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All square in textile rule row

By JACK SPACKMAN

Hongkong's textile industry yesterday won one and lost one in its continuing round of skirmishes with the United States over import controls.

The victory came in Washington when the United States Government withdrew a "call" on Hongkong which had been the subject of negotiations for more than three months.

The defeat came in New York where a judge rejected a challenge by some American trade groups to the new country-of-origin rules which are holding up exports from

Hongkong.

In June, America issued an export authorisation call to Hongkong regarding man-made fibre pullover jackets.

Such calls are issued when the importing country believes or suspects that the exporting country has reached the limit of its quotas for a particular item.

As soon as the call was made, Hongkong's Trade Department had to stop issuing export licences for garments in this category.

Three rounds of negotiations took place until Friday (United States time) when the Hongkong delegation, led by Mr Robert Footman, the Assistant Director of Trade, finally convinced the Americans to withdraw the call.

A Trade Department spokesman said yesterday export authorisations for man-made fibre pullover jackets will resume immediately.

Things went less well for Hongkong in the Court of International Trade presided over by Federal Judge Dominick Dicarolo.

He rejected a challenge to the new country-of-origin rules on textiles and garments which went into effect last month.

The new customs regulations lower the quotas on clothing imports from Hongkong and other Asian countries.

Judge Dicarolo said in an opinion that the "limitation of textile imports is a valid delegation of power to the President."

"The issuance of the interim regulations falls within his delegated authority and are in accordance with the law," he said.

The new regulation, which changes the way imported clothing's "country of origin" is determined, was opposed by some major retailers on the ground that they will lose large sums paid for shipments already ordered.

They argued before Judge Dicarolo early last month that they had not been given adequate notice of the new regulations.

In Hongkong yesterday the Director of Trade, Mr Hamish Macleod, described the judge's ruling as disappointing.

"But it does not, of course, affect Hongkong's fundamental arguments which are based on the United States' international obligations and not on its domestic legislation," he said.

Moreover, he added, the option of an appeal presumably still exists for those who were a party to the legal action.