

# Accord with Europe on quota changes

By MICHAEL MARRAY

HONGKONG has reached agreement with the European Economic Community on adjustments to quota levels for a number of clothing categories affected by the introduction next year of a new system by the EEC.

Deputy director of Trade Joseph Wong said yesterday that the agreement, reached after two rounds of negotiations, affects 16 categories restrained under the Hongkong-EEC bilateral textile agreement.

The EEC's Harmonised Commodity Description and Coding System, which comes into force on January 1, will result in the reclassification of goods along new internationally agreed lines.

However, because products switch from one category to another, this could affect tariffs as well as quota limits. Countries have agreed to negotiate to achieve an overall neutral effect between trading partners.

The introduction of the system was anticipated in negotiations for the bilateral agreement signed last year between Hongkong and the EEC.

Substantial changes were made to the classification

and quota levels of various categories at that time, but a major problem that remained unresolved was the treatment of suits.

Under the current classification system, suits include combinations of component garments made up of different but co-ordinated fabrics. The harmonised system says suits must comprise component garments made up of identical fabric.

"The quota adjustments, which will apply to the remaining period of the agreement, which runs until 1991, resolve the problem of co-ordinate suits by effectively transferring a proportion of quota from the suit categories to the component garment categories," Mr Wong said.

Apart from the three suit categories, 16, 29 and 74, the major component garment categories affected by the quota adjustment include category 5 (pullovers), 21 (blousons) 6A (trousers), and 21 (skirts).

The Trade Department will be making an announcement to the trade shortly on the details of the change in classification and on the quota allocation procedures.