

300 products will enter U.S. duty-free

More than 300 products from Hongkong which are currently subject to U.S. tariffs, will enter the American market duty-free from January 1 as a result of the Colony's inclusion in the U.S. Generalised Scheme of Preferences (GSP).

According to American Consulate-General estimates, such exports amounted to \$1,465 million in 1974.

Compared with the \$125,000 million total imports which all beneficiaries will be allowed to export with tariff concessions, the Hongkong amount seems small. But the United States Government stressed the scope for growth provided by the GSP.

"It is a mistake to assess GSP's value to Hongkong in terms of 1974 trade coverage," the Consulate said in a statement yesterday.

"After all, the purpose of GSP is to encourage primarily those exports which have not succeeded in entering the U.S. market under existing tariff structures."

The scheme as a whole covers 2,700 products. Total U.S. imports of these in 1974 amounted to \$125,000 million of which only \$45,000 million came from GSP beneficiaries.

"Thus in addition to these products becoming more competitive with domestic products, there is a substantial potential for increased shifting of imports to less developed countries now that they will have a preferential competitive position in U.S. markets," the Consulate said.

Of the 817 GSP items which Hongkong exported to the United States in 1974, 300 have a duty of over 10 per cent and these will enjoy a significant new advantage that would foster their growth.

Among the more important

of these are electric motors, flashlights, photographic cameras with fixed focus, jewellery of precious metal, umbrellas and candles.

Trade statistics of Hongkong for 1974 indicated that most of these products except jewellery and umbrellas declined in the American market.

Other major Hongkong GSP items which are subject to tariffs of less than 10 per cent and which will get a boost from the tariff benefits are: precious and semi-precious stones, illuminating articles of base metal, calculating machines, office machine parts, radio-telegraphic equipment, cameras other than fixed focus, scale model railway sets.

Of this group, calculating machines show the most potential for expansion.

These products, said the Consulate, are those where GSP are likely to have an immediate benefit for Hongkong exports. But in the longer run, Hongkong should benefit from expanding its exports to some of the items which are on the GSP list but which local manufacturers have hitherto not exported to the United States.