

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

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Group of Negotiations on Goods (GATT)  
Negotiating Group on Non-Tariff Measures

COMMUNICATION FROM JAPAN

The attached communication has been received from the delegation of Japan with the request that it be circulated to the members of the Group.

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Japan hereby submits the following proposal on non-tariff measures in accordance with the proposal made by the Chairman (MTN/GNG/NG.2/6 Annex).

1. Classification of Non-Tariff Measures

Because of their diverse nature, clear-cut categorization of non-tariff measures are extremely difficult, nor are they a sine qua nons, which have to be agreed upon in this group in order to proceed with the negotiations. Japan still considers, however, that it is useful to adopt the taxonomy used in the Inventory of NTMs (NTM/INV, in the table attached) as a tentative classification to be applied during the negotiations in this group as we think that this taxonomy will facilitate our deliberations.

2. Criteria for determining the negotiating modalities on the NTMs

Japan considers that it is very difficult to quantify the protective effect of NTMs due to their diverse nature and that therefore it is not feasible to establish a formula which could be applied as a negotiating tool on NTMs. For these reasons, we suggest that negotiating modalities should center on the double axis of multilateral rule-making and

bilateral request-and-offers. In determining which modality should apply vis-à-vis each category of NTMs, it is necessary to take into account inter alia the mandates of other negotiating groups in order to avoid duplication or confusion of the workings among different negotiating groups. So, we suggest the following as appropriate criteria for determining negotiating modalities corresponding to individual NTMs (Such criteria should be finally agreed upon in GNG paying due heed to the development of negotiations in all relevant negotiating groups).

Category (1): Quantitative restrictions such as Import Quotas

In view of the fact that some negotiating groups cover specific sectors of products (e.g. agriculture, textiles and clothing, tropical products, etc.), it is appropriate that negotiations on the reduction or elimination of quantitative restrictions should be referred to the corresponding negotiating group, if any, which deals with the sector to which the products affected by the quantitative restrictions belong, with a view to having the specificities of the products (e.g. the non-economic factors of agriculture,

special interests of developing participants in tropical products) reflected in the negotiations. Of course, the negotiating group on non-tariff measures (hereinafter referred to as "the NTM group") could deal with the quantitative restrictions if the corresponding group so decides. In sum, the NTMs which are not dealt with in other negotiating groups will be fed back to the NTM group for request-and-offer negotiations.

Category (2): Non-Tariff Measures relating to MTN codes; such as government procurements, customs valuation, standards and certification systems, subsidies and countervailing measures

In determining the negotiating modalities of this category of NTMs, it is necessary to take into account the mandates of the negotiating groups on MTN arrangements and on subsidies and countervailing measures, as well as MTN code committees, since it is naturally expected that these groups or committees will deal with the negotiations on rule-making or rule-improvement relating to this category of NTMs.

Therefore, the NTM group would avoid engaging in the rule-making or rule-improvement on this category of NTMs, while it could deal with the bilateral request-and-offer negotiations on this category.

Category (3): Other NTMs

It is appropriate that the following criteria be adopted (As for safeguard measures, the negotiations should basically be referred to the group on safeguards since it is doubtful whether safeguard measures should be categorized into the NTMs):

(a) As for the measures affecting the market access of a specific sector of products, negotiations should be referred to the corresponding negotiating groups, if any, covering such category, as in (1) above. However, the NTMs which are not dealt with in other negotiating groups will revert to the NTM groups, where the reduction or elimination of these NTMs will be negotiated on a request-and-offer basis.

(b) The NTMs which do not belong to the group (a):

As for the NTMs which are not covered by the existing GATT rules or disciplines, multilateral rule-making will be envisaged. Due consideration should also be given to the

very necessity of the rule-making. Of course, the reduction or elimination of individual NTMs belonging to this category could be negotiated in the NTM group on a request-and-offer basis.

3. We suggest the following as a tentative table indicating which types of NTMs should belong to the above three categories, based on the taxonomy of the Inventory.

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Category (1) Part IV.A (Quantitative Restrictions),  
B - C, etc.

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Category (2) Part I.A - C  
Part II.A, B  
Part III.A - C  
Part IV.A (Licensing), etc.

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Category (3) Other NTMs

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4. How to proceed with multilateral rule-making on NTMs.

The purpose of the rule making is to uniformly redress the trade-distorting effects of the non-tariff measures per se or the enforcement thereof.

We suppose that the following procedures are appropriate for pursuing rule-making in this negotiating group.

First, each participant would suggest (by using the taxonomy of the Inventory where applicable) specific NTMs which necessitate the rule-making and submit a paper indicating problems such NTMs. Thereafter the NTM group would discuss on the basis of papers submitted by participants.

Secondly, the Secretariat would make a paper summarizing the deliberations in the group with a view to seeking the elements of the rules.

Japan considers that in addition to preshipment inspection, rule of origin (Part II.B), import deposit system (Part V.A) and port taxes or fees (Part V.B) are conceivable candidates for rule-making and invites other participants to suggest specific ideas in this regard, including the necessity per se of the rule-making of the specific NTMs.