

**MULTILATERAL TRADE
NEGOTIATIONS
THE URUGUAY ROUND**

RESTRICTED

MTN.GNG/NG2/W/4

29 June 1987

Special Distribution

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

Original: English

COMMUNICATION FROM THE UNITED STATES

The following communication has been received from the delegation of the United States with the request that it be circulated to the members of the Group.

MODALITIES FOR NON-TARIFF BARRIER NEGOTIATIONS

INTRODUCTION

In past negotiations, a number of modalities have been employed to discuss liberalization of non-tariff measures. Bilateral requests and offers have a long history of use in this area. In the Tokyo Round, a code approach was adopted to improve discipline on barriers that had become particularly pervasive. A product-specific request-offer process on non-tariff measures also took place. In the Uruguay Round, the United States again proposes to adopt a product-specific request-offer process for liberalizing market access. The United States realizes that, as in the case of the Tokyo Round, other negotiating groups are addressing barriers using other modalities. Nevertheless, we suggest that Parties adopt an approach to Market Access discussions which allow them to address as many measures as possible, including both tariff and non-tariff measures, and as broad a range of products as possible. This approach will best serve the purpose of encouraging the maximum liberalization of market access in the Uruguay Round. This paper is designed to elaborate on the approach we propose to adopt.

TYPES OF NTMS AND PRODUCT COVERAGE

The ultimate goal of market access suggests that countries should not try to define non-tariff barriers at the outset of negotiations. Rather, all impediments to market access, as defined by any participant should be eligible for request-offer negotiations. This approach to product coverage will allow each party to determine barriers of greatest importance to them and to seek modification of these measures through the request-offer process.

GATT CONSISTENCY OF NTMS

Adoption of a broad definition on NTMS without regard to the GATT consistency of the measures makes it possible to defer the consistency issue. It also allows parties to defer the issue of whether parties should pay in negotiations for elimination of practices which are GATT consistent. This is an issue which will remain a difficult point of debate for all parties. The United States believes strongly that parties should not have to pay for elimination of illegal practices. However, this issue cannot be resolved at the outset of negotiations without

unnecessarily delaying progress. Another alternative exists. Parties can proceed with negotiations and address the issue of illegal practices on a case-by-case basis at a later point in the negotiating process in the context of each country's interests. The GATT consistency or inconsistency of individual measures can then be debated on a country-by-country basis in an effort to have these barriers removed. Market access goals can be achieved in this manner without delaying the entire process of liberalization.

INTEGRATED MARKET ACCESS NEGOTIATIONS

The United States supports an integrated, item-specific request-offer procedure for this negotiation. The goal of maximum liberalization of market access may require that requests and offers simultaneously address both tariff and non-tariff measures affecting individual products. An integrated approach will allow the broadest possible range of options to be developed for bilateral packages on market access liberalization.

There are numerous advantages to this approach. For example, a tariff and NTM request-offer procedure would allow for exchange of a high duty for elimination of a non-tariff measure to provide market access where it is needed most. It would allow parties to take advantage of these negotiations to target barriers which are difficult to eliminate outside of major negotiating rounds. For example, a comprehensive request-offer procedure would allow for maximum flexibility in negotiating the elimination of quantitative restrictions. It would also be helpful when a party maintains both a tariff and non-tariff measure on a product. The goal of market access clearly cannot be achieved in this circumstance without a direct linkage between tariffs and NTMs in the request-offer process. Finally, a comprehensive approach allows for market access negotiations to take place even when a party does not have a tariff to lower in exchange for a non-tariff measure. It also allows for a traditional NTM/NTM request and offer process, in addition to a tariff/NTM process. All these advantages clearly argue strongly for adoption of this approach.

DATA REQUIREMENTS

Progress in this group will require that efforts be undertaken soon to conclude work on updating and improving GATT inventories of quantitative restrictions and other non-tariff measures. These inventories and related lists of barriers prepared by individual parties likely will serve as basic resources in the development of request lists. The Negotiating Group on NTMs should agree to conclude the work required to fully update and improve these sources of information on NTMs by the end of the year so that work can begin early in the year to develop request lists for the negotiations.