



MITIF Glossary

Mekong Institute's Trade and
Investment Facilitation Program
Glossary Handbook



September 2012
Khon Kaen, Thailand



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Mekong Institute

September, 2012



Letter from the Editor

There aren't many people outside of MI who fully understand the challenges we had to overcome in order to develop this glossary handbook. This project has taken many shapes and forms, and has been renamed countless times. But despite all of our struggles, we all knew it had to be done.

We knew that this book could contribute greatly and enhance the learning experience of our participants. Knowing that we could make a difference was the core motivation to push us forward and finally complete it.

I am telling you this, because this is no ordinary glossary. We didn't go so far just to create an everyday book. As a matter of fact, this book you are holding is a glossary and training manual all in one. Not only will you learn new terms from this book, but also learn how to teach others the new terms you've learned through an already tried and tested lesson plan.

So I urge you my dear readers to please use this book for what it was meant for: To learn, teach others what you've learned, and expand what you have all learned together. For this book was meant to be more than just a reference material, and with you as a user, the potential can be limitless.

It has been a long road for all of us, and I personally still can't believe it is finally finished. We all went so far to make this happen, but only those who go too far can truly know how far they can go.

Suthai Katima
Editor and Researcher

Table of Contents

Acknowledgment	1
Letter from the Editor.....	2
Introduction	4
Scope and Delimitation	6
Glossary:	
A	7
B	11
C	13
D	20
E.....	25
F.....	30
G	31
H.....	34
I.....	35
J.....	37
K.....	37
L.....	38
M.....	40
N.....	42
P.....	44
Q.....	48
R.....	49
S.....	51
T.....	54
V.....	58
W.....	59
List of Acronyms	60
Lesson Plan.....	70
Bibliography	73

Introduction

The Mekong Institute (MI) is an Inter-governmental Organization (IGO) providing learning and capacity building programs to participants from countries of the Greater Mekong Sub-region (GMS), namely Cambodia, Lao PDR, Myanmar, Thailand, Vietnam, and the Yunnan Province and the Guang Xi Autonomous Region of the People's Republic of China.

MI is the only GMS-based development learning institute, founded by the six GMS countries, offering standard and on-demand human resource development programs with a focus on regional cooperation and integration. The institute focuses on three thematic thrusts: Rural development for sustainable livelihoods, trade and investment facilitation, and human migration and care. This book is designed for programs involved in the trade and investment facilitation thematic thrust.

In terms of trade and investment facilitation and trade negotiations, one of the biggest challenges in the GMS is the lack of a common language among the six member countries. All six countries have distinctively different languages (except for Thailand and Laos PDR, where both languages shared similar characteristics). For this reason English has been adopted as the “official” language of the GMS, but there is a clear lack of people in the GMS with the necessary language skills to conduct trade and investment facilitation and trade negotiations in English. There are also people who lack understanding of the terms they should be using when discussing trade issues with each other in English.

Specific English in the context of trade and investment facilitation and trade negotiations is a priority for greater integration, cooperation and collaboration to occur across the GMS and Government officials to share information with each other in English.

Against this background, MI recognized the need to develop, in close consultation with GMS stakeholders, a robust English resource material that could be used for training purposes and by national, provincial and local officials engaged in trade and investment facilitation and trade negotiations in the GMS. A user friendly resource that would be produced in both hard and soft copy and which would be widely distributed to government officials, educational facilities and the private sector in GMS countries. It would be a document made available to MI alumni through the MI knowledge portal and used by future MI course participants. A resource that GMS Business Forums and Chambers of Commerce could be encouraged to use in their training programs.

This glossary has been prepared specifically for people working in the GMS. It focuses on key trade and investment facilitation words and terms. The document includes a list of acronyms relevant to international and regional organizations and trade agreements. A bibliography has been included to assist readers interested in undertaking further research and learning.

This resource is seen as a living document; the soft copy version is expected to be updated from time to time to reflect changing circumstances and the feedback from users. Lastly, a lesson plan and training manual can also be found in order for the user to not only learn the key terms, but also be able to teach and train others how to use the Glossary Handbook effectively.

Feedback and comments on this publication are always welcome and can be sent to information@mekonginstitute.org.

Scope and Delimitation

In the field of trade and negotiations, especially in this era of information, countless new terms are developed every day. Hence it is impossible to cover EVERY WORD present in this context. Because of this, we have decided to select the words through a formula of surveys and focus group discussions. The document does not seek to provide a complete list of words and terms used in trade and investment facilitation. It seeks to focus on key terms and has deliberately been limited to a detailed description of around 100 words and terms.

The purpose of this glossary is to introduce the reader to the most important words and phrases used in trade and investment facilitation and trade negotiations. In addition to providing a brief definition of the words and phrases listed in the glossary, it also provides GMS-specific information on the use of those terms to assist understanding.

Glossary

A

1. **Accession** Becoming a member to the World Trade Organization (See *WTO*) or a regional trade agreement (see *Agreement*).

E.g. Vietnam joined the World Trade Organization (WTO) in 2007 and became its 150th member. This accession is an endorsement of a long process of trade reform and international integration, which started more than two decades before in 1986 with the launch of *Doi Moi* (Renovation).

Associated terms

Accession commitments: Commitments made by the country which is becoming a member of the WTO or regional trade agreements.

WTO: See *WTO*

2. **Agreement** A formal document between two or more countries agreeing on certain matters related to trade (see *Trade*) or investment (see *Investment*)

Trade Agreement: An agreement negotiated among two or more countries to limit or alter their policies with respect to trade.

E.g. Transport ministers of the six GMS nations have decided to strengthen inter-country links by signing an agreement on cross-border transport of goods and people.

Associated terms:

ASEAN Agreements

Framework Agreement on ASEAN Investment Area (AIA)

- *Framework agreement*: The first stage of negotiation when the countries involved agree on issues to be discussed, how they will be

discussed and on deadlines for reaching a formal Agreement.

- ***Framework Agreement on ASEAN Investment Area (AIA)***: Concluded in 1999, by which the ASEAN member States agreed to liberalize (see ***Liberalization***) their investment regimes in non-service sectors (manufacturing, agriculture, forestry, fisheries and mining) by providing national treatment (see ***Most-Favored Nations***) to investors and investments of ASEAN countries. According to the Agreement, ASEAN-6 countries (*i.e.* Brunei, Indonesia, Malaysia, the Philippines, Singapore and Thailand) have to provide unconditional national treatment to investors and investments of other members in all sectors by 2010 and 2020 for non-ASEAN investors, with a longer timeframe for CLMV countries (*i.e.* Cambodia, Lao PDR, Myanmar and Vietnam).

ASEAN-China Free Trade Area (ACFTA or also called the “China-ASEAN Free Trade Area” – ***CAFTA***): A free trade area among the ten (10) member States of ASEAN and the People’s Republic of China. The initial framework agreement was signed on 4 November 2002 in Phnom Penh (Cambodia) with the intent on establishing a free trade area among the eleven nations by 2010. The free trade area came into effect on 1 January 2010 between China and ASEAN-6 countries; while CLMV countries will join in 2015. Under the ACFTA, about 7000 items, or more than 90% of all traded items within the bloc, will be going duty-free.

ASEAN Framework Agreement on Services (AFAS): Concluded in 1995, by which ASEAN Member countries agreed to provide wider and deeper market access (see ***Market access***) for substantive coverage of service sectors than their

commitments made under the WTO General Agreement on Trade in Services (See *GATS*). Initially, the negotiations for liberalization of the services market were focused on financial services, transport, telecommunications, tourism and professional business services. Subsequently, members are considering placing seven sectors onto the fast-track program and making commitments for an additional 27 sectors.

ASEAN Free Trade Agreement (AFTA): Concluded in 1992 by ASEAN-6 countries. Vietnam joined in 1995, Laos and Myanmar in 1997 and Cambodia in 1999. AFTA seeks to increase ASEAN's competitive edge as a production base in the world market through the elimination, within ASEAN, of tariffs (see *Tariff*) and non-tariff barriers (see *Non-tariff barrier*); and attract more foreign direct investment (see *Foreign direct investment*) to ASEAN. The primary mechanism for achieving these goals is the Common Effective Preferential Tariff (See *CEPT*) scheme, which established a schedule for achieving zero tariff for all products by 2010 for the ASEAN-6 countries and 2015 for the CLMV countries.

GMS Cross-Border Transport Agreement (CBTA): An agreement signed in 1999 by GMS countries on all aspects of cross-border transport facilitation. These include:

- (i) single-stop/single-window customs inspection; (See *Single-stop customs inspection*)
- (ii) cross-border movement of persons (i.e., visas for persons engaged in transport operations);
- (iii) transit traffic regimes, including exemptions from physical customs inspection, bond deposit, escort and agriculture and veterinary inspection;
- (iv) the requirements road vehicles will have to meet to be eligible for cross-border travel;
- (v) exchange of commercial traffic rights and
- (vi) infrastructure, including road and bridge design standards, road signs and signals.
- (vii) The CBTA entered into force with its ratification by all six GMS member countries in December 2003.

Bilateral Trade Agreement (BTA): Agreement between two countries, in contrast to plurilateral (among more) and multilateral (many) countries.

E.g. A **bilateral trade agreement** was concluded in August 2000 between Lao PDR and the US. Amongst the elements of the agreement are limitations on the use of non-tariff impediments to trade, specific commitments to market access in a broad range of service sectors, comprehensive commitments to protect all forms of intellectual property and enforcement requirements against intellectual property piracy.

Plurilateral Agreement: In **WTO** terms, an agreement to which membership is voluntary, dealing with an issue that is not covered by the **WTO**.

Regional Trade Agreement (RTA): A preferential trade agreement among countries that are geographically close to each other or any preferential trade agreement among countries regardless of their location.

Free Trade Agreement (FTA): A form of regional integration in which participating countries remove tariff and quantitative restrictions on trade among themselves, but retains their own national tariff barriers against non-members.

E.g. The North American Free Trade Area (NAFTA) involving Canada, Mexico and the US; The Association of Southeast Asian Nations (ASEAN); and bilateral FTAs such as the Australia-New Zealand Closer Economic Relationships Agreement (ANZCERTA).

- | | | |
|----|---|--|
| 3. | Anti-dumping | See Dumping |
| 4. | ASEAN Integration System of Preferences (AISP) | Granting of special treatment from ASEAN-6 countries to new members (Cambodia, Laos PDR, Myanmar and Vietnam) under the Initiative for ASEAN Integration. The AISP came into effect in 1 January 2002. |

The applicable tariff rates on certain commodities under AISP are between 0 – 5%.

5. **Aggregate demand** Also **Total spending**
The total demand for goods and services produced within the economy over a period of time.

Associated Terms:

Aggregate supply (also ***Total output***): The total amount of goods and services supplied or produced by an economy in a given period of time, usually a year, at a given overall price level.

6. **Appreciation** See **Devaluation**

B

7. **Balance of payments** An accounting record of all economic transactions occurring during a specific time period between an economy and the rest of the world.

