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 (L/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 L/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.

Spec(60)225/Rev.1
(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 authorised the Executive Secretary to start 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.