

A bleak outlook for textiles

Tighter controls on imports of textiles and garments by Australia, lower growth rates in respect of exports to the United States and an undoubtedly less favourable agreement emerging from talks with the EEC later this year add up to a bleak outlook for Hongkong's industry in the coming year.

But while these have provoked an understandable reaction from local industrialists who are concerned about next year's growth potential they are a reminder to Hongkong that despite the considerable readjustment that has taken place in the textile industry over the years no amount of hard bargaining by the Department of Commerce and Industry can assure the industry of retaining its present foothold in existing markets.

Europe's economic difficulties may persist until the end of the decade and with textile imports pouring in from an increasing number of countries, many claiming to be under-developed or developing, protectionist sentiment is increasing.

Fortunately for Hongkong it is no longer serving the cheapest end of the market and where it once relied on volume of orders in many lines, there is a general awareness today that the emphasis must be on higher qualities.

As a TDC spokesman said on Monday, Hongkong has to make the greatest possible use of the quotas allowed us.

Viewed in this light the recent American agreement represents a fair and reasonable opportunity for Hongkong manufacturers in the immediate future even though the aggregate growth rate has fallen from the present 6.25 per cent to 1.5 per cent next year.

However much we may dislike restraint it is a problem we have learned to live with and our task in future must be to make the best of it.

Not only must we recognise world realities including over-concentration on textiles by increasing numbers of countries but also the inability of the developed countries to continue absorbing imports particularly in the face of the continuing recession.

Yet another reality is that there is an increasing market for better qualities and more attractive designs which Hongkong is well placed to satisfy.

Recession in Europe and the United States has not seriously affected purchasing power nor the growing trend towards individuality instead of mass-produced uniformity.

The TDC ready-to-wear displays in recent years point the direction in which more and more manufacturers should be turning to make the most of their quotas.

But it is one thing to embark on long-term planning to take advantage of new trends in the market, quite another for industry to cope with sudden restrictions such as those imposed earlier this year by Canada and more recently by Australia.

Appeals by the Hongkong Government have proved fruitless and in Canada's case, even the Textile Surveillance Board was unable to find a solution.

The chances are that despite overall agreements on growth rates, other countries will resort to these tactics to reduce the inflow of imports in times of rising unemployment and there is little that we can do beyond making representations which are likely to be given scant heed.

This is one of the major risks in the increasingly competitive textile industry that no amount of "trading up" can overcome; time alone may well provide the only solution by discouraging its growth except in certain specialised fields.

This is the prospect that Hongkong must face up to in the years ahead. Textiles no longer reign supreme.