E.g. Due to the close trade relations between Thailand and Laos, the crises that hit Thailand in 1997 had tremendous consequences for the Lao economy. The decline of income in Thailand had mainly two consequences: people consumed less and invested less. Both reactions hit the Laos economy hard because Thailand was by far the most important investor in Laos and by far the biggest importer of products from Laos. This resulted in **balance of payment** problems as capital inflows from Thailand slowed down dramatically.

Associated Terms:

Balance of Trade: The value of a country's exports minus the value of its imports.

8. **Biodiversity** Short for **biological diversity**.
The totality of genes, species and eco-systems in a region or in the world.

E.g. The threats to **biodiversity** within the fishery sector arising from over-exploitation and the use of destructive gear. The most severe threat to **biodiversity** in the Mekong river comes from outside and is the result of activities which cause extensive loss of habitat, eco-system simplification and reduced water quantity and quality.

9. **Border trade**

Also **Cross-border trade**

The flow of goods and services across the physical borders between countries, usually inland borders.

E.g. The GMS countries have a long history of **border trade**, with the Mekong River serving as a major trade route for centuries. **Border trade** in the GMS, referring both to informal and formal trade across inland border checkpoints, has increased significantly in recent years.

10. **Build-Operate-Transfer (BOT)**

See **Privatization**

11. **Business environment**

All those factors that affect a company's operations, including customers, competitors, stakeholders, suppliers, industry trends, regulations, other government activities, social and economic factors and technological developments.

E.g. The Royal Government of Cambodia (RGC) regards the private sector as the key source of economic development, growth and poverty reduction. Accordingly, the RGC has developed a comprehensive legal framework to promote the development of private businesses. For investors, the existence of a legal framework increases the transparency of the **business environment** and offers them confidence that things are not *ad hoc*.

Associated Terms:

Investment climate: The policy, institutional and behavioral environment, both present and expected, that influences the returns and risks associated with investment.

E.g. Providing a reliable and sufficient power source is essential for building a favorable **investment climate** that can serve as a platform for improved economic growth. A reliable power supply system will bring significant benefits to connected rural households and hydropower provides revenue to governments.

Enabling environment: All government policies that focus on creating and maintaining an overall macroeconomic environment that facilitates business activities.

E.g. Unlocking Asia's trade potential is a daunting task. Costs for not having uninterrupted road or railway connectivity across the region, or facilitation of border trade, can offset gains arising from trade preferences as proposed under free trade agreements and other arrangements. The need for a better **enabling environment** for trade that offers lower trade costs has gained momentum in Asia.

12. **Business to business (B2B)** Commercial transactions between businesses, for example between a manufacturer and a wholesaler, or between a wholesaler and a retailer.

C

13. **Cabotage** According to the CBTA (see Agreement), the internal transport between two points situated within the territory of one contracting party performed by a transport operator established in another contracting party.

E.g. The possible elements of an Asian common transport policy (ACTP) could be harmonization of technical standards such as truck size and weight regulations, standardization of railway gauges and rolling stocks across the region, simplification of documentation and **customs clearance procedures** (see ***Customs procedures***), standardization of **cabotage** rules, regulations on the movement of certain goods, and facilitation of movement of container trains and goods vehicles within the

region, subject to fulfillment of individual country road transportation rules and regulations.

14. **Cartel** Arrangements between firms to control a market by fixing prices or limiting production between members of the cartel.

E.g.: Thailand wants to form an OPEC-style rice **cartel** to give it more control over international rice prices.

15. **CBTA** See **Agreement**

16. **Centrally-planned economy** See **Market economy**

17. **CIF** Cost, insurance and freight. The seller pays all costs relating to the good until it is discharge at the port of destination. The buyer is responsible for the cost of unloading and import duties.

18. **Climate change** The international concern that increasing concentrations of greenhouse gases (GHGs) in the atmosphere are changing the climate in ways which are detrimental to human social and economic well-being.

E.g. For the GMS, **climate change** compounds existing and projected threats affecting the region's people, biodiversity and natural resources. This is likely to have a cascading effect, for example, water scarcity leading to reduced agricultural productivity (See **Productivity**), leading to food scarcity, unemployment and poverty. These impacts, among others, will profoundly affect the region's globally important biodiversity (see **Biodiversity**) and eco-systems, which will in turn negatively impact on its people and the current substantial economic investments.

Associated Terms:

Global Warming: The theory that the world's average temperature is increasing due to the burning of fossil fuels and other forms of energy resulting in higher atmospheric concentrations of gases such as carbon dioxide, which in turn results in changes in climate.

19. **Codex Alimentarius** An international set of standards, codes of practice, guidelines and recommendations relating to food quality and safety

Associated Terms:

Codex Alimentarius Commission: the body responsible for compiling the standards.

20. **Commodity** Usually a raw material or primary product that enters into international trade, such as metals (tin, manganese) or basic agricultural products (coffee, cocoa).

E.g. In terms of imports, Yunnan's trade with Myanmar declined from 1988–1999, returning to *normal* levels. From the mid-1990s, trade with Myanmar fell below trade with Hong Kong. The re-orientation of Yunnan's trade towards more developed export markets reflects the shift in the Province's production of export **commodities** away from agricultural goods and the move towards more profitable industrial products.

21. **Common Effective Preferential Tariff (CEPT) Scheme** A scheme of preferential tariff agreed upon by ASEAN member States for the building and development of the ASEAN Free Trade Area (see *AFTA*). According to CEPT, for goods originating within ASEAN, ASEAN members are to apply a tariff (see *Tariff*) rate of 0 to 5 percent (the CMLV countries were given additional time to implement the reduced tariff rates).

ASEAN members have the option of excluding products from the CEPT in three cases: 1.) Temporary exclusions; 2.) Sensitive agricultural products; and 3.) General exceptions. Temporary exclusions refer to products for which tariffs will ultimately be lowered to 0-5%, but which are being protected temporarily by a delay in tariff reductions. Sensitive agricultural products include commodities such as rice. General exceptions refer to products which an ASEAN member deems necessary for the protection of national security, public morals, the protection of human, animal or plant life and health, and protection of articles of artistic, historic or archaeological value. ASEAN members have agreed to enact zero tariff

rates on virtually all imports by 2010 for the original signatories, and 2015 for the CMLV countries.

22. **Common external tariffs** The single tariff rate agreed to by all members of a customs union (see *Customs Union*) on imports of a product from outside the union.

23. **Common market** A type of regional integration (see *Regional integration*) where in addition to establishing a customs union (see *Customs Union*), member countries agree to free the movements of capital and labor among themselves in order to build a fully integrated market area for goods, services and factors of production.

Examples of this type of integration include the Single Market (known as the European Union since 1992) and MERCOSUR.

24. **Competent authority** Agency or agencies appointed by a government with responsible for a subject matter.

E.g. For a patent right, the Law on Intellectual Property of Vietnam provides that a compulsory license of patent right may be granted under the decision of a State competent authority in conditional cases. In general, the Ministry of Science and Technology (MOST) is the State competent authority responsible for granting compulsory license.

25. **Competition** The interactions between two or more sellers or buyers in a single market, each attempting to get or pay the most favorable price.

Associated Terms:

Competition Law/Policy: Set of legal provisions intended to prevent collusion among firms and to prevent individual firms from having excessive market power.

Competitiveness: Usually refers to characteristics that permit a firm to compete effectively with other firms due to low cost or superior technology, perhaps internationally.

26. **Concession** The term used in the General Agreement on Tariffs and Trade (see *GATT*) negotiations for a country's agreement to bind a tariff or reduce import restrictions, usually in return for comparable "concessions" by other countries.

E.g. The first major round in the GATT was actually the original negotiating session held in Geneva in 1947 during which the General Agreement was drafted. (...) Some 45,000 **concessions** or agreements regarding the reduction and binding of individual tariff levels with an estimated value of US\$10bn (1938 prices) were made during this first round.

27. **Consumer Price Index (CPI)** A price index for the goods purchased by consumers in an economy, usually based on only a small sample of what they consume.

E.g. On 29 July 2004, the Cambodia Daily quoted Touch Seang Tana, a fisheries specialist with the Council of Ministers, as saying fish prices had skyrocketed in recent weeks because of "drastically" lower fish stocks. Average fish prices at the market increased by 13 percent compared to the previous month, according to the **Consumer Price Index**. Catfish prices increased from about \$1.25 in June to \$1.49 per kg in July – a nearly 20 percent increase compared with June 2003, the index shows.

28. **Corporate governance** The management of the business, the supervision of that management, the rendering of account thereon and the way in which stakeholders can influence decisions.

E.g. Another challenge in the GMS is the low levels of financial sector development and integration, which reflects the large role the State has historically played in allocating resources in countries such as Vietnam, Cambodia and Laos. Improving the effectiveness of the financial system so it mobilizes domestic capital and allocates it to

the highest-return investments is a major challenge that must be met. Similarly, the weak and diverse regulatory structures, poor **corporate governance** and impediments such as capital account controls and constrained financial services trade – all of which negatively impact on promoting greater trade linkages – must be addressed.

29. **Corporate social responsibility**

A commitment of businesses to behave ethically and contribute to economic development while improving the quality of life of its workforce and their families as well as the local community.

E.g. On 16 January 2010 “the **Corporate Social Responsibility** Awards 2009 for Enterprises” was held by the Vietnam Chamber of Commerce and Industry (VCCI) in Hanoi in cooperation with different local and international ministries and agencies. The objective of the awards is to recognize and honor businesses who continuously contribute to development and growth where human values, social progress as well as environmental protection issues are given top priority.

30. **Corporatization**

The transformation of state assets or agencies into State-owned corporations in order to introduce corporate management techniques to their administration. Corporatization is sometimes a prior stage to partial or full privatization (See *Nationalise*). Corporatization can also refer to non-corporate entities like universities or hospitals becoming corporations, or taking up management structures or other features and behaviors employed by corporations.

E.g. **Corporatization** differs from privatization in the Chinese context, as in the former case, the state remains as a large shareholder, and in the latter case, the state has little or no ownership. **Corporatization** and privatization and the degree to which it can be done, vary significantly across different provinces. The local government has great discretion on how to restructure the firms under its jurisdiction. This discretion comes about as a result of a large degree of

regional fiscal decentralization (See *Decentralization*) and implicit regional competition among provinces existed in Chinese reform.

31. **Customs duty** Charge levied on imports and listed in an importing country's tariff schedules.

E.g. Loss of revenue from customs duty is an important concern for many emerging economies who derive a significant portion of government revenue from Customs duty. Trade facilitation (see *Trade*) does not necessarily imply a loss of revenue from duty, especially because trade facilitation measures can be expected to increase trade flows, which will provide additional opportunities for the collection of duty.

32. **Customs procedures** The practices used by customs officers to clear goods into a country and levy tariffs.

E.g. The Customs Service of Lao Cai (Vietnam) on August 1, 2010 introduced e-customs procedures at the Lao Cai border gate and the Lao Cai international railway station. The application of e-customs is expected to facilitate import-export activities.

Associated Terms:

Customs clearance: The processing of imported goods through a country's border procedures for inspection and taxation.

Customs declaration: A written statement by an importer or traveler of the dutiable imports that they are bringing into a country.

