

GENERAL AGREEMENT ON TARIFFS AND TRADE

RESTRICTED

L/1500
2 June 1961

Limited Distribution

COMMITTEE ON MARKET DISRUPTION

Note by the Executive Secretary on proceedings of the meeting held on Wednesday, 17 May 1961

The Executive Secretary recalled that the Council had been informed at its February meeting of the difficulties some countries had met with in replying to the questionnaire. Before proceeding further with the study it was therefore necessary to find out:

- "(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 number of replies had been received by the secretariat; certain others were in the process of preparation. Of the answers so far received, only few were satisfactory; that furnished by the United Kingdom was the most comprehensive. The questionnaire had, however, only asked for the minimum information necessary to carry out the study. He stressed that what was required was a comparison of costs, not a mere comparison of wage levels which would, in fact, be worse than nothing at all. Some contracting parties had expressed doubts about the feasibility of producing cost comparisons of sufficient accuracy; a paper describing a proposed method had therefore been prepared and distributed by the secretariat.

The United States delegate stated that, when her Government had asked for the study, it had thought it was feasible and that the available United States data were sufficient. After giving examples of the difficulties encountered, she thought that the missing data would be too expensive to produce. She had no suggestions to make as to a different method, but was simply unable to supply the data asked for. The United States would be sorry to see the study abandoned but could give no assurance as to the supply of data.

The delegates of several of the countries that had already prepared the replies to the questionnaire expressed the willingness of their governments to continue with the study, but this would depend on the attitude taken by other countries.

The delegate of France declared that his Government attached great importance to the study, and this attitude was shared by the other Member governments of the European Economic Community. If useful measures were to be taken in connexion with market disruption, it was essential to know the exact nature of the problem. A study of the kind discussed would thus be useful in furthering the fundamental aim of the Committee, the expansion of trade. The GATT/ILO study should therefore not be abandoned. He would furthermore deplore to see it suspended, even if some countries were not able to furnish the required data. It would be desirable to have a meeting of experts as soon as possible in order to clear away such technical difficulties as might stand in the way of the continuance of the study.

The delegate of Sweden and others expressed views similar to those of the delegate of France.

The Committee arrived at the following conclusions:

- (i) in view of the position taken up by the Government of the United States, it was forced to conclude that the study could not be proceeded with much further for the time being and that governments could not be asked to undertake new work;
- (ii) as a number of governments had already worked on the problem, and as several of them attached great importance to the continuation of the study, all the replies would be carefully analysed by the secretariat;
- (iii) as soon as it appeared useful to the secretariat, a meeting of technical experts would be held to discuss on the basis of the secretariat analysis the method proposed and to examine how the remaining necessary data could be furnished;
- (iv) the Committee could meet subsequently, for instance during the nineteenth session, in order to review the work done and to discuss the general ideas underlying the study, as referred to for example by the delegates of France and Sweden.