

8 MAY 1961

SUBJECT: COMMITTEE ON MARKET DISRUPTION - GATT-ILO STUDY  
ON UNDERLYING FACTORS

1. AT THE SEVENTEENTH SESSION, THE CONTRACTING PARTIES APPROVED A PROPOSAL BY THE COMMITTEE ON MARKET DISRUPTION REQUESTING THAT A STUDY BE STARTED, IN CO-OPERATION WITH THE INTERNATIONAL LABOUR OFFICE, OF ECONOMIC, SOCIAL AND COMMERCIAL FACTORS UNDERLYING THE PROBLEM OF MARKET DISRUPTION WHICH WOULD, TO BEGIN WITH, DEAL WITH THE TEXTILE AND CLOTHING INDUSTRIES ONLY.
2. IN DECEMBER 1960 A QUESTIONNAIRE WAS SENT TO CONTRACTING PARTIES DEALING WITH THE STRUCTURE AND LEVEL OF COSTS OF PRODUCTION IN THE TEXTILE AND CLOTHING INDUSTRIES (SPEC(60)403 AND GATT/AIR/213). THE SUBJECT WAS ALSO BROUGHT TO THE ATTENTION OF THE COUNCIL AT ITS FOURTH MEETING (SEE DOCUMENT C/M/4, PAGE 21).
3. SEVERAL GOVERNMENTS HAVE INFORMED THE SECRETARIAT THAT DIFFICULTIES WILL ARISE IN PROVIDING ALL THE INFORMATION ASKED FOR IN THE QUESTIONNAIRE. SOME GOVERNMENTS HAVE ALSO EXPRESSED THE VIEW THAT, EVEN WITH FULL INFORMATION FROM ALL COUNTRIES, THE LACK OF COMPARABILITY IN THE MEASUREMENT OF COST FACTORS, THE VARIATIONS IN QUALITY OF PRODUCTS, EXCHANGE RATE PROBLEMS, AND THE MANY OTHER DIFFICULTIES INHERENT IN THIS TYPE OF COMPARISON CAN ONLY RESULT IN TENUOUS CONCLUSIONS.
4. ALTHOUGH NO REPORT CAN BE EXPECTED UNTIL SPRING 1962 AT THE EARLIEST, IT IS NEVERTHELESS NECESSARY AT THE PRESENT STAGE TO DECIDE WHAT FURTHER STEPS COULD BE TAKEN TO SECURE A SUCCESSFUL COMPLETION OF THIS STUDY. IT IS ESPECIALLY IMPORTANT TO BE ASSURED OF THE PREPAREDNESS OF A SUFFICIENT NUMBER OF COUNTRIES TO PROVIDE THE NECESSARY INFORMATION SINCE IT CANNOT BE EXPECTED THAT ANY COUNTRY WILL GO INTO SUCH A LARGE AND EXPENSIVE COMPILATION OF DATA WITHOUT ASSURANCE THAT OTHER COUNTRIES ARE DOING THE SAME. FURTHERMORE IT IS NECESSARY TO REACH AGREEMENT ON METHODS TO BE FOLLOWED IN CONNEXION WITH COST COMPARISONS.
5. IT IS THEREFORE SUGGESTED THAT THE COMMITTEE ON MARKET DISRUPTION MEET DURING THE EIGHTEENTH SESSION ON 17 AND 18 MAY. THE COMMITTEE SHOULD CONSIDER
  - (i) WHETHER A SUFFICIENT NUMBER OF COUNTRIES IS ABLE AND PREPARED TO SUBMIT THE NECESSARY INFORMATION, AND

(ii) IF SO, WHAT METHODS SHOULD BE USED IN COMPARING THE COST STRUCTURE OF DIFFERENT COUNTRIES. A PAPER PROPOSING A METHOD OF COMPARISON WILL BE PREPARED BY THE SECRETARIAT.

IN ORDER TO DEAL WITH THE TECHNICAL ASPECTS, EXPERTS ON STATISTICAL AND METHODOLOGICAL PROBLEMS SHOULD BE INCLUDED IN THE DELEGATIONS.

E. WYNDHAM WHITE