33. **Customs union** A type of regional integration (see *Regional integration*) where members lower all intra-union trade barriers and establish a common set of external tariffs on imports from non-members, thereby forming a new customs territory.

E.g. The earlier form of integration in Europe known as the European Economic Community (EEC), which is also a customs union.

34. **Custom valuation** Establishment, according to defined criteria, of the value of goods for the purpose of levying ad valorem (per unit of value, i.e., divided by the price) customs duties on their importation.

Associated Terms:

WTO Agreement on Customs Valuation: Formally the WTO Agreement on Implementation of Article VII of the General Agreement on Tariffs and Trade 1994. It contains the methods to be used by customs authorities when they value goods for the purpose of applying the tariff rate.

D

35. **De minimis** An amount so small that it is not taken into account when calculations are made.

E.g. ASEAN can quickly improve customs clearance efficiency by adopting appropriate **de minimis** levels, allowing duties to be waived for low-value shipments and customs procedures to be simplified. It does not mean that governments forego their rights to police borders. Such shipments continue to be subject to inspection, detention or seizure if suspected to be illegal.

36. **Decentralization** The spread of decision-making power away from the center to provincial branches or governments.

E.g. In Myanmar, the Ministry of Industry and the Ministry of Agriculture and Irrigation deal with the regulatory environment for their respective sectors. **Decentralization** of government activities at the provincial level is limited. The Government recognizes the need to improve the public sector's role in adopting its trade-related legislation in conformity with international agreements and enhancing the capacity of government officials to design trade policies.

Associated Terms:

Devolution: The statutory granting of powers from the central government of a sovereign state to governments at a sub-national level, such as a regional, local or state level.

Delegation: the general act of transferring power to someone/another entity, often of a lower level.

37. **Depreciation**

See **Devaluation**

38. **Devaluation**

A government-induced fall in the value of a country's currency on the exchange market, relative either to another particular currency or to a weighted average of other currencies. The currency is said to have been devalued.

E.g. Infrastructure costs among the EWEC countries are generally high. Informal discussions with businesses operating in the Corridor indicate that, in addition to high costs for basic services and utilities such as electricity, water and air transport, there are also high transaction costs for information, insufficient technology, inadequate sources of finance, high freight costs and inadequate telecommunications services. The **devaluation** of the Thai and Laotian currencies relative to that of Vietnam has widened earlier cost differentials, making it all the more difficult for Vietnam to attract new foreign investment from Thailand.

Associated Terms:

Depreciation: The loss of value of a country's currency with respect to one or more foreign reference currencies, most often used for the unofficial increase of the exchange rate due to market forces, though sometimes it appears interchangeably with **devaluation**. Its opposite is called ***appreciation***.

39. **Development**

As in **Economic Development**

Increase in the economic standard of living of a country's population.

Associated Terms:

Developed countries: A term often used to describe the industrialized nations or those countries with high per capita income.

Developing countries/Less developed countries: A term often used to describe countries with lower per capita GDP that lack substantial amounts of industrialization, infrastructure or sophisticated technology, but are beginning to build these capabilities.

Least-developed countries: The world's poorest countries are considered by the United Nations to be the least developed of the less developed countries in terms of per capita income, life expectancy and level of economic diversification.

E.g. Owing to geographic and other related attributes, landlocked **developing countries** are confronted with a range of special constraints that inhibit their full participation in the globalization process. The ESCAP region is home to 12 of the world's 30 landlocked developing countries. Of these, Afghanistan, Bhutan, Laos and Nepal are **least developed countries**, while Armenia, Azerbaijan, Kazakhstan, Kyrgyzstan, Laos, Mongolia, Tajikistan, Turkmenistan and Uzbekistan are **economies in transition**. Each of these landlocked countries is disadvantaged by its lack of territorial access to and distance from the sea.

Newly-industrialising countries/economies (NICs/NIEs): Advanced developing countries that have enjoyed rapid economic growth in recent years and can be described as middle-income countries.

E.g. In the aftermath of the 1974–1975 oil crisis, an increasing number of business and government leaders in Europe advocated a reinforcement of protectionist measures in order to cope with competition from the **newly industrializing countries**. So far there is no evidence that trade with the **NICs** has resulted in net losses in terms of employment.

Economies in transition: Also **transition economies, transitional economies**. Often used to describe the process of change in economies (such as in Eastern Europe) which are passing from a socialist economic system to a free market system based on private property.

Sustainable development: Economic development that is achieved without undermining the incomes, resources or environment of future generations.

E.g. In 2005, a GMS regional tourism sector strategy (RTSS) was formulated with the overall goal of developing and promoting the GMS as a single destination, offering a diversity of good quality products that would help to distribute the benefits of tourism more widely; add to the tourism development efforts of each GMS country; and contribute to poverty reduction, gender equality, empowerment of women and **sustainable development**, while minimizing any adverse impacts.

Development Triangle: The development triangle including Cambodia, Laos and Vietnam (CLV) was initiated in 1999, when the Prime Ministers of these three countries agreed upon development cooperation among themselves. The development triangle aims to promote the prosperity of people in the member countries. Originally, the development projects were focused on seven provinces namely, (1) Ratanakiri, (2) Stung Treng in Cambodia, (3) Attapeu, (4) Sekong in Laos and (5) Kon Tum, (6) Dak Lak and (7) Gia Lai in Vietnam. These seven provinces have similar terrain, climate and socio-economic backgrounds providing large potential for agriculture, forestry, tourism, trade and light industries. The member countries later proposed to expand the CLV command areas to include the Central Highlands of Vietnam, northeastern Cambodia and Southeastern Laos. Now CLV countries have agreed to establish the triangle in border provinces shared by the 3 neighboring countries basing on the southern economic corridor of GMS transportation network. One of the priorities of this triangle development is to establish a transport network linking the

triangle with the three capital cities (Attapeu, Stung Treng and Playku) and Vietnam's seaports.

40. **Dispute settlement** The process by which countries settle trade problems through negotiated means or if they are members of the WTO with the help of a WTO process involving a panel of experts which rules on legal questions and recommends solutions.

Associated Terms:

Dispute Settlement Body (DSB): WTO body that is responsible for dealing with disputes between WTO members.

41. **Divestiture** See **Privatization**

42. **Dumping** The situation when price of the product exported from one country to another is less than the comparable price, in the ordinary course of trade (including transport and related costs), for the like product when destined for consumption in the exporting country.

Associated Terms:

Anti-dumping duty: Tariff levied on imports deemed dumped into a market and a form of a non-tariff barrier.

E.g. In 2010, the Ministry of Agriculture and Rural Development in Vietnam lowered the *tra* fish export target to US\$1.35bn after the US imposed **anti-dumping tariffs** of up to 130% on fish products shipped stateside.

43. **Duty drawback scheme** A form of border tax adjustment whereby the duties or taxes levied on imported goods are refunded, in whole or in part, when the goods are re-exported.

E.g. A **duty drawback system** was established to allow agricultural and livestock products from Laos to be imported into Thailand duty-free, processed and then re-exported to Laos.

E

44. **E-Commerce** Also **Electronic commerce**
The buying and selling of goods and services on the Internet, especially the World Wide Web.
45. **Economic corridor** A flagship initiative of the countries in the GMS to improve intraregional transportation and maximize development benefits.

The establishment of economic corridors was first proposed at the eighth Ministerial Meeting of the GMS countries in 1998, including not only the building of roads along specific routes running across GMS countries, but also the development of accompanying infrastructure such as energy, telecommunication, special economic zones, and ‘soft’ aspects such as tourism, human resource, cross-border facilitation of movement of persons and goods and the relevant regulatory framework.

The transport network of the economic corridors includes three vertical lines and two transverse lines.

Three vertical lines:

1. Kunming, China – Dali, China – Dehong, China – Mandalay, Myanmar – Yangon, Myanmar
2. Kunming, China – Xishuangbanna, China – Laos – Bangkok, Thailand
3. Kunming, China – Honghe, China – Hanoi, Vietnam – Haiphong, Vietnam

Two transverse lines:

1. Moulmein, Myanmar – Phitsanulok, Thailand – Savannakhet, Laos – Danang, Vietnam
2. Yangon, Myanmar – Bangkok, Thailand – Phnom Penh, Cambodia – Ho Chi Minh City, Vietnam

According to the overall layout of the GMS transport network, the region currently includes three major economic corridors – the North-South, the East-West and the Southern Economic Corridors.

North-South Economic Corridors:

- a. China, Kunming – Yuxi – Pu'er – Xishuangbanna, Laos, South Province, Thailand, Chiang Rai, - Chiang Mai – Bangkok
- b. China, Kunming – Shilin – Mile – Kaiyuan – Mengzi – Hekou, Laos, Cai, Vietnam, Yen Bai – Viet Tri – Vinh Yen – Hanoi – Haiphong
- c. China, Kunming – Nanning, Vietnam, Hanoi

East-West Economic Corridor:

Vietnam, Danang, Laos, Middle, Thailand, north-east, Myanmar Mawlamyine

Southern Economic Corridors:

- a. Thailand, Bangkok, Cambodia, Phnom Penh, Vietnam, Ho Chi Minh City – Vung Tau City
- b. Thailand, Bangkok, Cambodia, Siem Reap – Stung Treng – Ratanakiri – Pleiku, Vietnam, Qui Nhon

Associated Terms:***CBTA***46. **Economic integration**

Economic integration refers to reducing barriers among countries to transactions and the movements of goods, capital and labor, including harmonization of laws, regulations and standards.

Common forms include FTAs, customs unions and common markets.

47. **Economies of scale**

Also called **scale economies** and **increasing returns to scale**.

The increase in efficiency of production as the number of goods being produced increases.

A company that achieves economies of scale lowers the average cost per unit through increased production because fixed costs are shared over an increased number of goods.

E.g. Regional integration could help ASEAN to adjust more effectively to the rise of China – by

encouraging it to take advantage of possible synergies to enhance competitiveness, for example, through the formation of an integrated electronics industry that relies on the Mekong 3 at labor-intensive stages, as well as by enabling the Mekong 3 to reap **scale economies** in sectors where they face Chinese competition, such as textiles and clothing and labor-intensive manufacturing.

Associated Terms:

Economies of Scope: The situation in which a firm's average cost falls as it produces a larger number of different products

48. **Efficiency** The use of resources so as to maximize the production of goods and services.

A system is efficient if nothing more can be achieved given the resources available.

49. **Emerging market** A term used by World Bank economist Antoine van Agtmael to describe 'economies with low-to-middle per capita income'. Now used to refer to nations with social or business activity in the process of rapid growth and industrialization.

E.g. Vietnam holds 16th position in the latest Grant Thornton **emerging markets** opportunity index, which rates world markets in terms of size, development pace and economic growth. In the Grant Thornton International Business Report 2010 released on 31 March 2011, the auditing and consultancy company said Vietnam has increasingly opened its economy and trade, especially after joining the WTO in 2007, despite a large portion of its GDP – 20 percent – being in agriculture.

50. **Enabling environment** See **Business environment**

51. **Entrepreneurship** The talent, knowledge and willingness to engage in new activities, especially those that may result in new kinds of firms.

