

A David and Goliath battle

It is coming close to holiday time in Europe but representatives of member countries and territories of the Multi-Fibre Arrangement (MFA) will not be in Geneva for the city's scenery.

They will be starting discussions on July 23 on the fate of the MFA. And that is hard work, considering the deep split in opinion between the developed importing countries and the developing exporting nations.

It is just the beginning of what is likely to be year-long discussions, but it will open with a bang — the disclosure of Hongkong's (and the developing nations') stand that the MFA, now in its third version, be scrapped.

In taking that tack, Hongkong takes on the big boys — the United States and the European Economic Community (EEC).

From the first glance, it is obvious that it is going to be a David and Goliath battle.

The actual negotiations are still far away and details of Hongkong's stand have not yet been revealed. The broad outline is all we need to know at the moment. Yet, even with that scanty information, the difficulty of swaying the vote of nations to Hongkong's way of thinking is evident.

The developing countries are likely to argue that the MFA has been abused time and again by developed importing countries who have worked around the arrangement in imposing cuts on exports; that such cuts have not helped the other developing countries they were purported to assist. Instead they have allowed developed producers to increase their share of the markets.

The developing countries will argue that the arrangement has outlived its usefulness and deserves to be terminated.

On the other hand, the importing countries will endeavour to show how imports from low-cost suppliers have disrupted their markets, throwing many thousands out of jobs. They will declare that they need more time to restructure their industries in order to compete against the so-called low-cost exporters.

The US Jenkins Bill, which overhangs the issue, complicates the situation further.

What happens in the United States in the next couple of months when the American legislature is expected to vote on the Bill will have a tremendous impact on the MFA discussions.

In fact, the passage of the Bill would violate the spirit of the MFA which, among other things, calls for negotiations between trading partners prior to the introduction of restraints.

With or without the Jenkins Bill, however, Hongkong needs to prepare for the MFA talks early.

It needs to participate in the informal discussions among the developing countries. There is an equal need to accelerate its behind-the-scenes lobbying.

It is true that tours recently taken by the Secretary of Trade and Industry, Mr Eric Ho, and other officials are aimed partly at spreading Hongkong's message regarding the MFA and finding converts. But the campaign should not all be left to the Government. The textile and clothing industries have to help themselves.

The Textiles and Clothing Industries Joint Committee should be revived to launch its own lobbying. The committee did good work during the last negotiations.

We need an industry-based body to rally the support of friends in the industries as well as the governments of the developed world. Germany, for one, could be a source of such support.

The group of developing nations, for their part, must remember the opponents' ploy to divide-and-rule. This was resorted to in the previous negotiations by appealing to the nations' self-interest.

Then the developed countries would not allow the exporters to forget that they were competitors and, in effect, fighting for the same markets. As part of the campaign "concessions" were offered to individual countries.

It is more than likely that there will be similar attempts to drive a wedge among the exporting countries. To be sure, there will be threats. But the carrot will be dangled as well.

Amid the trickery, the exporting nations will need to strengthen their ties, for they will succeed only if they maintain their unity.