

A bitter blow for Hongkong

The American Government's decision not to include Hongkong in the first list of beneficiaries under the Generalised Scheme of Preferences has caused understandable dismay among local manufacturers already in difficulties because of the effect of the worldwide recession and the weakness of the U.S. dollar.

It may be argued that Hongkong still has another chance of being reconsidered by President Ford later in the year, and that in any case most of the excluded "import-sensitive" items cover our main products — such as textiles, footwear, watches and electronics.

However there are obviously many goods which Hongkong makes which could qualify for preference, particularly some of the newer, higher technology products we are now developing, and the demoralising aspect of Washington's decision is that it places some of our main competitors such as Korea, Taiwan and Singapore, at an unfair advantage over the Colony.

If the intention is to help developing countries to gain wider markets for their exports how can such a distinction be justified between Hongkong and its competitors, all of which trade with the U.S. in a substantial way.

Indeed Hongkong is already at a disadvantage to them in that its labour costs and hence export prices are higher; the American decision can only further benefit the position of these countries and pit Hongkong against far more developed countries.

As the Department of Commerce and Industry pointed out yesterday Hongkong has already been accepted as a beneficiary in the GSPs of all major developed countries, including the EEC. But if the United States does not change its decision its action could well influence other countries in future.

The point Hongkong has repeatedly made to its trading partners is that it does not ask for privileges but only equality with its competitors.

By no stretch of imagination can it be argued that Hongkong is less deserving of preferences than countries like Korea, Malaysia, the Philippines, Singapore, Taiwan, or Yugoslavia.

The Chinese Manufacturers Association are understandably concerned about the possibility of investment being diverted from Hongkong and indeed many industrialists will weigh this carefully before adding to their manufacturing capacity here or starting up new ventures.

It is for all these reasons that Hongkong must make vigorous representations to Washington to review its decision and it would help if the British Government were to reinforce our pleas.

If necessary, it is worth mounting a high-level deputation to the U.S.

Hongkong has always behaved fairly and reasonably in its trading practices with the United States and it would be a grave injustice now if this were to be disregarded.

As Mr Francis Tien, Unofficial member of Legislative Council, said in his recent Budget speech, exclusion from the U.S. scheme or discrimination under it, could have very serious effects on Hongkong's exports.

In fairness to an old and reliable customer, therefore, Washington must review this unfair and unwarranted decision.