E.g. The political intention formulated by governments is shared and supported by the Chambers of Commerce in Thailand, Cambodia, Laos, Myanmar, Vietnam and the Yunnan Province of PR China. The Chambers founded the so-called GMS Business Forum which intends to support business activities and **entrepreneurship** in the GMS and to function as a communication channel between the private/business sector and the government/public sector.

52. Equality

A term that suggests equal access to resources and opportunities and equal participation in all realms of society for women and men, as well as for members of different races, ethnic groups and religions. Often used in such terms as gender equality, social equality, etc.

E.g. The Mekong River Commission provides a framework for all developmental work related to the Mekong River with an emphasis on the protection of the environment and ecological balance, based on principles of sovereign **equality** and reasonable and equitable utilization of the Mekong River.

Associated Terms:

Equity: The practice of allocating resources which result in equality. In economics, referring to share in the ownership of a corporation; more commonly called a ***stock***, as in the stock market.

E.g. A perfect example of the practical differences between the two concepts (**equality** vs. **equity**) is the feminist movement. Now, if women demand they should be treated in the same way as men that would not be possible – equality would not be possible – because women and men are different and cannot be treated in exactly the same way. However, if they demanded equity in how the world treats them, it would be a genuine demand, because now they are demanding that they be given the same rights as men have as human beings. It is equity that is desirable, not sameness.

53. **Exchange control** Restrictions imposed by a government or central bank over the holding, sale or purchase of foreign exchange.

E.g. On 5 August 2008 the PRC State Council adopted the second amendment of Foreign Exchange Regulations of the People's Republic of China. The new rules adopt a more balanced **control** mechanism for both inflow and outflow of foreign exchanges in China and tighten supervision of the cross-border capital flows.

54. **Export**
1. A good that moves outward across a country's border for commercial purposes.
 2. A product, which might be a service, that is provided to foreigners by a domestic producer.

Associated Terms:

Export promotion: A strategy for economic development that emphasizes support for exports through removal of anti-export biases created by policies.

Export-processing zone (EPZ): A designated area or region in which firms can import duty-free as long as the imports are used as inputs in the production of exports.

Export subsidy: A subsidy to exports; a payment to exporters of a good per unit of the good exported.

55. **Export restraint arrangement** Most commonly known as a **voluntary export restraint (VER)**

A restriction on a country's imports that is achieved by negotiating with the foreign exporting country for it to restrict its exports.

E.g. When the automobile industry in the US was threatened by the popularity of cheaper more fuel efficient Japanese cars, a 1981 **voluntary restraint agreement** limited the Japanese to exporting 1.68 million cars to the U.S. annually. The Japanese automobile industry responded by establishing

assembly plants or ‘transplants’ in the US to produce mass market vehicles. They also began exporting bigger, more expensive cars (soon under their newly-formed luxury brands like Acura, Lexus and Infiniti).

56. **Expropriation** See **Nationalise**

F

57. **Final goods** A good that requires no further processing or transformation to be ready for use by consumers, investors or government.

Associated Terms:

Raw materials: A good that has not been transformed by production; a primary product.

Processed goods: A good that has been transformed in some way by a production activity, in contrast to a raw material.

Intermediate goods: An input to production that has itself been produced and that is used up in production. As an input, it is in contrast to a primary input, and as an output, it is in contrast to a final good. A very large portion of international trade is in intermediate goods.

58. **Foreign Direct Investment** FDI involves an acquisition or construction of physical capital by a firm from one (home) country in another (host) country.

Associated Terms:

Foreign-Invested Enterprises (FIEs): Enterprises set up and owned by a foreign investor.

Green field investment: FDI that involves construction of a new plant, rather than the purchase of an existing plant or firm.

Mergers and acquisitions (M&As): The combination of what were previously two separate firms into one, either by their joining (merging) together as more or less equals or by one acquiring the other (acquisition).

FDI inflow: Property located within the domestic country acquired by a foreign owner.

FDI outflow: Property acquired abroad by a domestic owner.

FDI spillover: Refers to the transmission of an advanced technology from a foreign-invested enterprise (FIE) to domestic firms.

E.g. Despite a rise in **mergers and acquisitions**, subsidies have gone exclusively to **green field investment** projects. While this might be partly due to employment effects and other **spillovers** associated with **green field investment** that are less likely to accrue with acquisitions, it also reflects a certain hostility shown by governments towards foreign firms bidding for domestic rivals.

59. **Franchise** A firm which already has a successful product or service (the franchisor) enters into a contract with other businesses (franchisees) operating under the franchisor's trade name and usually with the franchisor's guidance, in exchange for a fee.
60. **Free on Board (FOB)** FOB is a term which describes a price for or valuation of a good which is calculated on the basis of the process of manufacture, and does not include the cost of transporting the good to the consumer.

G

61. **General Agreement on Tariffs and Trade (GATT)** An international agreement to set out the rules of conduct for international trade relations and to provide a forum for multilateral negotiations regarding trade liberalization. GATT was formed in 1949 and lasted until 1993, when it was replaced by the World Trade Organization in 1995. The original GATT text (GATT 1947) is still in effect under the WTO framework, subject to the modifications of GATT 1994.

Associated Terms:***Tariff******WTO***

62. **General Agreement on Trade in Services (GATS)** An international agreement concluded during the Uruguay Round (1986-1994) to set out the fundamental principles of the multilateral trading system with respect to trade in services. All members of the WTO are signatories to the GATS.

Associated Terms:***Modes of Delivery:*** How international trade in services is supplied and consumed.

Mode (1): Cross border supply, i.e. a foreign service provider may sell services into the country.

Mode (2): Consumption abroad, i.e. a consumer in the country may procure services from abroad, such as call center or data entry outsourcing.

Mode (3): Foreign commercial presence, i.e. a foreign service provider may establish a branch or other presence in the country.

Mode (4): Movement of natural persons, i.e. foreign nationals may enter the country to provide services.

63. **Generalized System of Preferences (GSP)** A scheme accepted through the UN Conference on Trade and Development (UNCTAD) by which a developed country agrees to charge no duty on imports from developing countries, while not requesting reciprocal concessions from those developing countries.

E.g. In the 1990s Cambodia lobbied the US Government for a bilateral trade agreement (BTA) on textile and garments, as a result of which Most Favored Nation (MFN) status for garment and textile products was offered to Cambodia in 1996. Then, **Generalized System of Preferences (GSP)** status was obtained from the European Union (EU) in 1997. The Cambodian Government went on to sign bilateral trade and investment agreements with various partners such as China, Cuba, India, Indonesia, Laos, Malaysia, Philippines, Singapore, Thailand, Vietnam, Russia and the Organization of Petroleum Exporting Countries (OPEC) members.

The government joined the GMS and formed triangular development zones (see *Development triangle*) with neighboring countries Laos, Thailand and Vietnam. Moreover, membership of ASEAN in 1999 and the WTO in 2004 clearly marked a deepened integration into regional and global trading system.

64. **Geographical indication (GI)** A name or sign used on certain products which corresponds to a specific geographical location or origin (e.g. a town, region or country). The use of a GI may act as a certification that the product possesses certain qualities, or enjoys a certain reputation, due to its geographical origin.

E.g. Protecting local speciality agricultural products with a GI approach has become important in the context of Vietnam's international integration. Protection of geographical indications for agricultural products is expected to contribute to farmers' economic improvement and conserve local biodiversity.

65. **Globalization** The increasing world-wide integration of markets for goods, services and capital that began to attract special attention in the late 1990s.

66. **Global warming** See **Climate change**

67. **Goods** A product that can be produced, bought and sold, and that has a physical identity. Contrasts with service.

68. **Green field investment** See **Foreign Direct Investment**

69. **Gross Domestic Product (GDP)** The total value of new goods and services produced in a given year within the borders of a country, regardless of by whom.

E.g. The government of Laos derives revenues from tax and non-tax revenues and timber royalties. With a revenue-to-GDP ratio of 11.2 percent in 2004, its revenue effort, along with tax effort (8.9 percent) is among the lowest in the region.

Associated Terms:

Gross National Product (GNP): The total value of new goods and services produced in a given year by a country's domestically owned factors of production, regardless of where.

E.g. While it is necessary for China to embark on a gradual path to sustainable development, it must do this at the same time as it is improving economic conditions and structures, enhancing their effectiveness and maintaining an annual average **GNP** growth rate of between 8 and 9%.

H

70. **Harmonization** Often used to refer to a process whereby policies or programs have been standardized or made to look similar, so that they fit together with other similar policies and programs.

E.g. In order to promote safe navigation on the Mekong River, the Economic and Social Commission for Asia and the Pacific (ESCAP) and the Mekong River Commission (MRC), with funding support from the Governments of Finland and the Netherlands, jointly initiated a project on the harmonization of aids to navigation systems in 2000 to assist the riparian countries in formulating and implementing a harmonized aids to navigation system which will provide a common basis for safe navigation.

71. **Harmonized System (HS)** Officially **Harmonized Commodity Description and Coding System**.

An international system for classifying goods in international trade and for specifying the tariffs on those goods. It was adopted at the beginning of 1989.

E.g. The existence of **HS** codes has shaped and modernized the business of importing and exporting with a classification system that is universally used and accepted for approximately 98

percent of all world trade. **HS** tariff classification is the international standard for reporting goods to customs and government agencies. Importers and exporters must perform a **Harmonized code search** every time they need to define and classify a shipment in order to legitimately get it through customs.

I

72. **Import** 1. A good that crosses into a country, across its border, for commercial purposes.
2. A product, which might be a service, that is provided to domestic residents by a foreign producer.
73. **Incentives** As in **FDI incentives**
- Measures designed to attract FDI into a country that is not available to domestic investors.
- FDI incentives are commonly divided into three categories, namely fiscal, financial and regulatory incentives.
74. **Informal sector** An economic sector that is not taxed in any form whatsoever. It is neither monitored by any form of government, and is not included in that government's Gross National Product (GNP), as opposed to a formal economy.
- E.g. The **informal sector** in India is broadly characterized as consisting of units engaged in the production of goods and services with the primary objective of generating employment and incomes for the persons concern. These units typically operate as low level organizations, with little or no division between labor and capital as factors of production and on a small scale. Labor relations, where they exist, are based mostly on casual employment, kinship or personal or social relations rather than contractual arrangements with formal guarantees.

75. **Infrastructure** The facilities that must be in place in order for a country or area to function as an economy and as a state, including the capital needed for transportation, communication and the provision of water and power, and the institutions needed for security, health and education.

E.g. While the GMS is widely considered to have the potential to be one of the world's fastest growing areas, economic development continues to elude some of the countries in the region and alleviating poverty remains a significant challenge. Thus, the GMS has outlined an ambitious program of **infrastructure** investment and trade facilitation.

76. **Injury** A finding by a competent national authority that imports are causing harm or threatening imminent harm to a domestic industry.

E.g. On 28 June 2002, the Catfish Farmers of America filed a petition with the US Department of Commerce (DOC) and the International Trade Commission (ITC) accusing Vietnamese producers of frozen tra and basa fillets of illegally charging prices below fair market value in the US market, resulting in material **injury** to the domestic industry.

77. **Intellectual property rights** The right to control and derive the benefits from something one has invented, discovered or created.

