

# \$18b at stake in US-China trade dispute

BY SANDY LI

**T**HE TRADE Department said US\$2.4 billion (HK\$18.72 billion) worth of Hongkong's re-exports would be jeopardised if the United States imposed sanctions against China.

The department made the announcement after an emergency meeting to discuss US-China talks on market access.

Trade officials said more than 60 per cent of the Chinese products on America's US\$3.9-billion retaliatory list were actually re-exports from Hongkong to the US.

Legislator Ngai Shui-kit said he was worried the final export figures could be three times higher than that on the list.

The most affected items in the Section 301 hit list are footwear, which accounted for 25 per cent (US\$613 million) of the re-exports. Telecommunication equipment and related products took up 17 per cent (US\$423 million), electrical appliances 8.8 per cent (US\$214 million), and plastic products 8 per cent (US\$196 million).

In 1991, China-made products exported all over the world through Hongkong amounted to US\$40.5 billion.

The US\$2.4 billion worth of exports on the US hit list accounted for 6 per cent of China's total exports through the territory.

The acting director-general and assistant director general of trade, Christopher Jackson and Clement Mak, met with seven chambers of commerce

and 14 trade associations to inform them of preliminary assessments of the impact of retaliatory measures against the Chinese products on the list.

Mr Mak said other Government departments were conducting comprehensive studies on how any US retaliatory action could affect Hongkong's Gross Domestic Product (GDP) and jobless rate.

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Chinese-made products re-exported to the US from Hongkong," Mr Mak said.

The figure did not include Hongkong-funded manufacturers exporting their finished products from China to the US directly and Chinese products merely passing through the territory, he said.

Mr Ngai said Hongkong lost an estimated US\$1.9 billion and 7,400 jobs as a result of the US-China dispute over intellectual property rights.

Mr Mak said the US could increase its tariff on Chinese goods by up to 100 per cent if it made good its threat.

According to the US government, the value of goods in the final list could be smaller than US\$3.9 billion.

Mr Mak said all the chambers of commerce and trade associations expressed serious concern over the possible damage to Hongkong by a US retaliatory move against China.

Yesterday, the Federation of Hongkong Industries and Federation of Hongkong Watch Trades and Industries confirmed they would attend a public hearing on the issue in Washington from 23 to 25 September.

Other groups said they needed to study the figures and discuss the issue with trade organisations before they could decide on a course of action.

Meanwhile, Tang Sui-ming, director of the Hongkong Rubber and Footwear Manufacturers' Association, the most affected sector, said the damage to the industry could be above the Trade Department's estimate of US\$600 million because the majority of the manufacturers under its wing exported directly to the US.

He said the association would urge members to send letters to authorities in the United States and Beijing in an attempt to prevent damage to Hongkong manufacturers.

"We will also ask the large US importers to lobby Washington to remove our item from the hit list and map out future steps during our next meeting," Mr Tang said.

Willy Lin, a member of the Hongkong Exporters' Association general committee, said they would conduct their own studies and hold a meeting on the issue next Monday.