

Ruling hits HK textile sales

# Anger as EEC holds up exports

By STEPHEN CLARK

The Hongkong Government is angry with the EEC over an "unorthodox move" which has led to millions of dollars worth of textiles being held up in British ports.

Negotiations in Brussels to resolve the dispute have ended in deadlock, a senior trade officer said.

But Hongkong has "temporarily" given in to the European Community to enable the exported garments to be cleared so that they do not completely miss the summer market in Britain.

The problem began in December when the EEC suddenly decided that the garments should be licensed for export under a different category classification.

The knitted tops for women were being exported under category 83 — a gener-

al classification for knitted outer garments — but the EEC insisted that they should be included under category five (knitted pullovers, sweaters, cardigans and jerseys).

Similar changes have been made in the past by the EEC.

But this time the Community failed to tell Hongkong of the move and the Trade, Industry and Customs Department here continued issuing category 83 licences to exporters.

This resulted in the goods being confiscated by British customs officers. Since June alone, around half a million of the garments have been seized.

The number of goods in each classification of textiles that can be exported from Hongkong to the EEC is restricted by quotas.

Now the Government is demanding that, if the garments are to be included under category five, the quota for that category should be extended in compensation.

But a spokesman for Hongkong's Trade, Industry and Customs Department said that the EEC felt there

was "no question of compensation."

The Assistant Commissioner of Trade (EEC), Mr Michael Wu, said: "We are at loggerheads with each other."

"We have just completed a series of negotiations with the EEC Commission in Brussels, but haven't come to a satisfactory agreement."

"The implications for the textile industry are very serious because changes like this reduce Hongkong's capacity for export."

"The more goods the EEC insists should be included under a certain category, the quicker the quota for that category is used up."

"So that obviously further limits the amounts of other goods that can be exported under that category to a particular market."

"We are demanding that, if the garments in question are to be included under category five, then, by way of compensation, the quota for that category should be extended."

"But the EEC say that the garments should have been included under category five from the start and, therefore, there is no question of compensation."

"However, we have agreed to issue category five licences for the garments temporarily until the problem is resolved one way or another."

"Hopefully, they will all be cleared in time to catch at least some of the summer market in Britain."

Mr Wu said that the knitted tops "defy a handy description."

Although they were put on by pulling them over the head, they were not pullovers, nor knitted T-shirts (category four), nor knitted blouses (category seven).

"They have draw strings, frilled sleeves and a ribbed bottom. We thought it was best to put them under the more general category 83," he said.

Since early last year, they have been exported under that category. Then, in December, the EEC changed the classification.

The Hongkong Government, however, knew nothing of the change until exporters told the TIC Department that their goods were being held at British ports.

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