

# Anti-dumping battle raises fund problem

## MONITOR

THE Trade and Industry Secretary, Mr John Chan, yesterday spelt out in great detail the difficulties associated with any Government involvement in establishing a fund to fight anti-dumping cases brought against Hongkong exporters.

A fund to fight such cases in the United States and Europe – or the “anti-anti-dumping fund” as Mr Chan jokingly called it – has been widely discussed in the community over a number of years.

But it was raised again recently by the deputy chairman of the Federation of Hongkong Industries, Mr Henry Tang.

He called on the Government to do something “concrete and unequivocal to help Hongkong manufacturers fight long and expensive anti-dumping legal battles, especially with the US authorities”.

Questions on the prospects for establishing such a fund, discussed in this column on Wednesday, dominated the Trade and Industry end-of-year briefing at the Government Information Service yesterday.

Mr Chan did not reject out of hand the idea of such a fund, but made it quite clear that government involvement would be difficult because of the international agreements of which Hongkong is part.

As this column has pointed out previously, government funding, support or involvement in the administration and arrangement of such a fund would also run the danger of a protectionist backlash from Hongkong's trading partners.

This view was basically supported by the remarks of Mr Chan and the Acting Di-

rector-General of Trade, Mr Stuart Harbinson, at yesterday's meeting.

But Mr Harbinson pointed out that other countries had anti-dumping funds without any Government involvement.

The idea of Government support for an anti-dumping fund has a history almost as long as anti-dumping actions themselves.

Mr Tang's raising of the issue again follows the fall in man-made sweater exports to the US since the recent anti-dumping allegations against Hongkong exporters of these products by the US National Knitwear and Sportswear Association (NKSA).

This resulted in a US ruling that Hongkong knitwear manufacturers were guilty of dumping man-made fibre sweaters.

Mr Tang said pacifism was not the best weapon against protectionists and proposed the establishment of a “war chest” funded by the Government and industry.

He suggested that a Government and industry war chest would provide manufacturers with the “ammunition” and resources to fight and survive the investigations.

They would not be seen as unwarranted public subsidy given to particular industries, but would “contribute to the general good of our exports by helping to fight and stop protectionism from spilling over to other industries and markets”.

But as Mr Chan pointed out yesterday, government support for any fund to fight anti-dumping cases has both practical and technical difficulties for the Government.

Practical difficulties in setting up such a fund include the manner in which industry might be made to support it.

Anti-dumping cases are often industry-specific, or company-specific, and while those industries or companies directly involved might support a fund, those not involved would most likely not.

An alternative might be for the Government to institute a levy to create such a fund, but that might also lead to difficulties with those industries not interested in supporting the fund.

The Government also needs a legal base from which to launch such a fund and as yet has not been able to see a way clear for the introduction of legislation that would support such a move.

Even if the Government were able to legislate a fund into existence there is good argument that it would conflict with sections of the General Agreement on Tariffs and Trade (GATT) and other international trade obligations.

As Mr Chan said yesterday: “Our international obligations are a major worry. We pay a great deal of attention to the terms of the GATT. We have a good record in this regard and we do not want it tarnished.”

— IAN K. PERKIN