Associated Terms:

WTO Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS): One of the agreements concluded under the Uruguay Round (1986-94) to set out rules about trade-related aspects of intellectual property rights, including copyright and related rights, trademarks, geographical indications, industrial designs, patents, layout-design of integrated circuits and protection on trade secrets.

78. **Investment** 1. Addition to the stock of **capital** of a firm or country.

2. Purchase of an **asset**, real or financial.

3. The use of resources today for the purpose of increasing productivity or income in the future.

79. **Investment climate** See **Business environment**

J

80. **Joint venture** An undertaking by two parties for a specific purpose and duration, taking any of several legal forms. Two corporations, for example, perhaps from two different countries, may undertake to provide a product or service that is distinct, in kind or locations, from what the companies do on their own.

E.g. Initially all of them took the form of **joint ventures** between transnational corporation (providing capital and technology) and state enterprises (providing land), but the number of totally foreign owned enterprises is growing.

K

81. **Knowledge economy** Also **Knowledge-based economy, knowledge-driven economy**

‘A knowledge-driven economy is one in which the generation and exploitation of knowledge play the predominant part in the creation of wealth’ (United Kingdom Department of Trade and Industry, 1998). In the industrial era, wealth was created by using machines to replace human labor. Many people associate the knowledge economy with high-technology industries such as telecommunications and financial services. Human capital-competencies-are a key component of value in a knowledge-based company.

The phrase “Knowledge economy” was popularized by Peter Drucker as the title of Chapter 12 in his book *The Age of Discontinuity*, And, with a footnote in the text, Drucker attributes the phrase to economist Fritz Machlup.

E.g. Give a man a fish, and you feed him for a day. But teach a man how to fish and you feed him for a lifetime. Provide him with technology and market linkages and you feed an entire region. The old development metaphor becomes (using the new language of the **knowledge economy**) the enhancing of human, structural and stakeholders’ capital. New ideas or intellectual capital, more than savings or investments, are the new keys to prosperity and to the wealth of nations.

L

82. **Labeling** Requirement, either mandatory or voluntary, to specify whether a product satisfies certain conditions relating to the process by which it was produced or its characteristics.

E.g. **Labeling** is one of the subjects assigned to the Committee on Trade and Environment (CTE). It is part of an item (3b) on the committee's work programme in which the committee is assigned to consider the relationship between the provisions of the WTO's agreements and the requirements governments make for products in order to protect the environment.

83. **Land-locked country** A country that has no sea-coast, for example, Laos.

84. **Liberalization**

1. The process of making policies less constraining of economic activity.
2. Reduction of tariffs and/or removal of non-tariff barriers.

Associated Terms:

Protection: Restriction on imports by means of tariffs and/or NTBs, intended to insulate domestic producers from competition with imported goods.

E.g. Trade **liberalization** brought big trade growth especially along the Thai border. The rural sector benefited from this cross-border trade, supplying Laos agricultural products to Thailand and getting access to consumer products not available before. This economic boom occurred between 1987 and 1996.

85. **Licensing**

1. The requirement that importers and/or exporters get government approval prior to importing or exporting.
2. Granting of permission, in return for a licensing fee, to use a technology. When done by firms in one country to firms in another, it is a form of technology transfer.

E.g. After registration, each company will be issued with a unique registration number personal to each company. The company will use this number in all its transactions with the various government agencies for trade documentation purposes. Abuses may arise where a company for its own reasons misuses the registration number of another company for its trade documents such as Customs permits, import and export permits, **licenses** and certificates of origin.

Thus, possibly the best type of policy intervention involves general steps to enhance a country's overall domestic human capital and technical capabilities on a non-discriminatory basis, rather than attempting technology transfer domestically or selective intervention to maximize the linkages between local firms and the local subsidiaries of TNCs. In any event, policies involving domestic content or performance requirements, joint ventures, **technology licensing** requirements and the like have generally had mixed results at best.

86. **Logistics**

The management of the flow of goods, information and other resources between the point of origin and the point of consumption in order to meet the requirements of customers.

Logistics involves the integration of information, transportation, inventory, warehousing, material handling, and packaging and occasionally security.

E.g. Faster, leaner and more responsive supply chains are essential for businesses to survive in a competitive and globalized world. Firms increasingly use global sourcing strategies that require flexible, speedy and cost-effective solutions. This demand has energized governments to make world markets more accessible by improving their trade **logistics** services and providing efficient, easy and accountable import and export procedures.

M

87. **Market** Any one of a variety of different systems, institutions, procedures, social relations and infrastructures whereby businesses sell their goods, services and labour to people in exchange for money.
88. **Market access** Conditions under which imports compete with domestically produced substitutes. This is determined by the extent to which foreign goods (or services) are confronted with tariffs, discriminatory taxes and other regulations.
- E.g. Vietnam and China have successfully concluded negotiations on bilateral **market access**, smoothing the way for Hanoi to enter the WTO.
89. **Market economy** A country in which most economic decisions are left up to individual consumers and firms interacting through markets.

Associated Terms:

Centrally-planned economy: The guidance of the economy by direct government control over a large portion of economic activity, as contrasted with allowing markets to serve this purpose.

Non-market economy (NME): A term applied to countries with centrally planned economies. NME's are treated differently in antidumping investigations because it is presumed that their domestic prices do not reflect fair market value.

Eg: China's goals of international recognition during the last decade, in addition to accession to the WTO, include most prominently its acceptance by the US as a **market economy**. There were at least two motivations: to have the creation of a market 'with Chinese characteristics' recognized and approved around the world and to be liberated from the trade remedy methodology tailored specifically for **non-market economies**.

90. **Merchandise** Commodity offered for sale.
- Associated Terms:**
Merchandise trade: Export and import of goods. Contrasts with trade in services.
91. **Mergers and acquisitions** See **Foreign Direct Investment**
92. **Modes of delivery** See **GATS**
93. **Most Favored Nation (MFN)** A WTO principle by which a country agrees not to charge tariffs on another country's goods that are any higher than those it imposes on the goods of any other country member of the multilateral trading system.

E.g. If the US lowers the tariff rate on an import from Cambodia, the same must be done for the other WTO members, such as Vietnam or Thailand.

Associated Terms:

National Treatment (NT): Treatment of imported goods and services no less favorably than domestic goods and services with respect to internal taxes, regulations and other requirements.

Non-discrimination principle of WTO

Non-discriminatory treatment

E.g. The principle of **non-discrimination** is fundamental to virtually all international trade and investment agreements. The standards of **MFN** and **NT** establish that a country should not differentiate between its trading partners, or between its own and foreign products, services or nationals, thereby providing equal competitive opportunities.

94. **Multinational corporation (MNC)** Also **Multinational enterprises (MNE)**, **Transnational corporation (TNC)**
 A corporation that operates in two or more countries. Since it is headquartered in only one country, but has

production or marketing facilities in others, it is involved in FDI.

E.g. Being the hub of major **MNCs** in Southeast Asia, Singapore's initial research activities were influenced by these large **MNCs** operating in the country. Technology transfer did take place, with local companies being able to benefit from **MNC**-introduced technologies.

N

95. **National treatment** See **Most Favored Nation**

96. **Nationalize** To transfer ownership of a private company or a privately owned asset to the national government.

E.g. An empirical analyses based on interviews with ASEAN experts revealed three key sectors (in decreasing order of importance) as being relevant to investment generation: (i) Pro-business attitude and practices of host government: political and economic stability, no national discrimination against foreign investors, repatriation of dividends, no risk of **nationalization** or **expropriation** and prompt treatment of investor requests, applications and licenses; (ii) Infrastructure: telecommunications, transportation and financial services; and (iii) Availability of labor: management expertise and cheap, unskilled or semi-skilled labor.

Associated Terms:

Privatization: The conversion of a government-owned enterprise to private ownership.

Expropriation: The process of transferring privately owned assets to public ownership. Typically, expropriation refers to the action of a government taking away a private business from its owners. This mainly occurs in countries where property laws are not concrete and well defined.

97. **Negative list** In an international agreement, a list of those items, entities and products to which the agreement will not apply, the commitment being to apply the agreement to everything else.

E.g. Almost half of East Asian **PTAs** covering services use a **GATS**-like hybrid list approach to scheduling **liberalization** commitments. This approach combines a positive selection of sectors, subsectors, and modes of supply with a **negative list** of nonconforming measures maintained in committed sectors, subsectors and modes of supply. The second method of scheduling is the **negative list** approach, which presumes that all measures affecting trade and investment in services are automatically fully bound at free (with no limitations) unless they are specifically reserved in annexes (reservations lists) to the agreement, including annexes affording scope for reserving future measures. Forty percent of East Asian PTAs covering services follow a negative list approach.

Associated Terms:

Positive list: An approach to determining coverage of products or sectors within an agreement by listing only those which will be included in coverage.

Eg: A third approach involves a pure **positive list**, in which members agree to specify only those measures that are free of restrictions in specific sectors, subsectors or modes of supply. Finally, a fourth negotiating modality, found exclusively in the Laos–US Bilateral Trade Agreement, consists of listing sectors in which trade can take place unencumbered.

98. **Newly-industrializing countries/economies (NICs/NIEs)** See **Development**
99. **Non-discrimination** See **Most Favored Nation**

100. **Non-market economy (NME)** See **Market economy**
101. **Non-tariff barriers (NTBs)** Barriers to international trade other than tariffs – for example, quotas, licensing or voluntary export restraints.

P

102. **Parallel imports** A non-counterfeit product imported from another country without the permission of the intellectual property owner.

E.g. Laos would benefit from greater flexibility under the TRIPS agreement to use compulsory licensing and **parallel imports** to ensure access to **patented** medicines.

103. **Patent** A right granted to its owner to exclude all others from making, selling, importing or using the product or process described in the patent for a fixed period of time, generally 20 years.

To be patentable, inventions have to be novel, non-obvious and be useful or have industrial applicability.

Associated Terms:

Intellectual Property Rights

104. **Perishable goods** Goods which are lessened in value and become worse by being kept.

E.g. The Mekong River Commission (2003) estimated that approximately 6% of farmers in Northeastern Thailand and 60-70% of farmers in Vietnam are involved in small scale aquaculture. An expansion in the area relies on good infrastructure to allow transport of the **perishable** product. For this reason, farmers in the Mekong Delta and NE Thailand will be the initial adopters.

Associated terms:***Non-perishable goods***

105. **Political risk guarantee** Insurance that is given to cover an investment (usually foreign direct investment) from political risks which might result in loss of investment, which includes: expropriation (when governments nationalize your assets); currency inconvertibility (when you cannot change local currency to another currency) or non-transferability (you cannot transfer assets); and political violence or breach of contract.
106. **Positive list** See **Negative list**
107. **Preferences** Preferential treatment.

Associated Terms:

Preferential rules of origin: Rules of origin under preferential trade arrangements, such as free-trade agreements and the Generalized System of Preferences.

Preferential tariff: A tariff or duty lower than the MFN tariff, levied against imports from a country that is being given favored treatment, as in a preferential trade agreement or under the Generalized System of Preferences.

Preferential trade agreement: A generic term describing any process of trade integration by which participating countries extend full, or more often partial, reciprocal trade concessions.

