1. The present paper is intended to set out an initial programme of work with regard to the second part of the Working Party's terms of reference (I/1234). This programme covers only the description and preliminary analysis of data which will, in any event, have to be available as a basis for the study. It should be emphasized that this programme is therefore not a complete outline either as regards the full scope of the information which may eventually have to be collected or of the analysis which the study will contain in its final form. The purpose is rather to enable the ILO and the GATT secretariat to start at once the work which has already been the subject of consultation between the Executive Secretary and the Director-General of the ILO.

2. As is brought out by Document I/1164 (and further confirmed by the statistics included in MGT(60)37), the majority of cases which have been quoted as examples of market disruption, and which involve the largest trade values, pertain to various branches of the textile and clothing industries, and cover a wide array of their many products. For these reasons, the initial collection of data will be concentrated on textiles.

3. Moreover, the initial work will concern only selected countries for which information is most readily available. However, even in such countries published information will have to be supplemented by special enquiries which will require the co-operation of governments.

4. The programme of work falls into several parts:

(a) An attempt to measure and compare as between countries average hourly earnings and labour productivity (output per worker or per man-hour) and the structure of costs of production (including e.g. raw materials, energy, and possibly depreciation of plant and equipment, as well as labour costs per unit of output). Given the importance of female labour in the textile industry, average hourly earnings would be shown separately for men and women. Available information about the value of payments in kind and "fringe benefits" would be included. Information on wages in the textile industry may be supplemented by data on other industries to show the pattern of inter-industrial wage differences.

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(b) A description of the value and composition of international trade in textiles, including comparisons of exports and imports with domestic production and consumption.

(c) An analysis of the effects of differences in costs of production upon the prices and volume of textiles and textile goods entering international trade. Since data on production costs can only be obtained for fairly broad sectors of industry, while cases of market disruption generally relate to quite specific commodities, this analysis may be less relevant from a short-term than from a longer-term point of view. It may, however, throw light on the extent to which the cause of market "disruption" lies in the importing or the exporting country. The results may also serve as a basis for a better appraisal of the longer-term prospects for the less developed countries to raise their export earnings through increased supplies of manufactured goods to the international markets.

(d) An examination of the economic and social consequences which such increases in supplies of manufactured goods are likely to have. This will be based on experience in recent years, showing the impact of changes in trade upon employment and economic activity, both in exporting and importing countries.

(e) Some analysis, with concrete examples, of action which may be taken to facilitate adjustments in employment and production that would become necessary to meet changing conditions.

5. The study briefly outlined above will be a joint product of the ILO and the GATT secretariat. However, the ILO will carry the major part of the work involved in collecting and analysing information on wages, earnings, incomes, and employment, while the GATT secretariat will carry main responsibility as regards productivity, costs of production (other than wages), trade flows and their impact on economic activity.
6. The Working Party considered the foregoing suggestions, and agreed that they provided a useful basis for immediate initiation of the study. As indicated in paragraph 1, the programme is not a complete outline of the study but, since the Working Party will carry the full responsibility for the study, there will at a later stage be ample opportunity for revision and extension of the programme. The Executive Secretary will submit an interim report to the next meeting of the Working Party. The Working Party also considered the possibility of calling on outside experts to assist in the carrying out of the study, but considered a decision in this matter premature. The Working Party decided to give further consideration to this question at its next meeting, also bearing in mind that, if a positive decision were to be taken, budgetary arrangements, and the arrangements for the selection of experts would have to be made during the seventeenth session.