

17 April 1990

Board to review origin rule on watches

By SONDRA WUDUNN

THE Trade Advisory Board will discuss amending the certificate-of-origin restrictions on watches at a meeting later this month following pressure from local manufacturers, who say business has suffered because of the restrictions.

The president of the Hongkong Watch Manufacturers Association, Mr Bob Chong, said he felt encouraged the Government would take steps to improve the territory's third largest export industry, which slowed one per cent last year over 1988.

"I feel they [the Govern-

ment] are much more willing to listen and I feel more positive about the way they are handling the matter," he said.

"If we can change our present marking rule, we will gradually change our image of Hongkong watches worldwide and eventually launch our own brand names."

Under Hongkong law, the country of origin of a watch is the country in which the components are encased. That means watches assembled in Hongkong but made up of Swiss components or movements are stamped "Made in Hongkong".

But the manufacturers have urged the Government to adopt the practice of allowing the country of origin of the watch movement to determine the country of origin of the watch.

They fear they may lose out further to their competitors, such as Taiwan, because several overseas watch component firms expect watches, for example, containing Swiss movements to be marked "Swiss" and not "Hongkong".

"We think the Government is giving us a handicap," Mr Chong said. "If we don't comply with their [customers'] requests, they

may do their business somewhere else."

Hongkong — the world's leading manufacturer and exporter of watches in terms of quantity, and second after Switzerland in value terms — lost some of its edge last year as watch and clock exports fell one per cent over 1988 to \$16.4 billion.

In 1988, the total export value of watches and clocks stood at \$16.5 billion, making watches the third largest export industry for Hongkong.

Mr Chong said the restrictions on markings should be changed to allow the description "Swiss" on the dials for watches that

used Swiss movements and the description "Japan" on the dials for watches that used Japanese movements.

He said such practices were widely used in the United States, Switzerland, Japan, France, South Korea and Taiwan, which were among Hongkong's major export markets.

Watch quality depended on the quality of the movement, the best of which were imported from Switzerland and Japan, he said.

More than 75 per cent of the analogue quartz watches encased in the territory use imported watch movements from these two countries.