

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

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Group of Negotiations on Goods (GATT)

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Negotiating Group on Tariffs

MODALITIES FOR TARIFF NEGOTIATIONS

Submission by Japan

The Government of Japan has been considering it desirable to aim at the reciprocal elimination of tariffs on industrial products by developed countries, as proposed in our first submission in July 1987 (MTN.GNG/NG1/W/8). Japan further made a supplementary submission in March 1988 (MTN.GNG/NG1/W/8/Suppl.1/Rev.1), taking into account the views expressed by participants while still maintaining the original aim of the elimination of industrial tariffs.

Bearing in mind the aforementioned basic aim and in recognition of the need to achieve the targets as agreed at the Montreal Ministerial Meeting, such as "achieving lower and more uniform rates, including the reduction or eliminations of high tariffs, tariff peaks, tariff escalation and low tariffs, with a target amount for overall reductions at least as ambitious as that achieved by the formula participants in the Tokyo Round", Japan proposes the following as a generally applicable approach to tariff reduction, which will lead to the broadest possible participation.

1. The modality for the reduction of tariffs:

(1) Basic formula;

$$Z = \frac{a X}{a + X}$$

X = tariff rate before reduction  
Z = tariff rate after reduction

The parameter "a" is chosen by each participant so as to achieve 33 per cent or more tariff reductions.

(2) In principle, there will be no exceptions to the application of the above formula.

(3) After the submission of the initial offer list based on the above formula has been made by the participants, the request/offer approach may be used to achieve tariff reductions deeper than the formula cut, including elimination of tariffs, as required.

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2. The initial offer list should be submitted [by the end of January 1990] with the actual figure of parameter "a" that satisfies the above mentioned condition.

3. The formula mentioned in paragraph 1 is to be applied, in principle, to all participants. Developing countries will choose a figure of "a" as appropriate according to the general principles of the Punta del Este declaration and at the same time, will make efforts to increase the ratio of tariff bindings to the highest possible level.