108. **Privatization** The full or partial sale of state-owned enterprises to private individuals or companies. See also **Nationalize**, **Corporatization**.

E.g. The ADB promotes a model of development which sees rapid economic growth as the best means for achieving poverty reduction, based largely on neo-liberal economics. Whether this model of development reduces or increases poverty has been the subject of hot debate for a couple of decades as neo-liberal approaches, such as

increased **privatization** of essential services and increased deregulation of markets, can result in vulnerable communities being worse off.

Associated Terms:

Build-Operate-Transfer (BOT): Also ***Build-Own-Operate-Transfer (BOOT)***. A type of arrangement in which the private sector builds an infrastructure project, operates it and eventually transfers ownership of the project to the government.

Concession Agreement: Different from the trade terminology concession used in GATS (see ***Concession***). Refers to a right (often preferential) granted by a government to a corporation. It specifies rules under which the company can operate locally.

Divestiture: The partial or full disposal of an investment or asset through sale, exchange, closure or bankruptcy.

Voucher program: A privatization method where citizens are given or can inexpensively buy a book of vouchers that represent potential shares in any state-owned company. Voucher privatization has mainly been used in the early-to-mid 1990s in the transition economies of Central and Eastern Europe – countries such as Russia, Poland, Bulgaria, Slovenia and Czechoslovakia.

109. **Procurement**

All of the processes involved in requesting, ordering, auditing and paying for goods and services.

Associated Terms:

Government procurement: Purchase of goods and services by government and by state-owned enterprises. Transparency in government procurement is one of the Singapore issues.

The plurilateral Agreement on Government Procurement (GPA): The GPA is to date the only legally binding agreement in the WTO focusing on the subject of government procurement. Its present version was negotiated in parallel with the Uruguay Round in 1994 and entered into force on 1 January 1996.

110. **Productivity** Output per unit of input, usually measured either by labor productivity or by total factor productivity.

E.g. Competitiveness remains a concept that is not well understood, despite widespread acceptance of its importance. To understand competitiveness, the starting point must be the sources of a nation's prosperity. A nation's standard of living is determined by the **productivity** of its economy, which is measured by the value of its goods and services produced per unit of the nation's human, capital and natural resources. **Productivity** depends both on the value of a nation's products and services, measured by the prices they can command in open markets, and the efficiency with which they can be produced. *True competitiveness, then, is measured by productivity.* **Productivity** allows a nation to support high wages, a strong currency and attractive returns to capital, and with them a high standard of living.

111. **Pro-poor growth** A term used for primarily national policies to stimulate economic growth for the benefit of poor people (primarily in the economic sense of poverty).

Pro-poor growth can be defined as absolute, where the poor benefits from overall growth in the economy, or relative, where the targeted effort seeks to increase the growth specifically among poor people.

E.g. ADB's GMS Regional Cooperation Strategy and Program (2004–2008) supports **pro-poor, sustainable growth** through, among other things, capability-building measures to address human resource development needs, and shared management of the environment and natural resources – especially the watershed systems of the Mekong River.- to help ensure sustainable development and conservation.

112. **Protection** See **Liberalization**

113. **Public-Private Partnership** A government service or private business venture which

is funded and operated through a partnership of government and one or more private sector companies. These schemes are sometimes referred to as PPP or P3.

E.g. FDI plays an increasingly significant role in the Laos economy, as evidenced by recent hydropower and mining projects. **Public-private partnerships**, such as Theun Hinboun Hydropower Project and the NT2, have been an effective way of fostering private sector development. It is the Government's policy to continue the transition to a private-sector-led market economy.

Associated Terms:

BOT: See *Privatization*

BOOT: See *Privatization*

114. **Purchasing Power Parity**

1. The equality of the prices of a bundle of goods (usually the CPI) in two countries when valued at the prevailing exchange rate. Called absolute PPP.

2. The equality of the rates of change over time in the prices of a bundle of goods in two countries when valued at the prevailing exchange rate. Called relative PPP.

E.g. During the past five years the US has accounted for only 13% of global real GDP growth, using **purchasing-power parity** (PPP) weights. The real driver of the world economy has been Asia, which has accounted for over half of the world's growth since 2001. Even in current \$ terms, rather than PPP, Asia's 21% contribution to the increase in world GDP exceeded America's 19%.

Q

115. **Quota**

A measure restricting the quantity of a good imported (or exported). Quantitative restrictions include quotas, non-automatic licensing, mixing regulations, voluntary export restraints and prohibitions or embargoes.

E.g. In general, for non-dutiable and non-controlled goods, the processing and approval of the import and export permits can be quite simple and easily done over a short period. However, for dutiable or controlled goods, additional steps are required to check and approve the documents. The same applies to goods that are subject to **quota** control such as textiles and garments being exported to the **quota** country.

R

116. **Rate of return on investment** The percentage of an asset's value that the owner of the asset earns, usually per year.

E.g. Since the mid-1980s, multilateral lending to power projects has often been linked to a pre-set level of **rate of return on investment**, but frequently that level has not been achieved. The power subsector in most developing member countries is in a rapid growth phase, which suggests that a uniform return is not possible on all elements of the investment.

117. **Regulation** Any government effort to influence the performance of the economy or the behavior of economic agents, especially firms, within it.

Associated Terms:

Regulatory reform: referring to changes that improve regulatory quality, that is, enhance the performance, cost-effectiveness or legal quality of regulations and related government formalities.

Regulatory framework: Laws and regulations that outline the legal requirements to be met. They may also be complemented by policies, standards, directives and guidelines.

Eg: FDI in Cambodia increased from \$235 million in 2001 to \$2.6 billion in 2006. The government has continued to make progress in legal and **regulatory reform**. The adoption of a new concession law in 2007 is expected to result in increased investment, particularly in infrastructure.

118. **Research and development (R&D)** The use of resources for the deliberate discovery of new information and ways of doing things, together with the application of that information in inventing new products or processes.
- E.g.: In Asia, early networking for **R&D** was both government and private sector led. For example, the Southeast Asian Regional Center for Graduate Study and Research in Agriculture was set up by the Southeast Asian Ministers of Education Organization in 1966.
119. **Revenue** Referring to a tariff, the money collected by the government, equals the size of the tariff times the quantity of imports.
- In business, **revenue** is the income that a company receives from its normal business activities, usually from the sale of goods and services to customers. In many countries, such as the United Kingdom, revenue is referred to as **turnover**.
120. **Rules of origin (ROOs)** Used to determine the origin of production of a good so as to restrict freedom of intra-area trade in products which incorporate certain proportions of imported products from outside the area of regional integration or alternatively undergo certain transformation processes in member countries.
- E.g. Each NAFTA country retains its external tariffs vis-à-vis non-members' goods and levies a lower tariff on the goods "originating" from the other NAFTA members. **Rules of origin** provide the basis for customs officials to make determinations about which goods are entitled to preferential tariff treatment under the NAFTA. Negotiators of the agreement sought to make the NAFTA's **rules of origin** very clear so as to provide certainty and predictability to producers, exporters and importers. They also sought to ensure that the NAFTA's benefits are not extended to goods exported from non-NAFTA countries which have undergone only minimal processing in North America.

Associated Terms:

Certificate of origin: The document certifying or proving that a particular country is the origin of imported goods. This document is used for administration of rules of origin.

S121. **Safeguard measures**

Also **Safeguards**.

Temporary measures taken to protect specific industries from an unexpected surge of imports causing, or threatening to cause, serious injury.

E.g. Among restrictions on imports, **safeguard measures** are particularly controversial in that they are invoked in the absence of any unfair trade practice. **Safeguards** interfere substantially with the normal stream of trade, and their improper application undermines the objectives of the WTO. Recent WTO cases have brought the attention of trade lawyers to the absence of comprehensive materials on this complex subject and highlighted the need for a reliable guide to the WTO rules on **safeguards**.

122. **Sanitary and Phytosanitary Measure**

A technical requirement specifying criteria to ensure food safety and animal and plant health.

Associated Terms:

The WTO Agreement on Sanitary and Phytosanitary Measures (SPS Agreement): Regulations under the purview of the WTO SPS Agreement include:

- the protection of animal or plant life or health within a territory from risks arising from the entry, establishment or spread of pest, disease, disease-carrying organisms or disease-causing organisms.
- the protection of human or animal life or health within a territory from risks arising from additives, contaminants, toxins or disease-causing organisms in foods, beverages, or feedstuffs.
- the protection of human life or health within a territory from risks arising from diseases carried by animals, plants or products thereof, or from entry, establishment or spread of pests.

- the prevention or reduction of the risks of other damages within a territory from the entry, establishment or spread of pests.

E.g. If bananas from Thailand were rejected by Japan because of disease, this would be a SPS requirement.

123. **Scheduled Transport Service** As per the text of the CBTA, a transport service over a specific route, according to a fixed route table with predetermined stopping places and for which set fares are charged, accessible to everyone either on a first-come, first-served basis, or with prior booking.
124. **Service** A product that is not embodied in a physical good and that typically effects some change in another product, person or institution. Contrasts with good. Trade in services is the subject of the GATS.
125. **Single-stop customs inspection** Also **Single-window inspection**
According to the CBTA, single-stop customs inspection consists of subjecting the transport operation to customs inspection only once for the purpose of crossing the border between the adjacent countries.
126. **Smuggle** To take a good across a national border illegally. If the good itself is legal, the purpose is usually to avoid paying a tariff or to circumvent some other trade barrier.

Associated Terms:

Smuggled goods

Anti-smuggling

127. **Special and Differential Treatment (SDT)** Also **Special and Preferential Treatment (SPT)**
The principle in WTO that developing countries be accorded special privileges, either exempting them from some WTO rules or granting them preferential treatment in the application of WTO rules.

SDT treatment is available to all developing countries in the WTO and qualifying as a developing country is simply a matter of self-declaration. Thus the developing

country category covers countries as different in their competitive capacity and economic potential as Singapore and South Korea, on the one hand, and Benin and Malawi on the other.

128. **Spillovers** See **Foreign Direct Investment**
129. **Standard** Rule and/or procedure specifying characteristics that must be met for a product to be sold in a country's domestic market, typically to protect health and safety. When a standard puts foreign producers at a disadvantage, it may constitute a non-tariff barrier.
130. **Subsidy** Assistance granted by government to the production, manufacture or export of specific goods. It usually takes the form either of direct payments (such as grants or loans) or of measures having equivalent effect (such as guarantees, operational or support services or facilities and fiscal incentives).

Associated Terms:

The WTO Agreement on Subsidies and Countervailing Measures (ASCM): The ASCM, which came into force in 1995, established rules not only on how and when countervailing duties (CVDs) could be applied, but also on what kinds of potentially trade-distorting subsidies would be allowed and what remedies were available to countries that felt they had been adversely affected by another country's subsidies. Only two kinds of subsidies are prohibited by the ASCM (Article 2): export subsidies and subsidies contingent upon the use of a domestically produced good over imported goods. All other 'specific subsidies', which are subsidies that benefit only particular companies or industries, are allowed, but actionable. 'Actionable' means that if adverse effects can be demonstrated, the affected country can take one of several actions.

