhere classified.

**NIC/NIE:** Newly industrialized country/economy. A country that has experienced rapid growth in GDP, industrial production, and exports in recent years.

**Nondurable goods (nondurables):** Items which last for less than 3 years, such as food, beverages, and clothing. Generally, purchases of these items cannot be significantly postponed.

**North American Free Trade Agreement (NAFTA):** Agreement creating a free trade area among the United States, Canada, and Mexico. The agreement became effective January 1, 1994.

**North American Industry Classification System (NAICS):**

A new system, adopted by the United States, Canada, and Mexico to replace SIC as the standard for defining industries and classifying establishments by industry.

**Organization for Economic Cooperation and Development**

**(OECD):** A group of 29 industrialized, market economy countries that aims to promote its members' economic and social welfare, and to stimulate economic development efforts in developing countries. The OECD was established in 1961 and is headquartered in Paris. Member countries as of October 1998 are Austria, Australia, Belgium, Canada, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Japan, Luxembourg, Mexico, New Zealand, the Netherlands, Norway, Poland, Portugal, South Korea, Spain, Sweden, Switzerland, Turkey, the United Kingdom, and the United States.

**Organization of Petroleum Exporting Countries (OPEC):**

An association of important oil-exporting countries that are highly dependent on oil revenues, formed in 1960. Its major purpose is to coordinate the petroleum production and pricing of its 12 members: Algeria, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela.

**Pacific Rim:** A term that technically means all countries bordering on the Pacific Ocean, although it often refers only to East Asian countries.

**Product shipments:** The total value of specific products shipped by all establishments, irrespective of these establishments' industry classification.

**Standard industrial classification (SIC):** U.S. government established standard for defining industries and classifying establishments by industry.

**Uruguay Round:** Eighth and final round of multilateral trade negotiations held under GATT auspices. It is named for the country where initial discussions began in September 1986 and concluded in December 1993; most of the negotiations have taken place in Geneva, Switzerland.

**Value added:** The difference between the value of goods produced and the cost of materials and services purchased to produce them. It includes wages, interest, rent, and profits. The sum of value added of all sectors of the economy equals GDP.

**Voluntary restraint agreement (VRA):** An import relief device to limit foreign trade in a particular commodity to protect domestic industry from injury by foreign competition. Sometimes referred to as a "voluntary export restraint" or an "orderly marketing agreement."

**World Bank:** This term refers to the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). The World Bank is the largest provider of development assistance to developing countries and countries in transition, committing about \$20 billion in new loans each year. Its main focus is to help people in developing countries raise their standards of living through finance for agriculture, schools, health programs, transportation, and other essential needs.

**World Trade Organization (WTO):** Created by the Uruguay Round to succeed GATT on January 1, 1995, it expands GATT's rules to apply to trade in services and intellectual property rights. A tribunal to adjudicate trade disputes was also established.

#### WHERE TO FIND MORE INFORMATION

Two federal government resources of general interest to U.S. businesses are *A Basic Guide to Exporting*, which discusses exporting strategies and related issues, and the U.S. Trade Information Center (1-800-USA-TRADE), the definitive source for information on U.S. government export programs and activities.

Free catalogs listing government publications may be ordered from the Superintendent of Documents at the Government Printing Office (GPO) by calling (202) 512-1800 or by faxing an order to (202) 512-2250. (The GPO's Internet address is [www.access.gpo.gov](http://www.access.gpo.gov).) Call the National Technical Information Service at (703) 605-6000 for ordering information and catalogs on thousands of government publications or visit the Web site at [www.ntis.gov](http://www.ntis.gov). In addition, the U.S. Bureau of the Census has made statistical information available on its Web site at [www.census.gov](http://www.census.gov).

The government documents mentioned can be found in the reference section of many libraries or on the Web sites of university and state libraries participating in the Federal Depository Library program. Useful non-government sources of business information include Thomas' Register, Standard & Poor's Register, Ward's Business Directory, Dun's Industrial Guide, and reports by Dun & Bradstreet and Standard & Poor's, among others. Directories of trade associations that can be found in reference sections of libraries include the Encyclopedia of Associations, National Trade & Professional Associations of the U.S., and the Yearbook of International Organizations.