I. The Working Party should now examine situations which have been invoked as involving "market disruption".

II. If satisfied as a result of this review that there is a problem, the Working Party should determine what are the principal elements of the problem. On the basis of the discussion so far there seems to be a measure of agreement that the principal elements are:

(a) a sharp and substantial increase of imports of particular products;

(b) these products are offered at prices which are substantially below those prevailing for similar goods of comparable quality in the market of the importing country;

(c) such price differentials do not arise from governmental intervention in the fixing of the prices or from dumping practices; and

(d) there is a disruption of normal trading conditions which causes or threatens to cause serious damage to domestic producers.

III. The Working Party should proceed with a brief analysis of the measures which have been reported by contracting parties in L/1164 as being taken with reference to situations of market disruption. Account may be taken of paragraph 72 of the secretariat's report which contains a list of the practices which contracting parties indicate are being so used.

IV. The existing provisions of the General Agreement which might be relevant to the problem or which have been referred to by contracting parties in discussing the problem should be examined.

V. Having examined the circumstances quoted in the reported instances as constituting market disruption and having reviewed the measures actually being applied and the existing provisions of the General Agreement that might be resorted to, the Working Party should be in a position to examine the need for and the nature of procedural or other provisions which might be adopted to facilitate solution of the problem, consistently with the objectives of the General Agreement. The following might be examined:
(a) possibility of consultations to be initiated by a contracting party alleging that a situation of market disruption exists or is threatened, with a view to arriving at an agreement on action. It should be noted that if the consultations and agreed solution were on a purely bilateral basis, they might have the effect of merely diverting the problem to third countries;

(b) procedures for multilateral consultations, including where necessary the advice and the recommendations of the CONTRACTING PARTIES. This would ensure that the interests of other contracting parties would be taken into account in any solutions that might be agreed upon by the parties concerned; and

(c) whether it can be understood that, should the CONTRACTING PARTIES agree upon a multilateral solution, contracting parties which at present apply other measures would be prepared to discontinue their existing measures and rely on the agreed solution.