

Hongkong

A cunning deal

The Six are trying to prevent Hongkong from becoming a sticking point in the British negotiations by extending preferential tariffs to the colony under the scheme proposed by the United Nations Conference on Trade and Development. This move, though still tentative and informal, is the solution

Britain has been seeking after the Six refused Hongkong the same affiliation to the community that it was willing to give smaller imperial left-overs like Bermuda and the Falkland Islands.

The Unctad scheme, if accepted, would exempt products manufactured in underdeveloped countries from the tariff barriers of the developed world. (The Six have been arguing that Hongkong was well out of the underdeveloped category.) There would be restrictions, of course, on textiles, chemicals and other sensitive products which would remove much from the plan's generosity. But so far Britain has been alone in being willing to regard Hongkong (now the world's 23rd trading nation with exports worth \$2.2 billion) as underdeveloped. If the Six adopt the colony, as they suddenly seem willing to, it will be over the shrieks of their many protectionist lobbies. For this reason Mr Rippon has kept the issue out of the limelight as the Six have cautiously edged over to his position. Textiles, which make up half Hongkong's exports, will certainly be tightly restricted by quotas but freer access to the EEC in electrical goods would boost this rapidly growing sector of the colony's industry.

The move to accept Hongkong, however, is more politically astute than merely seeking to solve this problem in the negotiations with Britain. It will enable the Six to pressure the United States, by far Hongkong's biggest market, and Japan to put the colony on their preferential lists. For if America discriminates against Hongkong in favour of its more important rivals like Taiwan, South Korea and Mexico, the colony will have to find markets elsewhere. And that means Europe. So by giving a little now the EEC would both divert a flood of cheap imports and satisfy British demands in Brussels.