**Free Trade and TPP Vocabulary**

1. **Free Trade** – A government policy of not restricting imports from, or exports to, other countries. Free trade allows companies to sell, and consumers to buy, goods and services more easily.
2. **Tariff** - A tax on imports. Higher tariffs mean that foreign-made goods are more expensive, and that people are encouraged to buy more of domestically-made goods. They help domestic companies, but make it more expensive for domestic consumers.
3. **Quota** - A limit on the amount of a good that can be made abroad and sold domestically. If a quota is put on a good, less of it is imported, which increases demand and makes foreign-made goods more expensive. Quotas, like other trade restrictions, are used to benefit the producers of a good in a domestic economy at the expense of all consumers of the good in that economy.
4. **Subsidy** – Financial aid or support from the government to a sector of the economy (such as auto plants, dairy farms, small businesses, etc.). Subsidies come in many forms, including cash grants, interest-free loans, [tax breaks](https://en.wikipedia.org/wiki/Tax_break), insurance, and more. Subsidies lower domestic producers’ costs, which raise taxes and make it harder for foreign producers to compete.
5. **Trade Barriers** – All of the policies enacted by a government to make it harder for forigen producers to sell their products in the country, and easier for domestic producers to sell their products. Trade barriers include tariffs, subsidies and quotas, among other things. Trade barriers are the opposite of free trade.
6. **Fair Trade** - A social movement which aims to promote sustainable development by paying producers higher wages and upholding environmental standards. Products can be “fair trade certified” that they were ethically sourced and produced.
7. **WTO –** The World Trade Organization (WTO) is an [intergovernmental organization](https://en.wikipedia.org/wiki/Intergovernmental_organization) that promotes free trade by regulating [international trade](https://en.wikipedia.org/wiki/International_trade), including tariffs, quotas, subsidies and other trade protections. The WTO also provides a framework for negotiating trade agreements and resolving trade disputes. The WTO replaced the 1948 [General Agreement on Tariffs and Trade](https://en.wikipedia.org/wiki/General_Agreement_on_Tariffs_and_Trade) (GATT) in 1995.
8. **NAFTA –** The North American Free Trade Agreement (NAFTA) is a highly controversial agreement signed by [Canada](https://en.wikipedia.org/wiki/Canada), [Mexico](https://en.wikipedia.org/wiki/Mexico), and the [United States](https://en.wikipedia.org/wiki/United_States) in 1994, creating a [North America](https://en.wikipedia.org/wiki/North_America)n trade bloc. As a result of NAFTA the U.S. imports many more products from Mexico, including manufactured goods from *maquiladoras* and agricultural products.
9. **TPP –** The Trans-Pacific Partnership (TPP) is another highly controversial free trade agreement, currently being discussed by 12 nations around the Pacific Ocean, which would cover about 40% of the world’s GDP. The terms of the agreement have already been negotiated behind closed doors, but the agreement still has to be ratified by the congresses and parliaments of the signatory nations.