

# Glossary

**aggregate measure of support (AMS)** A measure of the support given by government to all commodities through policies that are deemed to have the largest impact on production and trade. The AMS includes actual or calculated amounts of direct payments to producers, input subsidies, the estimated value of revenue transferred from consumers to producers as a result of policies that distort market prices (market price supports) and interest subsidies on commodity loan programs.

**amber box** Policies agreed to have the largest potential impact on production and trade. Amber box policies are included in the Aggregate Measure of Support and are listed below.

**base tariff** The level of a tariff before reductions are made.

**blue box** Includes policies that are production limiting (but not fully decoupled). These policies are exempt from the aggregate measure of support if they meet the following criteria: (a) payments are made on fixed areas and yields; or (b) such payments are made on 85 percent or less of the base level of production; or (c) livestock payments are made on a fixed number of head.

**bound tariff** The maximum tariff rate that a WTO member has agreed to apply.

**Commodity Credit Corporation (CCC)** A federally owned and operated corporation within the U.S. Department of Agriculture. All money transactions for agricultural price and income support and related programs are handled through the CCC.

**decoupled support** Support for producers that is not linked to variables currently affecting market production, prices or input use.

**Federal Agriculture Improvement and Reform Act of 1996 (FAIR Act)** The omnibus food and agriculture legislation of 1996 that provides a 7-year framework (1996–2002) for U.S. agricultural and food programs. The FAIR Act made important changes to the operation of wheat, corn, grain sorghum, barley, oats, rice, and upland cotton programs.

**Free Trade Area of the Americas (FTAA)** A proposed free trade agreement for all countries in the Western Hemisphere.

**General Agreement on Tariffs and Trade (GATT)** The agreement that began the current multilateral trading system in 1948. Twenty-three countries negotiated the first GATT agreement, which reduced tariffs on manufactured goods.

**genetically modified organisms (GMOs)** Organisms that have been altered through genetic engineering by the introduction of new genetic material. Bt corn and Roundup Ready products are examples.

**green box** Includes policies that countries can apply without restriction and that are viewed as having a minimal impact on trade. The green box includes policies such as advisory services, domestic food aid, income insurance and safety net programs, set-aside payments, environmental programs, and decoupled income support.

**implementation period** The period over which the provisions of an agreement are put into effect. For the Uruguay Round, the implementation period for developed countries is six years, from 1995 through 2000. For developing countries the implementation period is 10 years, 1995–2005.

**loan deficiency payments** A provision introduced in the 1985 farm bill to provide direct payments to producers who, while eligible for price support loans, agree not to obtain them. Applies to wheat, feed grains, upland cotton, rice, and oilseeds.

**marketing loan program** Allows producers to repay nonrecourse price supports at less than the announced loan rates whenever the country posted price is less than the commodity loan rate.

**minimum access** A minimum quantity of imports that is allowed access to a market.

**multilateral trade agreements** Trade agreements that are jointly signed by a large number of countries. The term is often used in the context of the GATT/WTO, which now covers 90 percent of world trade.

**nonrecourse loans** Farmers (of wheat or feed grains) or processors (or sugar) participating in government commodity programs may pledge a quantity of a commodity and obtain a loan from the CCC at a commodity-specific per unit loan rate. The borrower may repay the loan with interest within a specified period of time and regain control of the commodity or may forfeit the commodity to the CCC in full settlement of the loan.

**recourse loans** The borrower may obtain a loan as described above, but the loan must be repaid with interest, and the commodity cannot be forfeited as payment for the loan.

**regional trade agreement (RTA)** A free trade agreement among members of a region. NAFTA is an example.

**sanitary and phytosanitary (SPS) agreement** An agreement negotiated in the Uruguay Round that establishes criteria for the application of national measures to protect against pest and disease risks to animal, plant, and human life.

**state trading enterprises (STEs)** As defined in the URA, STEs are “governmental and nongovernmental enterprises, including marketing boards, which have been granted exclusive or special rights or privileges, including statutory or constitutional powers, in the exercise of which they influence through purchase or sales the level or direction of imports or exports” (Understanding on the Interpretation of Article XVII).

**tariff** A duty levied on imports. Tariffs can be calculated on a percentage basis (ad-valorem tariffs) or set at a particular level.

**tariff rate quota (TRQ)** Under a TRQ, a fixed amount of imports are allowed subject to a low tariff. Imports beyond that quota are subject to a higher tariff.

**technical barriers to trade (TBT)** Standards (including packaging, marking, and labeling requirements), testing and certification procedures, and other regulations used to ensure that products meet the health, quality, safety, or environmental standards of importing countries. These regulations can be used to create obstacles to trade.

**Uruguay Round (UR)** The Uruguay Round was a round of multilateral trade negotiations conducted under the GATT between 1986 and 1994. It was named after the country where negotiations began.

**Uruguay Round Agreement (URA)** The Uruguay Round Agreement includes 29 individual legal texts covering a wide range of issues, including trade in services and manufactured goods, the Agreement on Agriculture, dispute settlement procedures, and agreements on technical barriers and sanitary and phytosanitary measures.

**Uruguay Round Agreement on Agriculture (URAA)** The Legal Text of the Uruguay Round includes the Agreement on Agriculture, which includes provisions on market access, domestic support, export subsidies, and a number of other provisions.

**World Trade Organization (WTO)** The WTO replaces GATT as the legal and institutional framework of the multilateral trading system. It was established by the Uruguay Round Agreement. It now has 134 members and another 32 have applied for accession. The WTO has a permanent staff and is located in Geneva.