Countervailing duty: A tariff levied against imports that are subsidized by the exporting country's government, designed to offset (countervail) the effect of such subsidies given to producers or exporters in the exporting country.

Non-actionable subsidy: Subsidies that are permitted under the ASCM and thus not subject to countervailing duties. Non-actionable subsidies include subsidies for industrial research, subsidies that are not specific to a particular industry and environmental subsidies.

131. **Sustainable development**

See **Development**

T

132. **Tariff**

A tax on trade, usually an import tariff, but sometimes used to denote an export tax. Tariffs may be ad valorem or specific.

Associated Terms:

Ad valorem equivalent tariff (AVE tariff): A tariff presented as a percentage of the value of goods cleared through customs, even though the duty imposed was originally in a form of a specific tariff.

Discriminatory tariff: A higher tariff against one source of imports than against another.

Special tariff: A tariff expressed as a specific charge on the particular imported good based on unit quantities such as weight, number or volume.

Agreement on Common Effective Preferential Tariff (CEPT): An agreed effective tariff, preferential to ASEAN, to be applied to goods originating from ASEAN Member States and which have been identified for inclusion in the CEPT Scheme in accordance with Articles 2 (5) and 3 of the Agreement on the Common Effective Preferential Tariff Scheme for the ASEAN Free Trade Area (1992).

Tariff binding: Commitment made in multilateral trade negotiations to not increase a rate of duty beyond an agreed level. Once a rate of duty is bound (***bound tariff rate***) it may not be raised without compensating the affected parties.

Tariff classification: A descriptive name attached to a tariff line indicating the product to which it applies. Same as tariff heading.

Tariff equivalent: Measure of the protective effect of a non-tariff barrier – the tariff that would have the exact same effect on imports as the NTB.

Tariff escalation: In a country's tariff schedule the tendency for tariffs to be higher on processed goods than on the raw materials from which they are produced.

Applied tariff rate: Considered to be applied by a customs administration on imported goods. Normally these are the rates that are published by national customs authorities for duty administration purposes and are therefore actually in effect at a country's border. They may differ significantly from bound tariff rates.

Unbound tariffs: Items for which countries have not yet established an upper limit for tariffs. In trade negotiations a country agrees to have the tariff on a product bound at a certain level, i.e., the country commits that the tariff cannot exceed that level in the future. The bound rate may be higher than the applied rate (i.e., the tariff that is currently applied to a product) so that it is legal to raise the applied tariff.

Tariff peaks: In a tariff schedule a single tariff or a small group of tariffs that are particularly high, often defined as greater than three times the average nominal tariff.

133. **Technical Barriers to Trade (TBT)**

Trade-restrictive effect arising from the application of technical regulations or standards such as testing requirements, marketing standards, certification requirements, origin-marking requirements, health and safety regulations and sanitary and phytosanitary regulations.

Associated Terms:

WTO Agreement on Technical Barriers to Trade (WTO TBT Agreement): One of the objectives of the WTO TBT Agreement is to ensure that technical regulations, product

standards and ‘conformity assessment procedures’ (testing and certification procedures) do not create unnecessary obstacles to trade.

The TBT Agreement was negotiated during the Uruguay Round of Multilateral Trade Negotiations, which was concluded in April of 1994. All WTO members are Parties to the TBT Agreement, which entered into force on January 1, 1995 and has no expiration date.

134. Trade

1. To exchange one item for another, one person or firm providing an item (good, service, asset, etc.) to another person or firm, with the latter providing a different item to the first in return as payment.

2. To export and/or import.

3. The quantity or value of exports and/or imports.

Associated Terms:

Domestic trade: Commerce within a country; wholesale and retail trade.

Trade balance: The value of a country’s exports minus the value of its imports.

Trade policy: Any policy affecting international trade, including especially tariffs and non-tariff barriers.

Intra-regional trade: Trade within a specific region.

Intra-industry trade: Trade in which a country exports and imports in the same industry, in contrast to inter-industry trade.

Trade barriers: An artificial disincentive to export and/or import, such as a tariff, quota or other NTB.

Trade creation: Occurs when liberalization results in imports displacing less efficient local production and/or expanding consumption that was previously restrained by artificially high prices due to protection.

Trade diversion: Occurs when a trade reform discriminates between different trading partners and a less efficient (higher cost) source displaces a more efficient (lower cost) one.

Trade deficit: Imports minus exports of goods and services.

Trade facilitation: In the Doha Declaration, referred to as ‘expediting the movement, release and clearance of goods, including goods in transit.’ This includes customs procedures and other practices that may add to the cost or time requirements of trade.

Trade liberalization: Reduction of tariff and removal or relaxation of non-tariff barriers.

Trade flow: The quantity or value of a country’s bilateral trade with another country.

135. **Trademark** Distinctive mark or name to identify a product, service or company.

Associated Terms:

Intellectual Property Right

136. **Transfer pricing** The transaction value for a good or service between related enterprises may not always reflect market values. *Transfer pricing* refers to this distortion between transaction values and market values. It can be motivated by income distribution or equity injections or withdrawals.

137. **Transnational corporation (TNC)** See **Multinational corporation**

138. **Transparency** Clarity, openness, predictability and comprehensibility in trade area used in regard to individual trade-related regulations and operation of institutions.

Associated Terms:

Transparency Mechanism for Regional Trade Agreement: A decision that was adopted on 14 December 2006 by the WTO General Council. It establishes a

process to enhance the quantity and quality of information on Regional Trade Agreements made available to the WTO members. It is an outcome of negotiations under paragraph 29 of the Doha Ministerial Declaration and is provisionally applied pending the conclusion of the negotiations of the Doha Work programme.

Transparency in Government Procurement: National governments and government-controlled agencies can influence national and international trade flows through the purchase of goods and services. Governments' motivation behind these procurement arrangements can be driven by nationalistic demands to favour domestic industries and service providers, thus leading to protectionist policies. The rationale behind a multilateral agreement in government procurement is that by reducing discrimination against foreign suppliers in procurement arrangements competition can be stimulated in the national market. Positive side effects would be a reduction of corruption, nepotism and cronyism.

139. TRIPS

See **Intellectual Property Rights**

V

140. Value added

The value of output minus the value of all intermediate inputs representing the contribution of, and payments to, factors of production like labor and capital.

Associated Terms:

Value-added tax: a tax levied on the difference between a commodity's price before taxes and its cost of production.

Value chain: The sequence of activities that a firm undertakes to create value, including the various steps of the supply chain, but also additional activities, such as marketing, sales and service.

E.g. The Joint Statement of GMS Agriculture Ministers' Meeting states: '*Our countries will have to deal with the challenges of increasing and sustaining productivity in traditional commodities, and transforming family farms into competitive agribusinesses through technological and institutional innovations to participate in*

*production and export of high-value products, non-traditional crops and **value-added** commodities. Furthermore, the landless poor, smallholder farmers and Small and Medium Enterprises (SMEs) should be strongly assisted to participate in the subregional **value-chains** on selected priority crops for food and biofuel.'*

W

141. WTO

Established in 1995, the WTO is the only global organization dealing with the rules of trade between nations. At its heart are the WTO agreements, negotiated and signed by most of the world's trading nations and ratified in their parliaments. The WTO is the successor of the GATT established in 1947.

Associated Terms:

WTO-plus obligations: Obligations exceeding the existing requirements of the WTO Agreements.

E.g. Prior to the accession of China, very few **WTO-plus obligations** existed for the several WTO acceding Members, and their impact on the WTO legal regime was negligible. Due to the China Protocol, the situation has now changed. The **WTO-plus obligations** undertaken by China are extensive: they cover areas ranging from the administration of China's trade regime (transparency, judicial review, sub-national governments and transitional review) to the Chinese economic system (market economy commitments) and the new WTO disciplines on investment (investment measures and national treatment of foreign investors).

List of Acronyms

Listed below are some acronyms commonly used in trade and investment facilitation and trade negotiations in the GMS. The list is designed to assist the reader in understanding the abbreviated terms used in documentation and discussions about trade and investment issues.

A

ABAC	APEC Business Advisory Council
ACBC	AFTA-CER Business Council
ACFTA	ASEAN-China Free Trade Agreement
ADB	Asian Development Bank
AEC	ASEAN Economic Community
AEDS	Automated Export Documentation System
AELM	APEC Economic Leaders' Meeting
AFAS	ASEAN Framework Agreement on Services
AFD	Agence Française de Développement. The French International Development Agency.
AFTA	ASEAN Free Trade Area
AIT	Asian Institute of Technology
ANZSCEP	Agreement between New Zealand and Singapore on a Closer Economic Partnership
APEC	Asia-Pacific Economic Co-operation
APIAN	APEC International Assessment Network
APLAC	Asia Pacific Laboratory Accreditation Cooperation
APN	Asia-Pacific Network for Global Change Research
ARF	ASEAN Regional Forum
ASCM	WTO Agreement on Subsidies and Countervailing Measures
ASEAN	Association of Southeast Asian Nations
ATCWG	APEC Agricultural Technology Co-operation Working Group

ATL	Accelerated Tariff Liberalization
AusAID	Australian Government's overseas aid program

B

BA	Business Association
BIMSTEC	Bangladesh, India, Myanmar, Sri Lanka, Thailand Economic Co-operation
BMC	Budget and Management Committee
BMN	Business Management Network
BOD	Board of Directors
BoP	Balance of Payment
BSC	Balanced Scorecard
BTA	Bilateral Trade Agreement
B2BNs	Business-to-Business Networks

C

CAP	Collective Action Plan
CAREC	Central Asia Regional Economic Cooperation
CBMs	Confidence Building Measures
CBN	Capacity Building Network
CBNA	Capacity Building Needs Assessment
CBTA	Cross-Border Transport Agreement
CCI	Chamber of Commerce and Industry
CECA	Comprehensive Economic Co-operation Agreement. The agreement between Japan and India to strengthen bilateral trade.
CEP	Closer Economic Partnership
CEPA	Comprehensive Economic Partnership Agreement. A free trade agreement between India and South Korea.
CER	Closer Economic Relations

CERFTA	Closer Economic Relations Free Trade Agreement
CGE	Computable General Equilibrium
CGP	Center for Global Partnership. A collaboration between Japan and the United States.
CIF	Cost, Insurance and Freight
CLMV	Cambodia, Lao PDR, Myanmar and Vietnam
COW	Committee of the Whole
CSCAP	Council for Security Co-operation in the Asia-Pacific
CSC	Community Service Contribution
CSR	Community Service Responsibility
CTI	APEC Committee on Trade and Investment

D

DED	Deutscher Entwicklungsdienst. The German Development Service.
DFQF	Duty Free and Quota Free
DOTS	Direction of Trade Statistics

E

EAEG	East Asia Economic Grouping
EAI	Enterprise for ASEAN Initiative
E-cert	Electronic Certification
e-CO	Electronic Certificate of Origin
ECOTECH	Economic and Technical Co-operation
EDFOR	Education Forum
e-IPS	Electronic Import Permit System
EDNET	Education Network
EDRC	Economic and Development Review Committee
EEC	European Economic Community
EFSTA	EFTA-Singapore FTA

EFTA	European Free Trade Association
EPA	Economic Partnership Agreement
EPC	European Patent Convention
EPG	Eminent Persons Group
ESCAP	UN Economic and Social Commission for Asia and the Pacific
EU	European Union
EWEC	East-West Economic Corridor

F

FDI	Foreign Direct Investment
FTA	Free Trade Agreement

G

GATS	General Agreement on Trade in Services
GATT	General Agreement on Tariffs and Trade
GDP	Gross Domestic Product
GEI	Group on Economic Infrastructure
GIS	Geographic Information Systems
GLCs	Government linked companies
GMS	Greater Mekong Sub-region
GMS-BF	GMS – Business Forum
GSP	Generalized System of Preference
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit. The German Society for International Cooperation.

H

HCB	Human Capacity Building
HLM	High Level Meeting

HRD	Human Resource Development
HRM	Human Resource Management
HS	Harmonized System

I

IAP	Individual Action Plan
ICD	International Cargo Distribution
ICT	Information and Communication Technology
IDE-JETRO	Institute of Development Economies, JETRO
IEG	Investment Expert Group. A group established by the CTI to develop a set of NBIP.
IGO	Inter-governmental Organization
ILO	International Labour Organization
IMF	International Monetary Fund
InWent	Internationale Weiterbildung und Entwicklung gGmbH. Known as Capacity Building International, Germany, a non-profit organization with worldwide operations dedicated to human resource development.
IPP	Intellectual Property Protection
IPRs	Intellectual Property Rights
ISI	Integrated Sourcing Initiative
ISPs	Internet Service Providers
ITA	Information Technology Agreement
ITD	International Institute for Trade and Development, Thailand

J

JAIF	Japan-ASEAN Integration Fund
JC	Joint Committee
JETRO	Japanese External Trade Organization
JICA	Japan International Cooperation Agency
JPEPA	Japan Philippines Economic Partnership Agreement

JSEPA	Japan Singapore Economic Partnership Agreement
JSG	Joint Study Group

K

KKU	Khon Kaen University
KRA	Key Result Area
KPI	Key Performance Indicators

L

LCD	Least Common Denominator
LMI	Labor Market Information Network
Logframe	Logical Framework Matrix
LSPN	Labor and Social Protection Network
LWF	Lutheran World Federation

M

MAFF	Ministry of Agriculture, Forestry and Fisheries
MAPA	APEC Manila Action Plan
MAS	Monetary Authority of Singapore
MDGs	Millennium Development Goals
MDP	Mekong Development Program
M&E	Monitoring and Evaluation
MERS	Microeconomic Reform Strategy
MFN	Most Favored Nation
MGC	Mekong-Ganga Co-operation. Ministerial Meetings to promote cooperation between India and the GMS countries (excluding China) on trade and investment.
MI	Mekong Institute

MIRAC	Mekong Institute Research Advisory Committee
MNC	Multinational Corporations
MOU	Memorandum of Understanding
MRA	Mutual Recognition Arrangement
MRB	Mekong River Basin
MRC	Mekong River Commission
MRCS	Mekong River Commission Secretariat
MSA	Measurement System Analysis
MSB	National Standards Body
MSFTA	Mexico-Singapore Free Trade Agreement

N

NADB	North American Development Bank
NAFTA	North America Free Trade Agreement
NATO	North Atlantic Treaty Organization
NBIP	Non-Binding Investment Principle
NGO	Non-governmental Organization
NIEs	Newly Industrializing Economies
NMC	National Mekong Committee (Cambodia, Lao PDR, Vietnam and Thailand)
NPT	Nuclear Non-Proliferation Treaty
NSEC	North-South Economic Corridor
NTMs	Non-Tariff Measures
NTBs	Non-Tariff Barriers
NTP	National Trade Policy
NZAID	New Zealand Agency for International Development

O

OAA	Osaka Action Agenda. A road map for meeting the APEC's Bogor Goals for free and open trade and investment in Asia-Pacific.
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OAS	Organization of American States
OECD	Organization of Economic Co-operation and Development
ODOP	One District One Product
OIC	Overseas Investment Commission

P

PBEC	Pacific Basin Economic Council
PBM	Performance Based Management
PECC	Pacific Economic Co-operation Council
PM	Performance Management
PMS	Performance Management System
PSR	Public Sector Reform
PTA	Preferential Trade Agreement

Q

QFBs	Qualifying Full Banks
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R

R&D	Research and Development
RIBM	Regional Integrated Border Management
RIO	Reference Interconnection Offer
RIS	Research and Information System
ROOs	Rules of Origin
RRP	Rules, Regulations and Procedures
RSCS	Regional Social and Cultural Studies
RSPS	Regional Strategic and Political Studies
RTA	Regional Trading Agreement

S

SAFE Framework	Framework of Standards to Secure and Facilitate Global Trade
SAFTA	Southeast Asia Free Trade Agreement
SDC	Swiss Agency for Development and Cooperation
SEC	Southern Economic Corridor
SME	Small and Medium-sized Enterprises
SMEWG	Small and Medium Enterprise Working Group. The APEC working group seeking to encourage SME engagement in international trade.
SOM	Senior Officials' Meeting
SRTA	Sub-regional Trade Agreement
SWOT	Strengths, Weaknesses, Opportunities and Threats

T

TA	Technical Assistance
TAA	Trade Adjustment Assistance (program)
TAC	ASEAN Treaty of Amity and Co-operation
TBT	Technical Barriers to Trade
TDB JETRO	Trade Development Board, JETRO
TICA	Thailand International Development Cooperation Agency
TIFA	Trade and Investment Framework Agreement
TILF	Trade and Investment Liberalization and Facilitation
TNC	Trade Negotiating Committee
TOR	Terms of Reference
TRIMs	Trade-Related Investment Measure
TRIPS	Trade-Related Aspects of Intellectual Property Right

U

UN	United Nations
UNCTAD	UN Conference on Trade and Development

UNDP	UN Development Programme
UNESCO	UN Educational, Scientific and Cultural Organization
UNESCO-IHE	UNESCO – Institute for Hydraulic and Environmental Engineering
UPOV	Union Internationale pour la Protection des Obtentions. The International Convention for the Protection of New Varieties of Plants.
USAID	United States Agency for International Development
USNSF	United States National Science Foundation
USSFTA	U.S. Singapore FTA

V

VAT	Value Added Tax
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W

WCT	WIPO Copyright Treaties
WHO	World Health Organization
WIPO	World Intellectual Property Organization
WITS	World Integrated Trade Solution
WPPT	WIPO Performances and Phonograms Treaty
WB	World Bank
WTO	World Trade Organization
WTO-Plus	WTO countries plus APEC members



Lesson Plan

For using the MITIF Glossary to train other learners

The following lesson plan was developed by Mr. Suthai Katima to fulfill partial requirements of his master's degree in Teaching English for Speakers of Other Languages (TESOL) of Silliman University, Philippines. This lesson plan was field tested on June 19, 2012 to sixteen trade and investment professionals from the six GMS countries who were participating in a regional workshop on Trade and Investment Promotion at the Mekong Institute.

Objective:

To train participants on the use of the Glossary Handbook and provide them with appropriate methodologies to replicate the demonstrated training session at their workplace.

1. In preparation towards the training session, the trainer and coordinators should choose 10-15 terms in the glossary and thoroughly understand them.
2. At the beginning of the training session, the trainer first explains the objectives, and then introduces the 10-15 terms to the participants **WITH OUT** explaining them.
3. The trainer and coordinators then groups the participants randomly. (Depending on the size of the class, it is preferably that there should be 4-5 members in each group)
4. Each group is then randomly given 3 terms from the 10-15 terms introduced earlier. (It is preferable that all groups do not share the same terms)
5. Each group is given their own plenary, and on their plenary each member of the group is to write and draw creatively their own understanding of the given term **in the context of Trade and Investment**. They are encouraged to draw and make their presentations more visual in order for explanation to be easier. (Trainer and coordinator must guide and ensure that the participants are writing and drawing the terms in the context of Trade and Investment)
6. When they are done drawing, each group then explains to the class their own understanding of the terms given to them.
7. Participants, trainer, and coordinators are to review the glossary all together to find out the actual explanation of each term and to see if they got it correctly. The trainer and

coordinators must clarify each term for the participants and answer any questions they may have with the terms.

8. Once the participants fully understand the meaning of their given terms, as well as the terms given to the other groups, they are then instructed to select one term and role-play how the term is used correctly in a sentence, especially in the context of trade and investment facilitation. Trainer and coordinators must facilitate and guide each group to make sure that they are planning their role play correctly with their given terms.

ROLEPLAY RULES: Participants are to choose a term that have been reviewed and explained. Then they create a situation and role play using the chosen term. Each situation must cater specifically in the context of the term in order to show other participants how to use the terms correctly in the right place and the right time. (It is preferable that no groups use the same terms, hence each group should take turns choosing a term and announcing it to the entire class)

9. The trainer and coordinator are then to provide feedbacks after each performance to reinforce them on what they did right and wrong.

10. The trainer must then explain to the participants that this is the ideal way to teach and train others on how to learn the terms. It is very time consuming to actually create a unique lesson plan for every single term in the glossary; hence a “generic” lesson plan must be made so that the activities can cater to every single term.

Note:

- A little bit of drama is encouraged to enhance the learning experience in the class room, but we must understand that not all participants are actors, nor possess the confidence to perform in front of the class, especially in English. Therefore simply explaining the term, and providing an example of how it is used in a sentence can also suffice.
- The terms used in the glossary can also be ambiguous hence the trainer and coordinator must also be prepared to give alternative explanations of the terms outside the context of trade and investment facilitation.

- There is no time requirement for each activity. Trainer and coordinators may decide how much time should be allocated appropriately to the size the general language competence in the class.
- The English language competence of the participants may vary significantly, although some may be more proficient than others, it is best that everyone in the class is given a chance to participate.
- Always document your participants' output and continually ask for feedbacks

Participant evaluation (Goals and objectives)

- Participants must indicate competence in using the terms correctly in a sentence during the right situation.
- Participants must be able to accurately explain the meaning and provide examples of every term.
- Participants should be capable of comparing what the term means in their own context and in the context of Trade and Investment Facilitation.

Limitation: There are too many terms in the glossary and it is very time consuming to actually create a lesson plan to cover each term specifically. Hence the activities and lessons in this program have to be generic and highly replicable in order to cater to every term available in the glossary.

Help us expand this glossary further!

The theories and methods used in developing this Glossary Handbook have been thoroughly documented and are highly replicable. If you wish to expand this Handbook, or wish to develop a similar glossary of your own, the Mekong Institute has all the information and resources you need.

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This Glossary Handbook has been prepared specifically for people working in the GMS. It focuses on key trade and investment facilitation words and terms. The document includes a list of acronyms relevant to international and regional organizations on trade agreements. A bibliography has also been included to assist readers interested in undertaking further research and learning.

This resource is seen as a living document; the soft copy version is expected to be updated from time to time to reflect changing circumstances and the feedback from users. A lesson plan and training manual can also be found in order for the user to not only learn the key terms, but also be able to teach and train others how to use the Glossary Handbook effectively

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